

Company Registration No. 02666923

Frontline Staffing Limited

Annual report and financial statements

For the year ended 31 December 2016



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Frontline Staffing Limited

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Frontline Staffing 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 sector in the United Kingdom.

Business review

As set out in the profit and loss account on page 7, turnover has decreased from £5.1m in 2015 to £2.8m in 2016 and gross profit has decreased from £1.1m in 2015 to £0.5m in 2016. The decrease in revenue reflected the expenditure constraints within the NHS staffing market, and the effect of NHS Improvement initiatives to rationalise the use of flexible labour and cost in NHS England. Net assets as at 31 December 2016 were £5.7m (2015: £5.3m).

The company is managed as part of a larger group and further detail is available in the consolidated financial statements of Indigo Parent Limited.

Performance analysis & future developments

The principal financial KPI for the company is gross profit. Total gross profit for the year was £0.5m (2015: £1.1m).

The directors expect the level of activity in 2017 to be similar to that of 2016.

Risk management

The company actively considers and manages its risks. These include risks associated with:

- 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. Within the company's staffing services, market conditions in England have become more challenging following the recent introduction of NHS Improvement'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. 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 asset is 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 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

31 August 2017

Frontline Staffing 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 year ended 31 December 2016.

Dividends

No dividends were paid or declared in the year (2015: £nil).

Directors and directors' indemnities

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

Richard MacMillan

Richard McBride

Thomas Richards (Appointed 4 July 2017)

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 10 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.

Risk management

Risk management of the company is detailed on page 3 in the strategic report and form part of this report by cross-reference.

Donations

No donations were made to any political party during the year (2015: £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
- the director has taken all the steps that he ought to have taken as a director in order to make himself 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 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.

Frontline Staffing Limited

Directors' report (continued)

Statement of Directors' responsibilities

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.

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



R A McBride
Director

31 August 2017

Frontline Staffing Limited

Independent auditor's report to the members of Frontline Staffing Limited

We have audited the financial statements of Frontline Staffing Limited for the year ended 31 December 2016 which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity, and the related notes 1 to 12. 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, 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, 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 Statement of Directors' responsibilities, 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 2016 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.

Opinion on other matters prescribed by the Companies Act 2006

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

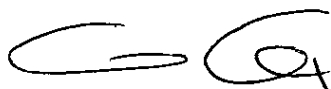
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Strategic Report and the Directors' Report.

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.



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

31 August 2017

Frontline Staffing Limited

Profit and loss account

For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Turnover	3	2,807	5,066
Cost of Sales		(2,338)	(4,002)
Gross Profit		469	1,064
Other operating expenses		(55)	(431)
Operating Profit	4	414	633
Profit on ordinary activities before taxation		414	633
Tax on profit on ordinary activities	6	-	-
Profit for the financial year		414	633

All results relate to continuing operations.

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

Frontline Staffing Limited

Balance sheet

As at 31 December 2016

	Note	2016 £'000	2015 £'000
Current assets			
Debtors - due within one year	7	6,024	5,581
		6,024	5,581
Creditors: amounts falling due within one year	8	(291)	(262)
Net current assets		5,733	5,319
Total assets less current liabilities		5,733	5,319
Net assets		5,733	5,319
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account		5,733	5,319
Shareholder funds		5,733	5,319

The financial statements of Frontline Staffing Limited (registered number 02666923) were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



R A McBride
Director

Frontline Staffing Limited

Statement of changes in equity

For the year ended 31 December 2016

	Called up share capital £'000	Profit and loss account £'000	Total Equity £'000
At 1 January 2015	-	4,686	4,686
Profit for the year	-	633	633
Balance at 1 January 2016	-	5,319	5,319
Profit for the year	-	414	414
Balance at 31 December 2016	-	5,733	5,733

The notes on pages 10 to 14 are an integral part of these financial statements.

Frontline Staffing Limited

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies

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

Basis of accounting

Frontline Staffing Limited is a private company incorporated in England and domiciled in the United Kingdom under the Companies Act 2006. The registered office address of the company is Caledonia House, 223 Pentonville Road, London, N1 9NG. The nature of the company's operations and its principal activities are set out in the strategic report 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. Accordingly these financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

These financial statements are separate financial statements prepared on the historical cost basis.

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 can be obtained as set out in note 12.

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.

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

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 periods.

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.

Frontline Staffing Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

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 year.

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.

Frontline Staffing Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

1. Accounting policies (continued)

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.

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 judgements

There are no critical accounting estimates or judgements in either year disclosed.

3. Turnover

All turnover relates to the provision of staffing services to the healthcare sector and is derived from the United Kingdom, in both years.

4. Notes to the profit and loss account

The audit fee of £3,129 (2015: £4,000) for Frontline Staffing Limited is 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. Directors' emoluments

The directors were paid through fellow group companies for their services to the entire group throughout both years. Other than the directors, the company has had no employees.

Frontline Staffing Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

6. Tax on profit on ordinary activities

Tax charged to profit and loss comprises:

	2016 £'000	2015 £'000
Current tax		
Current tax on profits for the year	-	-
Tax charged to profit and loss	-	-

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

	2016 £'000	2015 £'000
Profit before taxation	414	633
At standard UK corporation tax rate of 20.0% (2015: 20.3%)	83	128
Group relief	(83)	(128)
Total tax charge for the period	-	-

7. Debtors - due within one year

	2016 £'000	2015 £'000
Amounts owed by group undertakings	6,024	5,581
	6,024	5,581

The amounts owed by group undertakings are not subject to interest and are repayable on demand.

8. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to group undertakings	291	262
	291	262

The amounts owed to group undertakings are not subject to interest and are repayable on demand.

9. Called up share capital

	2016 £	2015 £
Authorised, allotted, called up and fully paid		
100 Ordinary Shares of £1 each	100	100

There were no changes in share capital in either year.

10. 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 £201,154,000 (2015: £202,000,000).

11. 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.

12. Ultimate parent company and controlling party

The immediate parent company and controlling party is Pulse Staffing Limited, a company registered in the United Kingdom. The ultimate parent undertaking is Indigo Cayman Limited Partnership, registered in the

Frontline Staffing Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

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, with the registered address of Caledonia House, 223 Pentonville Road, London, England, N1 9NG. 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.