

# **D.R.C. Locums Limited**

Directors' report and financial  
statements

Registered number 04154956  
For the year ended 31 March 2010

THURSDAY



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## Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2010

### Principal activities

The principal activity of the company in the year under review was that of a recruitment agency for the supply of medical contract staff and related services

### Business review

The results for the year and financial position of the Company are as shown in these financial statements. Gross Profit was £4m, up 76% from the prior year, with Gross Profit Margin at 20%, up 1.2% from previous year. The Company operated at a Profit Before Tax of £0.84m. The directors are projecting difficult trading conditions but expect a net profit in the next financial year.

The Directors recognise that the principal business risks faced by the Company are

#### Locum Doctor Supply

The Group is dependent upon being able to source sufficient locum doctors in order to fulfil bookings. To the extent that sufficient locum doctors are unable to be sourced then potential bookings would go unfilled. Management is therefore focused upon the delivery of sufficient locum doctors in order to mitigate this risk.

#### National Framework

DRC Locums Limited, a subsidiary, is an approved supplier under the Buying Solutions National Framework Agreement (NFA) with current terms running until 30 June 2012. Under this agreement the Company is allowed to tender for Service Level Agreements (SLA) with the Strategic Health Authority and individual Hospital Trusts across the UK. Management are fully focussed upon maintaining compliance with the terms of the NFA and securing their renewal on the list of approved agencies.

#### Public Sector Spending

The Group acknowledges the potential for public spending to be under significant pressure in future years and this could represent a risk to the business. However, Management believes the continued expansion of health demand due to factors such as an ageing population mean that health spending per head of population is going to be difficult to manage downwards. In addition to this, the business has established certain key relationships with key stakeholders in the locum procurement chain which it believes will potentially mitigate the impact of any such cuts.

### Proposed dividend

Dividends declared during the year amounted to £4,815.69 per share, totalling £481,569. The directors do not recommend the payment of a further dividend.

## Directors' report *(continued)*

### Directors

The directors who held office during the year were as follows

Darren Card	(resigned on 21 December 2009)
Raza Dhanji	(resigned on 22 December 2009)
Riaz Dhanji	(resigned on 22 December 2009)
Imraan Ladak	
James Caan	(appointed on 22 December 2009)
Simon De Choisy	(appointed on 21 December 2009 and resigned on 19 March 2010)
Deepak Jalan	(appointed on 22 December 2009)
Adrian Raney	(appointed on 22 December 2009 and resigned on 5 November 2010)
Tristan Ramus	(appointed on 22 December 2009)
Iftab Hussein	(appointed on 17 July 2010)
Jafferah Ladak	(appointed on 17 July 2010)

### Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### Auditors

Newman Morris Ltd resigned as auditors on 3 June 2010 and have been replaced by KPMG LLP

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



DEEPAK JALAN  
Director  
23 February 2011

Partis House  
Davy Avenue  
Milton Keynes  
MK5 8HJ

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG LLP

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

### **Independent auditors' report to the members of D.R.C. Locums Limited**

We have audited the financial statements of D R C Locums Limited for the year ended 31 March 2010 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit has been undertaken so we might state to the company's member those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been properly prepared with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report to the members of D.R.C. Locums Limited**

*(continued)*

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

**Andy Turner (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
*8 Salisbury Square*  
*London*  
*EC4Y 8BB United Kingdom*

**3 March 2011**

**Profit and Loss Account**  
*for the year ended 31 March 2010*

	<i>Note</i>	<b>2010</b> <b>£000</b>	2009 £000
<b>Turnover</b>	<b>2</b>	<b>19,981</b>	12,097
Cost of sales		<b>(15,976)</b>	(9,826)
<b>Gross profit</b>		<b>4,005</b>	2,271
Administrative expenses		<b>(3,067)</b>	(1,524)
<b>Operating profit</b>		<b>938</b>	747
Other interest receivable and similar income	<b>6</b>	<b>-</b>	1
Interest payable and similar charges	<b>7</b>	<b>(101)</b>	(16)
<b>Profit on ordinary activities before taxation</b>	<b>2-7</b>	<b>837</b>	732
Tax on profit on ordinary activities	<b>8</b>	<b>(245)</b>	(216)
<b>Profit for the financial year</b>		<b>592</b>	516

There are no recognised gains and losses other than those stated above and therefore no separate statement of total recognised gains and losses has been presented

A note on historical gains and losses has not been included as part of the financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis

The results stated above all derived from continuing operations



**Balance Sheet**  
*at 31 March 2010*

	<i>Note</i>	<b>2010 £000</b>	<b>2010 £000</b>	<b>2009 £000</b>	<b>2009 £000</b>
<b>Fixed assets</b>					
Tangible assets	10		598		13
<b>Current assets</b>					
Debtors	11	10,958		1,510	
Cash at bank and in hand		435		127	
		<u>11,393</u>		<u>1,637</u>	
<b>Creditors</b> amounts falling due within one year	12	(9,041)		(1,076)	
<b>Net current assets</b>			2,352		561
<b>Total assets less current liabilities</b>			<u>2,950</u>		<u>574</u>
<b>Creditors:</b> amounts falling due after more than one year	13	(2,130)		-	
<b>Provisions for liabilities</b>	14	(136)		-	
<b>Net assets</b>			<u>684</u>		<u>574</u>
<b>Capital and reserves</b>					
Called up share capital	15	-		-	
Profit and loss account	16	684		574	
<b>Shareholders' funds</b>			<u>684</u>		<u>574</u>

These financial statements were approved by the board of directors on 23 February 2011 and were signed on its behalf by

  
DEEPAK JALAN  
Director

Company registered number Registered number 04154956

**Reconciliation of Movements in Shareholders' Funds**  
*for the year ended 31 March 2010*

	2010 £000	2009 £000
<b>Profit for the financial year</b>	<b>592</b>	<b>516</b>
Dividends on shares classified in shareholders' funds (see note 9)	<b>(482)</b>	<b>(700)</b>
	<hr/>	<hr/>
<b>Net addition/(reduction) to shareholders' funds</b>	<b>110</b>	<b>(184)</b>
Opening shareholders' funds	<b>574</b>	<b>758</b>
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>684</b>	<b>574</b>
	<hr/> <hr/>	<hr/> <hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a group undertaking includes this company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of D R C Holding Company Ltd, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of HB Healthcare Limited, within which this Company is included, can be obtained from note 19

#### ***Tangible fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Computer equipment	- 50 % Straight line per annum
Fixtures and fittings	- 25% Reducing balance
Leasehold improvements	- Shorter of 25% straight line or the life of the lease

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

#### ***Interest bearing borrowings***

Immediately after issue debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount

#### ***Turnover***

Turnover represents amounts receivable for the provision of contract staff and related services. Turnover arising from the placement of permanent candidates is recognised at the time the candidate commences full-time employment

Turnover arising from the placement of temporary staff is recognised over the period that temporary staff are provided and represents amounts billed for temporary staff, including the salary costs of these staff

## Notes (continued)

### 1 Accounting policies (continued)

#### *Dividends on shares presented within shareholders' funds*

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### *Leases*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

### 2 Analysis of turnover

Turnover is wholly attributable to the principal activity of the company and arises in the United Kingdom.

### 3 Notes to the profit and loss account

	2010 £000	2009 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation and other amounts written off tangible fixed assets		
Owned	91	55
Hire of plant and machinery - operating leases	9	-
Hire of other assets - operating leases	87	13
	<u>          </u>	<u>          </u>

#### *Auditors' remuneration*

	2010 £000	2009 £000
Audit of these financial statements	10	6
	<u>          </u>	<u>          </u>

### 4 Remuneration of directors

	2010 £000	2009 £000
Directors' emoluments	243	187
	<u>          </u>	<u>          </u>

The highest paid director received emoluments for the year of £122,265 (2009 £69,750)

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2010	Restated 2009
Administration	18	17
Sales	30	11
	<u>48</u>	<u>28</u>

The aggregate payroll costs of these persons were as follows

	2010 £000	2009 £000
Wages and salaries	1,725	1,040
Social security costs	223	107
	<u>1,948</u>	<u>1,147</u>

### 6 Other interest receivable and similar income

	2010 £000	2009 £000
Other	-	1
	<u>-</u>	<u>1</u>

### 7 Interest payable and similar charges

	2010 £000	2009 £000
Factoring charges	63	-
Interest payable	38	16
	<u>101</u>	<u>16</u>

## Notes (continued)

### 8 Taxation

#### *Analysis of charge in period*

	2010 £000	2009 £000
<i>UK corporation tax</i>		
Current tax on income for the year	191	216
<i>Deferred tax</i>		
Origination of timing differences (see note 14)	54	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	245	216
	<hr/>	<hr/>

#### *Factors affecting the tax charge for the current period*

The current tax charge for the period is lower (2009 higher) than the standard rate of corporation tax in the UK (28%, 2009 28%). The differences are explained below

	2010 £000	2009 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	837	732
	<hr/>	<hr/>
Current tax at 28% (2009 28 %)	234	205
<i>Effects of</i>		
Expenses not deductible for tax purposes	18	15
Capital allowances for period in excess of depreciation	(61)	(4)
	<hr/>	<hr/>
Total current tax charge (see above)	191	216
	<hr/>	<hr/>

#### *Factors affecting future current and total tax charges*

The emergency budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in UK corporation tax rate from 28% to 27% was substantially enacted on 20 July 2010 and will be effective from 1 April 2011. This will reduce the company's future current tax charge.

### 9 Dividends

The aggregate amount of dividends comprises

	2010 £000	2009 £000
Interim dividends paid in respect of the current year of £4,550 per share (2009 £7,000 per share)	455	700
	<hr/>	<hr/>
Aggregate amount of dividends paid in the financial year	455	700
Dividends in respect of the year recognised as a liability at the year end of £265.69 per share (2009 £nil per share)	27	-
	<hr/>	<hr/>
	482	700
	<hr/>	<hr/>

## Notes (continued)

### 10 Tangible fixed assets

	Computer Equipments £000	Fixtures and Fittings £000	Leasehold Improvement £000	Total £000
<b>Cost</b>				
At beginning of year	170	49	-	219
Additions	456	215	18	689
Disposals	(170)	(49)	-	(219)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	456	215	18	689
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At beginning of year	166	40	-	206
Charge for year	72	19	-	91
On disposals	(166)	(40)	-	(206)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	72	19	-	91
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 March 2010	384	196	18	598
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 March 2009	4	9	-	13
	<hr/>	<hr/>	<hr/>	<hr/>

### 11 Debtors

	2010 £000	2009 £000
Trade debtors	3,697	1,141
Amounts recoverable on contracts	202	6
Amounts owed by group undertakings	6,359	5
Other debtors	107	81
Prepayments and accrued income	593	277
	<hr/>	<hr/>
	10,958	1,510
	<hr/>	<hr/>

## Notes (continued)

### 12 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Bank loans (see note (i) and (ii) below)	840	-
Trade creditors	261	26
Invoice Factoring Account	2,714	8
Amounts owed to group undertakings	2,279	302
Taxation and social security	1,252	52
Corporation Tax	102	113
Other creditors	375	219
Accruals and deferred income	1,191	356
Dividend payable	27	-
	<u>9,041</u>	<u>1,076</u>

(i) Included within bank loans is a cash flow loan of £840,000 (2009 £nil) which is repayable in instalments commenced in December 2009

(ii) The cash flow loan and advances on the invoice factoring account are secured by fixed and floating charges over assets of the Company

### 13 Creditors: amounts falling due after more than one year

	2010 £000	2009 £000
Bank loans (see note (i) (ii) and note (iii) below)	2,130	-

(i) Included within bank loans is a term loan of £2,000,000 (2009 £nil) which is due for repayment in full on 21 December 2011

(ii) Included within bank loans is a cash flow loan of £130,000 (2009 £nil) which is repayable in instalments

(iii) The term loan, the cash flow loan and the advances on the invoice factoring account are secured by fixed and floating charges over assets of the Company

Bank loans fall due as follows

	2010 £000	2009 £000
Within one year	840	-
In the second to fifth years	2,130	-
	<u>2,970</u>	<u>-</u>



## Notes (continued)

### 14 Provisions for liabilities

	<b>Dilapidations</b>	<b>Onerous lease</b>	<b>Deferred taxation</b>	<b>Total provision</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At start of year	-	-	-	-
Additional amounts provided ( see note (1) below)	10	72	54	136
At end of year	<u>10</u>	<u>72</u>	<u>54</u>	<u>136</u>

(1) Included in provisions are an onerous lease provision of £72,000 and a dilapidation provision of £10,000 with respect to an unoccupied building on which the lease expires in October 2013

The elements of deferred taxation are as follows

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Difference between accumulated depreciation and amortisation and capital allowances	<u>54</u>	<u>-</u>

### 15 Called up share capital

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

### 16 Reserves

	<b>Profit and loss account</b>
	<b>£000</b>
At beginning of year	574
Profit for the year	592
Dividends on shares classified in shareholders' funds	(482)
At end of year	<u>684</u>

## Notes (continued)

### 17 Commitments

(a) Annual commitments under non-cancellable operating leases are as follows

	2010	2010	2009	2009
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Operating leases which expire In the second to fifth years inclusive	170	16	30	-

### 18 Related party disclosures

#### Related party transactions

- Kettering Town Football Club  
CEO, Imraan Ladak is the Chairman and major shareholder of Kettering Town Football Club. During the year D R C Locums Ltd paid £243,110 (2009 £nil) in respect of sponsorship advertisement. At the balance sheet date Kettering Town Football Club owes the Company £100,000 (2009 £21,425) which is included in debtors.
- During the period HB Healthcare Limited, the Company's ultimate parent undertaking, borrowed £6,358,695. At the year end HB Healthcare Limited owed the Company £6,358,695 (2009 £nil), which is included in debtors.
- During the year DRC Locums Limited incurred £41,500 (2009 £nil) of board fees from Hamilton Bradshaw Limited. At the year end no amounts (2009 £nil) were due to or from Hamilton Bradshaw Limited.

### 19 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a wholly owned subsidiary undertaking of HB Healthcare Ltd which is the ultimate parent company incorporated in the United Kingdom.

The largest group in which the results of the Company are consolidated is that headed by HB Healthcare Limited, incorporated in the United Kingdom. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and may be obtained from Partis House, Davy Avenue, Milton Keynes MK5 8HJ.