

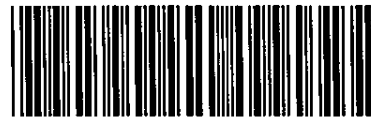
# **D.R.C. Locums Limited**

Directors' report and financial  
statements

Registered number 04154956

For the year ended 31 March 2011

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## Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2011

### Principal activities

The principal activity of the company in the year under review was that of a recruitment agency for the supply of medical contract staff and related services

### Business review

The results for the year and financial position of the Company are as shown in these financial statements. Gross Profit was £7.9m, up 97% from the prior year, with Gross Profit Margin at 19%, down 1% from previous year. The Company generated a Profit Before Tax of £0.5m, down by 37% from prior year.

Trading conditions continue to be difficult but the directors are confident that the Company will be profitable in the coming financial year.

The Directors recognise that the principal business risks faced by the Company are

#### (i) National Framework

DRC Locums Limited is an approved supplier under the Government Procurement Services National Framework Agreement (NFA) with current terms running until 30 June 2012. Under this agreement the Company is allowed to tender for Service Level Agreements (SLA) with the Strategic Health Authority and individual Hospital Trusts across the UK. Management are fully focussed upon maintaining compliance with the terms of the NFA and securing their renewal on the list of approved agencies from 1 July 2012.

#### (ii) Public Sector Spending

The Company acknowledges the potential for public spending to be under significant pressure in future years and this could represent a risk to the business. However, Management believes the continued expansion of health demand due to factors such as an ageing population mean that health spending per head of population is going to be difficult to manage downwards. In addition to this, the business has established certain relationships with key stakeholders in the locum procurement chain which it believes will potentially mitigate the impact of any such cuts.

#### (iii) Locum Doctor Supply

The Company is dependent upon being able to source sufficient locum doctors in order to fulfil bookings. To the extent that sufficient locum doctors are unable to be sourced then potential bookings would go unfilled. Management is therefore focused upon the delivery of sufficient locum doctors in order to mitigate this risk.

### Proposed dividend

Dividends declared during the year amounted to £nil per share (2010 £4,815.69). The directors do not recommend the payment of a dividend.

## **Directors' report** *(continued)*

### **Directors**

The directors who held office during the year were as follows

Imraan Ladak	(Resigned on 15 February 2011)
James Caan	
Deepak Jalan	
Adrian Rainey	(Resigned on 5 November 2010)
Tristan Ramus	
Iftab Hussein	(Appointed on 16 July 2010)
Jafferali Ladak	(Appointed on 16 July 2010 and resigned on 17 March 2011)
Jonathan Wright	(Appointed on 26 January 2011)

### **Political and charitable contributions**

The Company made no political or charitable donations nor incurred any political expenditure during the year

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



Deepak Jalan  
Director  
14 March 2012

Partis House  
Davy Avenue  
Milton Keynes  
MK5 8HJ

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG LLP

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

### **Independent auditor's report to the members of D.R.C. Locums Limited**

We have audited the financial statements of D R C Locums Limited for the year ended 31 March 2011 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 has been undertaken so we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 (APB's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

#### **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 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been properly prepared with the requirements of the Companies Act 2006

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

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of D.R.C. Locums Limited**

*(continued)*

### **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

**Andy Turner (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
8 Salisbury Square  
London  
EC4Y 8BB

**14 March 2012**

**Profit and Loss Account**  
*for the year ended 31 March 2011*

	<i>Note</i>	2011 £000	2010 £000
<b>Turnover</b>	<i>1, 2</i>	<b>41,840</b>	<b>19,981</b>
Cost of sales		<b>(33,944)</b>	<b>(15,976)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>7,896</b>	<b>4,005</b>
Administrative expenses		<b>(7,209)</b>	<b>(3,067)</b>
		<hr/>	<hr/>
<b>Operating profit</b>	<i>3</i>	<b>687</b>	<b>938</b>
Interest payable and similar charges	<i>6</i>	<b>(160)</b>	<b>(101)</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>527</b>	<b>837</b>
Tax on profit on ordinary activities	<i>7</i>	<b>(158)</b>	<b>(245)</b>
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>369</b>	<b>592</b>
		<hr/>	<hr/>

There are no recognised gains and losses other than those stated above and therefore no separate statement of total recognised gains and losses has been presented

A note on historical gains and losses has not been included as part of the financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis

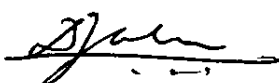
The results stated above are all derived from continuing operations



**Balance Sheet**  
*at 31 March 2011*

	<i>Note</i>	<b>2011 £000</b>	<b>2011 £000</b>	<b>2010 £000</b>	<b>2010 £000</b>
<b>Fixed assets</b>					
Tangible assets	9		584		598
<b>Current assets</b>					
Debtors	10	8,135		10,958	
Cash at bank and in hand		1,060		435	
		<u>9,195</u>		<u>11,393</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(8,592)</u>		<u>(9,041)</u>	
<b>Net current assets</b>			603		2,352
<b>Total assets less current liabilities</b>			<u>1,187</u>		<u>2,950</u>
<b>Creditors: amounts falling due after more than one year</b>	12		-		(2,130)
<b>Provisions for liabilities</b>	13		(134)		(136)
<b>Net assets</b>			<u>1,053</u>		<u>684</u>
<b>Capital and reserves</b>					
Called up share capital	14		-		-
Profit and loss account	15		1,053		684
<b>Shareholders' funds</b>			<u>1,053</u>		<u>684</u>

These financial statements were approved by the board of directors on 14 March 2012 and were signed on its behalf by



**Deepak Jalan**  
*Director*

Company registered number 04154956

**Reconciliation of Movements in Shareholders' Funds**  
*for the year ended 31 March 2011*

	2011 £000	2010 £000
<b>Profit for the financial year</b>	<b>369</b>	592
Dividends on shares classified in shareholders' funds (see note 8)	-	(482)
	<hr/>	<hr/>
<b>Net addition to shareholders' funds</b>	<b>369</b>	110
Opening shareholders' funds	<b>684</b>	574
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>1,053</b>	684
	<hr/> <hr/>	<hr/> <hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a group undertaking includes this company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of D R C Holding Company Ltd, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of HB Healthcare Limited, within which this Company is included, can be obtained from the address given in note 18

#### *Going concern*

The Group and Company's financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons

- (i) The Group is reliant for its working capital on the existing invoice discounting facilities and banking facilities The directors have performed a detailed review of current trading which has included consideration of the financial position as at the date of approval of these financial statements and the projected financial position covering the next 12 months

The directors are confident that the Group will continue to generate positive cash flows from trading activities over the foreseeable future, and with support from the principle investors to cover any short term shortfall in cash funds, the Group and Company will continue in operational existence by meeting their liabilities as they fall due for payment

- (ii) DRC Locums Limited, a subsidiary, is an approved supplier under the Government Procurement Services National Framework Agreement (NFA) with current terms running until 30 June 2012 Under this agreement the Company is allowed to tender for Service Level Agreements (SLA) with the Strategic Health Authority and individual Hospital Trusts across the UK Management are fully focussed upon maintaining compliance with the terms of the NFA and securing their renewal on the list of approved agencies from 1 July 2012

#### *Tangible fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Computer equipment	- 20 % Straight line per annum
Fixtures and fittings	- 20 % Straight line per annum
Leasehold improvements	- 14% Straight line (The life of the lease)

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

## Notes (continued)

### 1 Accounting policies (continued)

#### *Interest bearing borrowings*

Immediately after issue debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

#### *Turnover*

Turnover represents amounts receivable for the provision of contract staff and related services. Turnover arising from the placement of permanent candidates is recognised at the time the candidate commences full-time employment.

Turnover arising from the placement of temporary staff is recognised over the period that temporary staff are provided and represents amounts billed for temporary staff, including the salary costs of these staff.

#### *Dividends on shares presented within shareholders' funds*

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### *Leases*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

### 2 Analysis of turnover

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

### 3 Notes to the profit and loss account

	2011 £000	2010 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation and other amounts written off tangible fixed assets		
Owned	158	91
Hire of plant and machinery - operating leases	36	9
Hire of other assets - operating leases	128	87
	<hr/>	<hr/>

#### *Auditors' remuneration*

	2011 £000	2010 £000
Audit of these financial statements	11	10
Other services relating to taxation	6	4
	<hr/>	<hr/>

### 4 Remuneration of directors

	2011 £000	2010 £000
Directors' emoluments	351	243
	<hr/>	<hr/>

The aggregate emolument for the highest paid director in the year was £167,000 (2010 £122,000)

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2011	2010
Administration	53	18
Sales	78	30
	<hr/>	<hr/>
	131	48
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows

	2011	2010
	£000	£000
Wages and salaries	5,854	1,725
Social security costs	590	223
	<hr/>	<hr/>
	6,444	1,948
	<hr/>	<hr/>

### 6 Interest payable and similar charges

	2011	2010
	£000	£000
Factoring charges	-	63
Factoring Interest	135	26
Interest payable	25	12
	<hr/>	<hr/>
	160	101
	<hr/>	<hr/>

## Notes (continued)

### 7 Taxation

#### Analysis of charge in period

	2011 £000	2010 £000
<i>UK corporation tax</i>		
Current tax on income for the year	140	191
Adjustment in respect of prior periods	12	-
	<u>152</u>	<u>191</u>
<i>Deferred tax</i>		
Origination of timing differences (see note 13)	8	54
Effect of tax rate change on opening balance	(2)	-
	<u>158</u>	<u>245</u>
Tax on profit on ordinary activities	<u>158</u>	<u>245</u>

#### Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2010 lower) than the standard rate of corporation tax in the UK of 28% (2010 28%). The differences are explained below

	2011 £000	2010 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	527	837
	<u>148</u>	<u>234</u>
Current tax at 28% (2010 28 %)	148	234
<i>Effects of</i>		
Expenses not deductible for tax purposes	2	18
Group relief claimed	(1)	-
Adjustment to tax charge in respect of previous period	12	-
Capital allowances for period in excess of depreciation	(9)	(61)
	<u>152</u>	<u>191</u>
Total current tax charge (see above)	<u>152</u>	<u>191</u>

#### Factors affecting future current and total tax charges

The budget on 23 March 2011 announced that the UK corporation tax rate will reduce from 28% to 23% over a period of 4 years from 2011. The first reduction in UK corporation tax rate from 28% to 26% was substantially enacted on 29 March 2011 and will be effective from 1 April 2011. This will reduce the company's future current tax charge.

### 8 Dividends

The aggregate amount of dividends comprises

	2011 £000	2010 £000
Interim dividends paid in respect of the current year of £nil per share (2010 £4,550 per share)	-	455
Dividends in respect of the year recognised as a liability at the year end of £nil per share (2010 £265.69 per share)	-	27
	<u>-</u>	<u>482</u>
	<u>-</u>	<u>482</u>

## Notes (continued)

### 9 Tangible fixed assets

	Computer Equipments £000	Fixtures and Fittings £000	Leasehold Improvement £000	Total £000
<b>Cost</b>				
At beginning of year	456	215	18	689
Additions	127	11	6	144
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	583	226	24	833
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At beginning of year	72	19	-	91
Charge for year	111	44	3	158
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	183	63	3	249
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 March 2011	400	163	21	584
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2010	384	196	18	598
	<hr/>	<hr/>	<hr/>	<hr/>

### 10 Debtors

	2011 £000	2010 £000
Trade debtors	3,943	3,697
Amounts recoverable on contracts	-	202
Amounts owed by group undertakings	2,761	6,359
Other debtors	6	107
Prepayments and accrued income	1,425	593
	<hr/>	<hr/>
	8,135	10,958
	<hr/>	<hr/>

## Notes (continued)

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

	2011 £000	2010 £000
Bank loans	-	840
Trade creditors	326	261
Amounts payable on contracts	192	-
Invoice Factoring Account (see note (1) below)	2,841	2,714
Amounts owed to group undertakings	471	2,279
Taxation and social security	1,208	1,252
Corporation Tax	151	102
Other creditors	980	375
Accruals and deferred income	2,423	1,191
Dividend payable	-	27
	<u>8,592</u>	<u>9,041</u>

The invoice factoring liability is secured by fixed and floating charges over the assets of the company. During the year invoice discounting liabilities and related sales ledger balances were transferred to HB Healthcare Limited (see note 17)

### 12 Creditors: amounts falling due after more than one year

	2011 £000	2010 £000
Bank loans	-	2,130
	<u>-</u>	<u>2,130</u>
Bank loans fall due as follows		
	2011 £000	2010 £000
Within one year	-	840
In the second to fifth years	-	2,130
	<u>-</u>	<u>2,970</u>



## Notes (continued)

### 13 Provisions for liabilities

	<b>Dilapidations</b>	<b>Onerous lease</b>	<b>Deferred taxation</b>	<b>Total provision</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At start of year	10	72	54	136
Charge to the profit and loss for the year				
Additional amounts provided	16	-	6	22
Utilised during the year	-	(24)	-	(24)
<b>At end of year</b>	<b>26</b>	<b>48</b>	<b>60</b>	<b>134</b>

Included in provisions are an onerous lease provisions of £48,000 (2010 £72,000) and a dilapidation provision of £10,000 (2010 £10,000) with respect to an unoccupied building on which the lease expires in October 2013. A further dilapidation provision of £16,000 was made during the year in relation to other premises the company occupies, for which the next break clause is in December 2013.

The elements of deferred taxation are as follows

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Difference between accumulated depreciation and amortisation and capital allowances	60	54
	<b>60</b>	<b>54</b>

### 14 Called up share capital

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1.00 each	100	100

### 15 Reserves

	<b>Profit and loss account</b>
	<b>£000</b>
At beginning of year	684
Profit for the year	369
<b>At end of year</b>	<b>1,053</b>

## Notes (continued)

### 16 Commitments

- (a) Annual commitments under non-cancellable operating leases are as follows

	2011 Land and buildings £000	2011 Other £000	2010 Land and buildings £000	2010 Other £000
Operating leases which expire In the second to fifth years inclusive	252	45	170	16

### 17 Related party disclosures

#### Related party transactions

- Kettering Town Football Club

The former CEO, Imraan Ladak is the Chairman and major shareholder of Kettering Town Football Club. During the period the Group paid advertising and sponsorship fees of £570,000 (2010 £243,000) to Kettering Town Football Club.

- During the period sales ledger receivables of £3,177,000 (2010 £nil), invoice discounting liabilities of £2,859,000 (2010 £nil), bank loans of £2,130,000 (2010 £nil) and other debtors of £13,000 (2010 £nil) were transferred to HB Healthcare Limited, the Company's ultimate parent undertaking, as settlement of amounts due from HB Healthcare. At the year end £2,761,000 (2010 £6,359,000) remained outstanding from HB Healthcare Limited, which is included in debtors.
- During the year DRC Locums Limited incurred £150,000 (2010 £42,000) of board fees from Hamilton Bradshaw Limited. At the year end no amounts (2010 £nil) were due to or from Hamilton Bradshaw Limited.

### 18 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a wholly owned subsidiary undertaking of D R C Holding Company Limited which is 90% owned by HB Healthcare Limited, which is the ultimate parent company incorporated in the United Kingdom.

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