Company Registration No. 02666923

Frontline Staffing Limited

Annual report and financial statements

For the year ended 31 December 2018

Frontline Staffing Limited

Contents

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 8, turnover has increased from £1.8m in 2017 to £5.2m in 2018 and gross profit has increased from £24k in 2017 to £0.4m in 2018. The increase in revenue reflected an increased demand within nurse staffing market in the year. Net assets as at 31 December 2018 were £6.0m (2017: £5.7m).

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 £0.4m (2017: £24k).

The directors expect the level of activity in 2019 to be similar to that of 2018.

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 group's client base and geographical coverage, management performs 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 group also has an inherent risk arising from the political and economic climates in the UK. Within the group's Staffing segment, NHS market conditions have become more challenging in the last two years following the introduction of NHS Improvement's programme to rationalise the use of flexible labour in NHS England and regulatory changes. These initiatives included the setting of price caps for the cost of workers; and changes to regulations governing the taxation of public sector workers at source (IR35) which impacted the availability of candidates in certain staffing markets. At the date of this report no material new regulatory initiatives have been announced. The UK's exit from the EU is expected to disrupt the market dynamics in healthcare staffing by increasing the demand for temporary clinical staff and reducing the supply of temporary workers, but we expect this to have a net positive effect on the group's trading. These market risks are balanced by the medium to long term trend of increasing demand for health and social care services, driven by a growing and ageing population, and a shortage of supply of staff in the markets addressed by the group.
- *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 group and where deficits are forecast, the company is able to draw on group funding.

Approved by the Board of Directors and signed on its behalf:

T C Richards
Company Secretary/Director
14 June 2019

Frontline Staffing Limited

Directors' report

The directors present their annual report on the affairs of the company together with the audited financial statements and independent auditor's report for the year ended 31 December 2018.

Dividends

No dividends were paid or declared in the year (2017: £nil).

Directors and directors' indemnities

The directors, who served throughout the year and up to the date of this report, were as follows:

Richard MacMillan
Thomas Richards

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 minimum of 12 months after the date of signing. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements as detailed in note 1 on page 11 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 including financial risk management of the company is detailed on page 3 in the strategic report and form part of this report by cross-reference.

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.

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.

Approved by the Board of Directors and signed on its behalf:

T C Richards
Director
14 June 2019

Frontline Staffing Limited

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

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Frontline Staffing Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements 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, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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 respect of these matters.

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

Responsibilities of directors
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.
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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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.

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 or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Emma Cox BA ACA *(Senior statutory auditor)*
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
17 June 2019

Frontline Staffing Limited

Profit and loss account

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Turnover	3	5,235	1,802
Cost of Sales		(4,797)	(1,778)
Gross Profit		**438**	**24**
Other operating expenses		(113)	(76)
Operating Profit/(Loss)	4	**325**	**(52)**
Profit/(Loss) before taxation		**325**	**(52)**
Tax on profit	6	-	-
Profit/(Loss) for the financial year		**325**	**(52)**

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 2018

	Note	2018 £'000	2017 £'000
Current assets			
Debtors: amounts falling due within one year	7	6,365	6,014
		6,365	**6,014**
Total assets		**6,365**	**6,014**
Creditors: amounts falling due within one year	8	(359)	(333)
Net current assets		**6,006**	**5,681**
Total assets less current liabilities		**6,006**	**5,681**
Net assets		**6,006**	**5,681**
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account		6,006	5,681
Shareholder funds		**6,006**	**5,681**

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:

T C Richards
Director
14 June 2019

Frontline Staffing Limited

Statement of changes in equity

For the year ended 31 December 2018

	Called up share capital £'000	Profit and loss account £'000	Total Equity £'000
At 1 January 2017	-	5,733	5,733
Loss and total comprehensive income for the year	-	(52)	(52)
Balance at 1 January 2018	-	**5,681**	**5,681**
Profit and total comprehensive income for the year	-	325	325
Balance at 31 December 2018	-	**6,006**	**6,006**

The notes on pages 11 to 17 are an integral part of these financial statements.

Frontline Staffing Limited

Notes to the financial statements

For the year ended 31 December 2018

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, limited by shares, registered in England and Wales, and incorporated 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.

The company financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 flows and operating profits 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 a minimum of 12 months from the date of signing.

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):

- Annual Improvements to IFRSs: 2015-17 Cycle
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 – Definition of Business
- Amendments to IAS 1 and IAS 8 – Definition of Material
- IFRIC 23 – Uncertainty over Income Tax Treatment

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.

Frontline Staffing Limited

Notes to the financial statements (continued)

For the year ended 31 December 2018

1. Accounting policies (continued)

Adoption of new and revised standards

Application of IFRS 9 *Financial Instruments*

In the current year, the company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. In accordance with the transition provisions of IFRS 9, the company has elected not to restate comparatives.

Additionally, the company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities;
2) Impairment of financial assets; and
3) General hedge accounting.

Details of these new requirements as well as their impact on the company's balance sheet are described within note 1.

Application of IFRS 15 *Revenue from Contracts with Customers*

In the current year, the company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

Details of the new requirements as well as their impact on the company's balance sheet are described below.

The company has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15:C5(a), and (b), or for modified contracts in IFRS 15:C5(c) but using the expedient in IFRS 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2018.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the balance sheet. The company has not adopted the terminology used in IFRS 15 to describe such balances.

The company's accounting policies for its revenue streams are disclosed in detail below. Apart from providing more extensive disclosures for the company's revenue transactions, the application of IFRS 15 has not had a material impact on the financial position and/or financial performance of the company for the year ended 31 December 2017 or for the year ended 31 December 2018.

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.

1. **Accounting policies (continued)**

Taxation (continued)

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

The company derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major sources:

- Permanent staff
- Temporary staff

Permanent staff

The company provides placements of permanent staff. Revenue from the placement of permanent staff represents the contractual commission receivable, excluding value added tax, and is recognised (net of any provisions for clawback under the contract) when the performance obligations are satisfied – being the placement of the candidate with the end client.

Temporary staff

The company provides placements of temporary staff. Revenue from the placement of temporary staff represents the gross sales value of hours worked and is recognised when the performance obligations are satisfied– being the working of hours by the staff.

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.

1. Accounting policies (continued)

Financial assets and liabilities

The company has applied IFRS 9 in the year in accordance with the transition provisions set out in IFRS 9, electing not to restate comparatives. The requirements and their impact on the company's financial statements are as follows:

(a) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, measured subsequently at fair value through other comprehensive income ("FVTOCI"); and fair value through the profit and loss account ("FVTPL"). IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI); and
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

There is no material impact on the classification or measurement category of financial assets from the initial application of IFRS 9. Trade and other receivables, loans to receivables and cash and bank balances were previously classified and measured as 'Loans and other receivables' under IAS 39, these are now classified and measured at 'amortised cost'.

The adoption of IFRS 9 has not had a significant effect on the company's accounting policies for financial liabilities. There is no impact on the classification or measurement category of financial liabilities on application of IFRS 9.

(b) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in profit and loss account. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in other reserves as at 1 January 2018. Accordingly, the information presented for the year ended 31 December 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for the year ended 31 December 2018 under IFRS 9.

(c) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting.

1. Accounting policies (continued)

Financial assets and liabilities (continued)

There was no change to reserves as at 1 January 2018 as the impact of IFRS 9 on company reserves is not considered to be material.

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost, less any impairment losses.

Services provided to client, which at the period end date have not been billed, are recognised as accrued income and included in trade and other receivables. Accrued income is valued initially at fair value less any expected impairment losses.

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

(d) Impairment of financial assets (including receivables):

A financial asset not at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. For trade receivables, the company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The company has adopted IFRS 9: Financial instruments on 1 January 2018 resulting in a change in accounting policy for the impairment of financial assets. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income (''FVTOCI''), but not to investments in equity instruments.

2. Key sources of estimation uncertainty and critical accounting judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. There are no critical accounting judgements or key sources of estimation uncertainty in the year.

Frontline Staffing Limited

Notes to the financial statements (continued)

For the year ended 31 December 2018

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.

Disaggregation of revenue	2018 £'000	2017 £'000
Permanent staff	61	5
Temporary staff	5,174	1,797
Total revenue	**5,235**	**1,802**

4. Notes to the profit and loss account

The audit fee of £3,300 (2017: £2,596) 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 with no amounts recharged to this company throughout both years. Other than the directors, the company has had no employees in both years.

6. Tax on loss

Changes to the UK corporate tax rates were enacted as part of Finance Act 2016 on 6 September 2016. This included reductions to the main rate to reduce the rate to 17% from 1 April 2020.

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

	2018 £'000	2017 £'000
Profit before taxation	325	(52)
At standard UK corporation tax rate of 19.00% (2017: 19.25%)	62	(10)
Group relief	(62)	10
Tax charge	-	-

7. Debtors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade debtors - net	676	200
Amounts owed by other group entities	5,689	5,814
	6,365	**6,014**

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

8. Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	-	27
Amounts owed to immediate parent entity	161	161
Amounts owed to other group entities	198	145
	359	**333**

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

9. Called up share capital

	2018	2017
	£	£
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 £182,444,000 (2017: £198,040,000).

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 England and Wales. 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, 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.