

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

Annual report and financial statements

Registered number 04154956

For the year ended 31 March 2015

TUESDAY



\*L4MBL7S3\*

LD7

15/12/2015

#13

COMPANIES HOUSE

## **Contents**

Strategic report	1
Directors' report	3
Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements	4
Independent auditor's report to the members of D.R.C. Locums Limited	5
Profit and Loss Account	7
Balance Sheet	8
Reconciliation of Movements in Shareholders' Funds	9
Notes	10

## Strategic report

The directors present their directors' report and financial statements for the year ended 31 March 2015.

### 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 £7,818k (2014: £6,905k) up 13% from the prior year, with gross profit margin at 21%, up 4% from previous year. The Company generated a profit before tax of £1,202k, compared to £368k the prior year.

### Principal risks and uncertainties

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

#### (i) National Frameworks

DRC Locums Limited is an approved supplier of medical locums under the Crown Commercial Services and HealthTrust Europe National Frameworks Agreements (NFA) as well as the London Procurement Partnership Framework Agreement. DRC Locums was appointed to the CCS Framework on the 30th July 2013, and is one of 32 agencies appointed. The duration of the initial period of the CCS Framework Agreement is 2 years with an option to extend the agreement for a further 2 years, the first 1 year extension has recently been triggered. DRC Locums remains one of the top 3 suppliers of medical locums to the NHS and is therefore a key supplier of healthcare staff to the NHS and private sectors.

DRC Locums Limited has agreed to the final one year extension to both the HealthTrust Europe and London Procurement Partnership Framework Agreements that originally commenced on the 1st May 2012, meaning the current end date is 30th April 2016 as one of 64 agencies appointed. These are both commercial organisations that compete directly with the Crown Commercial Services Framework Agreement and will be going out to market to re-tender within the coming months.

On the 14th May 2014 DRC Locums Limited was appointed to the National Collaborative Nursing Framework Agreement hosted by the London Procurement Partnership. This agreement will run for an initial period of 2 years with a further 2 years option to extend, and is a one of roughly 60 agencies appointed. This Framework Agreement has enabled DRC Locums Limited to build a strong Framework Nursing brand across the United Kingdom. On the 3rd March 2015 DRC Locums was appointed to the All Wales Nursing Framework Agreement for the supply of Agency Nurses.

As part of the Governments initiative to drive Framework usage the Crown Commercial Services organisation chose to implement a new Multi-Disciplinary Framework Agreement for the supply of Doctors, Nurses and AHP's. DRC Locums Limited was appointed on this Framework on 1st September 2015 as one of 67 agencies appointed. This Framework will sit alongside the current CCS Medical Locums and Nursing Frameworks as an option for Trusts.

#### (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 will remain challenging. 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 reductions in client demand.

(iii) Locum Doctor and Nurse Supply

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

**Financing**

DRC Locums Limited is reliant for its working capital on the existing invoice factoring and banking facilities. The Directors have completed a detailed review of current trading which has included consideration of the financial position as at the date of approval of these financial statements and the projected results and financial position covering the next 12 months. The Directors are confident that the group will continue to generate positive cash flows from trading activities for the foreseeable future, and with support from the principal investors to cover any short term shortfall in cash funds, the Company will continue in operational existence by meeting its liabilities as they fall due for payment.

**Financial risk management objectives and policies**

The company makes little use of financial instruments other than operational bank accounts and invoice discounting, so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

A full description of the principal risks and uncertainties can be found in the consolidated financial statements of the immediate parent company HB Healthcare Limited.

By order of the board



Deepak Jalan  
Director

Partis House  
Davy Avenue  
Milton Keynes  
MK5 8HJ  
1 October 2015

## **Directors' report**

### **Directors**

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

James Caan  
Deepak Jalan  
Tristan Ramus (Resigned 30 April 2015)  
Jason Stewart  
Michael Sterling (Resigned 5 January 2015)  
Luke Alexander Williams (Appointed 8 July 2015)

### **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*

Partis House  
Davy Avenue  
Milton Keynes  
MK5 8HJ  
1 October 2015

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

The directors are responsible for preparing the Strategic Report, 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**  
15 Canada Square  
London  
E14 5GL  
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 2015 set out on pages 7 to 17. 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 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2015 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 Strategic Report and 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

**Andrew Turner (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square

London

E14 5GL

1st October 2015



**Profit and Loss Account**  
*for the year ended 31 March 2015*

	<i>Note</i>	2015 £000	2014 £000
<b>Turnover</b>	2	<b>37,349</b>	40,291
Cost of sales		(29,531)	(33,386)
<b>Gross profit</b>		<b>7,818</b>	6,905
Administrative expenses	3-5	(6,452)	(6,355)
<b>Operating profit</b>		<b>1,366</b>	550
Interest payable and similar charges	6	(164)	(182)
<b>Profit on ordinary activities before taxation</b>		<b>1,202</b>	368
Tax charge on profit on ordinary activities	7	(261)	(170)
<b>Profit for the financial year</b>		<b>941</b>	198

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.

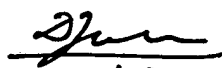
The notes on pages 10 to 17 form part of these financial statements.

**Balance Sheet**  
*at 31 March 2015*

	<i>Note</i>	<b>2015 £000</b>	<b>2015 £000</b>	<b>2014 £000</b>	<b>2014 £000</b>
<b>Fixed assets</b>					
Tangible assets	8		96		184
<b>Current assets</b>					
Debtors	9	11,674		12,891	
Cash at bank and in hand		47		21	
		<u>11,721</u>		<u>12,912</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(8,363)</u>		<u>(10,335)</u>	
<b>Net current assets</b>			<u>3,358</u>		<u>2,577</u>
<b>Total assets less current liabilities</b>			<u>3,454</u>		<u>2,761</u>
<b>Creditors: amounts falling due after more than one year</b>	11		-		(244)
<b>Provisions for liabilities</b>	12		(58)		(62)
<b>Net assets</b>			<u>3,396</u>		<u>2,455</u>
<b>Capital and reserves</b>					
Called up share capital	13		-		-
Profit and loss account	14		3,396		2,455
<b>Shareholders' funds</b>			<u>3,396</u>		<u>2,455</u>

The notes on pages 10 to 17 form part of these financial statements.

These financial statements were approved by the board of directors on 1 October 2015 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 2015*

	2015 £000	2014 £000
<b>Profit for the financial year</b>	941	198
Opening shareholders' funds	2,455	2,257
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>3,396</b>	<b>2,455</b>
	<hr/>	<hr/>

The notes on pages 10 to 17 form part of these financial statements.

## 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.

#### *Going concern*

The 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 Company 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 Company will continue to generate positive cash flows from trading activities over the foreseeable future, will continue in operational existence by meeting their liabilities as they fall due for payment.

DRC Locums Limited is an approved supplier of medical locums under the Crown Commercial Services and HealthTrust Europe National Frameworks Agreements (NFA) as well as the London Procurement Partnership Framework Agreement. DRC Locums was appointed to the CCS Framework on the 30th July 2013, and is one of 32 agencies appointed. The duration of the initial period of the CCS Framework Agreement is 2 years with an option to extend the agreement for a further 2 years, the first 1 year extension has recently been triggered. DRC Locums remains one of the top 3 suppliers of medical locums to the NHS and is therefore a key supplier of healthcare staff to the NHS and private sectors.

DRC Locums Limited has agreed to the final one year extension to both the HealthTrust Europe and London Procurement Partnership Framework Agreements that originally commenced on the 1st May 2012, meaning the current end date is 30th April 2016 as one of 64 agencies appointed. These are both commercial organisations that compete directly with the Crown Commercial Services Framework Agreement and will be going out to the market to re-tender within the coming months.

#### *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

	2015 £000	2014 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation and other amounts written off tangible fixed assets: Owned	107	178
Hire of plant and machinery - operating leases	101	118
Hire of other assets - operating leases	25	136

#### *Auditor remuneration:*

	2015 £000	2014 £000
Audit of these financial statements	19	20
Other services relating to taxation	4	5

## Notes (continued)

### 4 Remuneration of directors

	2015 £000	2014 £000
Directors' emoluments	347	148
	<u>347</u>	<u>148</u>

There was one Director paid out of the Company in the period.

### 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:

	2015	2014
Administration	16	33
Sales	70	53
	<u>86</u>	<u>86</u>

The direct aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	4,130	3,997
Social security costs	509	466
	<u>4,639</u>	<u>4,463</u>

### 6 Interest payable and similar charges

	2015 £000	2014 £000
Invoice discounting interest	163	170
Other interest	1	12
	<u>164</u>	<u>182</u>

## Notes (continued)

### 7 Taxation

#### Analysis of charge in period

	2015 £000	2014 £000
<i>UK corporation tax</i>		
Current tax on income for the year	261	110
Adjustment in respect of prior periods	-	76
	<hr/> 261	<hr/> 186
<i>Deferred tax</i>		
Origination/ reversal of timing differences	-	(16)
	<hr/> 261	<hr/> 170
Tax charge/(credit) on profit on ordinary activities	<hr/> <hr/> 261	<hr/> <hr/> 170

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

The current tax charge for the period is higher (2014: higher) than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below.

	2015 £000	2014 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,202	368
	<hr/> 252	<hr/> 85
Current tax at 21% (2014: 23 %)		
<i>Effects of:</i>		
Expenses not deductible for tax purposes	3	8
Utilisation of previously unrecognised losses	-	2
Group relief claimed	(11)	-
Adjustment to tax charge in respect of previous period	4	76
Depreciation in excess of capital allowances	13	15
	<hr/> 261	<hr/> 186
Total current tax charge (see above)	<hr/> <hr/> 261	<hr/> <hr/> 186

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

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

#### Deferred tax asset

The Company has recorded a deferred tax asset of £9k (2014: £9k) in relation to accelerated capital allowances.

**Notes (continued)**

**8 Tangible fixed assets**

	Computer Equipment £000	Fixtures and Fittings £000	Leasehold Improvement £000	Total £000
<i>Cost</i>				
At beginning of year	649	226	48	923
Additions	19	-	-	19
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	668	226	48	942
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	520	199	20	739
Charge for year	75	6	26	107
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	595	205	46	846
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 March 2015	73	21	2	96
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2014	129	27	28	184
	<hr/>	<hr/>	<hr/>	<hr/>

**9 Debtors**

	2015 £000	2014 £000
Trade debtors	4,903	5,045
Amounts owed by group undertakings	5,083	5,746
Other debtors	157	96
Prepayments and accrued income	1,522	1,995
Deferred tax asset (note 7)	9	9
	<hr/>	<hr/>
	11,674	12,891
	<hr/>	<hr/>



## Notes (continued)

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

	2015 £000	2014 £000
Bank Loans (see note (i))	245	507
Trade creditors	1,204	1,674
Invoice discounting account (see note (i) below)	3,516	3,640
Amounts owed to group undertakings	888	1,251
Taxation and social security	805	1,290
Corporation Tax	218	151
Other creditors	398	2
Accruals and deferred income	1,089	1,820
	<u>8,363</u>	<u>10,335</u>

(i) Bank Loans and advances on the invoice discounting account are secured by fixed and floating charges over the assets of the company

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

	2015 £000	2014 £000
Bank Loans	-	244
	<u>-</u>	<u>244</u>

#### Bank loans

	£000
Due within one year	245
In second to fifth year	-
	<u>245</u>

### 12 Provisions for liabilities

	Dilapidations £000
At start of year	62
Increase in provision	24
Amount utilised	(28)
	<u>58</u>

## Notes (continued)

### 13 Called up share capital

	2015	2014
	£	£
<i>Allotted, called up, issued and fully paid</i>		
10,000 Ordinary shares of £0.01 each	100	100

### 14 Reserves

	Profit and loss account £000
At beginning of year	2,455
Profit for the year	941
At end of year	3,396

### 15 Commitments

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

	2015 Land and buildings £000	2015 Other £000	2014 Land and buildings £000	2014 Other £000
Operating leases which expire:				
Within 1 year	-	8	-	43
Within 2 to 5 years	300	-	300	6

## Notes (continued)

### 16 Related party disclosures

Related party transactions:

- HB Healthcare Limited

At the year-end £5,069,409 (2014: £5,732,681) remained outstanding from HB Healthcare Limited, the Company's ultimate parent undertaking, which is included in debtors.

- Hamilton Bradshaw Limited

During the year DRC Locums Limited incurred £276,000 (2014: £150,000) of board fees from Hamilton Bradshaw Limited. At the year-end £31,090 (2014: £186,000) was due to Hamilton Bradshaw Limited.

During the year DRC Locums Limited re-paid in full a loan of £186,000 (2014: received a loan of £186,000) from Hamilton Bradshaw. At the year-end no loans were outstanding (2014: £400,000 owing) to Hamilton Bradshaw.

- Jason Stewart – Company Director

During the year a re-payment of £60,000 (2014: Repaid £65,000) was made by DRC Locums Limited on a loan from Jason Stewart, a Director of DRC Locums Limited. At the year-end £nil remained outstanding.

- HB Retinue Limited

During the year HB Retinue Ltd incurred £1,777,232 (March 2014: £1,078,466) in agency supply costs and recharges for rent and payroll costs. At the year-end £25,127.04 (2014: £73,554) was due to DRC Locums Ltd.

Additionally, during the year the company incurred recruitment services of £nil (2014: £10,725) from HB Retinue Limited. The amount due from HB Retinue Ltd at 31 March 2015 was £nil (2014: £4,453)

- HCIG Operations Limited

During the year HCIG Operations, a company in which D Jalan was a director, charged £215,792 (2014: £199,132) for outsourced finance services provided to DRC Locums Ltd. At the year-end £43,169 (2014: £118,064) was due to HCIG Operations, which is included in trade creditors. Additionally, during the year DRC Locums Limited provided facilities services of £8,735 (2014: £5,760) to HCIG Operations Limited. The amount owed to the company by HCIG Operations Limited at 31 March 2015 was £5,346 (2014: £nil).

- i-resource Payroll Services Limited

During the year DRC Locums Ltd borrowed £856,000 loan and re-paid loan funds of £400,000 to i-resource Payroll Services Limited, a company in which D Jalan is a director, (2014: received loan funds of £150,000). At the year-end £456,000 (2014: £458,000) was owing to i-resource Payroll Services Limited.

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

The Company is a wholly owned subsidiary undertaking of D.R.C. Holding Company Limited.

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

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