Company Registration No. 04197152

# Maxxima Limited

## Annual report and financial statements

## for the period from 1 September 2014 to 31 December 2015

# Maxxima Limited

## Contents

# Maxxima Limited

## Strategic report

The directors, in preparing this strategic report, have complied with Section 414C of the Companies Act 2006.

**Principal activity**

The principal activity of the company is the provision of staffing services to the healthcare and social care sectors in the United Kingdom.

**Business review**

As set out in the profit and loss account on page 9, turnover has increased from £43,616,000 in the year ending 31 August 2014 to £67,077,000 in the 16 month period ending 31 December 2015, and gross profit has increased from £4,918,000 in the year ending 31 August 2014 to £6,349,000 in the 16 month period ending 31 December 2015. Net assets as at 31 December 2015 were £6,898,000 (31 August 2014: £4,117,000).

The company is managed as part of a larger group and further detail is available in the consolidated financial statements of Indigo Parent Limited. During the period the company transitioned from UK GAAP to FRS 101 – *Reduced Disclosure Framework* and has taken advantage of the disclosure exemptions allowed under this standard. There were no material recognition or measurement differences arising on the adopted FRS 101.

**Performance analysis**

In the period, the company has focused on broadening its service offering, geographical coverage and quality of service. The directors have adopted the following strategies to achieve these objectives:

- Increase exposure to the UK staffing market through opening branches in targeted regions.
- Broadening the service offering to selected healthcare service niches via new business units or discrete acquisitions and the development of managed service products.
- Invest in information technology products to provide customers and clinical staff with user friendly IT interfaces.

The Board monitors performance regularly throughout the period by reviewing a range of key performance indicators (KPIs). These include a range of customer, agency worker and employee focused indicators set to ensure that regulatory compliance and high quality of service is maintained along with commercial efficiency.

The principal financial KPIs for the company are gross profit and gross profit per staff member, being the key measure of the productivity of the workforce.

Total gross profit for the period was £6,349,000 (12 month period ending 31 August 2014: £4,918,000). Average gross profit per staff member for the period is £78,383 (12 month period ending 31 August 2014: £69,268). KPI performance in the period was satisfactory notwithstanding that gross profit per month has slightly dropped from the prior period.

**Future developments**

The company expects gross profit to increase in the medium term, as a result of the underlying trend of increasing demand for social care and healthcare services, driven by a growing and ageing population and a shortage of supply of clinical staff.

**Risk management**

The company actively considers and manages its risks. The Directors consider the company to be subject to the following material areas of business and operational risk:

- Generating revenue from its clients: in order to maintain the company's client base and geographical coverage, management perform regular business reviews to monitor performance against expectations. These reviews include monitoring the diversity of the client base to avoid over-reliance on any one customer. As with many businesses within the UK, the company also has an inherent risk arising from the political and economic climates in the UK. Market conditions in England have become more challenging following the recent introduction of Monitor/TDA's programme to rationalise the use of flexible labour in NHS England. Initiatives to achieve this goal include setting price caps for the cost of workers and restricting the use of off-framework agencies.

# Maxxima Limited

## Strategic report (continued)

The market risk is balanced by the medium to long term trend of increasing demand for healthcare services, driven by a growing and ageing population, and a shortage of supply of clinical staff.

- Credit risk: the company's principal financial assets are cash, and trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. This is managed by regular monitoring of client trade receivable accounts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

  The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

- Liquidity risk: in order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company regularly reviews the cash flows of the business and where deficits are forecast, the company is able to draw on group funding.

Approved by the Board and signed on its behalf by:

R A McBride
Company Secretary/Director
24 May 2016

# Maxxima Limited

## Directors' report

The directors present their annual report on the affairs of the company together with the audited financial statements and auditor's report for the period ended 31 December 2015.

On 28 November 2014, Maxxima Limited was acquired by Indigo Bidco Limited, a member of the group headed by Indigo Parent Limited. Subsequent to the acquisition, the company changed its accounting reference date to 31 December. Therefore these financial statements represent a period of 16 months ending 31 December 2015.

On 25 November 2015 the group undertook a restructure; as a result Maxxima Limited was sold to ICSG Limited.

**Dividends**

Dividends of £1,780,000 were paid during the period (2014: £1,908,000).

**Directors and directors' indemnities**

The directors, who served throughout the period except as noted, were as follows:

Richard MacMillan (appointed 28 November 2014)
Richard McBride (appointed 28 November 2014)
Martin Harris (resigned 28 November 2014)
Graham Gough (resigned 28 November 2014)

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

**Going concern**

The directors have a reasonable expectation that the company and the group, Indigo Parent Limited, have adequate resources to continue in operational existence and the directors are satisfied that the group will generate sufficient cash flows to allow the group to operate within the covenants on its senior loan facility for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements as detailed in note 1 on page 12 of the financial statements.

**Future developments**

Details of the future developments of the company are explained on page 3 in the strategic report and form part of this report by cross-reference.

**Employees**

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company and the group. This is achieved through formal and informal meetings and the company newsletter. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Information regarding employee numbers and costs in accordance with Section 414C (7) of the Companies Act 2006 are detailed in note 6 on pages 16 and 17 of the financial statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**Donations**

No donations were made to any political party during the period (2014: £nil).

**Auditor**

Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

## Directors' report (continued)

- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP were appointed during the period and have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

By Order of the Board of Directors and signed on behalf of the Board:

R A McBride
Director

24 May 2016

**Maxxima Limited**
04197152

Registered Office:
Caledonia House
223 Pentonville Road
London
N1 9NG

## Directors' responsibilities statement

The directors are responsible for preparing the annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 judgements and accounting 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Maxxima Limited

# Independent auditor's report to the members of Maxxima Limited

We have audited the financial statements of Maxxima Limited for the period ended 31 December 2015 which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity, and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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 work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 auditor**

As explained more fully in the Directors' responsibilities statement, 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 and express an opinion on 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 Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 December 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance 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 Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**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.

E Cox

Emma Cox BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
25 May 2016

# Maxxima Limited

## Profit and loss account

## For the period ended 31 December 2015

| | Note | 1 September 2014 to 31 December 2015 £'000 | Year ended 31 August 2014 £'000 |
|---|---|---|---|
| Turnover | 3 | 67,077 | 43,616 |
| Cost of Sales | | (60,728) | (38,698) |
| **Gross Profit** | | **6,349** | **4,918** |
| Other operating expenses | | (1,597) | (1,140) |
| **Operating Profit** | 4 | **4,752** | **3,778** |
| Interest expense | 5 | - | (1) |
| **Profit on ordinary activities before taxation** | | **4,752** | **3,777** |
| Tax on profit on ordinary activities | 7 | (191) | (843) |
| **Profit for the period/year** | | **4,561** | **2,934** |

All results relate to continuing operations.

There are no items of other comprehensive income in either period other than those reflected in the profit and loss account. Accordingly no separate statement of other comprehensive income is presented.

The transition to FRS 101 has had no impact on the profit for the previous financial year.

# Maxxima Limited

## Balance sheet

## As at 31 December 2015

| | Note | As at 31 December 2015 £'000 | As at 31 August 2014 £'000 | As at 1 September 2013 £'000 |
|---|---|---|---|---|
| **Fixed assets** | | | | |
| Tangible assets | 9 | 47 | 40 | 51 |
| | | **47** | **40** | **51** |
| **Current assets** | | | | |
| Deferred tax asset | 10 | 6 | - | - |
| Debtors - due within one year | 11 | 8,037 | 7,612 | 6,116 |
| Cash and cash equivalents | | 1,441 | 8 | 4 |
| | | **9,484** | **7,620** | **6,120** |
| Creditors: amounts falling due within one year | 12 | (2,633) | (3,543) | (3,080) |
| **Net current assets** | | **6,851** | **4,077** | **3,040** |
| **Total assets less current liabilities** | | **6,898** | **4,117** | **3,091** |
| **Net assets** | | **6,898** | **4,117** | **3,091** |
| **Capital and reserves** | | | | |
| Called up share capital | 13 | - | - | - |
| Profit and loss account | 14 | 6,898 | 4,117 | 3,091 |
| **Shareholder funds** | | **6,898** | **4,117** | **3,091** |

The transition to FRS 101 has had no material impact on the balance sheet of the company in any period.

The financial statements of Maxxima Limited (registered number 04197152) were authorised for issue by the Board of Directors and were signed on its behalf.

R A McBride
Director
24 May 2016

# Maxxima Limited

## Statement of changes in equity

## For the period ended 31 December 2015

| | Note | Called up share capital £'000 | Profit and loss account £'000 | Total Equity £'000 |
|---|---|---|---|---|
| **Balance at 1 September 2013 as previously reported** | | - | **3,091** | **3,091** |
| Effect of changes in accounting framework | 19 | - | - | - |
| **As restated** | | - | **3,091** | **3,091** |
| Profit for the year | | - | 2,934 | 2,934 |
| Dividends | 8 | - | (1,908) | (1,908) |
| **Balance at 31 August 2014** | | - | **4,117** | **4,117** |
| Profit for the period | | - | 4,561 | 4,561 |
| Dividends | 8 | - | (1,780) | (1,780) |
| **Balance at 31 December 2015** | | - | **6,898** | **6,898** |

The transition to FRS 101 has had no impact on the equity of the company in any period.

The notes on pages 12 to 21 are an integral part of these financial statements.

# Notes to the financial statements
# For the period ended 31 December 2015

## 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding year in dealing with material items in the financial statements.

**Basis of accounting**

Maxxima Limited is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 6. The nature of the company's operations and its principal activities are set out in the business review on page 3.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. In the year ended 31 December 2014 the company decided to early adopt FRS 101 and has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. There have been no material adjustments to prior year financial statements on adoption of FRS 101 in the current period.

These financial statements are separate financial statements prepared on the historical cost basis. The company is exempt from the preparation of consolidated financial statements, because it is included in the group financial statements of Indigo Parent Limited, details of which are included in note 18 to the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to such things as (to the extent applicable to the company) business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of Indigo Parent Limited; which are available to the public and obtained as set out in note 18.

**Going concern**

The directors have prepared the financial statements on a going concern basis which they consider appropriate for the following reasons. The company is a subsidiary company within the Indigo Parent Limited group and is therefore reliant on the group to operate within the facilities in place with the group's banks. The directors have reviewed the cash flow forecasts for the group for a period of twelve months from the date these financial statements are signed. Taking account of inherent market uncertainties and of reasonably possible changes in trading performance, the directors are satisfied that the group will generate sufficient cash flows to allow the group to operate within the covenants on its senior loan facility for the foreseeable future.

Accordingly the directors continue to adopt the going concern basis in preparing the financial statements of the company. Further disclosure is provided in the consolidated financial statements of Indigo Parent Limited.

**Adoption of new and revised Standards**

As explained above, the company has adopted FRS 101 for the first time in the current period. As part of this adoption, the following new and revised Standards and Interpretations have been adopted in the current period. The application of these specific Standards and Interpretations has not had a material effect on the company;

| | |
|---|---|
| IAS 1 (amendments) | Presentation of Financial Statements |
| IFRS 13 | Fair Value Measurement |

**Changes in accounting policy and disclosures**

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

| | |
|---|---|
| IFRS 9 | Financial Instruments |
| IFRS 15 | Revenue |
| IFRS 16 | Leases |
| IAS 27 (amendments) | Investment Entities |
| IAS 1 (amendments) | Disclosure Initiative |
| IAS 16 (amendments) | Property, Plant and Equipment |

### 1. Accounting policies (continued)

| | |
|---|---|
| IAS 38 (amendments) | Intangible Assets |
| IAS 39 (amendments) | Novation of Derivatives and Continuation of Hedge Accounting |

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the company in future years.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

The company has reclassified certain costs included within administrative expenses in the prior year to cost of sales, to ensure consistency with the approach adopted in 2015 to include within cost of sales those expenses that are attributable to the company delivering its services.

**Tangible fixed assets**

Leasehold property comprises of office accommodation and is shown at historical cost of acquiring the lease, less leasehold amortisation over the duration of the leasehold acquired. The cost of improvements to the lease acquired, to allow the accommodation to be of use for the purpose of the company, are added to the cost of the lease, and less subsequent amortisation based on the duration of the property leasehold. No revaluations are undertaken on leasehold property.

Furniture and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

| | |
|---|---|
| (i) Office equipment: | 3-10 years |
| (ii) Computer equipment: | 3-5 years |

Residual value is calculated on prices prevailing at the date of acquisition or revaluation. Useful lives and residual values are reviewed at the end of every reporting period.

**Impairment of tangible assets**

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Investments**

Fixed asset investments, including investments in subsidiaries, are shown at cost less provision for impairment.

1. **Accounting policies (continued)**

**Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the period.

Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the services supplied, stated net of discounts and value added taxes. The company recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the company, and when specific criteria have been met for each of the company's activities.

Income from the placement of temporary staff represents the gross sales value of hours worked and is recognised weekly on an accruals basis. Income from the placement of permanent staff represents the commission receivable, excluding value added tax, and is recognised at the commencement of the permanent placement with the end client.

Revenue, as defined by IAS 18, comprises of: Turnover (being the rendering of services), interest receivable, and dividend income from group undertakings.

**Provisions**

Provisions for leased property dilapidations, and any other anticipated foreseen liabilities are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

## 1. Accounting policies (continued)

**Leases**

The company has entered into operating leases for certain property, furniture and equipment. Operating leases are leases that do not transfer substantially all the risks and rewards incidental to ownership to the lessee. Payments made under operating leases (net of any incentive received from the lessor), are charged to the profit and loss account on a straight-line basis over the period of the lease.

**Foreign currency**

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

**Finance costs**

Where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in profit or loss within finance costs.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and released to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Financial instruments**

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

**Loans and receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**Financial liabilities and equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**Financial liabilities**

Financial liabilities including borrowings are initially measured at fair value, net of transaction costs.

These are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

## 2. Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of the assets and liabilities within the next financial period are detailed below.

# Maxxima Limited

# Notes to the financial statements (continued)
# For the period ended 31 December 2015

## 2. Critical accounting estimates and assumptions (continued)

a) Taxation

Management judgement is required to determine the amount of deferred tax assets based on the timing and level of expected future taxable profits.

b) Provision for impairment of trade receivables

The company regularly monitors client trade receivable accounts. An allowance for impairment is made where it is expected, based on previous experience, the recoverability of cash flows will be reduced. In 2015 the provision for impairment of trade receivables was £54,000 (2014: £nil), and relates to receivables which are past due and for which collection will be challenging.

## 3. Turnover

All turnover relates to the provision of staffing services to the healthcare sector and is derived from the United Kingdom except for £77,000 generated in Europe (2014: £51,000).

## 4. Notes to the profit and loss account

Profit on ordinary activities before taxation is calculated after charging the following items:

| | 1 September 2014 to 31 December 2015 £'000 | Year ended 31 August 2014 £'000 |
|---|---|---|
| Depreciation of tangible fixed assets | 33 | 14 |
| Operating lease rentals | 255 | 180 |
| Fees payable to the company's auditor for the audit of the company financial statements | - | 9 |

The 2015 audit fee of £15,000 for Maxxima Limited was paid on its behalf by another group company.

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

## 5. Interest expense

| | 1 September 2014 to 31 December 2015 £'000 | Year ended 31 August 2014 £'000 |
|---|---|---|
| Interest payable: | | |
| - Interest payable on overdue tax | - | (1) |
| **Interest expense** | - | (1) |

## 6. Employees

### 6.1 Employee benefit expense

| | 1 September 2014 to 31 December 2015 £'000 | Year ended 31 August 2014 £'000 |
|---|---|---|
| Wages and salaries | 5,314 | 3,458 |
| Social security costs | 546 | 355 |
| Pension costs - defined contribution schemes | 74 | 25 |
| | **5,934** | **3,838** |

# Maxxima Limited

## Notes to the financial statements (continued)
## For the period ended 31 December 2015

### 6. Employees (continued)

### 6.2 Average number of people employed

| | 1 September 2014 to 31 December 2015 £'000 | Year ended 31 August 2014 £'000 |
|---|---|---|
| Average number of people employed (including directors) | | |
| Management | 1 | 2 |
| Operations | 65 | 55 |
| Administration | 15 | 14 |
| **Average headcount** | **81** | **71** |

### 6.3. Directors' emoluments

| | 1 September 2014 to 31 December 2015 £'000 | Year ended 31 August 2014 £'000 |
|---|---|---|
| **Directors' emoluments:** | | |
| Salaries and other short term benefits | 13 | 30 |
| Company contributions to personal pension schemes | - | - |
| **Total** | **13** | **30** |

The current directors were paid through fellow group companies for their services to the entire group during the period.

### 7. Tax on profit on ordinary activities

Tax charged to profit and loss comprises:

| | Note | 1 September 2014 to 31 December 2015 £'000 | Year ended 31 August 2014 £'000 |
|---|---|---|---|
| **Current tax** | | | |
| Current tax on profits for the period/year | | 197 | 843 |
| Adjustment in respect of prior years | | - | - |
| **Current tax charge** | | **197** | **843** |
| **Deferred tax** | | | |
| Deferred tax charge for the period/year | | 3 | - |
| Adjustment in respect of prior years | | (9) | - |
| **Deferred tax credit** | 10 | **(6)** | - |
| **Tax charged to profit and loss** | | **191** | **843** |

# Notes to the financial statements (continued)
# For the period ended 31 December 2015

## 7. Tax on profit on ordinary activities (continued)

The charge for the period can be reconciled to the profit in the profit and loss account as follows:

| | 1 September 2014 to 31 December 2015 £'000 | Year ended 31 August 2014 £'000 |
|---|---|---|
| **Profit before taxation** | **4,752** | **3,777** |
| At standard UK corporation tax rate of 20.3% (2014: 22.16%) | 962 | 837 |
| Group relief | (799) | - |
| Expenses not deductible | 28 | 7 |
| Other tax allowances | - | (1) |
| **Total tax charge for the period/year** | **191** | **843** |

## 8. Dividends

| | 1 September 2014 to 31 December 2015 £'000 | Year ended 31 August 2014 £'000 |
|---|---|---|
| Interim dividend paid | 1,780 | 1,908 |

## 9. Tangible fixed assets

| | Note | Furniture and equipment £'000 |
|---|---|---|
| **Cost** | | |
| Balance at 1 September 2013 | | 170 |
| Additions | | 3 |
| At 31 August 2014 | | 173 |
| Additions | | 40 |
| **As at 31 December 2015** | | **213** |
| **Accumulated depreciation** | | |
| Balance at 1 September 2013 | | 119 |
| Depreciation | 4 | 14 |
| At 31 August 2014 | | 133 |
| Depreciation | 4 | 33 |
| **As at 31 December 2015** | | **166** |
| **Net book value** | | |
| As at 1 September 2013 | | 51 |
| As at 31 August 2014 | | 40 |
| **As at 31 December 2015** | | **47** |

# Notes to the financial statements (continued)
## For the period ended 31 December 2015

### 10. Deferred tax asset

Deferred tax is provided as follows:

| | Note | Capital Allowances £'000 |
|---|---|---|
| **At 1 September 2013 & 31 August 2014** | | - |
| Deferred tax credit | 7 | 6 |
| **At 31 December 2015** | | 6 |

The deferred tax asset of £6,000 (2014: £nil) has been recognised as this relates to accelerated capital allowances. Suitable future taxable profits are expected to arise against which these will be offset. There are no unrecognised amounts relating to deferred taxation.

The UK Government announced the reduction in the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 18% from 1 April 2020. These changes have been substantively enacted and the impact of the future rate reductions have therefore been taken into account in measuring deferred tax, having regard to when the deferred tax assets are expected to unwind.

### 11. Debtors - due within one year

| | As at 31 December 2015 £'000 | As at 31 August 2014 Restated £'000 | As at 1 September 2013 Restated £'000 |
|---|---|---|---|
| **Amounts falling due within one year:** | | | |
| Trade debtors - net | 7,198 | 7,271 | 5,869 |
| Prepayments and accrued income | 111 | 87 | 128 |
| Other debtors | 35 | 254 | 119 |
| Corporation tax asset | 693 | - | - |
| | 8,037 | 7,612 | 6,116 |

The amounts owed by group undertakings are repayable on demand and are not subject to interest in either period/year.

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

| | As at 31 December 2015 £'000 | As at 31 August 2014 £'000 | As at 1 September 2013 £'000 |
|---|---|---|---|
| Trade creditors | 791 | 1,445 | 519 |
| Accruals and deferred income | 911 | 581 | 1,105 |
| Bank loans and overdrafts | - | - | 107 |
| Amounts owed to group undertakings | 433 | - | - |
| Corporation tax liability | - | 499 | 415 |
| Social security and other taxes | 498 | 978 | 892 |
| Directors' current accounts | - | 7 | 4 |
| Other | - | 33 | 38 |
| | 2,633 | 3,543 | 3,080 |

The amounts owed to group undertakings are repayable on demand and are not subject to interest charge in either period/year.

# Notes to the financial statements (continued)
# For the period ended 31 December 2015

## 13. Called up share capital

| | As at 31 December 2015 £ | As at 31 August 2014 £ | As at 1 September 2013 £ |
|---|---|---|---|
| **Authorised, allotted, called up and fully paid** | | | |
| 200 Ordinary Shares of £1 each | 200 | 200 | 200 |

There were no changes in share capital in either period.

## 14. Profit and loss account

| | Note | £'000 |
|---|---|---|
| **At 1 September 2013** | | **3,091** |
| Profit for the year | | 2,934 |
| Dividends paid | 8 | (1,908) |
| **At 31 August 2014** | | **4,117** |
| Profit for the period | | 4,561 |
| Dividends paid | 8 | (1,780) |
| **At 31 December 2015** | | **6,898** |

## 15. Operating lease commitments

The company leases various office accommodations under non-cancellable operating lease arrangements. The lease terms are typically between 5 and 10 years, with the majority of lease agreements renewable at the end of the lease period at market rates. The company also leases various furniture and equipment under operating lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

| | At 31 December 2015 | | At 31 August 2014 | |
|---|---|---|---|---|
| | Land and buildings | Other | Land and buildings | Other |
| **Expiry date:** | £'000 | £'000 | £'000 | £'000 |
| Within one year | 252 | - | 166 | - |
| Between two and five years | 323 | - | 316 | - |
| After five years | - | - | - | - |
| | **575** | - | **482** | - |

## 16. Guarantees

The company and group has provided to HSBC Bank plc as Agent and HSBC Corporate Trustee Company (UK) Ltd as Security Agent an "all assets debenture", which includes cross guarantees and provides a fixed charge over the assets of the company and group. The total loan covered by this guarantee is £202,000,000 (2014: £nil).

## 17. Related party transactions

During the period, the company has not entered into any transactions with related parties who are not members of the group.

The company has taken advantage of the exemption in IAS 24 "related parties" for UK companies applying FRS 101 'Reduced Disclosure Framework' not to disclose transactions with other group companies.

# Notes to the financial statements (continued)
# For the period ended 31 December 2015

## 18. Ultimate parent company and controlling party

The immediate parent company and controlling party is ICSG Limited, a company registered in the United Kingdom. The ultimate parent undertaking is Indigo Cayman Limited Partnership, registered in the Cayman Islands. The ultimate controlling parties of the company are funds advised by affiliates of Towerbrook Capital Partners, a transatlantic advisory and investment firm.

The smallest group in which the company's results are consolidated is Indigo Parent Limited, registered in the United Kingdom. Its consolidated IFRS financial statements are available to the public from Companies House. The largest group in which the company's results are consolidated is Indigo Holdings Coöperatief U.A, registered in the Netherlands.

## 19. Explanation of transition to FRS 101

This is the first period that the company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council.

The last financial statements under a previous GAAP (UK GAAP) were for the year ended 31 August 2014 and the date of transition to FRS 101 was therefore 1 September 2013. This transition has had no impact on the equity or comprehensive income of the company for the period ended 31 December 2015.