

Blue Group International Holdings Limited
Company number 04171692

Report and Financial Statements

Year Ended 31 December 2011



Blue Group International Holdings Limited

Annual report and Financial Statements for the year ended 31 December 2011

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Directors

R D C Henderson
P D Sullivan
S P Burke
S Bygrave

Secretary and registered office

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

Company number

4171692

Auditor

Deloitte LLP, 2 New Street Square, London, EC4A 3BZ.

Blue Group International Holdings Limited

Report of the Directors for the year ended 31 December 2011

The Directors present their report together with the audited Financial Statements for the year ended 31 December 2011

Results and dividends

The profit and loss account is set out on page 8 and shows an operating loss of £823k, in 2010 the Company did not trade during the year

There have been no interim dividends paid during the year (2010 - £nil) The Directors do not recommend payment of a final dividend (2010 - £nil)

Principal activity

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

Going Concern

The Company is a subsidiary of Healthcare Locums plc and relies upon group facilities for the finances to meet its liabilities as they fall due

Healthcare Locums plc announced its Interim Results on 28 September 2012 and the Directors drew attention to material uncertainties which could cast significant doubt on the ability of the group to continue as a going concern as described in the redacted extracts below

The Group prepares regular business forecasts and monitors its projected cash flow requirements. These forecasts are reviewed by the Board. These forecasts are then flexed to reflect more conservative views on revenues and margins, and take into account management actions which could be taken to contain costs in these circumstances. These forecasts indicate that the Group plans to operate within its current bank facilities and its new financial covenants for the foreseeable future, being a period of at least twelve months from the date of approval of this interim financial information, albeit with a narrow margin for contingencies. The forecasts, however, assume no liability in respect of the Kate Bleasdale legal action or in respect of the US litigation during the review period, nor in respect of any of the other contingent liabilities described in the Group's Interim Report

The Group's banks and loan providers, who receive regular information on the progress of the Group, its plans and forecasts and their risks, continue to express their support for the Board. Accepting that the Group's growth has been impacted by a number of external factors this year, the banks have agreed to reset the financial covenants in the Syndicated Facility Agreement for the periods to 30 June 2013 and have agreed to defer the start of the principal repayments until that date. It is anticipated that new covenants will be set for the period ending 30 September 2013 (and the periods thereafter) following the presentation of the Group's 2013 budgets to the banks in the first quarter of next year

If the Group identifies opportunities in the market which lead to growth rates in excess of those in its forecasts then the Board may need to consider additional sources of funding to supplement the current bank arrangements, whether additional facilities or equity. If the difficult market conditions continue, and the Group is unable to deliver its forecasts, or if there is an adverse outcome in respect of one of the items of litigation, then more funding may also be required

Blue Group International Holdings Limited

Report of the Directors for the year ended 31 December 2011 (continued)

Going Concern (Continued)

The Directors of the Company recognise that the combination of these circumstances represents material uncertainty which could cast significant doubt upon the ability of the Parent Company and the Group to continue as going concerns in which event the Company may not receive the financial support required from the Group's centralised funding arrangements and may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after making enquires and considering the uncertainties described above and the expressions of support from the Group's banks and loan providers, the Directors of the Parent Company have a reasonable expectation that the Group will have access to adequate resources to continue in operational existence for the foreseeable future and that the Group will therefore be able to extend the required financial support to the Company. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Following a review by Healthcare Locums plc the number of trading and intermediate holding subsidiary companies is to be rationalised, with the Group structure being simplified and trades transferred out of some subsidiary companies into others in order, for example, to have all the doctors' business in one Company. The intention is that the subsidiaries currently owned by the Company will be either transferred out or liquidated and that this Company will be liquidated in early 2013. In accordance with FRS18, these Financial Statements are, therefore, not prepared on a going concern basis. The Parent Company has confirmed that, subject to itself having the funding available, it will continue to support the Company and will ensure funds are available to enable all external creditors to be paid in full. Hence the reported results are no different from what they would have been using the going concern basis of accounting.

Directors and their interests

The Directors who served the Company during the period and to the date of this report except as noted, 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 18 October 2011)
W Jessup	(appointed 18 October 2011, resigned 19 April 2012)
S Bygrave	(appointed 19 April 2012)
D Riches	(appointed 27 January 2011, resigned 18 March 2011)

None of the Directors who held office at 31 December 2011 had any beneficial interest in the share capital of the Company during the year.

As at 31 December 2011 all the Directors serving at that date were Directors of the Parent company, Healthcare Locums plc, and their shareholding and share options were disclosed in that Company's Consolidated Financial Statements issued on 13 April 2012. Since that date Stephen Burke has purchased an additional 824,087 shares in the Parent Company.

Blue Group International Holdings Limited

Report of the Directors for the year ended 31 December 2011 (continued)

Directors' Responsibilities Statement

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 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 or loss of the Company for that period.

In preparing these 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
- 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 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.

As required by Section 418 of the Companies Act 2006, each of the Directors confirm that, as at the date this report was approved, so far as each Director is aware there is no relevant information of which the Independent Auditor is unaware and that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant information and to establish that the Independent Auditor is aware of that information.

Auditor

Following a recommendation by HCL's Audit Committee, the Board of HCL concluded that it was appropriate to undertake a tender for the audit following the signing of the Financial Statements for the year ended 31 December 2010. After a review of four audit firms, including the incumbent auditor, BDO LLP (who subsequently withdrew from the tender process), the Audit Committee recommended that Deloitte LLP be appointed auditor to the parent company and all subsidiary companies.

A resolution will be proposed at the Annual General Meeting for the re-appointment of Deloitte LLP as Auditor.

Post Balance Sheet events

Information on post balance sheet events is provided in Note 18 to the Financial Statements.

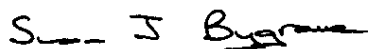
Blue Group International Holdings Limited

Report of the Directors for the year ended 31 December 2011 (continued)

Small Company

In preparing this Directors' Report advantage has been taken of the small companies exemption regarding the disclosures for the business review and supplier payment policy.

On behalf of the Board



S Bygrave
Director

11 October 2012

Blue Group International Holdings Limited

Independent Auditor's Report

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 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. 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 Auditor

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. 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

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. In addition, we read all the financial and non-financial information in the report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of its loss 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

Blue Group International Holdings Limited

Independent Auditor's Report (*Continued*)

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the Directors' report and note 1 to the financial statements, which explain that the financial statements have been prepared on a basis other than that of a going concern, that the Company relies on the support of its ultimate Parent Company, Healthcare Locums plc and fellow subsidiaries and that the Group may require additional funding. These and the other factors described in the Directors' Report and Note 1 indicate that there is a material uncertainty about the Group's and Company's ability to continue as a going concern. The Company incurred a net loss of £823k during the year ended 31 December 2011 and, at that date, the company's current liabilities exceeded its total assets by £5,495k and it had net current liabilities of £5,495k. The Company is expected to be liquidated in early 2013.

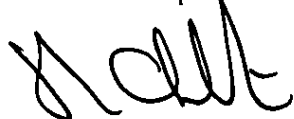
Opinion on other matters prescribed by the Companies Act 2006

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.

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 take advantage of the small companies exemption in preparing the Directors' report.



John Charlton (Senior Statutory Auditor)
for and on behalf of Deloitte LLP,
Chartered Accountants and Statutory Auditor
London
United Kingdom

11 October 2012

Blue Group International Holdings Limited**Profit and loss account for the year ended 31 December 2011**

	Notes	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Operating expenses - Waiver of inter company debt		(823)	-
Operating Loss	5	(823)	-
Interest payable and similar charges		-	-
Loss on ordinary activities before taxation		(823)	-
Taxation credit on loss on ordinary activities	6	-	-
Loss on ordinary activities after taxation	12, 13	(823)	-

All amounts relate to continuing operations. The Directors expect the Company to be liquidated in early 2013 after transferring its business to another group company.

There are no recognised gains and losses in either year other than the loss for that year, accordingly no statement of total recognised gains and losses is prepared.

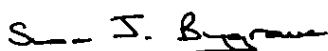
The Notes on pages 10 to 16 form part of these Financial Statements

Blue Group International Holdings Limited

Balance sheet at 31 December 2011

Company number: 4171692		31 December 2011 £000	31 December 2011 £000	31 December 2010 £000	31 December 2010 £000
	Notes				
Fixed Assets					
Fixed asset Investments	7		-		-
Current Assets					
Debtors	8	15		838	
Creditors: amounts falling due within one year	9	(5,510)		(5,506)	
Net current liabilities			(5,495)		(4,668)
Creditors: amounts falling due after one year	10		-		(4)
Net liabilities			(5,495)		(4,672)
Capital and reserves					
Called up share capital	11		4		4
Capital Redemption reserve	12		6		6
Profit and loss account	12		(5,505)		(4,682)
Shareholders' deficit	13		(5,495)		(4,672)

The Financial Statements were approved by the Board and authorised for issue on 11 October 2012



S Bygrave
Director

The Notes on pages 10 to 16 form part of these Financial Statements

Blue Group International Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2011

1 Significant accounting policies

The Financial Statements have been prepared under the historical cost convention and are in accordance with UK Generally Accepted Accounting Principles

The principal accounting policies are summarised below. They have all consistently been applied throughout the year and the preceding year with the exception of the going concern policy which has been explained in the Report of the Directors and below

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, Healthcare Locums Plc, 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

Investments

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

Going Concern

In accordance with FRS18 the Directors have not adopted the going concern basis of accounting in preparing the Financial Statements as it is expected the Company will be dissolved in early 2013. As reported on page 3 this change of policy has not affected the results in Financial Statements as the parent company has confirmed in writing that it will provide funds to enable all external creditors to be paid in full. Further details of the Directors' consideration of the current economic environment, including the industry specific circumstances in which the Healthcare Locums Group operates, and details of the material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern and therefore provide financial support to the Company are included in the Report of the Directors on pages 2 to 3 and in note 18

Impairment of assets

The Directors carry out impairment reviews annually or whenever an indication has been identified. Provisions for impairment are taken to the profit and loss account

Financial instruments

The Company has not used any complex financial instruments during 2011 and 2010

Blue Group International Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2011

1 Significant accounting policies (Continued)

Taxation

Current 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

In accordance with FRS 19, deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the Financial Statements

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

2 Segmental reporting

The total loss of the Company has been derived from activities wholly undertaken in the United Kingdom

3 Employees

There are no employees (2010 – nil). All staff who worked for the Company during the period were employees of other companies within the Healthcare Locums Group and received remuneration from those companies

4 Directors' emoluments

The Directors, other than Career Plus Options Ltd, who held office during the period were either Directors or employees of Healthcare Locums Plc and received remuneration from that company. No remuneration was received in respect of their services to the Company (2010 – nil). Career Plus Options Ltd received no fee for the year (2010 – nil)

5 Loss from operations

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
This has been arrived at after charging		
Waiver of inter company debt	823	-

A number of dormant subsidiaries of Blue Group International Holdings Limited were dissolved during the year and prior to this the inter company balances were waived

Auditor's remuneration of £3,000 is borne by the Parent Company, Healthcare Locums Plc

Blue Group International Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2011 (Continued)

6 Taxation on loss on ordinary activities

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
<i>UK corporation tax</i>		
Current tax on loss for the period	-	-
Taxation credit on loss on ordinary activities	-	-

The differences in the tax assessed for the period are explained below

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Loss on ordinary activities before tax	(823)	-
Taxation at the standard rate of UK corporation tax of 26.5%	(218)	-
Effects of Group relief surrendered for no consideration	218	-
Current tax credit for the period	-	-

7 Fixed asset investments

The principal undertakings in which the Company's interest at the year end is 20% or more are as follows

	Proportion of share capital held	Nature of business
Bluecare Recruitment Holdings Limited	100%	Holding Company
Blue Group International Limited **	100%	Healthcare recruitment
Bluecare Recruitment Limited *	100%	Dormant
Bluetec Recruitment Limited	100%	Dormant

All of the above companies were incorporated in England

* Undertaking held indirectly by the Company

** The name of Blue Group International Limited was changed to HCL Social Care Limited on 30 July 2012

Megamode Limited, Tempest Resourcing Limited and Sort Your Life Limited, dormant subsidiaries of the Company were dissolved during 2011

Blue Group International Holdings Limited**Notes to the Financial Statements for the year ended 31 December 2011 (Continued)**

8 Debtors

	31 December 2011 £000	31 December 2010 £000
Amounts owed by group undertakings	15	838

The amount owed by group undertakings as shown above is after waiving £823k due from a subsidiary prior to that Company being dissolved

All amounts shown under debtors are due within one year. Amounts due from fellow group companies are non interest bearing and repayable on demand

9 Creditors: amounts falling due within one year

	31 December 2011 £000	31 December 2010 £000
Amount owed to group undertakings	5,506	5,506
'A' Ordinary shares	4	-
	5,510	5,506

All amounts due to group undertakings are repayable on demand and do not bear any interest

10 Creditors: amounts falling due after more than one year

	31 December 2011 £000	31 December 2010 £000
'A' Ordinary shares	-	4

Blue Group International Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2011 *(Continued)*

11 Share capital

	Authorised			
	31 December 2011 Number	31 December 2010 Number	31 December 2011 £000	31 December 2010 £000
'A' Ordinary shares of £1 each *	4,098	4,098	4	4
'B' Ordinary shares of £1 each	5,779	5,779	6	6
	9,877	9,877	10	10
	Allotted, called up and fully paid			
	31 December 2011 Number	31 December 2010 Number	31 December 2011 £000	31 December 2010 £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

- a) 5% of the net profit for the financial year ended 30 June 2003
- b) 8 5% of the net profit for the financial years ended 30 June 2004 and 30 June 2005
- c) 10% of the net profit for the financial year ended 30 June 2006, and
- d) 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 to the Financial Statements for the year ended 31 December 2011 (*Continued*)

12 Profit and loss account

	Capital Redemption Reserve 2011 £000	Profit and loss account 2011 £000
Balance brought forward	6	(4,682)
Loss for the year		(823)
Balance at end of year	6	(5,505)

13 Reconciliation of movements in shareholders' deficit

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Loss for the financial year	(823)	-
Net addition to shareholders' deficit	(823)	-
Opening shareholders' deficit	(4,672)	(4,672)
Closing shareholders' deficit	(5,495)	(4,672)

14 Contingent liabilities

Assets of Company used as part of Group security

In September 2011, the Syndicated Bank Facility, to which the Company is an Obligor, was amended. The secured bank loans amounting to £39.5 million at 31 December 2011 (2010 - £124.5 million), as shown on the Consolidated Statement of Financial Position of Healthcare Locums plc, are secured against the assets of the entire group including the Company.

15 Immediate and Ultimate parent company

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

Healthcare Locums Plc prepares Consolidated Financial Statements and copies can be obtained from 10 Old Bailey, London EC4M 7NG.

Blue Group International Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2011 (*Continued*)

16 Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with members of the Group headed by Healthcare Locums plc on the grounds that 100% of the voting rights in the Company are controlled within that Group and the Company is included in the Consolidated Financial Statements of Healthcare Locums plc

17 Dividends

There were no dividends payable on the 'A' shares in 2011 and 2010 as Blue Group International Holdings Limited and its subsidiaries incurred consolidated losses in both 2011 and 2010

18 Post balance sheet events

In September 2012, the Syndicated Bank Facility, to which the Company is an Obligor, was amended, the banks have agreed to reset the financial covenants for the periods to 30 June 2013 and have agreed to defer the start of the principal repayments until that date