Company Registration No. 02666923

Frontline Staffing Limited

Annual report and financial statements

For the year ended 31 December 2017

Frontline Staffing Limited

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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 decreased from £2.8m in 2016 to £1.8m in 2017 and gross profit has decreased from £0.5m in 2016 to £24k in 2017. The decrease in revenue reflected the expenditure constraints within the NHS staffing market, and changes to IR35 regulations governing the taxation of temporary workers at source. Net assets as at 31 December 2017 were £5.7m (2016: £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 £24k (2016: £0.5m).

The directors expect the level of activity in 2018 to be similar to that of 2017.

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 where deficits are forecast, the company is able to draw on group funding.

Approved by the Board and signed on its behalf by:

T C Richards
Company Secretary/Director
20/9/18

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 2017.

Dividends

No dividends were paid or declared in the year (2016: £nil).

Directors and directors' indemnities

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

Richard MacMillan	
Thomas Richards	Appointed 4 July 2017
Richard McBride	Resigned 19 September 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 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 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.

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:

T C Richards
Director

20/9/18

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:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss 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 of Frontline Staffing Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- 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 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 Financial Reporting Council'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
26 September 2018

Frontline Staffing Limited

Profit and loss account

For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Turnover	3	1,802	2,807
Cost of Sales		(1,778)	(2,338)
Gross Profit		**24**	**469**
Other operating expenses		(76)	(55)
Operating (Loss)/Profit	4	**(52)**	**414**
(Loss)/Profit before taxation		**(52)**	**414**
Tax on profit	6	-	-
(Loss)/Profit for the financial year		**(52)**	**414**

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 2017

	Note	2017 £'000	2016 £'000
Current assets			
Debtors: due within one year	7	6,014	6,024
		6,014	**6,024**
Creditors: amounts falling due within one year	8	(333)	(291)
Net current assets		**5,681**	**5,733**
Total assets less current liabilities		**5,681**	**5,733**
Net assets		**5,681**	**5,733**
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account		5,681	5,733
Shareholder funds		**5,681**	**5,733**

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

20/9/18

Frontline Staffing Limited

Statement of changes in equity

For the year ended 31 December 2017

	Called up share capital £'000	Profit and loss account £'000	Total Equity £'000
At 1 January 2016	-	5,319	5,319
Profit and total comprehensive income for the year	-	414	414
Balance at 1 January 2017	**-**	**5,733**	**5,733**
Loss and total comprehensive loss for the year	-	(52)	(52)
Balance at 31 December 2017	**-**	**5,681**	**5,681**

The notes on pages 11 to 15 are an integral part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2017

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.

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 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):

IFRS 9	Financial Instruments
IFRS 15	Revenue
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatment

The Directors expect that the following standards will have an impact on the consolidated financial statements of the group:

- IFRS 9 Financial Instruments has been adopted by the company on 1 January 2018 and management's initial assessment is that they expect it to have an immaterial impact on the company's financial statements.
- IFRS 15 Revenue from Contracts with Customers has been adopted by the company on 1 January 2018 and management's initial assessment is that they expect it to have an immaterial impact on the company's financial statements.

1. Accounting policies (continued)

Changes in accounting policy and disclosures (continued)

- IFRS 16 Leases has been adopted by the company on 1 January 2018.

  The company has a variety of operating leases, however currently no finance leases are recognised within the financial statements. Adoption of IFRS 16 will result in the company recognising right of use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the company does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment. Similarly, instead of recognising an operating expense for its operating lease payments, under IFRS 16 the company will recognise interest on its lease liabilities and amortisation on its right-of-use assets.

  Management has carried out an initial assessment of the impact of IFRS 16 on the company and estimated that it will have an immaterial impact in decreasing profit before tax. The impact on the balance sheet will be an increase to both assets and liabilities as both right of use assets and lease liabilities are brought onto the balance sheet.

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

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.

1. Accounting policies (continued)

Changes in accounting policy and disclosures (continued)

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.

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

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 estimates or judgements in either year disclosed.

Notes to the financial statements (continued)
For the year ended 31 December 2017

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 £2,596 (2016: £3,129) 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 in both years.

6. Tax on loss

The Finance Act 2015 included a provision to reduce the rate of corporation tax from 20% to 19% from 1 April 2017 and a further reduction to 17% was included in the Finance Act 2016, to take effect from 1 April 2020.

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

	2017 £'000	2016 £'000
(Loss)/Profit before taxation	**(52)**	**414**
At standard UK corporation tax rate of 19.25% (2016: 20.0%)	(10)	83
Group relief	10	(83)
Total tax charge for the period	**-**	**-**

7. Debtors: due within one year

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Trade debtors - net	200	-
Amounts owed by other group entities	5,814	6,024
	6,014	**6,024**

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

8. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	27	-
Amounts owed to immediate parent entity	161	161
Amounts owed to other group entities	145	130
	333	**291**

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

9. Called up share capital

	2017 £	2016 £
Authorised, allotted, called up and fully paid		
100 Ordinary Shares of £1	100	100

There were no changes in share capital in either year.

Frontline Staffing Limited

Notes to the financial statements (continued)
For the year ended 31 December 2017

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 £198,040,000 (2016: £201,154,000).

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.