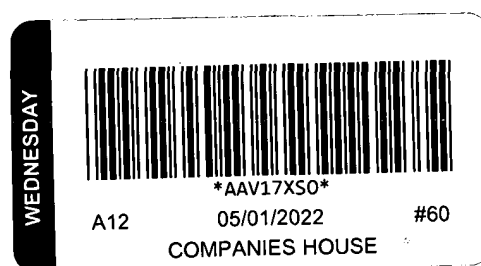


# Annual Report and Financial Statements D.R.C. Locums Limited

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**For the year ended 31 March 2021**



**Registered Number 04154956**

**D.R.C. Locums Limited**  
**Financial statements for the year ended 31 March 2021**

## Company Information

<b>Registered Number</b>	04154956
<b>Registered office:</b>	Partis House Davy Avenue Milton Keynes Buckinghamshire MK5 8HJ
<b>Auditor:</b>	Grant Thornton UK LLP Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU
<b>Secretary:</b>	Graham Dolan
<b>Directors:</b>	Deepak Jalan Jason Stewart

**D.R.C. Locums Limited**  
**Financial statements for the year ended 31 March 2021**

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# Strategic Report

The directors present their strategic report and directors' report and financial statements for the year ended 31 March 2021.

## 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 £4,776k (2020: £5,669k) down 16% from the prior year, with gross profit margin decreased to 17% (2020: 18%). The Company generated a profit before tax of £293k (2020: £113k), an increase of 159%. Company's Gross profit was affected mainly due to Covid-19 in first quarter of the year, however with tighter cost control and with better performance in the rest of the quarters, DRC Locums made a higher profit than last year.

## Future Developments

The business will aim to organically grow the nursing and doctors contract divisions and has expanded its permanent recruitment division in the new financial year to take advantage of its position on the NHS GP international recruitment framework.

The Company will further expand its outsourced activities via its partners in India which will supplement its organic growth model in complimentary service streams. In addition, the Company intends to capitalise on its successful managed service and master vendor contracts through a regional key accounts strategy with NHS clients.

## Business environment

The UK market for healthcare recruitment has been challenging since 2016 with the implementation of government sponsored charge rate caps and the intermediaries legislation (IR35). This has been further exacerbated in the early part of 2020 by the disruption caused by the Coronavirus (Covid). Here many candidates were self-isolating and not available to work whilst routine surgeries were postponed or cancelled thus reducing demand. The concentration of activity became almost exclusively in Covid wards which was mainly staffed by permanent staff or returning retirees and was also not attractive to Locums.

There has been no change in the fundamental dynamics of the marketplace whereby demand for clinical staff greatly outweighs supply which will rebalance once Covid has been defeated. This is examined further in the "risks and uncertainties" section.

## Strategy and future outlook

The Company will aim to focus on organic growth and rigorous cost control measures to improve profitability. The Company is confident that it can increase its market share and develop new service offering for our clients, over the next year.

## Strategic Report (Continued)

### Principal Risks and Uncertainties

The directors recognise that the principal business risks faced by the Company are:

#### National Frameworks

D.R.C Locums Limited is an approved supplier of temporary healthcare under the Crown Commercial Services National Framework Agreement. D.R.C Locums was appointed to the CCS RM6161 Provision of Clinical and Healthcare Staffing Framework for the supply of Doctors, Nurses and AHP's on the 13<sup>th</sup> of October 2020 and is currently live to 12<sup>th</sup> October 2023 with option to extend for a further 12 months. D.R.C Locums Limited remains as one of the largest suppliers of medical locums and agency nurses to the NHS and is therefore a key supplier of healthcare staff to the NHS and private sectors.

D.R.C Locums Limited is also an approved supplier of temporary healthcare staff under the Health Trust Europe Total Workforce Solutions II Framework Agreement for the supply of Doctors, Nurses and AHP's. D.R.C Locums was appointed to the HTE TWS II framework on 25<sup>th</sup> January 2021 and currently live until 24<sup>th</sup> January 2023 with option to extend for two further 12 month periods.

On the 1<sup>st</sup> March 2021 D.R.C Locums Limited was appointed to the All Wales Nursing Framework Agreement for the supply of agency nurses. The initial contract period is for 3 years with an option to extend for a further 12 months.

On the 1<sup>st</sup> May 2017 D.R.C Locums Limited was appointed to the NHS National Services Scotland Framework Agreement for the supply of medical locums. The initial contract period was for 3 years however has now been extended until 30<sup>th</sup> April 2022.

On the 9<sup>th</sup> October 2018 D.R.C Locums Limited was appointed to the NHS National Services Scotland Framework Agreement for the supply of agency nurses. The initial contract period was for 3 years however has now been extended until 8<sup>th</sup> October 2023.

Following increased demand for international recruitment of healthcare staffing, D.R.C Locums Limited has successfully been awarded positions on the two major government approved framework agreements. Crown Commercial Services - International Recruitment of Clinical Healthcare Professionals Framework Agreement awarded 20<sup>th</sup> March 2019 which is currently live until 1<sup>st</sup> March 2022 with an option to extend for a further 12 months.

Health Trust Europe – National & International Permanent Recruitment Framework Agreement awarded to D.R.C. Locums Limited on 17<sup>th</sup> August 2020 which is currently live until 16<sup>th</sup> August 2022 with an option to extend for two further 12 month periods.

### Financing and Going Concern

D.R.C Locums Limited is reliant for its working capital on the existing invoice factoring, term loan and banking facilities. The directors have completed a detailed review of current trading which has included consideration of the financial position as at the date of approval of these financial statements and the projected results and financial position covering the next 12 months. The directors are confident that the Company will continue to generate positive cash flows from trading activities for the foreseeable future and the Company will continue in operational existence by meeting its liabilities as they fall due for payment. Further, the company has financial support from equity owners for 12 months from date of approval of this financial statements to meet its liabilities as they fall due.

## Strategic Report (Continued)

### Employees

D.R.C Locums Limited recognises that its employees are its greatest asset and encourages a highly motivated working environment. Employees are given clear targets to achieve and measured against these consistently throughout their career. Support and training is provided to ensure employees develop their skills within the Company.

The company has embraced the Government's apprentice initiative enthusiastically and over 10% of our current employees have progressed the start of their careers through this programme.

### Key KPIs:

DRC Locums Limited management use the following KPI's to monitor the Company monthly

- GM per hour: The value in £'s of the Gross Margin made for each worker hour
- Staff Costs as % of Gross Profit: The Company carefully manages their major cost line being Staff Costs with the aim that they are always below a certain level of the Gross Margin
- EBITDA/Gross Profit (Conversion Ratio): This is a traditional measure of the efficiency of a Recruitment Company

By order of the board



Jason Stewart  
Director  
30/09/2021

**D.R.C. Locums Limited**  
**Financial statements for the year ended 31 March 2021**

## Directors' Report

### Directors

The directors who held office during the year were as follows:

Deepak Jalan  
Jason Stewart  
Luke Alexander Williams (Resigned on 31/12/2020)

### Proposed dividend

The directors do not recommend the payment of a dividend (2020: £nil). The directors do not recommend the payment of a further dividend.

### Disclosure of information to auditor

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 auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Matters covered in the strategic report

The business review and the principal risks and uncertainties sections are not shown in the Directors's report, because they are shown in the strategic report instead under s414c(11).

### Qualifying third party indemnity provisions

A qualifying third party indemnity provision by Section 232 (2) of the Companies Act 2006 is in force for the benefit of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law in respect of those liabilities for which the directors may not be indemnified, as directors' and officers liability insurance policy was maintained throughout the financial year.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Grant Thornton UK LLP will therefore continue in office.

By order of the board



Jason Stewart  
Director  
30/09/2021

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

The directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 steps for the prevention and detection of fraud and other irregularities.

Approved on behalf of the Board



Jason Stewart  
Director  
30/09/2021



# Independent Auditor's Report to the members of D.R.C. Locums Limited

## Opinion

We have audited the financial statements of D.R.C. Locums Ltd (the 'company') for the year ended 31 March 2021, which comprises the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year 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.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

## **Independent Auditor's Report to the members of D.R.C. Locums Limited (Continued)**

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors for the financial statements**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Independent Auditor's Report to the members of D.R.C. Locums Limited (Continued)**

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company through our general commercial and sector experience, discussions with management and review of board minutes and determined that the most significant, which could reasonably be expected to have a material effect on the financial statements and which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (UK GAAP, the Companies Act 2006) and the relevant tax compliance regulations in the UK.
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety and employee matters.
- We discussed the policies and procedures regarding compliance with laws and regulations with management. We understood how the company is complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes.
- We enquired of management concerning the company's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws

## Independent Auditor's Report to the members of D.R.C. Locums Limited (Continued)

- We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. None were noted and we corroborated the results of our enquires to board minutes.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the strategic report, directors' report and accounts with applicable financial reporting requirements.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the entity operates; and
  - understanding of the legal and regulatory requirements specific to the entity
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

### Use of our report

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.

*Grant Thornton UK LLP*

Taras Kulyk FCCA  
Senior Statutory Auditor  
For and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Victoria House  
199 Avebury Boulevard  
Milton Keynes  
MK9 1AU

30/09/2021

**D.R.C. Locums Limited**  
**Financial statements for the year ended 31 March 2021**

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## Statement of Comprehensive Income for the year ended 31 March 2021

	Notes	2021 £000	2020 £000
Turnover	2	28,387	30,825
Cost of sales		<u>(23,611)</u>	<u>(25,156)</u>
<b>Gross profit</b>		<b>4,776</b>	<b>5,669</b>
Administrative Expenses	3	<u>(4,480)</u>	<u>(5,473)</u>
Other Income		<u>47</u>	<u>-</u>
<b>Operating Profit</b>	3	<b>343</b>	<b>196</b>
Interest payable and similar charges	6	<u>(50)</u>	<u>(83)</u>
<b>Profit on ordinary activities before taxation</b>		<b>293</b>	<b>113</b>
Taxation on Profit from ordinary activities	7	<u>1</u>	<u>(3)</u>
<b>Profit for the financial year</b>		<b><u>294</u></b>	<b><u>110</u></b>

All results are derived from continuing operations.

There are no recognised gains and losses other than those stated above and therefore no separate Statement of Other Comprehensive Income has been presented.

The notes on pages 13 to 22 form part of these financial statements.

**D.R.C. Locums Limited**  
**Financial statements for the year ended 31 March 2021**

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## Statement of Financial Position at 31 March 2021

	Notes	2021 £000	2021 £000	2020 £000	2020 £000
<b>Fixed assets</b>					
Tangible fixed assets	8		<u>121</u>		<u>117</u>
<b>Current assets</b>					
Debtors	9	11,358		11,621	
Cash at bank and in hand		<u>629</u>		<u>520</u>	
		11,987		12,141	
Creditors: amounts falling due within one year:	10	<u>(6,281)</u>		<u>(6,660)</u>	
<b>Net current assets</b>			<u>5,706</u>		<u>5,481</u>
Total assets less current liabilities			5,827		5,598
Provision for liabilities	11		<u>(8)</u>		<u>(73)</u>
<b>Net assets</b>			<u>5,819</u>		<u>5,525</u>
<b>Capital and reserves</b>					
Called up share capital	12		-		-
Profit and loss account	13		<u>5,819</u>		<u>5,525</u>
<b>Shareholder's funds</b>			<u>5,819</u>		<u>5,525</u>

These financial statements were approved by the board of directors on 30/09/2021 and were signed on its behalf



Jason Stewart  
 Director

Company registered number 04154956

## Statement of Financial Position at 31 March 2021

The notes on pages 13 to 22 form part of these financial statements.

**D.R.C. Locums Limited**  
**Financial statements for the year ended 31 March 2021**

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## Statement of Changes in Equity

	Called up share Capital £000	Profit and Loss Account £000	Total Equity £000
<b>Year ended 31 March 2020</b>			
Balance at 1 April 2019	-	5,415	5,415
Total comprehensive income for the period			
Profit for the period	-	110	110
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2020</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Called up share Capital £000	Profit and Loss Account £000	Total Equity £000
<b>Year ended 31 March 2021</b>			
Balance at 1 April 2020	-	5,525	5,525
Total comprehensive income for the period			
Profit for the period	-	294	294
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2021</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on page 13 to 22 form part of these financial statements.



# Notes to the financial statements

## 1 Accounting policies

### *Basis of preparation*

D.R.C Locums Limited is a private limited company by shares incorporated and domiciled in England, with a company number 04154956 registered at Partis House, Davy Avenue, Knowlhill, Milton Keynes, MK5 8 HJ. The principal activity of the Company is detailed in the strategic report. These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is £ sterling (£'000), which is also functional currency of the Company.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The ultimate parent company is Syndicated Investor Group Limited, a company incorporated in Hong Kong.

The largest group in which the results of the Company and its subsidiaries are consolidated is headed by HB Healthcare Limited. The consolidated financial statements of HB Healthcare Limited are prepared in accordance with FRS102 as adopted by the EU and are available to the public via Companies house and may be obtained from the Partis House, Davy Avenue, Milton Keynes, MK5 8HJ.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures since this information is included in the consolidated financial statements of HB Healthcare Limited:

- Cash Flow Statement and related notes
- Key Management Personnel Compensation

### *Accounting reference date*

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

Accounts are prepared on a full month basis. For the year ended 31 March 2021, the accounts have been prepared to 28 March 2021. The comparative period covered 1 April 2019 to 29 March 2020. The current year period covers 30 March 2020 to 28 March 2021.

## 1.1 Measurement Convention

The financial statements are prepared on the historical cost basis.

## 1.2 Going concern

D.R.C Locums Limited is reliant for its working capital on the existing invoice factoring. The directors have completed a detailed review of current trading which has included consideration of the financial position as at the date of approval of these financial statements and the projected results and financial position covering the next 12 months.

The Directors are confident that the Company will continue to generate positive cash flows from trading activities for the foreseeable future and the Company will continue in operational existence by meeting its liabilities as they fall due for payment. Further, the company has financial support from equity owners for 12 months from date of approval of this financial statements to meet its liabilities as they fall due.

## Notes to the financial statements

### 1 Accounting policies (continued)

Company has had impact from Covid-19 in the year following as all elective surgeries have been suspended by NHS trusts. However the situation has improved in July 2020 with more demand for locums and nurses. D.R.C. Locums Limited has taken measures to control cost to face the pandemic and it has been successful.

#### 1.3 Basic financial instruments

##### *Trade and other debtors/creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example, if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Financial Instruments*

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares. Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 1.4 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

# Notes to the financial statements

## 1 Accounting policies (continued)

### 1.5 Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

- Computer equipment      5 years straight line
- Fixtures and fittings      5 years straight line
- Leasehold improvements   14% straight line (the life of the lease)

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

### 1.6 Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences and any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balance are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax balances are not discounted.

### 1.7 Expenses

Expenses are payable by the Company to employees, its' agency workers and suppliers where wholly and exclusively incurred in performance of the trade of the business. All expenses are detailed on the company expense forms and duly authorised by a Director or Senior Manager of the Company alongwith attached original vouchers.

### 1.8 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.

### 1.9 Operating Leases

All leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

## Notes to the financial statements

### 1 Accounting policies (continued)

#### 1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### 1.11 Judgements in applying accounting policies and key sources of estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

##### *Useful lives of depreciable assets:*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

##### *Provision for bad debts*

The company assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Company makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the trade receivable.

##### *Going concern*

In assessing going concern, management made various assumptions within the forecasts including revenue and the ability to reduce operating costs.

The Company's forecasts and projections takes into account reasonably possible changes in trading performance. Actual results, however, may vary due to changes in actual future trading.

### 2 Analysis of turnover

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

### 3 Operating Profit on ordinary activities

	2021 £000	2020 £000
Operating Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	52	45
Auditor remuneration:		
Fees payable to the Company's auditor for audit services	16	18
Other services relating to taxation	3	4
Operating leases:		
Plant and machinery	121	125
Other	31	34

## Notes to the financial statements

### 4 Remuneration of directors

	2021 £000	2020 £000
Directors' emoluments	206	196
	<u>206</u>	<u>196</u>

The highest paid director received remuneration of £206k (2020: £196k). One director is not remunerated by the company.

The value of the company contribution paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2020: £nil).

### 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	
	2021	2020
Sales	38	44
Administration	23	26
	<u>61</u>	<u>70</u>

The aggregate payroll costs of these persons (excluding unpaid directors) were as follows:

	2021 £000	2020 £000
Wages and salaries	2,922	3,533
Social security costs	262	318
Pensions	43	52
	<u>3,227</u>	<u>3,903</u>

### 6 Interest payable and similar charges

	2021 £000	2020 £000
Invoice discounting interest	50	83
	<u>50</u>	<u>83</u>

## Notes to the financial statements

### 7 Taxation

*Total tax expense recognised in the profit and loss account.*

	2021 £000	2021 £000	2020 £000	2020 £000
Current Tax				
Current tax on income for the year	-	-	-	-
Total current tax				-
Deferred tax				
Origination and reversal of timing differences	(1)		3	
Effect of tax rate change on opening balance	-	-	-	-
Total deferred tax		(1)		3
Total tax		(1)		3

*Factors affecting the tax charge for the current period*

The current tax charge for the period is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below.

	2021 £000	2020 £000
Current tax reconciliation		
Profit on ordinary activities before tax	293	113
Current tax at 19% (2020: 19%)	56	21
Effects of:		
Expenses not deductible for tax purposes	-	1
Group relief claimed	(57)	(14)
Adjust opening deferred tax to average rate	-	-
Deferred tax not recognised	-	(5)
Total tax charge (see above)	(1)	3

*Factors that may affect future tax charges*

The main rate of UK corporation tax in the year was 19% with no change to this rate substantively enacted at the balance sheet date. Temporary differences have been measured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised. Corporation tax rates are increasing to 25% from 1<sup>st</sup> of April 2023.

*Deferred tax asset*

The Company has recorded a deferred tax liability of £8k (2020: £9k) in relation to accelerated capital allowances.

## Notes to the financial statements

### 8 Tangible fixed assets

	Computer Equipment £000	Furniture and fittings £000	Leasehold improvements £000	Total £000
Cost				
At beginning of year	840	226	48	1,114
Additions	36	2	18	56
At end of year	<u>876</u>	<u>228</u>	<u>66</u>	<u>1,170</u>
Depreciation				
At beginning of year	724	226	47	997
Charge for year	51	-	1	52
At end of year	<u>775</u>	<u>226</u>	<u>48</u>	<u>1,049</u>
Net book value				
At 31 March 2021	<u>101</u>	<u>2</u>	<u>18</u>	<u>121</u>
At 31 March 2020	<u>116</u>	<u>-</u>	<u>1</u>	<u>117</u>

### 9 Debtors

	2021 £000	2020 £000
Trade debtors	2,453	2,993
Other debtors	46	100
Prepayments and accrued income	912	852
Amounts due from group undertakings	7,947	7,676
	<u>11,358</u>	<u>11,621</u>

Amounts due from group undertakings are unsecured, interest free and repayable on demand. Prepayment and accrued income includes operational prepayments and accrued sales for uninvoiced income pre-year end and collected after the year end, respectively.

## Notes to the financial statements

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

	2021 £000	2020 £000
Trade creditors	835	566
Invoice Discounting Facility	1,709	2,851
Amounts owed to group undertakings	1,074	1,133
Amounts owed to related party	720	660
Taxation and social security	735	670
Other creditors	410	630
Accruals and deferred income	798	150
	<u>6,281</u>	<u>6,660</u>

Advances on the invoice discounting account are secured by fixed and floating charges over the assets of the Company.

Amounts due from group undertakings are unsecured, interest free and repayable on demand.  
 Accruals and deferred income includes accruals for cost of sales processed after the year end.

### 11 Provisions

	Deferred Tax £000	Dilapidation £000	Total £000
At beginning of year	9	64	73
Utilised during year	-	(64)	(64)
Charge to the profit and loss for the year	(1)	-	(1)
<b>At end of year</b>	<u>8</u>	<u>-</u>	<u>8</u>

The deferred tax (liability) of £8k (2020: £9k) arose in respect of timing differences on capital allowances.

### 12 Called up share capital

	2021 £	2020 £
Allotted, called up and fully paid 10,000 Ordinary shares of £0.01 each	<u>100</u>	<u>100</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of Capital.

### 13 Reserves - Profit and loss account

Includes all current and prior period retained profits and losses.



## Notes to the financial statements

### 14 Pension Commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £43,257 (2020: £52,358). Contributions totalling £8,160 (2020: £10,187) were payable to the fund at the balance sheet date and are included in other creditors and accruals.

### 15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2021 Land and buildings £000	2021 Other £000	2020 Land and buildings £000	2020 Other £000
Less than one year	23	32	133	35
Between one and five years	-	74	329	10
More than five years	-	-	-	-
<b>Total</b>	<b>23</b>	<b>106</b>	<b>562</b>	<b>45</b>

### 16 Related Party Transactions

During the year D.R.C Locums Limited, incurred £294,000 (2020: £294,000) of board fees from Hamilton Bradshaw Limited, raised with 30 days credit term. At the year-end £720,000 (2020: £660,000) was due to Hamilton Bradshaw Limited. These balances are unsecured and non-interest bearing. One of the Directors of D.R.C Locums Limited is holding directorship at Hamilton Bradshaw Limited.

Key management of the Group are the executive members of board of directors and members of the executive council. Key management personnel remuneration includes the following expenses:

	2021 £'000	2020 £'000
Salaries including bonuses	412	418
Social security costs	53	54
Pension contribution	2	3
<b>Total Remuneration</b>	<b>467</b>	<b>449</b>

As the Company is a wholly owned subsidiary of HB Healthcare Limited, the Company has taken advantage of the exemption contained in FRS 102,33.1.A and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

## Notes to the financial statements

### **17 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 D.R.C. Holding Company Ltd.

The ultimate parent company is Syndicated Investor Group Limited, a company incorporated in Hong Kong. In view of directors there is no ultimate controlling party.

The largest group in which the results of the Company are consolidated is that headed by HB Healthcare Limited, incorporated in the United Kingdom. The consolidated financial statements are available to the public and may be obtained from Partis House, Davy Avenue, Milton Keynes, MK5 8HJ.