

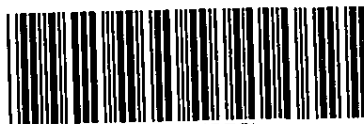
Healthcare Locums Limited (Formerly Healthcare Locums plc)
Company number 04736913

Annual Report and Financial Statements

52 weeks ended

29 December 2013

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Healthcare Locums Limited

Annual Report and Financial Statements for the 52 weeks ended 29 December 2013

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DIRECTORS, SECRETARY AND ADVISORS

Directors

P D Sullivan
S P Burke
I Ketchin
J Cartwright
D Sinclair
M Dennis
M Phillips

Secretary and registered office

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

Company number

04736913

Auditor of Parent Company

Grant Thornton UK LLP, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP

STRATEGIC REPORT

The Group's ambition is to be a market leader working closely with local health authorities and private healthcare providers to deliver quality workforce solutions and help them achieve their objectives of delivering world class healthcare services

Strategy

The Group's strategy is to align its service delivery to its clients, providing healthcare staff to high standards of clinical capability. In working with clients the Group will develop solutions to deliver management control and workforce transparency to enable our clients to deploy their workforce efficiently and cost effectively.

In the UK the NHS Trusts represent a large part of the Group's market, supplemented by local authorities and private providers. In Australia the healthcare market has a different structure, being approximately half public and half private.

The UK Group has aligned its service delivery to the NHS through the various framework agreements and each of its operating divisions has a place on most or all of the available frameworks. The UK business has secured a number of Master Vendor and Neutral Vendor contracts delivered through HCL Clarity, our Managed Services division.

In Australia public healthcare provision is organised by State and the Group is an approved panel supplier to all but two of the States in the country.

Across the Group our clients are seeking technology solutions. Our Managed Services division, HCL Clarity offers our clients a range of workforce management solutions developed with our technology partner Skillstream. We are able to provide a fully integrated solution from e-rostering to agency management.

Business Review

Group

The Group reported revenue for the year of £164.7m (2012: £196.8m) and the adjusted EBITDA for the year was a loss of £1.9m (2012: £1.4m).

The reported loss from continuing operations was £17.6m (2012: £44.4m) after impairment of goodwill, intangible assets and exceptional operating expenses.

The main exceptional costs (note 6) in the 52 weeks ended 29 December 2013 relate to the reorganisation and refinancing of the HCL group in order to de-list the company and make it private as well as costs associated with right sizing the overhead base. There were also legal fees incurred defending claims brought against the Company as disclosed in Note 23.

The board monitors performance closely throughout the year. The principal financial indicators are gross margin per head, team contribution per head and team gross margin conversion to contribution. Non financial indicators include conversion of applicants to working locums and compliance with framework requirements.

The KPI data as stated above are disclosed in the table below.

STRATEGIC REPORT (continued)

	Total UK	
	2013	2012
Gross profit per head £m	0 07	0 07
Team contribution per head £m	0 03	0 03
Gross profit conversion to contribution %	38%	40%

UK

The UK business has spent the last 3 years transforming operations to be able to offer lower margins in return for the potential of significantly higher volumes. During 2013 the UK business made significant savings in both front office and back office costs and the business is now well placed for growth.

The table below summarises UK trading performance.

	2013 £m	2012 £m
Revenue	82.6	87.3
Gross Profit	17.1	18.8
Gross Profit %	20.7%	21.5%
Divisional Costs	(10.6)	(11.2)
Central Costs (excl depreciation, amortisation and share based payments or credits)	(10.6)	(12.5)
Adjusted EBITDA – UK	(4.1)	(4.9)

Australia

The Australian business suffered a significant slow down in demand from clients in both the public and private sectors throughout the second half of 2012 and this continued into 2013. The business continues to focus on quality and clinical governance as the mainstays of its service.

While the market remains challenging, performance improved in the second half of 2013 as the business adapted to changed market conditions and a full review of the cost base resulted in significant savings in the second half.

The table below summarises trading performance in Australia.

	2013 £m	2012 £m
Revenue	82.1	109.5
Gross Profit	16.1	20.9
Gross Profit %	19.6%	19.1%
Operating Expenses (excluding depreciation & amortisation)	13.9	17.4
Adjusted EBITDA – Australia	2.2	3.5

STRATEGIC REPORT (continued)

Nursing Agency represents 90% of revenue (2012: 88%) and the locum Doctors and Permanent Nurses divisions account for the balance. Nursing Agency contributed 88% of gross profit (2012: 88%)

Capital Structure

Following a recommended cash offer for Healthcare Locums plc by Angel Acquisitions Limited, the company delisted in June 2013 and changed its name to Healthcare Locums Ltd in October 2013

After the de-listing of the Company's shares from the Alternative Investment Market of the London Stock Exchange the following occurred

- the Company issued £5m of 8% Loan Notes 2021 to Angel Acquisitions in return for £5m cash
- the terms of a funding commitment letter under which the Company could draw down up to a further £5m from Angel Acquisitions by issuing further 8% Loan Notes 2021 became effective
- the agreed amendments to the senior facilities agreement with the company's lending banks became effective
- the agreed amendments to the terms of the Zero Coupon Loan Notes 2021 became effective. £5.1m of the Zero Coupon Loan Notes 2021 were replaced with £5.1m of 8% Loan Notes 2021. At the point the exchange took place the value of the zero loan notes stood at £1.7m. The variance of valuations of £3.5m was transferred to the equity reserve
- under the terms of the June 2013 restructuring agreement the banks required that all 8% loan notes be converted to preference shares 6 months from the day of issue. As this term was always in effect the 8% loan notes are deemed equity from the outset and not classed as financial instruments
- all advisor and legal costs that were incurred in completing the refinance were included in exceptional finance costs, note 8.

In August 2014, Tosca Opportunity (Tosca) and Ares Capital Europe (Luxembourg) Sarl (Ares), the owners of Angel Acquisitions, provided loan capital to the Group to repay A\$18.7m (£10.3m) of the then outstanding A\$57.0m (£31.5m) syndicated facilities agreement. Tosca and Ares purchased the balance of the facility. These facilities are currently repayable by 31st December 2017

The transaction leaves the Group's capital structure in a more stable position with no external debt other than that due to the parent company, Angel Acquisitions, and the ultimate shareholders

Further details of the Company's funding structure can be found in notes 17 and 20 of the financial statements.

Principal Risks and Uncertainties

The Board considers the principal risks facing the business as part of the annual budgeting process and quarterly re-forecasting exercises

The principal risks and uncertainties currently judged to have the largest potential impact on the Group's financial performance and reputational standing are described below

STRATEGIC REPORT (continued)

Risk

Availability of Finance

The Group is dependent on the continuing availability of finance from its parent company, Angel Acquisitions Limited. At 29 December 2013 the Group had given undertakings to its banks, including financial covenants. Failure to meet these covenants and to make good the shortfall by means of an "equity cure" from the parent company would have enabled the banks to demand early repayments of the loans. In August 2014 the shareholders of Angel Acquisitions loaned the Company £16.1m to fund part repayment of the bank loans and purchased the remaining loan from the banks. The £16.1m loan is due for repayment by 31st December 2017 and carries no financial covenants.

Relationships with Key Customers

Customer relationships and compliance with contract terms are essential to the Group's performance. In the UK the majority of the Group's revenue comes from the NHS through the framework agreements. In Australia the Group is an approved "Panel" supplier of agency nurses to the public health system. Both public and private sector contracts in the UK and Australia contain Key Performance Indicator targets and may include termination rights if targets are not met.

Clinical Governance and Compliance

The Group has obligations under contracts and in some circumstances under legislation to supply locums to specified standards of clinical capability and to make checks before locums are placed in roles. These Compliance requirements are extensive in many cases. Failure to complete and maintain those checks could lead to legal, financial and reputational consequences.

IT Systems and Security

The Group relies on computer systems to deliver its services to customers. Any material disruption to these systems will impact revenues as lost time for locum supplies cannot be replaced.

Exchange Rate

The Group's operations are principally located in the UK and Australia. Local revenues are accounted for in local currency. The reporting currency of the Group is Sterling.

The Sterling value of the Australian results depends on the exchange rate used to translate the results of overseas operations. The Group's bank debt was denominated in Australian Dollars and the Sterling value fluctuates with the exchange rate to Sterling. Foreign exchange risk is described more fully in Note 20.

Potential Impact from Past Events, including Litigation

As described in Note 23 a claim by certain US investors has been filed in the State of New York against the Company and certain of its former directors.

Whilst the Board has been advised that it is unlikely any judgement would be recognised as enforceable in either the UK or Australia because of a lack of jurisdiction, should this advice be incorrect, an adverse ruling could result in a material loss for the Group.

Approved by the Board and signed on its behalf by



Michael Dennis

Director 03 December 2014

REPORT OF THE DIRECTORS

Principal Activities

The principal activity of the Group and each of the trading subsidiaries is that of providing workforce solutions to the healthcare and social care sectors. The Board's intention is that this will remain the business of the Group for the foreseeable future.

The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in Note 34 to the Financial Statements.

Future Developments

All future developments are covered in the Strategic Report.

Dividends

No dividends were paid in 2013 and the Directors are not proposing a final dividend for 2013.

Financial Risk Management Objectives and Policies

The Group's objectives and policies in respect of financial risk management and associated risks are set out in Note 20, Financial Instruments.

Disabled Persons

The Group's and the Company's policy is to consider the applications of disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee Involvement

The Group's policy is to consult and discuss with employees and employee engagement forums on matters likely to affect employees' interests. Healthcare Locums Ltd has an employee forum that meets periodically to consider such matters. Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

Going Concern

The Company and Group's strategy, business activities and review, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report on pages 2 to 4. The improved capital structure following the August 2014 purchase and extension to 31 December 2017 of the Group's syndicated facilities agreement by the owners of Angel Acquisitions is set out in the Strategic Report on page 4. The transaction will leave the Group's capital structure in a more stable position with no external debt other than that due to the parent company, Angel Acquisitions, and the ultimate shareholders. Principal risks and uncertainties are described on pages 4 to 5. In addition, the Group has certain contingent liabilities, as described in Note 23 to these financial statements.

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. It is also the group's intention to sell the MPS business towards the end of 2015. This sale is expected to generate £2.3m worth of cash which will assist the future working capital requirements.

REPORT OF THE DIRECTORS (continued)

These forecasts indicate that the Group plans to operate within its current facilities for the foreseeable future, being a period of at least twelve months from the date of approval of this financial information. The forecasts, however, assume no liability in respect of the US litigation during the review period, nor in respect of any of the other contingent liabilities described in Note 23.

Having taken account of the above, the Directors have a reasonable expectation that the Company and the Group will have access to adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The Directors who served during the year and to the date of this report, together with the date they were appointed or left the Board was as follows:

Director	Position	Date of appointment (if after 30 December 2012)	Date of resignation
Peter Sullivan	Non-executive Chairman	-	-
Stephen Burke	Chief Executive Officer	-	-
Jason Cartwright	Chief Executive Officer Australia	28 June 2013	
Ian Ketchin	Chief Financial Officer	4 March 2014	
Mark Phillips	Non-executive Director	3 June 2013	-
Michael Dennis	Non-executive Director	3 June 2013	-
Daniel Sinclair	Non-executive Director	3 June 2013	-
Sue Bygrave	Chief Finance Officer	-	30 June 2013
Andrew McRae	Managing Director Australia	-	16 April 2013
David Henderson	Non-executive Director	-	03 June 2013
Mark Andrews	Non-executive Director	-	03 June 2013

Directors' Indemnities and Insurance

Directors and Officers of the Company and its subsidiaries benefit from Directors' and Officers' liability insurance cover in respect of legal actions brought against them. In addition, Directors of the Company are indemnified in accordance with the Company's Articles of Association, to the maximum extent permitted by law. Neither the insurance nor the indemnities provide cover where the relevant Director or Officer has acted fraudulently or dishonestly. The US litigation, against the Company and its former directors, as referred to in Note 23, may not be covered under the existing Directors' and Officers' liability insurance cover. This is because the Plaintiffs' arguments revolve around the alleged dishonesty or misleading conduct of former directors. None of the current Directors are a party to this claim.

Related Party Transactions

Details of related party transactions, including transactions with close family members of former directors, are set out in Note 26 to the financial statements.

REPORT OF THE DIRECTORS (continued)

Disclosure of Audit Information

As required by Section 418 (2) of the Companies Act 2006, each of the Directors confirms that, as at the date this report was approved, so far as each Director is aware there is no relevant audit 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

Grant Thornton UK LLP was appointed as the auditor to the Company during 2013. Marc Summers is the Senior Statutory Auditor.

Post Balance Sheet Events

Details of post balance sheet events are set out in Note 28 to the financial statements.

Cautionary Statement

A Company's Annual Report is required, among other matters, to contain a fair review by the Directors of the Group's business, through a balanced and comprehensive analysis of the development and performance of the business of the Group and the position of the Group at the year end, consistent with the size and complexity of the business. The Directors' Report and the Strategic Report have been prepared only for the shareholders of the Company as a whole, and their sole purpose and use is to assist shareholders to exercise their governance rights. In particular, the Directors' Report, and the Strategic Report have not been audited or otherwise independently verified. The Company and its Directors and employees are not responsible for any other purpose or use or to any other person in relation to the Annual Report.

These Reports and Statements contain indications of likely future developments and other forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and business segments in which the Group operates. These factors include, but are not limited to, those discussed under Principal Risks and Uncertainties in the Strategic Report.

These and other factors could adversely affect the Group's results, strategy and prospects. Forward-looking statements involve risks, uncertainties and assumptions. They relate to events and/or depend on circumstances in the future which could cause actual results and outcomes to differ materially from those currently anticipated. No obligation is assumed to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Approved by the Board and signed on its behalf by



Michael Dennis

Director

03 December 2014

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report and Report of the Directors 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that

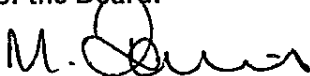
- So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge

- the group financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole, and
- the strategic report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

By order of the Board:



Michael Dennis

Director

03 December 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTHCARE LOCUMS LIMITED

We have audited the financial statements of Healthcare Locums Limited for the 52 weeks ended 29 December 2013 which comprise consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, notes to the financial statements and the parent company balance sheet. The financial reporting framework that has been applied in the preparation of the *Group financial statements* is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 set out on page 9, 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 website at 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 group's and of the parent company's affairs as at 29 December 2013 and of the group's loss for the 52 weeks then ended,
- the *Group financial statements* have been properly prepared in accordance with IFRS as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006


In our opinion the information given in the strategic report and the report of the directors for the financial year for which the *Group financial statements* are prepared is consistent with the group financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTHCARE 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Marc Summers FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
London
05 December 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME **FOR THE 52 WEEKS ENDED 29 DECEMBER 2013**

	Notes	52 weeks ended 29 December 2013 £m	52 weeks ended 30 December 2012 £m
Revenue		164.7	196.8
Cost of sales		(131.5)	(157.1)
Gross profit		33.2	39.7
Operating expenses		(40.1)	(47.5)
Highlighted items			
Goodwill and intangible assets impairment	11,12	(8.1)	(36.0)
Net exceptional operating expenses	6	(2.6)	(0.6)
Total operating expenses		(50.8)	(84.1)
Loss from operations	7	(17.6)	(44.4)
Finance income	8	0.6	0.3
Finance expense	8	(5.9)	(5.5)
Loss before taxation from continuing operations		(22.9)	(49.6)
Tax benefit from continuing operations	9	0.1	6.6
Loss for the year attributable to the owners of the parent		(22.8)	(43.0)
Other comprehensive income:			
Items that may be reclassified subsequently to profit & loss			
Translation adjustment		3.2	0.1
Total other comprehensive income		3.2	0.1
Total comprehensive loss for the year attributable to the owners of the parent		(19.6)	(42.9)

The Notes are an integral part of these Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 29 DECEMBER 2013**

		29 December 2013	30 December 2012
	Notes	£m	£m
ASSETS			
Non-current assets			
Goodwill	11	11.1	17.2
Other intangible assets	12	24.7	34.2
Property, plant and equipment	13	1.4	2.3
		<u>37.2</u>	<u>53.7</u>
Current assets			
Trade and other receivables	15	19.7	21.8
Current tax receivable		0.5	-
Cash and cash equivalents		4.9	9.3
		<u>25.1</u>	<u>31.1</u>
Total assets		62.3	84.8
LIABILITIES			
Current liabilities			
Trade and other payables	16	(17.5)	(18.9)
Current portion of long term borrowings	17	(0.7)	(1.3)
Derivative financial instruments	20	(0.6)	(1.7)
Deferred consideration	18	(0.2)	-
Provisions	18	(2.0)	(1.7)
		<u>(21.0)</u>	<u>(23.6)</u>
Non-current liabilities			
Borrowings	17	(32.2)	(38.8)
Deferred tax liability	19	(2.8)	(3.3)
Provisions	18	(1.3)	(2.1)
		<u>(36.3)</u>	<u>(44.2)</u>
Total liabilities		(57.3)	(67.8)
TOTAL NET ASSETS		5.0	17.0
SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF THE PARENT			
Share capital	21	105.3	84.8
Share premium reserve	22	55.2	55.2
Share option reserve	22	-	1.2
Equity reserve	22	(12.9)	-
Translation reserve	22	3.4	0.2
Retained loss	22	(146.0)	(124.4)
TOTAL EQUITY		5.0	17.0

The Notes are an integral part of these Financial Statements

The Financial Statements were approved and authorised for issue by the Board of Directors on 03 December 2014 and were signed on its behalf by



Michael Dennis
 Director

CONSOLIDATED STATEMENT OF CASH FLOWS **FOR THE 52 WEEKS ENDED 29 DECEMBER 2013**

	52 weeks ended 29 December 2013 £m	Year ended 30 December 2012 £m
Cash flows from operating activities		
Loss for the year	(22 8)	(43 0)
Adjustments for		
(Gain) / loss on fair value changes in contingent consideration	-	(0 1)
Depreciation of property, plant and equipment	1.0	0 7
Amortisation of intangible assets	4 0	5 7
Loss on disposal of fixed assets	-	0 3
Goodwill impairment	5.9	22 4
Impairment of other intangible assets	2.2	13 6
Finance income	(0.6)	(0.3)
Finance expense	5.9	5 5
Corporation tax credit	(0.1)	(6 6)
Cash flows from operating activities before changes in working capital	(4.5)	(1 8)
Changes in receivables	2.1	5 0
Changes in payables	(2.4)	(4 8)
Cash used in operations	(4.8)	(1 6)
Corporation tax received	-	3 8
Net cash flows used in operating activities	(4.8)	2.2
Investing activities		
Interest received	-	0 3
Contingent and deferred consideration paid	-	(1 4)
Capital element of lease payments	(0.1)	(0 4)
Acquisition of property, plant and equipment	(0.4)	(1 2)
Acquisition of intangible assets	(1.0)	(0.7)
Net cash (used in) investing activities	(1.5)	(3.4)
Financing activities		
Cash received from shareholders in respect of preference shares issued	6 0	-
Repayment of borrowings	(0.8)	-
Interest and similar expenses paid	(3.6)	(3 7)
Net cash from / (used in) financing activities	1.6	(3 7)
Net (decrease) in cash and cash equivalents	(4.7)	(4 9)
Cash and cash equivalents at the beginning of the year	9.3	14 2
Effect of exchange rates on cash and cash equivalents	0.3	-
Cash and cash equivalents at the end of the year	4.9	9 3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share option reserve	Equity reserve	Translation reserve	Retained loss	Total
	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2012	84.8	55.2	1.2	-	0.1	(81.4)	59.9
Loss for the year	-	-	-	-	-	(43.0)	(43.0)
Other comprehensive income	-	-	-	-	0.1	-	0.1
Balance at 30 December 2012	84.8	55.2	1.2	-	0.2	(124.4)	17.0
Loss for the year	-	-	-	-	-	(22.8)	(22.8)
Share option reserve transferred	-	-	(1.2)	-	-	1.2	-
Other comprehensive income	-	-	-	-	3.2	-	3.2
Preference shares converted from loan notes	20.5	-	-	-	-	-	20.5
Preference share conversion equity reserve	-	-	-	(12.9)	-	-	(12.9)
Balance at 29 December 2013	105.3	55.2	-	(12.9)	3.4	(146.0)	5.0

The Notes are an integral part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Healthcare Locums Ltd (formerly Healthcare Locums plc) is a Company incorporated in the United Kingdom under the Companies Act 2006 ("the Act"). The registered office is 10 Old Bailey, London EC4M 7NG. The Company was listed on the Alternative Investment Market ("AIM") of the London Stock Exchange until 3 June 2013. As it is no longer listed certain disclosures required under the Listing Rules of AIM are no longer reported. The nature of the Group's operations and its principal activities are set out in the Report of the Directors on page 6 to 8 and in the Strategic Review on pages 2 to 5.

The primary financial statements and the majority of figures in the notes are presented in Pounds Sterling ("£") because that is the currency of the primary economic environment in which the Group operates. Where it is considered useful and appropriate, certain figures for the operations of the Australian business are disclosed in the notes in Australian Dollars ("A\$").

Overseas operations are included in accordance with the policies set out in Note 3.

The Group's accounting period is 52 weeks ending on the Sunday closest to 31 December. Some reporting periods in the future will be 53 week periods. This ensures the statutory reporting timetable is in line with the management reporting cycle.

2 ADOPTION OF NEW AND REVISED STANDARDS

In issue but not effective for periods commencing on 1 January 2013 and 1 July 2013. New standards and interpretations currently in issue (as at 29 September 2014) but not effective for accounting periods commencing on 1 January 2013 and 1 July 2013 are:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)^{^^}
- IFRS 10 Consolidated Financial Statements (IASB effective date 1 January 2013^{**})
- IFRS 11 Joint Arrangements (IASB effective date 1 January 2013^{**})
- IFRS 12 Disclosure of Interests in Other Entities (IASB effective date 1 January 2013^{**})
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)^{^^}
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)^{^^}
- IAS 27 (Revised), Separate Financial Statements (IASB effective date 1 January 2013^{**})
- IAS 28 (Revised), Investments in Associates and Joint Ventures (IASB effective date 1 January 2013^{**})
- Transition Guidance - Amendments to IFRS 10, IFRS 11 and IFRS 12 (IASB effective date 1 January 2013^{**})
- Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27 (effective 1 January 2014)
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (effective 1 January 2014)
- IFRIC Interpretation 21 Levies (IASB effective 1 January 2014)^{##}
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) (effective 1 January 2014)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective 1 January 2014)
- Defined Benefit Plans, Employee Contributions (Amendments to IAS 19) (IASB effective date 1 July 2014)^{^^}
- Amendments to IFRS 11, Accounting for Acquisitions of Interests in Joint Operations (IASB effective date 1 January 2016)^{^^}
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016)^{^^}
- Annual Improvements to IFRSs 2010-2012 Cycle (effective 1 July 2014)^{^^}
- Annual Improvements to IFRSs 2011-2013 Cycle (effective 1 July 2014)^{^^}
- Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016)^{^^}
- Amendments to IAS 16 and IAS 41, Bearer Plants (effective 1 January 2016)^{^^}
- Amendments to IAS 27, Equity Method in Separate Financial Statements (effective 1 January 2016)^{^^}
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective 1 January 2016)^{^^}

^{**} EU mandatory effective date is 1 January 2014 not 2013. Hence, where an entity follows the EU effective date, it will include these standards in its list of standards in issue not yet effective in its 2013 accounts.

^{##} EU mandatory effective date is financial years starting on or after 17 June 2014.

^{^^} Not adopted by the EU (as at 29 September 2014).

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU")

The Consolidated Financial Statements have been prepared under the historical cost basis, except for derivative financial instruments which are stated at their fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

(b) Basis of consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) made up to the Sunday closest to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, the accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(c) Going concern

The Company and Group's strategy, business activities and review, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report on pages 2 to 4. The improved capital structure following the August 2014 purchase and extension to 31 December 2017 of the Group's syndicated facilities agreement by the owners of Angel Acquisitions is set out in the Strategic Report on page 4. This transaction will leave the Group's capital structure in a more stable position with no external debt other than that due to the parent company, Angel Acquisitions, and the ultimate shareholders. Principal risks and uncertainties are described on pages 4 to 5. In addition, the Group has certain contingent liabilities, as described in Note 23 to these financial statements.

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. It is also the group's intention to sell the MPS business towards the end of 2015. This sale is expected to generate £2.3m worth of cash which will assist the future working capital requirements.

These forecasts indicate that the Group plans to operate within its current facilities for the foreseeable future, being a period of at least twelve months from the date of approval of this financial information. The forecasts, however, assume no liability in respect of the US litigation during the review period, nor in respect of any of the other contingent liabilities described in Note 23.

Having taken account of the above, the Directors have a reasonable expectation that the Company and the Group will have access to adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(d) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 – Income Taxes and IAS 19 – Employee Benefits respectively, and

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 – Share-based Payment

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed at the acquisition date, and is subject to a maximum of one year

(e) Revenue recognition

Revenue represents the amounts earned from the provision of services to external customers during the reporting period – the time of provision of services being the point at which the amount of revenue can be measured reliably and when it is probable that the economic benefits will flow to the Group. Revenue is stated at invoiced amounts less value added tax or local taxes on sales, plus revenue earned but unbilled which is included as accrued income in trade and other receivables

- Revenue from temporary placements, which represents revenue for the services of temporary staff, is recognised when the services have been provided. Revenue includes the salary costs of the temporary staff unless paid directly by the client in which case revenue represents commission only, and
- Revenue from permanent placements is recognised at the date when a candidate commences work
- Appropriate provision is made for the expected cost of meeting obligations where employees do not work for the specified contractual period

(f) Foreign currency

On consolidation, the results of overseas operations are translated into Sterling at average rates. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the period end. All exchange differences arising on translation are recognised in the Consolidated Statement of Other Comprehensive Income and accumulated in the translation reserve

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(g) Share-based payments

The Group operated an equity-settled, share-based compensation plan which ceased during the year at the point the company de-listed and became private. When share options are awarded to employees, a charge is made to profit or loss recognising on a straight line basis the fair value at date of grant of the options issued over the vesting period with a corresponding adjustment to the share option reserve, based on the Group's estimate of the number of equity instruments that will eventually vest. The options vest after a specific period (3 years for options issued from 2006 onwards, 1 year for options issued earlier). There are no other vesting conditions, other than that the options lapse should the employee leave the Group. The cumulative expense is adjusted for failure to achieve non-market vesting conditions, such as an employee leaving. At the point the company de-listed all share options were cancelled and any share option reserve transferred to the P&L reserve

(h) Employee benefits

Contributions to the Group's defined contribution pension schemes are charged to the Consolidated Statement of Comprehensive Income in the period in which they become payable

The liability for Long Service Leave in respect of employees in Australia is recognised by way of a provision and measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future benefits payable more than 12 months after the period-end are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Where data specific enough to calculate a provision as described above are not available provision is made for Long Service Leave on an estimated basis

(i) Taxation

The charge for current taxation is provided at rates of corporation tax that have been enacted or substantively enacted by the reporting date. Current tax is based on taxable profits for the year and any adjustments to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax is provided, using the liability method, on all temporary differences which result in an obligation at the reporting date to pay more tax, or a right to pay less tax, at a future date, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Temporary differences arise between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The exceptions, where deferred tax assets are not recognised nor deferred tax liabilities provided, are

- at initial recognition of goodwill,
- the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss, and
- taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised

(j) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the Consolidated Statement of Comprehensive Income as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount, being the value in use or – where reliably measurable – fair value less costs to sell, of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(k) Other Intangible assets

Intangible assets (other than goodwill) acquired by the Group as part of a business combination are stated at fair value and are amortised on a straight-line basis over their expected useful lives, commencing on the date they come into use. The amortisation is shown as part of operating expenses within the Consolidated Statement of Comprehensive Income.

Internally generated intangible assets arising from the Group's development of software are recognised only if all of the following conditions are met:

- an asset is created that can be identified,
- it is probable that the asset created will generate future economic benefits, and
- the development cost of the asset can be measured reliably

The estimated useful lives are as follows:

Customer relationships	- Over the contractual term or 6 years in the absence of a specified term
Computer software	- 3 to 5 years 3 to 10
Acquired candidate database	- years
Brands/trademarks	- 20 years
Non-compete agreements	- 5 years

Intangible assets, other than goodwill, with indefinite lives are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. When the carrying amount of an asset exceeds its recoverable amount, being the value in use or – where reliably measurable – fair value less costs to sell, the asset is written down accordingly. Impairment of other intangible assets is included in total operating expenses as a highlighted item in the Consolidated Statement of Comprehensive Income.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs. All items are subsequently stated at cost less accumulated depreciation and any impairment loss.

Depreciation is provided on a straight-line basis to write off the cost, less estimated residual values, of property, plant and equipment over their expected useful lives. It is calculated at the following rates:

Improvements to leasehold buildings	- Over the lease term
Office and computer equipment	- 3 to 8 years
Motor vehicles	- 4 years

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount. Impairment reviews are carried out quarterly throughout the year.

(m) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events has had a negative effect on the estimated future cash flows of that asset. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit and loss.

(n) Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease, each determined at the inception of the lease. The corresponding lease commitment is shown in the Consolidated Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the finance lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in the profit or loss.

All other leases are treated as operating leases. Their annual rentals are charged to the Profit and Loss account on a straight-line basis over the term of the lease.

(o) Sales ledger credits

From time to time in the United Kingdom the Group receives payments which are in excess of the amounts which the Group's accounting records show as due. The reasons include duplicate payments, credit notes not taken by customers and payments by customers who are "self billing" which are higher than our calculation of the amounts due. These matters are investigated and wherever possible the overpayments are resolved with the paying client and appropriate accounting entries made. If, after actively seeking to resolve the balance, it remains unresolved beyond the period set out in the Statute of Limitations (six years), the amount is credited to the profit or loss. The balance of sales ledger credits at the period end is shown within creditors.

(p) Financial instruments

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provision of the instrument.

The Group classifies its financial assets and liabilities into one of the following categories, depending on the purpose for which the asset or liability was acquired. The Group's accounting policy for each category is as follows:

Financial assets:

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (trade receivables). They are initially recognised at fair value plus transaction costs and subsequently at amortised cost. Impairment provisions are recognised where there is evidence that the Group will be unable to collect all of the amounts due under the terms of the receivable. Trade receivables are reported net of impairment provisions, which due to the nature of the customer base are not significant. The Group's receivables that are financial assets comprise trade and other receivables, excluding prepayments, in the Consolidated Statement of Financial Position.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial instruments (continued)

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within current liabilities in the Consolidated Statement of Financial Position and are included within cash and cash equivalents for the purposes of the Consolidated Statement of Cash Flows.

Derivative financial instruments: Derivatives, including the embedded derivative within the Zero Coupon Loan Note, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value through the profit and loss unless the derivative is designated in a hedging relationship.

At 29th December 2013 the Group held a number of interest rate instruments, protecting a portion of the Group's borrowings against movements in interest rates. Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

- At the inception of the hedge there is a formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge
- For cash flow hedges, the hedged item in a forecast transaction presents an exposure to variations in interest cash flows that could ultimately affect profit or loss on their scheduled payment dates
- The cumulative change in the value of the hedging instrument is expected to be between 80-125% of the cumulative change in the fair value or cash flows of the hedged item attributable to the risk hedged (i.e. it is expected to be highly effective)
- The effectiveness of the hedge can be reliably measured
- The hedge remains highly effective on each date it is tested. The Group tests the effectiveness of its hedges annually at the external reporting date.

At 29 December 2013 the Group only held two derivative instruments which are not economic hedges, the interest rate swaps as required as part of the Refinancing in September 2011 (Note 20).

Effective hedges which are used to manage cash flow interest rate risk and are designated cash flow hedges are measured at fair value with changes in fair value recognised directly in equity. The gain or loss relating to any ineffective portion is recognised directly in the profit and loss within finance income or expense. When a hedging instrument expires or is sold, or when a hedge no longer meets all the criteria for hedge accounting, hedge accounting is stopped immediately and any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss within finance income or expense.

There were no new derivative financial instruments entered into during the 52 weeks ended 29 December 2013 that were effective hedges and therefore hedge accounting was not applied.

Other financial liabilities:

Trade payables and other short-term monetary liabilities These are initially recognised at fair value and subsequently at amortised cost.

Zero coupon loan notes These are initially recognised at fair value, being the present value at the time of issue of future cash payments to extinguish the instrument. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Bank borrowings These liabilities are initially recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. The costs of raising the financing are offset against the loan amount and are amortised over the term of the loan and are included within finance costs on the face of the Consolidated Statement of Comprehensive Income. When loans are refinanced, drawings under the existing facilities are either extinguished or modified. Where facilities are extinguished the balance of unamortised fees are written off to Finance Expense. Where modified, the unamortised fees are carried forward in the Consolidated Statement of Financial Position to be written off over the term of the modified facilities.

(q) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Provisions and contingent liabilities (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the date of the Consolidated Statement of Financial Position, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Group.

Contingent liabilities are possible obligations which arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Provision is not made for any liability which could arise in the future, but significant contingent liabilities are reported in Note 23.

(r) Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary and preference shares are classified as equity instruments.

(s) Dividends

Final dividends are recognised as a liability in the year in which they are declared and approved by the Company's shareholders in the annual general meeting. Interim dividends are recognised when they are paid.

(t) Parent company

The Financial Statements of the parent company Healthcare Locums Limited have been prepared in accordance with UK GAAP. The Company Financial Statements are presented separately on pages 46 to 55.

(u) Highlighted Items

Where certain items of operating expense or income recorded in a period are material by their size or incidence, the Group reflects such items as highlighted items and these are shown separately in the Consolidated Statement of Comprehensive Income and disclosed in detail in the Notes to the Financial Statements. Highlighted items may include costs associated with restructuring the business, incremental costs of staff working directly on restructuring and refinancing, one off gains and losses, impairment of goodwill and intangible assets. In addition, amounts of finance income or expense which are material by their size or incidence are disclosed in detail in the Notes to the Financial Statements.

(v) Adjusted operating profit and adjusted EBITDA

Adjusted operating profit is operating profit before share-based payments charges or credits and before highlighted items. The Board considers adjusted operating profit to be a better indicator of performance than operating profit as highlighted items, being exceptional in their nature by virtue of size or incidence, distort the results of the underlying business. Adjusted EBITDA is adjusted operating profit before charging depreciation and amortisation.

(w) Critical accounting judgements and key sources of estimation uncertainty

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Measurement of intangible assets The allocation of the purchase price for acquisitions requires management to make significant estimates in determining fair values, especially for intangible assets and, until finally determined, contingent consideration. These estimates are based on historical experience, information obtained from the management of the acquired businesses, relevant market and industry data and the forecast performance of the acquired businesses. These estimates can include, but are not limited to, the cash flows that an asset is expected to generate in the future, the appropriate discount rate and the useful lives of intangible assets. These estimates are inherently uncertain and unanticipated events and circumstances may occur, which may affect the accuracy or validity of such estimates. To assist in making these significant estimates the Company engages expert professional valuers to assist with material acquisitions. Management monitors the carrying values of assets and adjustments are made if anticipated future market conditions indicate that such adjustments are appropriate.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of goodwill and intangible assets The Group is required to test, on at least an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on the higher of value in use calculations or the fair value less costs to sell method. These both require the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. More information on the carrying amount of goodwill is included in Note 11 and 12.

Contractual claims and regulatory contingencies The Group conducts its business principally in the UK and Australia and contractual claims or regulatory proceedings may arise. The Group estimates and provides for potential losses that may arise out of litigation and regulatory proceedings to the extent that such losses are probable and can be estimated in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. Contingencies in respect of these matters are subject to many uncertainties and the outcome of individual matters is not predictable with assurance. Significant judgment is required in assessing probability and making estimates in respect of contingencies, and the Group's final liability may ultimately be materially different from that estimated. Provisions in respect of legal claims, contractual and regulatory proceedings are determined on a case by case basis and represent an estimate of probable losses after considering, among other factors, the progress of each case, the Group's experience of others in similar cases and the views of legal counsel. Where no estimate can be reliably made of the likely outcome of any claims, and they are potentially material, those claims are disclosed as contingent liabilities (Note 23).

Uncertain tax positions Uncertain tax positions may arise where the Directors have had to make particular judgments in relation to certain tax treatments. Based on the status of enquiries with the relevant tax authorities and consideration of tax legislation, the Group estimates and provides for potential losses that may arise from uncertain income tax positions to the extent that such losses are probable and can be estimated, in accordance with IAS 12 – Income Taxes. However, significant judgment is required in making these estimates, particularly in relation to the recovery of losses, and the Group's final liabilities may ultimately be materially different.

Estimation of useful economic lives of long-lived assets The economic life used to amortise intangible assets and depreciate property, plant and equipment relates to the future performance of the assets in question and management's judgment of the period over which the economic benefit will be derived from the asset.

As at 29 December 2013, the amount of property, plant and equipment included in the Consolidated Statement of Financial Position was £1.4m (2012: £2.3m).

As at 29 December 2013, the amount of intangible assets included in the Consolidated Statement of Financial Position was £24.7m (2012: £34.2m).

Employee benefits provision In Australia employees, including locums, are entitled to long service leave after 10 years service (subject to specific rules and conditions which vary state by state). In determining the amount of the employee benefits provision, representing the value of expected future payments to be made in respect of services provided by employees up to the date of the Consolidated Statement of Financial Position, the Directors consider salary levels, the past experience of employee departures and periods of service. As at 29 December 2013, the amount provided for in the Consolidated Statement of Financial Position was £2.2m (2012: £2.6m).

Zero Coupon Loan Notes The Zero Coupon Loan Notes were issued during 2011 as part of the Refinancing. The nominal value of the Zero Coupon Loan Notes was discounted to fair value at a rate of 15% which the Directors considered fairly represented the return a non-senior lender would seek from the Company for a loan maturing in September 2021. The Zero Coupon Loan Notes include an embedded derivative, Note 20, which could lead to the issue of further Zero Coupon Loan Notes for nil consideration. The Directors assessed at the date of issue and at all subsequent reporting dates the likelihood of further Zero Coupon Loan Notes being issued if future EBITDA or enterprise value targets are achieved.

8% Coupon Loan Notes The 8% Coupon Loan Notes were initially issued during 2013 as part of the Refinancing agreement. The nominal value of the 8% Coupon Loan Notes was discounted to fair value at a rate of approximately 17% which the Directors considered fairly represented the return a non-senior lender would seek from the Company for a loan maturing in September 2021. The agreement for the issue of the 8% loan notes includes details to convert into preference shares at a rate of £2 per £1 of loan note nominal value plus any imputed interest at the time of conversion. The conversion is completed mandatorily six months after the issue of the loan notes and as the intention from day one is to convert to preference shares the loan notes they are classed as equity. The swap of debt to equity was part of the refinancing agreement agreed with the shareholders. No gain or loss was recognised in the profit or loss.

4 EMPLOYEES

	52 weeks ended 29 December 2013 £m	52 weeks ended 30 December 2012 £m
Staff costs (including Directors) comprise		
Wages and salaries	21.1	23.4
Social security costs	1.8	2.0
Long service leave costs	0.2	-
Defined contribution pension costs	0.8	1.0
	23.9	26.4

	52 weeks ended 29 December 2013	52 weeks ended 30 December 2012
The average number of employees during the year was	488	543

5 DIRECTORS' REMUNERATION

	52 weeks ended 29 December 2013 £m	52 weeks ended 30 December 2012 £m
Directors' remuneration consists of		
Emoluments	1.3	1.1
Sums paid to third parties in respect of Directors' services	-	0.1
Benefits	0.1	0.2
	1.4	1.4

The Board has determined that the Directors are the key management personnel

Pension contributions were paid in the year amounting to £6,500 (2012: £12,500)

The remuneration of the highest paid Director, including benefits, was £363,000 (2012: £451,000)

No options were granted to or exercised by Directors in either 2013 or 2012

The Directors, and their close family members, are related parties of the Company. Other than as disclosed above, there are no other transactions to report with the Directors or their close family members.

6 NET EXCEPTIONAL OPERATING EXPENSES

	52 weeks ended 29 December 2013 £m	52 weeks ended 30 December 2012 £m
Exceptional operating (income)/expense:		
Reorganisation and refinancing costs	1.3	-
Restructuring & refinancing costs	1.1	-
Restructuring - employee costs	2.4	-
(Gain)/loss on fair value changes in contingent and deferred consideration (Note 14)	-	(0.1)
Investigation and resolution of accounting irregularities and legal costs arising from historic accounting irregularities	0.2	0.7
Net exceptional operating expenses	2.6	0.6

The main exceptional costs in the 52 weeks ended 29 December 2013 relate to the reorganisation and refinancing of the HCL group in order to de-list the company and make it private as well as costs associated with right sizing the overhead base. There were also legal fees incurred defending claims brought against the Company as disclosed in Note 23.

The tax effect of the above exceptional items is £nil (2012: £nil).

7 LOSS FROM OPERATIONS

Loss from operations for the year has been arrived at after charging the following:

	52 weeks ended 29 December 2013 £m	52 weeks ended 30 December 2012 £m
Goodwill and intangible assets impairment (Notes 11 and 12)	8.1	36.0
Amortisation of intangible assets (Note 12)	4.0	5.7
Depreciation of property, plant and equipment (Note 13)	1.0	0.7
Hire of other assets – operating leases	1.0	2.3
Loss / (gain) on disposal of property, plant and equipment	-	0.3
Fees payable to the Company's auditor for		
- audit of the Company's annual accounts	0.2	0.3
- audit of the Company's subsidiaries	0.1	0.2
- tax advisory services	-	0.1

8 FINANCE INCOME AND EXPENSE

	52 weeks ended 29 December 2013 £m	52 weeks ended 30 December 2012 £m
Finance income		
Interest received on bank deposits	-	0.1
Gain on fair value changes in derivative financial instruments	0.6	-
Other	-	0.2
	0.6	0.3
	52 weeks ended 29 December 2013 £m	52 weeks ended 30 December 2012 £m
Finance expense		
Exceptional finance expense		
Advisers and other fees regarding refinancing	1.4	0.1
	1.4	0.1
Bank loans and overdrafts	3.4	3.7
Amortisation of fees	0.7	0.7
Foreign exchange losses	-	0.2
Loss on fair value changes in derivative financial instruments	-	0.2
Finance lease interest	-	0.1
Imputed interest on Zero Coupon Loan Notes	0.3	0.4
Other	0.1	0.1
	5.9	5.5

The exceptional finance expense during 2013 relate to the refinancing agreement completed in June. The costs relate to legal and advisor fees to complete the refinance.

The Group does not apply cash flow hedge accounting to derivative financial instruments. Accordingly, all changes in the fair values of derivative financial instruments are recognised in the Consolidated Statement of Comprehensive Income.

9 TAX BENEFIT

	52 weeks ended 29 December 2013 £m	52 weeks ended 30 December 2012 £m
UK corporation tax - current year	(0.1)	-
UK corporation tax - prior year	-	(0.8)
Current tax credit	(0.1)	(0.8)
Deferred tax		
Origination and reversal of temporary differences	-	(1.7)
On impairment of intangible fixed assets	-	(4.1)
	-	(5.8)

Total tax benefit on continuing operations	(0.1)	(6.6)
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The tax benefit assessed for the period is lower than the standard rate of corporation tax in the UK for the 52 weeks ended 29 December 2013. The differences are explained below

	52 weeks ended 29 December 2013 £m	52 weeks ended 30 December 2012 £m
Loss before taxation	(22.9)	(49.6)
Tax at the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(5.4)	(12.2)
Effects of:		
Expenses not deductible for tax purposes	1.0	6.8
Tax losses utilised	3.3	-
Timing differences	1.8	-
Over provision in prior years	-	(0.8)
Unrecognised potential deferred tax assets	-	1.6
Impact of overseas tax rates	(0.8)	(2.0)
Total tax benefit for the year	(0.1)	(6.6)
Represented by:		
Tax on continuing operations	(0.1)	(6.6)
	(0.1)	(6.6)

10 DIVIDENDS

The Directors are not proposing an interim or final dividend for 2013 (2012 no interim or final dividends)

11 GOODWILL

	Total £m
Cost:	
At 1 January 2012	91.2
Effect of movements in foreign exchange	(0.5)
At 30 December 2012	90.7
Effect of movements in foreign exchange	(3.2)
At 29 December 2013	87.5
Impairment:	
At 1 January 2012	51.4
Charge in the year	22.4
Effect of movements in foreign exchange	(0.3)
At 30 December 2012	73.5
Charge in the year	5.9
Effect of movements in foreign exchange	(3.0)
At 29 December 2013	76.4
Carrying amount:	
At 29 December 2013	11.1
At 30 December 2012	17.2

The carrying amount is attributable to the following cash generating units ("CGUs") which are individual businesses with separately identifiable cash flows

	29 December 2013 £m	30 December 2012 £m
UK - Allied Health Professionals	2.0	2.0
UK - Nursing	9.1	11.5
Australia - LML	-	3.7
Australia - Nursing Agency	-	-
Total	11.1	17.2

The two UK CGUs are reported as separate segments to the chief operating decision maker. Goodwill is monitored at a lower level in Australia than the operating segment as defined under IFRS 8 and thus two CGUs have been identified. The two Australian CGUs are both included within the single Australian operating segment as the LML business is not of sufficient size to be reported as a separate segment to the Chief Operating Decision Maker.

At 29 December 2013 goodwill and intangible assets (Note 12) were tested for impairment. During 2013 the Group reviewed and revised its budgeting and forecasting procedures and now routinely prepares both base case figures, reflecting management expectations, and a second version ("the lower range budget") reflecting the impact of a range, decided division by division, of factors such as reduced revenue growth rates, reduced margins and delays in new initiatives to boost revenues or reduce costs. The recoverable amounts of the above segments, and the intangible assets, were determined from value in use calculations based on cash flow projections from the actual results post balance sheet for 2014 plus amounts forecasted for the remainder of the year, lower range forecasts for 2015, 2016 and 2017 and estimates for subsequent years.

11 GOODWILL (continued)

In addition the company has taken into account an offer received for part of the UK nursing business in September 2014. This resulted in an impairment of £2.3m within the UK Nursing cash generating unit.

In determining the rate consideration was given to the Group weighted average cost of capital ("WACC"). The key assumptions in the calculation of the WACC were:

- Risk-free rate - 2.71% (2012: 1.96%)
- Equity market risk premium - 7.3% (2012: 7.3%)
- Beta - 1.079 (2012: 1.079)
- Small stock premium - 5.0% (2012: 6.0%)
- Gross cost of debt, inclusive of amortisation of fees, 12.88% (2012: 11.62%)
- Expected long-term tax rate - 21% UK, 30% Australia (2012: 23% and 30%)
- Zero coupon loan notes discount rate 15% (2012: 15.0%)

Use of those assumptions gave a pre-tax WACC of 14.6% (2012: 14.8%) which equates to a post-tax WACC of 11.6% for the UK and 12.0% for Australia (2012: 11.4% and 10.9% respectively).

Reviewing the anticipated cost of the new funding being raised, as an indicator of the most up to date cost of capital, suggested the WACC was not the most reliable basis for calculating the discount rate to use, and as a result the calculations were done using a pre-tax discount rate of 14.6% in the UK and 15.0% in Australia (2012: 15.6% and 18.6% respectively).

The assumptions as to long term growth rates were 2.0% in the UK and 2.5% in Australia (2012: 1% and 3% respectively). These rates are consistent with forecasts of economic growth in the respective countries.

The results indicated that goodwill and other intangible assets were impaired in the UK by £2.3m (see above) and impaired in Australia a total of £5.8m (A\$9.4m). The chief factor in the calculations which has caused the impairments is, in each case, reduced revenue forecasts and reduced growth forecasts.

It was determined that the impairment in Australia, which all related to the Doctors business, should be allocated, in accordance with IAS 36, to goodwill £3.6m (A\$5.8m), Brands and Trademarks £1.5m (A\$2.4m), Customer Relationships £0.6m (A\$0.9m), and Non-compete Agreements £0.1m (A\$0.2m) (movements in other intangibles are shown in Note 12).

12 OTHER INTANGIBLE ASSETS

	Customer relationships £m	Computer software £m	Acquired candidate database £m	Brands and trademarks £m	Non-compete agreements £m	Total £m
Cost:						
At 1 January 2012	24.9	1.4	10.3	28.0	0.5	65.1
Additions	-	0.7	-	-	-	0.7
Disposals	(0.5)	-	-	(0.1)	-	(0.6)
Reclassification	-	(0.2)	-	-	-	(0.2)
Effect of movements in foreign exchange	(0.5)	-	(0.2)	(0.6)	-	(1.3)
At 30 December 2012	23.9	1.9	10.1	27.3	0.5	63.7
Additions	-	0.7	-	-	-	0.7
Own costs capitalised	-	0.3	-	-	-	0.3
Disposals	-	(0.1)	-	-	-	(0.1)
Effect of movements in foreign exchange	(2.9)	(0.1)	(1.3)	(4.2)	(0.1)	(8.6)
At 29 December 2013	21.0	2.7	8.8	23.1	0.4	56.0
Amortisation.						
At 1 January 2012	6.9	1.0	1.5	1.7	0.1	11.2
Provided for the year	2.7	0.1	1.4	1.4	0.1	5.7
Impairment (Note 11)	4.3	-	2.0	7.3	-	13.6
Disposals	(0.5)	-	-	(0.1)	-	(0.6)
Effect of movements in foreign exchange	(0.2)	-	(0.1)	(0.1)	-	(0.4)
At 30 December 2012	13.2	1.1	4.8	10.2	0.2	29.5
Provided for the year	1.6	0.3	1.0	1.0	0.1	4.0
Impairment (Note 11)	0.6	-	-	1.5	0.1	2.2
Disposals	-	(0.1)	-	-	-	(0.1)
Effect of movements in foreign exchange	(1.6)	-	(0.7)	(1.9)	(0.1)	(4.3)
At 29 December 2013	13.8	1.3	5.1	10.8	0.3	31.3
Carrying amount.						
At 29 December 2013	7.2	1.4	3.7	12.3	0.1	24.7
At 30 December 2012	10.7	0.8	5.3	17.1	0.3	34.2

At 29 December 2013 computer software included £0.5m under construction (2012: £0.1m). The Group amortises intangible assets from the date the assets are available for use.

Assets reclassified to computer software were transferred from prepayments.

As at 29 December the bank loans were secured on all assets of the Group.

The asset lives of the material intangible assets have been assessed at 20 years for brands and trademarks and 10 years for the main acquired candidate database. Customer relationships are amortised over the life of the contracts.

13 PROPERTY, PLANT AND EQUIPMENT

	Improvements to leasehold buildings £m	Office and computer equipment £m	Motor vehicles £m	Total £m
Cost:				
At 1 January 2012	1.5	2.8	0.1	4.4
Additions	0.8	0.6	-	1.4
Disposals	(0.4)	(0.4)	(0.1)	(0.9)
At 30 December 2012	1.9	3.0	-	4.9
Additions	0.3	0.1	-	0.4
Disposals	(0.2)	(0.7)	-	(0.9)
Effect of movements in foreign exchange	(0.3)	(0.1)	-	(0.4)
At 29 December 2013	1.7	2.3	-	4.0
Depreciation and impairment:				
At 1 January 2012	0.5	1.9	-	2.4
Provided for the year	0.3	0.4	-	0.7
Disposals	(0.3)	(0.2)	-	(0.5)
At 30 December 2012	0.5	2.1	-	2.6
Provided for the year	0.6	0.4	-	1.0
Disposals	(0.2)	(0.7)	-	(0.9)
Effect of movements in foreign exchange	(0.1)	-	-	(0.1)
At 29 December 2013	0.8	1.8	-	2.6
Carrying amount:				
At 29 December 2013	0.9	0.5	-	1.4
At 30 December 2012	1.4	0.9	-	2.3

There are no assets included above held under finance leases (Note 17)

Bank loans are secured on all assets of the Group

14 ACQUISITIONS

During 2010, HCL completed 4 acquisitions. The terms of the acquisitions included, in some cases, contingent consideration and estimates were made as to the likely amounts payable under the contingent consideration terms. During 2012 final settlement was made of contingent consideration amounts accounted for as payable at 31 December 2011. As a result the following credits / (charges) were reported within net exceptional operating costs in the Consolidated Statement of Comprehensive Income (Note 6)

	52 weeks ended 29 December 2013 £m	52 weeks ended 30 December 2012 £m
Final settlement of Oron / MJV contingent consideration	-	0.1
	-	0.1

15 TRADE AND OTHER RECEIVABLES

	29 December 2013	30 December 2012
	£m	£m
Trade receivables	16.7	17.9
Other receivables	0.2	0.2
Prepayments	1.3	1.9
Accrued income	1.5	1.8
	19.7	21.8

All amounts shown under receivables fall due for payment within one year. The ageing analysis of the trade receivables and the amounts denominated in currencies other than Sterling are set out in Note 20. There are no differences between the carrying amount and the fair value of the trade and other receivables at either reporting date.

16 TRADE AND OTHER PAYABLES

	29 December 2013	30 December 2012
	£m	£m
Trade payables	0.4	0.9
Other taxes and social security	3.2	2.2
Accruals	6.4	8.0
Deferred income	0.3	0.4
Sales ledger credits	3.0	3.8
Amounts owed to related parties	0.4	-
Other creditors	3.8	3.6
	17.5	18.9

There are no differences between the carrying amount and the fair value of the trade and other payables at either reporting date.

17 LOANS AND LONG TERM BORROWINGS

	29 December 2013 £m	30 December 2012 £m
Current portion of long-term debt		
Sterling denominated		
Obligations under finance leases	-	0.1
Australian Dollar denominated.		
Secured bank loans	1.3	1.9
Unamortised debt issue costs	(0.6)	(0.7)
Total current borrowings	0.7	1.3
Non-current:		
Sterling denominated		
Zero Coupon Loan Notes	1.7	3.0
Australian Dollar denominated		
Secured bank loans	30.6	36.6
Unamortised debt issue costs	(0.1)	(0.8)
Total non-current borrowings	32.2	38.8

There are no differences between the carrying amount and the fair value of the loans and long-term borrowings at either date

The Group did not capitalise any fees during 2013. Fees are amortised using the effective interest method over the terms of the respective loans.

The Zero Coupon Loan Notes are stated at fair value, being the fair value recognised at the date of issue plus imputed interest to 29 December 2013. More details are set out in Note 20.

Future lease payments were due as follows

	Minimum lease payments 2012 £m	Interest 2012 £m	Present value 2012 £m
Not later than one year	0.1	-	0.1
	0.1	-	0.1

18 PROVISIONS AND DEFERRED CONSIDERATION

	Employee benefits £m	Onerous leases £m	Total provisions £m	Deferred consideration £m
At 1 January 2012	2.8	2.0	4.8	1.5
Movement during the year			-	
Paid during the year	(1.3)	(0.7)	(2.0)	(1.4)
Charged/(credited) to income statement	1.1	(0.3)	0.8	(0.1)
Leased property reinstatement provision provided	-	0.2	0.2	
At 30 December 2012	2.6	1.2	3.8	-
Movement during the year				
Charged/(credited) to income statement	-	-	-	0.2
Effect of movements in foreign exchange	(0.4)	(0.1)	(0.5)	-
At 29 December 2013	2.2	1.1	3.3	0.2
At 29 December 2013				
Current	1.7	0.3	2.0	0.2
Non-current	0.5	0.8	1.3	-
At 30 December 2012				
Current	1.5	0.2	1.7	-
Non-current	1.1	1.0	2.1	-

Employee benefits comprise long service leave benefits of £1,855,000 (2012 £2,176,000) and provision for paid leave of £280,000 (2012 £407,000) relating to the employees, including locums, of the Australian operations

The onerous lease provision represents the future payments to which the Group is committed on properties which were vacated prior to 29 December 2013. The longest remaining lease term for any of the applicable properties expires on 30 April 2015. Due to the relatively short timeframe and the amounts involved, the future payments have not been discounted as the impact would not be significant.

19 DEFERRED TAXATION

	Tax losses £m	Intangible fixed assets £m	Other short term temporary differences £m	Total £m
At 1 January 2012	(0.9)	13.0	(2.9)	9.2
(Credited) / charged to profit or loss (Note 9)	(0.7)	(5.6)	0.5	(5.8)
Foreign exchange adjustment	-	(0.2)	0.1	(0.1)
At 30 December 2012	(1.6)	7.2	(2.3)	3.3
(Credited) / charged to profit or loss (Note 9)	-	-	-	-
Foreign exchange adjustment	0.2	(1.1)	0.4	(0.5)
At 29 December 2013	(1.4)	6.1	(1.9)	2.8

During the year, as a result of the changes in the UK corporation tax rate to 23% which was substantively enacted on 3 July 2012 and was effective from 1 April 2013, and to 21% which was substantively enacted on 2 July 2013 and will be effective from 1 April 2014, the relevant deferred tax balances have been re-measured. Deferred tax has therefore been calculated on UK and Australian temporary differences at 23.25% and 30% respectively (2012: 23% and 30% respectively). In addition to the changes in rates of corporation tax disclosed above, further changes to the UK corporation tax rates were announced in the 2013 Autumn Statement and the March 2014 Budget. These include further reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The proposed reductions to the main rate of corporation tax are both expected to be enacted as part of the Finance Act 2013. The overall effect of these further changes, if applied to the deferred tax balance at the balance sheet date, would be to further reduce the deferred tax liability by an additional £29,000 (2012: £41,000).

The analysis of the net deferred tax balance between deferred tax assets and deferred tax liabilities is as follows:

	29 December 2013 £m	30 December 2012 £m
Represented by deferred tax asset	-	-
Represented by deferred tax liability	2.8	3.3

There are unrecognised deferred tax assets in respect of the following items:

	29 December 2013 £m	30 December 2012 £m
UK tax losses	9.0	5.5
Other UK short term temporary differences	-	-
Accelerated capital allowances	0.8	0.8
Australian capital losses	0.7	3.6
Total	10.5	9.9

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The group did not recognise the deferred income tax assets disclosed above. None of the tax losses have an expiry date.

There are no temporary differences in relation to unremitted earnings of overseas subsidiaries.

20 FINANCIAL INSTRUMENTS

The Group's financial instruments comprise bank term loans, Zero Coupon Loan Notes, cash and interest rate swap agreements and trade and other receivables and payables. Balances at the year-end for these financial instruments were as follows.

	Financial assets	
	29 December	30 December
	2013	2012
	£m	£m
Current financial assets:		
Trade and other receivables excluding prepayments	18.4	19.9
Cash and cash equivalents	4.9	9.3
Total current financial assets	23.3	29.2
Analysed by currency (GBP equivalent):		
Pound Sterling	14.6	18.4
Australian Dollar	8.7	10.8
	23.3	29.2
	Financial liabilities measured at amortised cost	
	29 December	30 December
	2013	2012
	£m	£m
Current financial liabilities:		
Trade and other payables excluding deferred income and taxes	14.0	16.3
Current portion of long term borrowings	0.7	1.3
Deferred consideration	0.2	-
Total current financial liabilities	14.9	17.6
Non-current financial liabilities:		
Long term borrowings	32.2	38.8
Total non-current financial liabilities	32.2	38.8
Analysed by currency (GBP equivalent):		
Pound Sterling	12.2	14.0
Australian Dollar	38.1	44.6
	50.3	58.6
	Derivative financial liability held at fair value through profit or loss	
	29 December	30 December
	2013	2012
	£m	£m
Derivative financial liabilities	0.6	1.7

20 FINANCIAL INSTRUMENTS (continued)

The Group's bank loans of A\$59.2m (£31.9m) (2012: A\$60.0m (£38.5m)) bear interest based upon Reuters quoted market bid rates at the time of drawdown for the applicable drawdown period, plus a margin. The bank loans are subject to terms and conditions which include quarterly mandatory prepayments from excess cash flow subject to adequate working capital continuing to be available which would accelerate the repayment schedule set out below under liquidity risk. The Company is prohibited from paying dividends, under the terms of the Syndicated Facility Agreement, without the approval of its bankers.

The Zero Coupon Loan Notes of nominal £5.1m (2012: £10.2m), which fall due in September 2021, bear no interest, but the loan note agreement provides for the issue of further Zero Coupon Loan Notes of up to £1.25m (2012: £2.5m) in nominal value if the Group achieves certain EBITDA and enterprise value targets (See below for information on the fair value attributed to the Zero Coupon Loan Notes and the embedded derivative). In the 2013 Refinancing £5.1m nominal of Zero Coupon Loan Notes were exchanged for £5.1m of 8% Loan Notes. All 8% loan note issue agreements include a mandatory clause to convert the loan notes to preference shares at the value of £2 for every £1 of loan note plus any interest charged to the point of conversion. As the intention upon issue of the 8% loan notes was always to convert to preference shares they have been treated as equity and therefore are not classed as financial instruments.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest risk), credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Market risk

(i) Foreign exchange risk

The Group had a term loan of A\$59.2m outstanding as at 29 December 2013 (2012: A\$60.0m) which exposes the Group to currency risk. The loan has been held within the sub-group in Australia since the time of the Refinancing in September 2011 and so forms part of the A\$ net assets of that sub-group. The impact of movements of the exchange rate of the A\$ against Sterling on net assets passes through the translation reserve. The other assets are treated in the same manner.

There is an A\$ denominated inter-company loan account between Healthcare Locums Limited and the Australian sub-group which gives rise to exchange gains and losses booked in finance costs in the Consolidated Statement of Comprehensive Income. As at 29 December 2013 the amount of A\$12.2m (2012: A\$10.6m) was recorded as a receivable balance in Healthcare Locums Limited. At 29 December 2013 the rate of exchange was £1 = A\$1.8459 (2012: £1 = A\$1.5562).

As at 29 December 2013, 49% (2012: 57%) of the total assets of the Group were held in subsidiary companies outside the UK and denominated in currencies other than Sterling, principally in A\$. Group policy is not to hedge the net investments in foreign operations as it does not consider that the reduction in foreign currency exposure warrants the cash flow risk created from such hedging techniques.

If Sterling had been 10% stronger against the A\$ during the year ended 29 December 2013, with all other variables held constant, the post tax loss for the year would have been £1.08m lower (2012: post tax loss £1.7m lower).

If Sterling had been 10% stronger against the A\$ during the year ended 29 December 2013, with all other variables held constant, the credit to other comprehensive income would have been £1.86m lower (2012: £0.8m greater credit).

(ii) Interest rate risk

Market risk also arises from the Group's use of interest bearing financial instruments, which expose the Group to interest rate risk. The Group finances its operations through a mix of equity, bank debt and loan notes. Interest rate risk arising due to the Group's borrowings in A\$ at floating rates of interest is mitigated, by agreement with the lenders, by interest rate instruments that generate a desired risk profile to manage the Group's exposure to interest rate fluctuations. The Syndicated Facilities Agreement requires a hedge programme to be in place to convert part of the interest to fixed from floating rates. At 29 December 2013 61.8% of the A\$ floating rate (2012: 59.8% of the A\$ floating rate) interest exposure had been swapped to a fixed rate. The hedge offers protection to the Group should A\$ market interest rates move over 6.14% (2012: 6.14%). The last rollover of the A\$ borrowings prior to the year-end was based on market rates of 2.65% (2012: 3.18%).

Hedge accounting has not been applied to the swap instruments and therefore they are measured at fair value through profit and loss. 2013: £0.6m (2012: debit of £0.2m) has been made to the Consolidated Statement of Comprehensive Income to reflect the movement in the fair value of these instruments in 2013 (Note 8). At 29 December 2013 no changes in fair values of financial instruments were recorded in equity (2012: none).

20 FINANCIAL INSTRUMENTS (continued)

As of the close of business on 29 December 2013 interest rate exposure was limited to the unhedged 38.2% of the A\$59m of borrowings (2012 40.2% of A\$60m), i.e. on A\$22.5m (£12.2m) (2012 A\$24.1m (£15.9m)), offset by the cash balances of £4.9m (2012 £9.3m) which earn floating rate interest income. The impact of a 1% change in interest rates is, therefore, not significant.

(b) Credit risk

Credit risk arises principally from the Group's trade receivables and is the risk that the customer fails to discharge its obligations in respect of the instrument. The Group's exposure to credit risk is considered to be insignificant due to the heavy weighting of its customer base in the UK towards NHS Trusts, Local Authorities and other Government institutions and in Australia to public hospitals and health providers. Private sector customers are subject to credit checking procedures prior to commencing trade with them. The quality, and hence the low risk, of the customer base is also shown by the small amounts of overdue debt. None of the overdue balances of the Group are considered impaired.

The Group transacts with counterparties which it considers to be creditworthy. Surplus cash is placed in a Liquidity Fund managed by Scottish Widows (a member of the Lloyds Bank Group) which reduced the credit risk.

	Current	Up to 1 month overdue	1 to 2 months overdue	>2 months overdue
Trade debtors - 29 December 2013	£10.0m	£4.1m	£2.4m	£0.2m
% of trade debt per ageing category – 29 December 2013	59.9%	24.6%	14.4%	1.2%
Trade debtors - 30 December 2012	£15.0m	£2.6m	£0.3m	£nil
% of trade debt per ageing category – 30 December 2012	83.8%	14.5%	1.7%	0.0%

(c) Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. The Board receives regular cash flow projections.

Liquidity risk arises principally from the volume of revenue forecast and the potential for adverse outcomes in litigation.

The factors considered by the Board in assessing going concern are set out in Note 3(c) and the Financial Review.

The Group has a Liquidity Fund account managed by Aberdeen Asset Fund. Liquidity Funds provide same day access to the deposited funds. The Liquidity Fund is rated AAA by S&P, whose rating criteria stipulates that a minimum of 50% of the portfolio should be composed of A-1+ (or equivalent) instruments in order for the fund to maintain a AAA rating. The methodology S&P applies to calculate the A-1+ percentage counts A-1 (or equivalent) rated instruments maturing in seven days or less towards the A-1+ percentage minimums, as historical default rates on A-1 paper maturing within seven days are similar to the default rates of A-1+ issuers. By using such Funds counterparty risk for the Group is reduced as the Fund invests in a wide range of counterparties.

20 FINANCIAL INSTRUMENTS (continued)

Gross, undiscounted liabilities are due as follows:

	Due within 1 year £m	Due in 1 to 2 years £m	Due in 2 to 5 years £m	Over 5 years £m
2013 Non-derivative financial instruments - outflows				
Long and short term borrowings	3.5	32.5	-	1.7
Trade and other payables excluding deferred income	14.0	-	-	-
	<u>17.7</u>	<u>32.5</u>	<u>-</u>	<u>1.7</u>
Derivative financial instruments - net outflows	-	-	-	-
Total	17.7	32.5	-	1.7
2012 Non-derivative financial instruments - outflows				
Long and short term borrowings	4.9	10.3	31.1	10.2
Finance leases	0.1	-	-	-
Trade and other payables excluding deferred income	16.3	-	-	-
	<u>21.3</u>	<u>10.3</u>	<u>31.1</u>	<u>10.2</u>
Derivative financial instruments - net outflows	-	1.7	-	-
Total	21.3	12.0	31.1	10.2

The above tables summarise undiscounted cash flows based on the financial liabilities of the Group outstanding at the year-end and assuming no changes in interest rates from the year-end rates. There are no financial liabilities payable on demand.

Fair value estimation.

In the opinion of the Board, the carrying amount of the financial assets and liabilities of the Group approximate their fair values. As noted above, the only other financial instruments that are measured at fair value through profit and loss are interest rate swaps. There are no financial assets or liabilities held for trading purposes or any investments classified as available-for-sale.

£10,212,500 of Zero Coupon Loan Notes were issued to Ares Lux as part of the Refinancing in September 2011. £5,106,250 of the Zero Coupon Loan Notes were exchanged for 8% Loan Notes on 4 June 2013. The remainder are repayable in normal circumstances in September 2021, or earlier in the event of another refinancing or a change of control of the Group. The Directors have discounted the Zero Coupon Loan Notes at 15%, a rate between the cost of the Group's senior debt and the cost of equity immediately after the Refinancing giving a fair value at the time of issue of £2,505,115. The imputed interest is charged to finance expenses from the date of issue until the repayment date. The charge in the year ended 29 December 2013 was £321,118 (2012: £392,754). The Loan Notes contain an embedded derivative as additional Loan Notes, up to a maximum value of £1,250,000 (2012: £2,500,000), will be issued if the Group achieves certain EBITDA targets in the years ended 31 December 2013 and/or 2014, or if the Enterprise Value at 31 December 2013 and/or 31 December 2014 and/or 31 December 2015 exceeds certain target amounts. No value has been attributed by the Directors to the embedded derivative at the time of issue, at 30 December 2012 or at 29 December 2013 as the Directors believe it is unlikely that these targets will be met.

The movements in the balance during the year were as follows:

	£
At 30 December 2012	3,011,113
Financing cost to 4 June 2013	190,567
At 4 June 2013	3,201,680
£2,106,250 nominal exchanged for 8% Loan Notes	(1,600,840)
Financing cost to 29 December 2013	130,551
At 29 December 2013	<u>1,731,391</u>

20 FINANCIAL INSTRUMENTS (continued)

The fair value of interest rate swaps is based on information derived from respective bankers' quotes and as such they fall into Level 2 of the fair value hierarchy. The fair value of the Zero Coupon Loan Notes is based on management judgement and as such falls into Level 3 of the fair value hierarchy.

Capital risk management

The Group considers its capital to comprise its ordinary share capital, share premium, other reserves and accumulated retained earnings. In managing its capital the Group's long-term objective is to ensure its continued ability to provide a growing return for its equity shareholders through a combination of capital growth and distributions.

The facilities provided by the Group's bankers originally included a number of financial covenants. During 2012 the financial covenants were renegotiated and the previous covenants relating to interest cover and leverage (debt to EBITDA) were replaced by covenants relating to EBITDA targets. The first testing of the covenants was at 30 December 2012 and the Group passed the test. The subsequent covenant test, which would have taken place at the end of March 2013, was cancelled as one of the changes to the Syndicated Facility Agreement agreed prior to the announcement of the bid by Angel Acquisitions Limited. New covenants relating to EBITDA targets are now in place and the first testing took place at 29 December 2013. This covenant test was passed.

21 SHARE CAPITAL

Authorised

	29 December 2013 Number '000	30 December 2012 Number '000	29 December 2013 £m	30 December 2012 £m
<i>Equity share capital</i>				
Ordinary shares of 10p each	847,799	847,799	84.8	84.8
<i>Preference share capital</i>				
Preference shares of 10p each	205,160	-	20.5	-
Allotted, called up and fully paid				
	29 December 2013 Number '000	30 December 2012 Number '000	29 December 2013 £m	30 December 2012 £m
<i>Equity share capital</i>				
Ordinary shares of 10p each	847,799	847,799	84.8	84.8
<i>Preference share capital</i>				
Preference shares of 10p each	205,160	-	20.5	-
			Preference shares of 10p	
			Number '000	£m
As at 1 January 2013			-	-
New preference shares issued on 18 October 2013 (note 20)			205,160	20.5
As at 29 December 2013			205,160	20.5

Holders of the preference shares shall receive, when the reserves allow, a cumulative 8% dividend. The dividend is payable in the event of winding up, other return of capital, or on redemption. The redemption is entirely within the discretion of the company and can be delayed until liquidation. Consequently as per IAS 32 the preference shares are classed as equity.

22 RESERVES

The share premium account represents amounts subscribed for share capital in excess of the nominal value of the shares issued.

The equity reserve represents the fair value adjustment between the value of preference shares issued and consideration received.

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations that are integral to the operations of the Group.

The retained earnings represent the cumulative profit or loss recognised in the Consolidated Statement of Comprehensive Income, as adjusted for subsequent transfers to or from other reserves.

23 CONTINGENT LIABILITIES

Claims and litigation

From time to time the Group and Company are in receipt of claims from customers and employees arising in the normal course of business.

The following disclosures are made in connection with claims or exposures which the Directors consider could represent material uncertainties

Dismissal of Executive Vice Chairman – Ms. Kate Bleasdale

The former Executive Vice Chairman was dismissed on 11 March 2011. She subsequently launched legal proceedings against the Company for unfair dismissal, victimisation and sex discrimination, claiming damages of £12m. An Employment Tribunal was held in April 2012 and all Ms Bleasdale's claims failed and her dismissal was held to be non-discriminatory and fair. Legal costs of defending the claim were expensed as incurred.

Ms Bleasdale subsequently asked the Employment Judge for a review of the decision but, after consideration, this review application failed.

Ms Bleasdale then submitted an appeal application to the Employment Appeal Tribunal ("EAT") seeking a review of the Employment Judge's decision. The EAT rejected her appeal application following its own initial review of the papers. Ms Bleasdale then asked for a preliminary hearing before an EAT judge and her appeal was allowed to proceed to a full hearing before the EAT. After various preliminary and preparatory hearings, the full appeal was heard in February 2014. Again, all her claims were dismissed. Ms Bleasdale has not sought an appeal to date and she has missed the Tribunal's and Court of Appeal's time limits to request the right to further appeal.

Litigation - Permian et al

Proceedings were filed on 12 February 2012 against Healthcare Locums plc (HCL), the Company's former Executive Vice Chairman Kathleen V Bleasdale, former Group Finance Director, Diane Jarvis and former Chairman Alan Walker ("the Defendants") in the United States District Court for the Southern District of New York (the US Federal Court). The proceedings were filed by Permian Master Fund, LP, Permian Investments Partners, LP, Arundel Capital LLC, Arundel Long Fund LP, Arundel Hedge Fund LP, Privet Capital, LLC and Flinn Investments, LLC ("the Plaintiffs").

The Summons alleged that the Plaintiffs were induced to invest in and/or retain securities issued by HCL or instruments linked to those securities on the basis of knowing or reckless misrepresentations by the Defendants concerning the Company's accounting practices and operating results. The Complaint alleged that, as a consequence, the Plaintiffs had suffered substantial damages by virtue of the suspension of the shares and the substantial decline in the prices of HCL securities and instruments linked thereto.

On 26 March 2012 notice was received that the claims against Kathleen V Bleasdale had been dismissed without prejudice. In June 2012 the Company learned that the proceedings had been dismissed voluntarily by the Plaintiffs. No prior notice was given to the Company and no explanation has been given by the Plaintiffs as to their reasons for seeking voluntary dismissal.

In July 2012 proceedings were commenced, in substantially the same form, against Healthcare Locums plc, Alan Walker and Diane Jarvis, in the Supreme Court of the State of New York (the New York State Court).

The Complaint requests a trial by jury and the Plaintiffs seek rescission and/or compensatory damages (including interest thereon). Whilst the information provided is insufficient to enable the Board to assess the quantum of the compensatory damages claimed, the Plaintiffs seek to assert a loss in the value of their investments and assert that they spent in the region of £13m purchasing their investments. The Plaintiffs also seek an award for punitive damages for each claim to the maximum extent allowable by US law together with an award of costs and such other relief as the US Court may deem just and proper. The Board are unable to quantify this further element of the claim.

The Company has been advised by English Leading Counsel and by Australian Counsel that if the Plaintiffs continue the US proceedings and secure a default judgment it is highly unlikely that any judgment would be recognised or enforceable in either the UK or Australia because of lack of jurisdiction in the US. In arriving at that conclusion, regard was had (amongst other things) to the following:

23 CONTINGENT LIABILITIES (continued)

- (a) The Company was incorporated in England with its shares listed and traded on AIM, a part of the London Stock Exchange
- (b) Its actions were governed by English law and the listing and trading of its shares on the London Stock Exchange were regulated by the rules of that exchange
- (c) The former directors named as defendants in the proceedings were directors of an English company and their powers, duties, obligations and liabilities were regulated by English law
- (d) None of the former directors is resident in the US
- (e) The subject matter of the alleged acts related to events in England
- (f) At the time the proceedings were issued, the Company did not operate in the US and had no assets in the US

Having considered the matter very carefully with the Company's legal advisors the Board decided in August 2012 that the Company would not submit to the US jurisdiction by filing a defence

Accordingly, our legal advisors wrote in August 2012 to the Plaintiffs' US counsel confirming that the Company did not propose to respond to the US proceedings and informing them that, if they wished to pursue a claim, they should do so in the proper forum, namely, the English High Court of Justice. The Plaintiffs' US counsel were also informed that the Board considered the underlying claim to be wholly without merit and that if proceedings were commenced in the proper forum they would be strenuously defended. In September 2013 default judgment was obtained against the Company. It is noted that one of the defendant's to the claim, the former chairman of the Company, Alan Walker, participated in the litigation and he was able to have the proceedings against him dismissed on grounds similar to those referred to above. As at this date, the Company is aware that a \$7.1m liability sum has been registered against it by the plaintiff Privet Capital and a \$13.1m judgement has been registered against it by Permian. As the Company has not submitted to the US jurisdiction or participated in the litigation, it is not aware if further sums have been registered against it by any of the other claimants. The Board continue to hold the opinion that the claims are without merit.

Potential claim - Ms. Kate Bleasdale

On 16 April 2013 the Board received a letter from solicitors instructed by Ms. Bleasdale, the former Executive Vice Chairman of the Company, giving notice of a potential claim pursuant to section 994 of the Companies Act 2006. The letter alleged that Ms. Bleasdale's position as a shareholder of HCL had been unfairly prejudiced by virtue of the events that led to the suspension of trading in HCL's shares in January 2011 and the subsequent restructuring in September 2011.

Amongst other things, Ms. Bleasdale claimed

- (a) She was not responsible for the events that led to the financial misstatements
- (b) The Board's decision in January 2011 to suspend trading in the Company's shares was unreasonable and unnecessary
- (c) The refinancing plan favoured the larger shareholders at the expense of smaller shareholders
- (d) In supporting the refinancing plan, the Board acted unreasonably and contrary to the interests of the Company and, in particular, failed to consider and/or pursue alternative refinancing options

As a result of these actions, Ms. Bleasdale asserted that HCL should purchase her current shareholding at a price of £1.12 per share being the share price immediately prior to its suspension in January 2011, a cost of approximately £2.24m.

Having taken legal advice, the Board considers that Ms. Bleasdale's claim is wholly without merit and the Company's legal advisers have written to Ms. Bleasdale's solicitors explaining why that is the case. In this response it was noted that

- (a) The factual account set out by the solicitors for Kate Bleasdale is not consistent with the overall findings of the Employment Tribunal that heard her unsuccessful claim for unfair dismissal, discrimination and whistle blowing
- (b) The Company had no alternative but to suspend the shares given the discovery of serious financial irregularities and the suspension of two of its senior executives
- (c) There were no other realistic alternatives to the refinancing proposal put forward
- (d) The issue of whether there were realistic alternatives to the refinancing proposal was also subject to vigorous debate at the General Meeting held on 12 September 2011. Ms. Bleasdale and her associates attended that meeting and were given ample opportunity to put forward opposing arguments. Having done so, the shareholders nevertheless voted in favour of the restructuring plan.

23 CONTINGENT LIABILITIES (continued)

The Company is confident of its position in respect of these claims and no provision has been made in the Financial Statements for future legal costs or for any settlement or adverse determination arising from this litigation

Other contingent liabilities

Managed service and Umbrella companies

The Board had taken external advice in 2011 from Grant Thornton UK LLP as to whether any financial exposure might exist from sourcing locums through "Umbrella" and/or Managed Service Companies. HCL has recruited through a small number of companies which Her Majesty's Revenue & Customs ("HMRC") could seek to argue were Managed Service Companies. If such arguments were successful this could leave the Group at risk of claims from HMRC for unpaid Income Tax and/or National Insurance should a Managed Service Company become insolvent with debts owing to HMRC in respect of locums who had worked through HCL. Whilst the Board is unaware of any Umbrella Company being in arrears with payments to HMRC in respect of any locums provided from such companies, a residual risk remains

The company operates self-billing arrangements for a large part of the locum workforce which enables the group to obtain a VAT deduction but which requires the supplier to account for VAT accordingly. There are a number of requirements associated with the operation of self-billing arrangements to obtain the VAT deduction. Should these requirements not be met there may be a contingent liability in respect of the VAT deduction claimed.

As well as the specific material contingent liabilities set out above, the Group's principal risks and uncertainties are set out in the statement on Principal Risks and Uncertainties on page 5

24 PENSIONS

The Group operates defined contribution pension schemes in the UK and Australia. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

25 COMMITMENTS UNDER OPERATING LEASES

As at 29 December 2013 the Group had total commitments under non-cancellable operating leases as set out below.

	Land and buildings		Other	
	29 December 2013 £m	30 December 2012 £m	29 December 2013 £m	30 December 2012 £m
Operating Lease commitments payable:				
Under 1 year	2.2	2.6	0.1	0.2
1 - 2 years	2.7	2.5	0.1	0.1
2 - 5 years	3.4	4.8	-	0.1
Over 5 years	1.4	3.1	-	-
	9.7	13.0	0.2	0.4

The leases on land and buildings range from nine months to eight years and five months in length. The operating leases described as "other" are mainly for cars and normally have a lifetime of three years.

26 RELATED PARTY TRANSACTIONS

One Director who served during the prior year, Bill Jessup who was Interim Chief Financial Officer until 19 April 2012, provided his services through his management company Corporate Navigator Limited. The amounts paid to the company for services provided are included in Note 5. In addition, expenses directly incurred in providing his services were billed through the company.

During 2013, and 2012, the law firm SNR Denton provided legal services to the Group. Mark Andrews, who was a Director throughout 2012 and until 3 June 2013, was a Partner in SNR Denton until 30 April 2011 and remains a Consultant. Whilst SNR Denton was not a related party at any time in the year or the prior year the Board considers the prior business relationship with SNR Denton, before Mark Andrews joined the Board, should be noted here for completeness.

The parent company Angel Acquisitions is directly owned by Ares Capital and Tosca fund. Therefore any transactions with these entities are deemed as related.

Ares Capital Europe has charged £20K for the services of Michael Dennis and Daniel Sinclair as Directors. The services of Mark Phillips, who served as a director and is connected to Tosca fund, were also charged to the accounts totalling £20K.

Ares holds the Zero Coupon loan Note included on the balance sheet. At 30th December 2012 there was £10.1M of Zero Coupon Loan Notes fair valued at £3.0M. As a result of the refinancing in June 2013 £5.1M nominal value of Zero Coupon Loan Notes were exchanged for 8% Loan Notes. The fair value of the remaining Zero Coupon Loan Notes at 29th December 2013 was £1.7M.

The key management personnel, whose costs are disclosed in Note 5, being Directors of the Company are considered to be related parties. Note 5 includes all the relevant disclosures of those related party costs.

27 SHARE OPTION SCHEME

Until June 4th 2013 the Company had a share option scheme in place. The share options in issue over ordinary shares of 10p as at 29 December 2013 were as follows:

Issue date	30 December 2012	Granted No '000	Exercised No '000	Forfeited No '000	29 December 2013	Exercise price (pence)	Expiry date
	No '000				No '000		
May 2008	48	-	-	(48)	-	112.50	May 2018
Dec 2010	100	-	-	(100)	-	98.50	Dec 2020
Total	148	-	-	(148)	-		

The vesting period for share options issued during 2005 is one year. The vesting period for all share options issued since 2006 is three years. None of the share options issued contained any performance criteria parameters, and all are equity settled.

The total number of share options exercisable at 29 December 2013 was nil (2012: 48,200). The weighted average exercise price at 29 December 2013 was 0p (2012: 112.5p).

No share options were granted or exercised in 2013 or 2012. At no time during 2013, prior to the shares being delisted on 3 June 2013, was the share price above the lowest option price.

For the share options in use at 30/12/2012 the weighted average contractual life of these options was 86 months.

In respect of these share-based payments a charge has been debited to the profits of the Group and the Company for the year of £nil (2012: debit of £14,000).

The company delisted 3 June 2013 and became private. At this point the share option scheme was cancelled.

Comparative information for 2012 is as follows:

Issue date	1 January 2012	Granted No '000	Exercised No '000	Forfeited No '000	30 December 2012	Exercise price (pence)	Expiry date
	No '000				No '000		
Apr 2005	4	-	-	(4)	-	10.00	Apr 2015
May 2008	72	-	-	(24)	48	112.50	May 2018
Dec 2010	100	-	-	-	100	98.50	Dec 2020
Total	176	-	-	(28)	148		

28 POST BALANCE SHEET EVENTS

Restructuring of bank loan

On 1 August 2014 the Group received loans totalling £16.1M from the shareholders of its parent company Angel Acquisitions. Tosca Opportunity ("Tosca") loaned £9.1M and Ares Capital Europe (Luxembourg) SarL ("Ares") loaned £7.0M. These loans bear interest at 5% with the option for the Company to elect to roll interest into the capital amount, in which case the interest rate is 6%. The repayment date is 31 December 2017. The loans were applied to pay down part of the bank loans provide cash-backing for certain guarantees and cover related professional fees.

Tosca and Ares purchased the remaining bank loan and extended its terms. The remaining loan is now repayable by 31 December 2017 and bears interest of 5% above Base Rate, unless the Group chooses to capitalise the interest into the loan rather than pay it, in which case the interest rate is 6% above Base Rate.

Assignment of lease

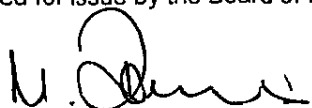
On 4 April 2014 Healthcare Locums Ltd assigned the lease on a property in London to a third party. The lease had a termination date of 11 March 2020 and an annual rental of £444,465.

PARENT COMPANY BALANCE SHEET **AS AT 29 DECEMBER 2013**

		29 December 2013	30 December 2012
	Notes	£m	£m
ASSETS			
Fixed assets			
Intangible assets	31	1.3	0.5
Property, plant and equipment	32	0.4	0.4
Investments	33	5.6	5.6
		<u>7.3</u>	<u>6.5</u>
Current assets			
Trade and other receivables	35	98.0	46.5
Cash and cash equivalents		2.5	5.2
		<u>100.5</u>	<u>51.7</u>
Total assets		<u>107.8</u>	<u>58.2</u>
LIABILITIES			
Current liabilities			
Trade and other payables	36	(76.0)	(24.2)
Provisions for liabilities	37	(0.2)	(0.2)
		<u>(76.2)</u>	<u>(24.4)</u>
Total assets less current liabilities		31.6	33.8
Creditors: Amounts falling due after more than one year			
Zero coupon loan notes	38	(1.7)	(3.0)
Provisions for liabilities	37	(0.4)	(0.9)
		<u>(2.1)</u>	<u>(3.9)</u>
NET ASSETS		29.5	29.9
CAPITAL AND RESERVES			
Share capital	39	105.3	84.8
Share premium account	40	55.2	55.2
Share option reserve	40	-	1.2
Equity reserve	40	(12.9)	-
Retained loss	40	(118.1)	(111.3)
SHAREHOLDERS' FUNDS		29.5	29.9

The Notes are an integral part of these Financial Statements

The Financial Statements of Healthcare Locums Limited, registered number 04736913, were approved and authorised for issue by the Board of Directors on 03 December 2014 and were signed on its behalf by



Michael Dennis
Director

29 STATEMENT OF 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 policies adopted are consistent with those applied in the preparation of the audited accounts for the 52 weeks ended 29 December 2013

The following principal accounting policies have been applied

(a) Turnover

Turnover represents the amounts earned from the provision of services to external customers during the reporting period – the time of provision of services being the point at which the amount of revenue can be measured reliably and when it is probable that the economic benefits will flow to the Company. Turnover is stated at invoiced amounts less value added tax or local taxes on sales, plus revenue earned but unbilled which is included as accrued income in receivables

- Turnover from temporary placements, which represents revenue for the services of temporary staff, is recognised when the services have been provided. Turnover includes the salary costs of the temporary staff unless paid directly by the client in which case turnover represents commission only

- Turnover from permanent placements is recognised at the date when a candidate commences work. Appropriate provision is made for the expected cost of meeting obligations where employees do not work for the specified contractual period

(b) Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all intangible and tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates

Improvements to leasehold buildings	- Term of lease
Office and computer equipment	- 3 to 8 years
Computer software	- 3 to 5 years

(c) 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 taxation computations in periods different from those in which they are included in 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

(d) Valuation of investments

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

(e) Goodwill

Purchased goodwill in respect of the acquisitions of trade and assets of a business is capitalised. Goodwill is amortised to nil by equal annual instalments over its estimated useful life

(f) Impairment

The Directors carry out impairment reviews annually or whenever an indication of impairment has been identified. Impairment charges are recorded in the Profit and Loss account

The valuation of investments in subsidiary undertakings is calculated by reference to estimated future cash flows of the relevant company discounted using an appropriate, risk adjusted, rate

For the year ended 29 December 2013 the Company made estimates that are more fully described in Note 33

(g) Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Profit and Loss account

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Profit and Loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor

All other leases are treated as operating leases. Their annual rentals are charged to the Profit and Loss account on a straight-line basis over the term of the lease

29 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Foreign exchange

Turnover generated and costs incurred by the Company in a currency other than the currency of the primary economic environment in which it operates is recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are retranslated at the rates ruling at each balance sheet date. Exchange differences arising are recognised immediately in the Profit and Loss account.

(i) Share-based employee remuneration

Until 3rd June 2013 the Group operated an equity-settled, share-based compensation plan. When share options were awarded to employees a charge was made to the Profit and Loss account recognising the fair value of the options issued over the vesting period. The options vest after a specific period (3 years for options issued in 2006 to 2010, 1 year for options issued earlier). There are no other vesting conditions, other than that the options lapse should the employee leave the Group. The cumulative expense is adjusted for failure to achieve non-market vesting conditions, such as an employee leaving.

Management charges are levied on subsidiary undertakings which take into account the share-based compensation plan charges or credits.

The credit entry for this charge is taken to the share option reserve and reported in the reconciliation of movements in shareholders' funds.

(j) Pension costs

Contributions to the Company's defined contribution pension scheme are charged to the Profit and Loss account in the year in which they become payable.

(k) Financial instruments

The Company uses interest rate swap instruments to manage the Group's interest rate risk. These financial instruments are not recognised on the Balance Sheet of the Company. Receipts or payments resulting from these interest rate instruments are accounted for within Profit and Loss in the period during which the receipts or payments arise.

(l) Provisions and contingent liabilities

The Group policy for provisions and contingent liabilities, as set out in Note 3(q), applies equally to the Company which has the same policy.

30 LOSS FOR THE YEAR

The loss after tax for the year dealt with in the financial statements of the Company amounts to £6.8m (2012: £25.4m). As allowed by the provisions of Section 408 of the Companies Act 2006 the Company has not published its own Profit and Loss account.

31 INTANGIBLE ASSETS

	Purchased Goodwill £m	Computer software £m	Total £m
Cost:			
At 1 January 2012	2.7	0.5	3.2
Additions	-	0.5	0.5
Written off	(2.7)	-	(2.7)
Reclassification	-	(0.2)	(0.2)
At 30 December 2012	-	0.8	0.8
Additions	-	0.9	0.9
At 29 December 2013	-	1.7	1.7
Amortisation:			
At 1 January 2012	2.7	0.2	2.9
Provided for the year	-	0.1	0.1
Written off	(2.7)	-	(2.7)
At 30 December 2012	-	0.3	0.3
Provided for the year	-	0.1	0.1
At 29 December 2013	-	0.4	0.4
Net book value:			
At 29 December 2013	-	1.3	1.3
At 30 December 2012	-	0.5	0.5

32 PROPERTY, PLANT AND EQUIPMENT

	Improvements to leasehold buildings £m	Office and computer equipment £m	Total £m
Cost:			
At 1 January 2012	0.4	0.8	1.2
Additions	0.1	0.1	0.2
Disposals	(0.2)	(0.2)	(0.4)
At 30 December 2012	0.3	0.7	1.0
Additions	-	0.1	0.1
Disposals	-	(0.1)	(0.1)
At 29 December 2013	0.3	0.7	1.0
Depreciation:			
At 1 January 2012	0.1	0.6	0.7
Provided for the year	-	0.1	0.1
Disposals	(0.1)	(0.1)	(0.2)
At 30 December 2012	-	0.6	0.6
Provided for the year	-	0.1	0.1
Disposals	-	(0.1)	(0.1)
At 29 December 2013	-	0.6	0.6
Net book value:			
At 29 December 2013	0.3	0.1	0.4
At 30 December 2012	0.3	0.1	0.4

33 INVESTMENTS

	Shares in subsidiary undertakings £m
Cost:	
At 1 January 2012	56.5
Reduction in deferred consideration	(0.1)
At 30 December 2012	56.4
At 29 December 2013	56.4
Impairment.	
At 1 January 2012	49.0
Charged in the year	1.8
At 30 December 2012	50.8
At 29 December 2013	50.8
Net book value	
At 29 December 2013	5.6
At 30 December 2012	5.6

The structure of the Group has remained the same since the restructure in 2012 so that each main segment operates through a single company, save the off framework business for all segments operates through a separate company. As such each segment completes its own budgets and forecasts which are used to assess the forecast future cash flows, and hence the valuation, of the subsidiary undertakings. That exercise has been completed, using the same methodology adopted in assessing the value in use of the UK goodwill and intangible fixed assets as disclosed in Note 11 and as a result there was no requirement to impair the investments.

34 SUBSIDIARY UNDERTAKINGS

The principal undertakings in which the Company has an interest at the year-end are as follows

Name	Nature of business
HCL Doctors Limited	On framework supply of professional health services of statutorily registered doctors
HCL Healthcare Limited	On framework supply of professional health services of health professionals and ancillary staff
HCL Nursing Limited	On framework supply of professional health services of statutorily registered nurses
HCL Social Care Limited	(a) On framework supply of professional health services of social workers
JCJ Locums Limited	Off framework supply of professional health services of statutorily registered doctors, nurses, social workers, health professionals and ancillary staff
HCL Permanent Limited	Supply of medical staff on a permanent placement basis
HCL Managed Services Limited	(b) Supply of managed services to the healthcare market
MPS Healthcare Limited	Supply of professional health services of statutorily registered medical staff
Recruitment Specialist Group Limited	Holding company
HCL GPs Limited	Supply of professional health services of statutorily registered doctors
HCL International Pty Limited	Supply of medical staff on a permanent placement basis
Healthcare Australia Holdings Pty Limited ("HCA")	(c) Holding company for Australian subsidiary undertakings
Healthcare Australia Pty Limited	(c) Principal subsidiary of Healthcare Australia Holdings Pty Ltd
Acclaim Recruitment Pty Limited	(d) Nursing Agency
ASEPS Pty Limited	(d) Nursing Agency
Care Services Admin Pty Limited	(d) Admin staff for the business
Goongee Pty Limited	(d) Nursing Agency
Malvern Payroll Management Services Pty Limited	(d) Nursing Agency
NT Medic Pty Limited	(d) Nursing Agency
Nursing Agency Australia Pty Limited	(d) Nursing Agency
PNS (PCC) Pty Limited	(d) Nursing Agency
PNS (Staffing Synergy) Pty Limited	(d) Nursing Agency
PNS (Vic) Pty Limited	(d) Nursing Agency
Select Unit Trust	(d) Nursing Agency

All subsidiaries are 100% owned by HCL other than those marked

(a) owned 100% by Blue Group International Holdings Limited,

(b) owned 100% by JCJ Group Limited,

(c) owned 100% by HCL International Pty Limited, and

(d) owned 100% by HCA

All 100% share ownerships also represent 100% of the voting rights

All subsidiaries operate in the United Kingdom and are registered in England and Wales other than HCL International Pty Limited and subsidiaries thereof which are registered in Australia. The table above excludes dormant subsidiaries in the United Kingdom and United States. All companies have been included in the consolidated results of the Group

34 SUBSIDIARY UNDERTAKINGS (continued)

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of that Act

Name	Registered number
HCL Doctors Limited	3069773
HCL Healthcare Limited	3496076
HCL Nursing Limited	5980817
HCL Social Care Limited	3710864
JCJ Locums Limited	5790018
HCL Permanent Limited	5790004
HCL Managed Services Limited	2273072
MPS Healthcare Limited	3989591
Recruitment Specialist Group Limited	3216930
HCL GPs Limited	5130842
Nurselink Worldwide Limited	5804412
JCJ Group Limited	4469671
MJV Locums Limited	7305911
BBL Medical Recruitment Limited	5716382
JCJ Holdings Limited	4402407
HCL Dubai Limited	5755169
Blue Group International Holdings Limited	4171692

The above subsidiaries' outstanding liabilities at 29 December 2013 had been guaranteed by the Company pursuant to sections 479A-C of the Act

35 TRADE AND OTHER RECEIVABLES

	29 December 2013 £m	30 December 2012 £m
Other debtors	0.1	0.1
Prepayments	0.9	1.2
Amounts receivable from subsidiary undertakings	97.0	45.2
	98.0	46.5

The receivables have been impaired by £6.9m which is largely from an adjustment against the MPS subsidiary. This company is expected to be sold towards the end of 2014 and the balances have been provided for as the consideration expected will be less than their value.

The net amounts due from subsidiary undertakings are repayable on demand and do not bear any interest. All other amounts shown within trade and other receivables fall due for payment within one year.

36 TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	29 December 2013 £m	30 December 2012 £m
Trade creditors	0.1	0.6
Amounts due to subsidiary undertakings	73.4	20.1
Other taxes and social security	0.4	0.4
Accruals	2.3	2.5
Other creditors	(0.2)	0.6
	76.0	24.2

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

37 PROVISIONS AND DEFERRED CONSIDERATION

	Onerous contracts £m	Onerous leases £m	Total provisions £m	Deferred consideration £m
At 1 January 2012	0.4	1.5	1.9	0.9
Paid during the year	(0.1)	(0.4)	(0.5)	(0.8)
Agreed reduction in consideration	-	-	-	(0.1)
Charged / (credited) to profit & loss	-	(0.3)	(0.3)	-
At 30 December 2012	0.3	0.8	1.1	-
Paid during the year	-	-	-	-
Charged / (credited) to profit & loss	(0.3)	(0.2)	(0.5)	-
At 29 December 2013	-	0.6	0.6	-
At 29 December 2013				
Current	-	0.2	0.2	-
Non-current	-	0.4	0.4	-
At 30 December 2012				
Current	-	0.2	0.2	-
Non-current	0.3	0.6	0.9	-

At the time of the Refinancing of the Company in September 2011, the Company was obliged to enter into two interest rate swaps with a fair value loss of £0.4m at inception. These onerous contracts have no purpose, are not held for either trading or investment and therefore a provision has been recorded for the expected loss as an onerous contract. The interest rate swaps were settled during the year.

There are two contracts, each with principal amounts of £2,720,000. The Company pays a fixed rate of 3.305% and receives floating rate interest, based on LIBOR, in return. The contracts have expired.

38 ZERO COUPON LOAN NOTES

	29 December 2013 £m	30 December 2012 £m
Fair value at the beginning of the year	3.0	2.6
Fair value of notes issued	-	-
Fair value of notes redeemed	(1.6)	-
Imputed interest in the year	0.3	0.4
Fair value at the end of the year	1.7	3.0

£10,212,500 of Zero Coupon Loan Notes were issued to Ares Lux as part of the Refinancing in September 2011. £5,106,250 of the Zero Coupon Loan Notes were exchanged for 8% Loan Notes on 4 June 2013. The remainder are repayable in normal circumstances in September 2021, or earlier in the event of another refinancing or a change of control of the Group. The Directors have discounted the Zero Coupon Loan Notes at 15%, a rate between the cost of the Group's senior debt and the cost of equity immediately after the Refinancing giving a fair value at the time of issue of £2,505,115. The imputed interest is charged to finance expenses from the date of issue until the repayment date. The charge in the year ended 29 December 2013 was £321,117 (2012: £392,754). The Loan Notes contain an embedded derivative as additional Loan Notes, up to a maximum value of £1,250,000 (2012: £2,500,000), which will be issued if the Group achieves certain EBITDA targets in the years ended 31 December 2013 and/or 2014, or if the Enterprise Value at 31 December 2013 and/or 31 December 2014 and/or 31 December 2015 exceeds certain target amounts. No value has been attributed by the Directors to the embedded derivative at the time of issue, at 30 December 2012 or at 29 December 2013 as the Directors believe it is unlikely that these targets will be met.

39 SHARE CAPITAL

All details of the allotted, called up and fully paid share capital, plus the movements during the prior year, are set out in Note 21 to the Group Financial Statements

40 RESERVES

	Share premium account £m	Share option reserve £m	Equity reserve £m	Profit and loss account £m
At 1 January 2012	55.2	1.2	-	(85.9)
Loss for the year	-	-	-	(25.4)
At 30 December 2012	55.2	1.2	-	(111.3)
Profit/(loss) for the year	-	-	(12.9)	(8.0)
Share option reserve transferred	-	(1.2)	-	1.2
At 29 December 2013	55.2	-	(12.9)	(118.1)

41 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	52 weeks ended 29 December 2013 £m	52 weeks ended 30 December 2012 £m
Loss for the year	(6.8)	(25.4)
Loan notes classified as equity and then converted to preference shares	6.6	-
Loan notes classified as equity	1.0	-
Share option reserve cessation	(1.2)	-
Add Opening shareholders' funds	29.9	55.3
Closing shareholders' funds	29.5	29.9

43 PENSIONS

The Company operates a defined contribution pension scheme. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

44 COMMITMENTS UNDER OPERATING LEASES

As at 29 December 2013, the Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	29 December 2013 £m	30 December 2012 £m	29 December 2013 £m	30 December 2012 £m
Operating Lease commitments payable:				
Under 1 year	0.2	-	-	0.1
1 - 2 years	-	-	0.1	-
2 - 5 years	0.2	-	-	-
Over 5 years	1.0	1.0	-	-
	1.4	1.0	0.1	0.1

45 RELATED PARTY TRANSACTIONS

See Note 26 to the Group Financial Statements for transactions with and balances due from and to related parties. All the reported transactions were with the Company.

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 the Company on the grounds that 100% of the voting rights in the other members of the Group are controlled by the Company and the results of all subsidiary undertakings are included in the Group Financial Statements.

45 SHARE OPTION SCHEME

Full details on the Company share option scheme are given in Note 27 to the Group Financial Statements.

46 CONTINGENT LIABILITIES

Details of the main material contingent liabilities for the Company are set out in Note 23. In addition the Company is party to the SFA and, as a result, is a guarantor of all borrowings of the Group. Details of Group borrowings are disclosed in Note 17.

As set out in Note 34 the Company has guaranteed the liabilities at 29 December 2013 of the named UK subsidiary undertakings. The amounts receivable from subsidiaries at 29 December 2013, as set out in Note 35, have been impaired where there is a possibility that full settlement of group indebtedness will not be possible if external liabilities are settled in full.

47 POST BALANCE SHEET EVENTS

Full details of post Balance Sheet events relevant to the Company are given in Note 28.

48 ULTIMATE CONTROLLING PARTY

Angel Acquisitions Ltd, which at 29 December 2013 was the ultimate Parent Company, Angel Acquisitions Ltd, is registered in England and Wales. The ultimate controlling parties are ACE Equity Holdco (Cayman) Ltd (ARES) and Tosca Opportunity whom are the major shareholders of Angel Acquisitions.