

Blue Group International Holdings Limited
Company number 04171692

Report and Financial Statements

Year Ended 31 December 2010

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Blue Group International Holdings Limited

Annual report and Financial Statements for the year ended 31 December 2010

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Directors

R D C Henderson
P D Sullivan
S P Burke
W Jessup

Secretary and registered office

M T Hughes, 10 Old Bailey, London, EC4M 7NG

Company number

4171692

Auditor

BDO LLP, 55 Baker Street, London, W1U 7EU

Blue Group International Holdings Limited

Report of the Directors for the year ended 31 December 2010

The Directors present their report together with the audited Financial Statements for the year ended 31 December 2010

Results and dividends

The Company did not trade during the year. There have been no dividends paid during the period (2009 - £nil). The Directors do not recommend payment of a final dividend (2009 - £nil).

Principal activity

The principal activity of the company is that of a holding company.

Going Concern

The Financial Statements have been prepared on a going concern basis which assumes the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future.

In forming their opinion that going concern is an appropriate basis the directors have reviewed forecasts for the period to 31 December 2012, which have been drawn up with appropriate regard for the current macroeconomic environment and the particular circumstances in which the Company operates and a letter of support has been received from the parent company stating that repayment of the parent company intercompany balance will not be requested in the foreseeable future.

The Board of the parent company has considered a range of alternatives that would deliver in the timeframe available the optimum value for stakeholders and revise the parent company's current capital structure to allow a strengthened business to move forward. As a result, the Board announced a substantial Refinancing project aimed to strengthen the balance sheet at the group level. The Refinancing project has been approved by the shareholders of the parent company at the General Meeting held on 12 September 2011 and subsequently completed, thereby securing the going concern status of the parent company and in turn the Company.

Directors and their interests

The Directors who served the Company during the period were as follows:

R D C Henderson	(appointed 18 March 2011)
P D Sullivan	(appointed 18 March 2011)
K V Bleasdale	(resigned 18 March 2011)
D Jarvis	(resigned 24 March 2011)
Career Plus Options Ltd	(resigned 18 March 2011)
S P Burke	(appointed 19 October 2011)
W Jessup	(appointed 19 October 2011)
D Riches	(appointed 27 January 2011, resigned 18 March 2011)

None of the Directors who held office at 31 December 2010 had any beneficial interest in the share capital of the Company during the year.

As at 31 December 2010 all the Directors serving at that date, aside from Career Plus Options Ltd, are Directors of the parent company, Healthcare Locums plc, and their shareholding and share options are disclosed in that company's annual report. None of the existing directors appointed since the year end had beneficial interests in the issued shares of the parent company, Healthcare Locums plc, at 31 December 2010. However, S P Burke acquired 1,000,000 Ordinary Shares of 10p each and R D C Henderson and P D Sullivan each acquired 200,000 Ordinary Shares of 10p each in the parent company, Healthcare Locums Plc, after the balance sheet date.

Blue Group International Holdings Limited

Report of the Directors for the year ended 31 December 2010 (continued)

Statement of Directors' responsibilities

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 the 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). 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 and loss of the Company for that period.

In preparing those Financial Statements, the Directors are required to

- select the most suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, 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 to 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.

Disclosure of Audit Information

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of the information needed by the company's auditor for the purposes of the audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

Auditor

The Independent Auditors are currently BDO LLP who have acted in this capacity since 2005 for the Healthcare Locums plc group of companies, and in the case of the company since its acquisition in 2006. Following a recommendation by the parent company's audit committee, the Board considers that it is appropriate to undertake a tender for the audit before the 2011 Financial Statements are presented to shareholders. Accordingly, no resolution will be proposed at the General Meeting for the appointment or re-appointment of auditors.

Blue Group International Holdings Limited

Report of the Directors for the year ended 31 December 2010 (continued)

Post Balance Sheet events

Information on post balance sheet events is provided in Note 12 to the Financial Statements

Small Company

In preparing this director's report advantage has been taken of the small company's exemption

On behalf of the Board



W Jessup
Director

12 December 2011

Blue Group International Holdings Limited

Report of the Independent Auditor

Independent Auditor's report to the Members of Blue Group International Holdings Limited

We have audited the Financial Statements of Blue Group International Holdings Limited for the year ended 31 December 2010 which comprise the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of Directors and Auditors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements.

Opinion on Financial Statements

In our opinion the Financial Statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Blue Group International Holdings Limited

Report of the independent auditor (*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, or
- the Directors were not entitled to prepare the Financial Statements and the Directors' report in accordance with the small companies' regime

bno LLP

*Juhan Frost (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

12 December 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Blue Group International Holdings Limited**Balance sheet at 31 December 2010**

Company number: 4171692		31 December	31 December	31 December	31 December
		2010	2010	2009	2009
	Note	£000	£000	£000	£000
Current Assets					
Debtors	4	838		838	
Creditors: amounts falling due within one year	5	(5,506)		(5,506)	
Net current liabilities			(4,668)		(4,668)
Creditors: amounts falling due after one year	6		(4)		(4)
Net liabilities			(4,672)		(4,672)
Capital and reserves					
Called up share capital	6		4		4
Capital Redemption reserve			6		6
Profit and loss account			(4,682)		(4,682)
Shareholders' deficit			(4,672)		(4,672)

The company did not trade during the year and accordingly no profit and loss account has been prepared

The company has not received any income or incurred any expense or recognised any other gains or losses during the current or preceding year

The financial statements are prepared in accordance with the provisions applicable to entities subject to the small entities regime

The financial statements were approved by the Board and authorised for issue on 12 December 2011

William Jessup

W Jessup
Director

The Notes on pages 8 to 11 form part of these financial statements

Blue Group International Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 December 2010

1 Accounting policies

The Financial Statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that its ultimate parent undertaking includes the Company in its own published Consolidated Financial Statements

Consolidated Financial Statements

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare Consolidated Financial Statements as it and its subsidiary undertakings are included by full consolidation in the Consolidated Financial Statements of its parent. These Financial Statements therefore represent information about the Company as an individual undertaking and not about its group.

The following principal accounting policies have been applied

Investments

Investments held as fixed assets are stated at cost less any provision for impairment

Going Concern

The Financial Statements have been prepared on a going concern basis which assumes the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future.

In forming their opinion that going concern is an appropriate basis the directors have reviewed forecasts for the period to 31 December 2012, which have been drawn up with appropriate regard for the current macroeconomic environment and the particular circumstances in which the Company operates and a letter of support has been received from the parent company stating that repayment of the parent company intercompany balance will not be requested in the foreseeable future.

The Board of the parent company has considered a range of alternatives that would deliver in the timeframe available the optimum value for stakeholders and revise the parent company's current capital structure to allow a strengthened business to move forward. As a result, the Board announced a substantial Refinancing project aimed to strengthen the balance sheet at the group level. The Refinancing project has been approved by the shareholders of the parent company at the General Meeting held on 12 September 2011 and subsequently completed, thereby securing the going concern status of the parent company and in turn the Company.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted

Blue Group International Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 December 2010

2 Directors' emoluments

The Directors, except for Career Plus options Ltd were employees of Healthcare Locums Plc and received remuneration from that company Career Plus Options Ltd did not charge a fee for the period

3 Operating result

Auditor's remuneration is borne by Blue Group International Holdings Limited's parent company Healthcare Locums Plc

4 Debtors

	31 December 2010 £000	31 December 2009 £000
Amounts owed by group undertakings	838	838

All amounts shown under debtors are due within one year

5 Creditors: amounts falling due within one year

	31 December 2010 £000	31 December 2009 £000
Amount owed to group undertakings	5,506	5,506

6 Creditors: amounts falling due after more than one year

	31 December 2010 £000	31 December 2009 £000
'A' Ordinary shares	4	4

Blue Group International Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 December 2010 (Continued)

7 Share capital

	Authorised			
	31 December 2010 Number	31 December 2009 Number	31 December 2010 £000	31 December 2009 £000
'A' Ordinary shares of £1 each *	4,098	4,098	4	4
'B' Ordinary shares of £1 each	5,779	5,902	6	6
	9,877	10,000	10	10
	Allotted, called up and fully paid			
	31 December 2010 Number	31 December 2009 Number	31 December 2010 £000	31 December 2009 £000
'A' Ordinary shares of £1 each *	4,098	4,098	4	4
'B' Ordinary shares of £1 each	4,456	4,456	4	4

* In accordance with FRS25 the 'A' ordinary shares of £1 each are presented as a liability in the company balance sheet

The 'A' shares have priority on winding-up and to any payment by way of dividend over any other class of shares in the capital of the company to receive from 1 July 2002 a cumulative participating dividend of an amount equal to

- 5% of the net profit for the financial year ended 30 June 2003
- 8 5% of the net profit for the financial years ended 30 June 2004 and 30 June 2005
- 10% of the net profit for the financial year ended 30 June 2006, and
- 12 5% of the net profit for the financial period ended 31 December 2007 and for each subsequent financial year

For the purpose of this dividend net profit is based on consolidated profit of Blue Group International Holdings Limited and its subsidiary undertakings

No dividends shall be declared for the 'B' shares in respect of any financial year of the Company without prior written consent of the majority of investors

Blue Group International Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 December 2010 (Continued)

8 Contingent liabilities

In December 2010, new group bank facilities were arranged with a banking syndicate. The bank loans amounting to £114 million at 31 December 2010 as shown on the group balance sheet of Healthcare Locums Plc are secured against the assets of the entire group including Blue Group International Holdings Limited.

9 Ultimate parent company

The company is a wholly owned subsidiary of Healthcare Locums Plc, registered in England and Wales.

Healthcare Locums Plc prepares group financial statements and copies can be obtained from 10 Old Bailey, London EC4M 7NG.

10 Related party transactions

The company has been a wholly owned subsidiary of Healthcare Locums Plc since its acquisition by Healthcare Locums Plc during December 2008.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with the company's parent and other wholly owned subsidiaries within the group.

11 Dividends

As at 31 December 2010 there were no dividends payable on the 'A' shares as Blue Group International Holdings Limited and its subsidiaries incurred a consolidated loss in 2010. Healthcare Locums Plc, the immediate parent company, had agreed to waive any dividends payable for the year ended 31 December 2009.

12 Post balance sheet events

The parent company's Board believes that it is probable that at 31 December 2010 the Group was in default under the Senior Facilities Agreement ('SFA') and Mezzanine Facility Agreement ('MFA') with its lending banks. The lending banks have reserved their rights in relation to any defaults that may subsist and have not waived any defaults that may subsist.

If a default does subsist the lending banks would, on service of a notice, have the right, among other things, to require the loans under the SFA and MFA to be repaid.

Subject to the comments above, the lending banks have continued to support the Group and have made additional advances under the existing facilities in 2011.

The Board's proposed refinancing was approved by shareholders at the General Meeting of the parent company, Healthcare Locums plc on 12 September 2011 and subsequently successfully completed. The refinancing comprised a £60 million placing of new ordinary shares in the parent company, an open offer to qualifying shareholders of up to £4.25 million, a debt for equity conversion and debt repayment and restructuring as described in the Circular dated 19 August 2011 sent to parent company shareholders.