

**Healthcare Locums Limited**  
Company number 04736913

Annual Report and Financial Statements

52 weeks ended

28 December 2014

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# **Healthcare Locums Limited**

## **Annual Report and Financial Statements for the 52 weeks ended 28 December 2014**

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## **DIRECTORS AND ADVISORS**

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### **Directors**

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

### **Registered Office**

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**

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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.

On 1 June 2015 the company's subsidiary Healthcare Australia acquired the goodwill and business of Randstad Care in Australia for consideration of A\$5.365 million. This acquisition cements HCA's number one position in the Australian Health & Aged Care market and adds to our capacity, as well as enhancing our offering to better service our candidates and clients.

### **Business Review**

#### **Group**

The Group reported revenue for the year of £168.0m (2013: £164.7m) and the adjusted EBITDA for the year was a loss of £0.2m (2013: £1.9m).

The reported loss from continuing operations was £4.8m (2013: £17.6m) after impairment of goodwill, intangible assets and exceptional operating expenses.

The main exceptional costs (note 6) in the 52 weeks ended 28 December 2014 relate to the reorganisation and refinancing of the HCL group by replacing the external debt. All loan finance in the Group is now provided by the shareholders of the parent company, Angel Acquisitions Ltd. Exceptional costs in 2013 related to the de-listing of the company, costs associated with right sizing the business and legal fees.

The board monitors performance closely throughout the year. The principal financial indicators for operations are gross margin per head, contribution per head and 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)****UK**

	2014	2013
Gross profit per head £000's	89	70
Contribution per head £000's	33	25
Gross profit conversion to contribution	37%	36%

The UK business continued to drive for efficiency throughout 2014 and gross profit per head in operations increased by 27% (calculated as increase shown above between 2013 and 2014 of £19k over 2013's figures of £70k), while contribution per head grew by 32% (calculated as increase shown above of 2013 and 2014 of £8k over 2013's figure of £25k). Contribution is defined as gross profit less divisional costs.

The table below summarises UK trading performance:

	2014 £m	2013 £m
Revenue	91.8	82.6
Gross Profit	17.9	17.1
Gross Profit %	19.5%	20.7%
Divisional Costs	(11.3)	(10.6)
Central Costs (excl. depreciation & amortisation)	(9.6)	(10.6)
Adjusted EBITDA – UK	(3.0)	(4.1)

On 22nd December 2014 the trade and fixed assets of MPS Healthcare Ltd, the locum nursing business based in Wales, were sold. The profit on sale of £0.4m has been included as an exceptional item (note 6).

**Australia**

	2014	2013
Gross profit per head £000's	87	89
Adjusted EBITDA per head £000's	17	12
Gross profit conversion to adjusted EBITDA	20%	13%

The KPI's in the table above are calculated on the same premise as those defined in the UK. The 2014 figures are based on the presentational currency figures stated below.

The Australian business has recovered well from the downturn in private sector demand experienced in 2012 and early 2013. Revenue, gross profit, and EBITDA all grew on a constant currency basis.

The table below summarises trading performance in Australia:

**STRATEGIC REPORT (continued)**

	<b>Presentational currency</b>	<b>Constant Currency</b>	<b>Prior year</b>
	<b>2014 £m</b>	<b>2014 £m</b>	<b>2013 £m</b>
Revenue	76.2	88.6	82.1
Gross Profit	14.0	16.3	16.1
Gross Profit %	18.4%	18.4%	19.6%
Operating Expenses (excluding depreciation & amortisation)	(11.2)	(13.0)	(13.9)
Adjusted EBITDA – Australia	2.8	3.3	2.2

**Capital Structure**

The company's capital structure consists of ordinary and preference shares owned by its parent, Angel Acquisitions Ltd, preference shares owned by Ares Capital Group (Luxembourg) SARL (Ares), £5.1m of zero coupon loan notes also owned by Ares and 8% loan notes held by Angel Acquisitions Ltd.

In August 2014, Tosca Opportunity (Tosca) and 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.

On 15 June 2015, the company entered into a 3 year £18m invoice financing facility. Healthcare Australia Pty Limited is expected to complete a similar 3 year, A\$20m facility early August 2015. The purpose of these facilities is to enable the repayment of the loan made by the shareholders of Angel Acquisitions Limited in August 2014 and to provide working capital facilities to fund future growth.

These transactions will leave the Group's capital structure in a more stable position. Further details of the Company's funding structure can be found in notes 16 and 19 of the financial statements.

**Principal Risks and Uncertainties**

The Board considers the principal risks facing the business as part of the annual budgeting process.

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:

**Risk****Availability of Finance**

The Group is dependent on the continuing availability of finance from its parent company, Angel Acquisitions Limited. In August 2014 the shareholders of Angel Acquisitions loaned the Company £16.1m to fund part repayment of various bank loans and purchased the remaining loan from the banks. This £16.1m loan is due for repayment by 31st December 2017 and carries no financial covenants. The invoice finance facility recently completed in the UK, together with that soon to complete facility in Australia, ensures the Group has adequate financing for the foreseeable future.

**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.

## **STRATEGIC REPORT (continued)**

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### **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 located in the UK and Australia. Local revenues are accounted for in local currency. The presentational 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, which was settled in August 2014, 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 19.

### **Potential Impact from Past Events, including Litigation**

As described in Note 22 a claim by certain US investors has been filed in the State of New York against the Company and certain of its former directors and default judgement obtained.

Whilst the Board has been advised that 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**



**I M Ketchin**

**Director**

**23 July 2015**

## **REPORT OF THE DIRECTORS**

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### **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 principal subsidiary undertakings affecting the profits or net assets of the Group in the year are listed in Note 31 to the Financial Statements as well as other dormant and non trading members of the group.

### **Future Developments**

All future developments are covered in the Strategic Report.

### **Dividends**

No dividends were paid in 2014 and the Directors are not proposing a final dividend for 2014.

### **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 19, 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's 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 5. 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 pages 2 to 5. Together with the £18m invoice finance facility recently completed in the UK and the A\$20m facility soon to complete in Australia, the Group has adequate financing for the foreseeable future. Principal risks and uncertainties are described on pages 4 to 5. In addition, the Group has certain contingent liabilities, as described in Note 22 to these financial statements.

The Group prepares regular business forecasts and monitors its projected cash flow requirements. The forecasts are reviewed by the Board. They 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.

## 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 22.

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 if during the year were as follows -

Director	Position	Date of appointment (if after 29 December 2013)
Peter Sullivan	Non-executive Chairman	-
Stephen Burke	Chief Executive Officer	-
Jason Cartwright	Chief Executive Officer Australia	-
Ian Ketchin	Chief Financial Officer	4 March 2014
Mark Phillips	Non-executive Director	-
Michael Dennis	Non-executive Director	-
Daniel Sinclair	Non-executive Director	-

### 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 22, 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 25 to the financial statements.

### 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.

## REPORT OF THE DIRECTORS (continued)

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### Auditor

In accordance with section 485 of the companies act 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of Grant Thornton UK LLP as auditors. Marc Summers is the Senior Statutory Auditor.

### 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



I M Ketchin

*Director*

23 July 2015

## DIRECTORS' RESPONSIBILITIES STATEMENT

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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:**



**I M Ketchin**

*Director*

**23 July 2015**

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

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We have audited the financial statements of Healthcare Locums Limited for the 52 weeks ended 28 December 2014 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](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

#### **In our opinion:**

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 28 December 2014 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)**

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### **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  
23 July 2015

# **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** **FOR THE 52 WEEKS ENDED 28 DECEMBER 2014**

		52 weeks ended 28 December 2014	52 weeks ended 29 December 2013
	Notes	£m	£m
<b>Revenue</b>		<b>168.0</b>	164.7
Cost of sales		(136.1)	(131.5)
<b>Gross profit</b>		<b>31.9</b>	33.2
Operating expenses		(35.8)	(40.1)
Highlighted items:			
Goodwill and intangible assets impairment	11,12	-	(8.1)
Net exceptional operating expenses	6	(0.9)	(2.6)
Total operating expenses		(36.7)	(50.8)
<b>Loss from operations</b>	7	<b>(4.8)</b>	(17.6)
Finance income	8	0.3	0.6
Finance expense	8	(3.4)	(5.9)
<b>Loss before taxation from continuing operations</b>		<b>(7.9)</b>	(22.9)
Tax (charge)/benefit from continuing operations	9	(1.3)	0.1
<b>Loss for the year attributable to the owners of the parent</b>		<b>(9.2)</b>	(22.8)
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit &amp; loss</b>			
Translation adjustment		0.7	3.2
<b>Total other comprehensive income</b>		<b>0.7</b>	3.2
<b>Total comprehensive loss for the year attributable to the owners of the parent</b>		<b>(8.5)</b>	(19.6)

The Consolidated Statement of Comprehensive Income has been prepared on the basis that all operations are continuing.

The Notes are an integral part of these Financial Statements.

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION** **AS AT 28 DECEMBER 2014**

	Notes	28 December 2014 £m	29 December 2013 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	11	10.4	11.1
Other intangible assets	12	21.0	24.7
Property, plant and equipment	13	1.0	1.4
		<b>32.4</b>	<b>37.2</b>
<b>Current assets</b>			
Trade and other receivables	14	23.5	19.7
Current tax receivable		0.1	0.5
Cash and cash equivalents		8.6	4.9
		<b>32.2</b>	<b>25.1</b>
<b>Total assets</b>		<b>64.6</b>	<b>62.3</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	(16.7)	(17.5)
Current portion of long term borrowings	16	-	(0.7)
Derivative financial instruments	19	-	(0.6)
Deferred consideration	17	-	(0.2)
Provisions	17	(1.8)	(2.0)
		<b>(18.5)</b>	<b>(21.0)</b>
<b>Non-current liabilities</b>			
Borrowings	16	(44.5)	(32.2)
Deferred tax liability	18	(4.1)	(2.8)
Provisions	17	(1.0)	(1.3)
		<b>(49.6)</b>	<b>(36.3)</b>
<b>Total liabilities</b>		<b>(68.1)</b>	<b>(57.3)</b>
<b>TOTAL NET (LIABILITIES) / ASSETS</b>		<b>(3.5)</b>	<b>5.0</b>
<b>SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>			
Share capital	20	107.3	105.3
Share premium reserve	21	55.2	55.2
Equity reserve	21	(14.9)	(12.9)
Translation reserve	21	4.1	3.4
Retained loss	21	(155.2)	(146.0)
<b>TOTAL EQUITY</b>		<b>(3.5)</b>	<b>5.0</b>

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 23 July 2015 and were signed on its behalf by:

  
I M Ketchin

Director

Company number: 04736913

# **CONSOLIDATED STATEMENT OF CASH FLOWS** **FOR THE 52 WEEKS ENDED 28 DECEMBER 2014**

	52 weeks ended 28 December 2014 £m	52 weeks ended 29 December 2013 £m
<b>Cash flows from operating activities</b>		
Loss for the year	(9.2)	(22.8)
Adjustments for:		
Depreciation of property, plant and equipment	0.5	1.0
Amortisation of intangible assets	3.2	4.0
Profit on disposal of intangible assets	(0.4)	-
Goodwill impairment	-	5.9
Impairment of other intangible assets	-	2.2
Finance income	(0.3)	(0.6)
Finance expense	3.4	5.9
Corporation tax charge / (credit)	1.3	(0.1)
<b>Cash flows from operating activities before changes in working capital</b>	<b>(1.5)</b>	<b>(4.5)</b>
Changes in receivables	(3.9)	2.1
Changes in payables	(0.3)	(2.4)
<b>Cash used in operations</b>	<b>(5.7)</b>	<b>(4.8)</b>
Corporation tax received	0.5	-
<b>Net cash flows used in operating activities</b>	<b>(5.2)</b>	<b>(4.8)</b>
<b>Investing activities</b>		
Disposal of MPS trade and assets	1.6	-
Disposal of intangible fixed assets	0.4	-
Disposal of property, plant and equipment	0.2	-
Capital element of lease payments	-	(0.1)
Acquisition of property, plant and equipment	(0.4)	(0.4)
Acquisition of intangible assets	(0.7)	(1.0)
<b>Net cash generated by / (used in) investing activities</b>	<b>1.1</b>	<b>(1.5)</b>
<b>Financing activities</b>		
Cash received from shareholders in respect of preference shares issue	-	6.0
Repayment of borrowings	(10.5)	(0.8)
New loans	21.2	-
Interest and similar expenses paid	(2.9)	(3.6)
<b>Net cash from / (used in) financing activities</b>	<b>7.8</b>	<b>1.6</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>3.7</b>	<b>(4.7)</b>
Cash and cash equivalents at the beginning of the year	4.9	9.3
Effect of exchange rates on cash and cash equivalents	-	0.3
<b>Cash and cash equivalents at the end of the year</b>	<b>8.6</b>	<b>4.9</b>

**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 30 December 2012	84.8	55.2	1.2	-	0.2	(124.4)	17.0
Preference shares converted from loan notes	20.5	-	-	-	-	-	20.5
Preference share conversion equity reserve	-	-	-	(12.9)	-	-	(12.9)
Transactions with owners	20.5	-	-	(12.9)	-	-	7.6
Loss for the year	-	-	-	-	-	(22.8)	(22.8)
Share option reserve transferred	-	-	(1.2)	-	-	1.2	-
Other comprehensive income	-	-	-	-	3.2	-	3.2
<b>Balance at 29 December 2013</b>	<b>105.3</b>	<b>55.2</b>	<b>-</b>	<b>(12.9)</b>	<b>3.4</b>	<b>(146.0)</b>	<b>5.0</b>
Preference shares converted from loan notes	2.0	-	-	(2.0)	-	-	-
Transactions with owners	2.0	-	-	(2.0)	-	-	-
Loss for the year	-	-	-	-	-	(9.2)	(9.2)
Other comprehensive income	-	-	-	-	0.7	-	0.7
<b>Balance at 28 December 2014</b>	<b>107.3</b>	<b>55.2</b>	<b>-</b>	<b>(14.9)</b>	<b>4.1</b>	<b>(155.2)</b>	<b>(3.5)</b>

The Notes are an integral part of these Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Healthcare Locums Ltd 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 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

New standards and interpretations currently in issue (as at 21 July 2015) but not effective, based on EU mandatory effective dates, for accounting periods commencing on 1 January 2014 are:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)^<sup>^</sup>
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)^<sup>^</sup>
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)^<sup>^</sup>
- IFRIC Interpretation 21 Levies (IASB effective 1 January 2014)^<sup>##</sup>
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (IASB effective date 1 July 2014)^<sup>\$\$</sup>
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (IASB effective date 1 January 2016)^<sup>^</sup>
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016)^<sup>^</sup>
- Annual Improvements to IFRSs 2010-2012 Cycle (IASB effective date generally 1 July 2014)^<sup>\$\$</sup>
- Annual Improvements to IFRSs 2011-2013 Cycle (IASB effective date 1 July 2014)^<sup>@@</sup>
- Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016)^<sup>^</sup>
- Amendments to IAS 16 and IAS 41: Bearer Plants (effective 1 January 2016)^<sup>^</sup>
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective 1 January 2016)^<sup>^</sup>
- 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)^<sup>^</sup>^<sup>€€</sup>

The standards IFRS 10, 11 and 12 became effective for the current accounting period. Their introduction has resulted in no change to the financials. Those standards detailed above that are yet to come into effect are not expected to have any impact when adopted.

<sup>^</sup> Not adopted by the EU (as at 21 July 2015).

<sup>##</sup> EU mandatory effective date is financial years starting on or after 17 June 2014.

<sup>\$\$</sup> EU mandatory effective date is financial years starting on or after 1 February 2015.

<sup>@@</sup> EU mandatory effective date is financial years starting on or after 1 January 2015

<sup>€€</sup> Not likely to be adopted in its current form as the IASB is redeliberating this issue.

### **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's 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 5. 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 pages 2 to 5. Together with the £18m invoice finance facility recently completed in the UK and the A\$20m facility soon to complete in Australia, the Group has adequate financing for the foreseeable future. Principal risks and uncertainties are described on pages 4 to 5. In addition, the Group has certain contingent liabilities, as described in Note 22 to these financial statements.

The Group prepares regular business forecasts and monitors its projected cash flow requirements. These forecasts are reviewed by the Board. The forecasts are then flexed to reflect more conservative views on revenues and margins, and take into account management actions which could be taken to contain costs in these circumstances.

These forecasts indicate that the Group plans to operate within its current 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 22.

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
- 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.

### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (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) 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 is not available, provision is made for Long Service Leave on an estimated basis. (Note 17).

#### (h) 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.

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.

### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) 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.

#### (j) 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
Acquired candidate database	- 3 to 10 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.

#### (k) 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.

### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (l) 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.

#### (m) 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.

#### (n) 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.

#### (o) 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.

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.

There were no new derivative financial instruments entered into during the 52 weeks ended 28 December 2014 that were effective hedges and therefore hedge accounting was not applied.

### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

*8% coupon loan notes:* These are initially recognised at nominal value at the date of issue. Interest is then charged using the effective interest rate method that compounds the loan note balance over the period of time until the loan note matures.

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 and other 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.

#### (p) 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.

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 22.

#### (q) 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.

#### (r) 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.

#### (s) 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 42 to 52.

#### (t) 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.

### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (u) Adjusted operating profit and adjusted EBITDA

Adjusted operating profit is operating profit 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.

#### (v) 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.

*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 22).

*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 28 December 2014, the amount of property, plant and equipment included in the Consolidated Statement of Financial Position was £1.0m (2013: £1.4m).

As at 28 December 2014, the amount of intangible assets included in the Consolidated Statement of Financial Position was £21.0m (2013: £24.7m).

*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 28 December 2014, the amount provided for in the Consolidated Statement of Financial Position was £2.1m (2013: £2.2m) (Note 17).

### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

*Zero Coupon Loan Notes.* The Zero Coupon Loan Notes were issued during 2011 as part of a 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 19, 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 which were followed by subsequent issues during 2014 when the need for working capital arose. The nominal value of the 8% Coupon Loan Notes was discounted to fair value at a rate of approximately 18% 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 was to be completed mandatorily six months after the issue of the loan notes as long as the external bank debt held in the Australian subsidiary was in existence. The bank loan was settled during 2014 and the loan notes issued during the year were not converted. No gain or loss was recognised in the profit or loss.

*Shareholder Loans.* The shareholder loans were issued during 2014 to enable the group to negotiate a settlement of the outstanding loan amounts owed to two Australian banks. The loans have been provided to the group on an arms length basis and state the interest to be either 5% or 6% and also define the repayment date. The board consider the terms of this loan to be on par with market rates at the time it was issued as well as being comparable to the loan it replaced.

#### 4 EMPLOYEES

	52 weeks ended 28 December 2014 £m	52 weeks ended 29 December 2013 £m
Staff costs (including Directors) comprise:		
Wages and salaries	19.0	21.1
Social security costs	1.7	1.8
Long service leave costs	-	0.2
Defined contribution pension costs	0.8	0.8
	21.5	23.9

	52 weeks ended 28 December 2014	52 weeks ended 29 December 2013
The average number of employees during the year was	463	488

#### 5 DIRECTORS' REMUNERATION

	52 weeks ended 28 December 2014 £m	52 weeks ended 29 December 2013 £m
Directors' remuneration consists of:		
Emoluments	1.1	1.3
Benefits	-	0.1
	1.1	1.4

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

Pension contributions were paid in the year amounting to £4,000 (2013: £6,500).

The remuneration of the highest paid Director, including benefits, was £351,000 (2013: £363,000).

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 28 December 2014 £m	52 weeks ended 29 December 2013 £m
<b>Exceptional operating (income) / expense:</b>		
Reorganisation and refinancing costs:		
Restructuring & refinancing costs	1.4	1.3
Restructuring - employee costs	0.1	1.1
Lease buy out and other property costs	0.2	-
	<b>1.7</b>	<b>2.4</b>
Profit on the sale of trade and fixed assets of MPS Healthcare	(0.4)	-
Investigation and resolution of accounting irregularities and legal costs arising from historic accounting irregularities	-	0.2
Release of unpaid green slips	(0.4)	-
<b>Net exceptional operating expenses</b>	<b>0.9</b>	<b>2.6</b>

The main exceptional costs in the 52 weeks ended 28 December 2014 relate to the reorganisation and refinancing of the HCL group in order remove the external debt held with Australian banks. The group made a profit from the sale of trade and assets of MPS Healthcare totalling £0.4M in the UK and the release of time expired provisions in Australia also totalling £0.4M. There were also costs for legal fees incurred defending claims brought against the Company, costs to surrender a lease and employee termination expenses.

The tax effect of the above exceptional items is £nil (2013: £nil).

## 7 LOSS FROM OPERATIONS

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

	52 weeks ended 28 December 2014 £m	52 weeks ended 29 December 2013 £m
Goodwill and intangible assets impairment (Notes 11 and 12)	-	8.1
Amortisation of intangible assets (Note 12)	3.2	4.0
Depreciation of property, plant and equipment (Note 13)	0.5	1.0
Hire of other assets – operating leases	1.4	1.0
Fees payable to the Company's auditor for:		
- audit of the Company's annual accounts	-	0.1
- audit of the Company's subsidiaries	0.1	0.1
- tax advisory services	0.1	-
- previous auditor fees	-	0.1

## 8 FINANCE INCOME AND EXPENSE

	52 weeks ended 28 December 2014	52 weeks ended 29 December 2013
	£m	£m
<b>Finance income</b>		
Gain on fair value changes in derivative financial instruments	0.3	0.6
	0.3	0.6
<hr/>		
	52 weeks ended 28 December 2014	52 weeks ended 29 December 2013
	£m	£m
<b>Finance expense</b>		
Exceptional finance expense:		
Advisers and other fees regarding refinancing	0.1	1.4
	0.1	1.4
Bank loans and overdrafts	1.0	3.4
Amortisation of fees	0.4	0.7
Shareholder loan interest	1.0	-
Imputed interest on Loan Notes	0.8	0.3
Other	0.1	0.1
	3.4	5.9

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 28 December 2014 £m	52 weeks ended 29 December 2013 £m
UK corporation tax - current year	(0.1)	(0.1)
<b>Current tax credit</b>	<b>(0.1)</b>	<b>(0.1)</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	1.4	-
	<b>1.4</b>	<b>-</b>
<b>Total tax charge/(benefit) on continuing operations</b>	<b>1.3</b>	<b>(0.1)</b>
The tax charge of £1.4m is primarily a result of deferred tax assets no longer recognised in Australia. (Note 18).		
The tax charge / (benefit) assessed for the period is lower than the standard rate of corporation tax in the UK for the 52 weeks ended 28 December 2014. The differences are explained below:		
	52 weeks ended 28 December 2014 £m	52 weeks ended 29 December 2013 £m
<b>Loss before taxation</b>	<b>(7.9)</b>	<b>(22.9)</b>
Tax at the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%)	(1.7)	(5.4)
Effects of:		
Expenses not deductible for tax purposes	0.6	1.0
Tax losses utilised	1.0	3.3
Timing differences	0.1	1.8
De-recognised deferred tax assets	1.5	-
Impact of overseas tax rates	(0.2)	(0.8)
<b>Total tax charge/(benefit) for the year</b>	<b>1.3</b>	<b>(0.1)</b>
<b>Represented by:</b>		
Tax on continuing operations	1.3	(0.1)
	<b>1.3</b>	<b>(0.1)</b>

## 10 DIVIDENDS

The Directors are not proposing an interim or final dividend for 2014 (2013: no interim or final dividends).

## 11 GOODWILL

	Total £m
<b>Cost:</b>	
At 30 December 2012	90.7
Effect of movements in foreign exchange	(3.2)
<b>At 29 December 2013</b>	<b>87.5</b>
Disposals	(3.3)
Effect of movements in foreign exchange	(0.5)
<b>At 28 December 2014</b>	<b>83.7</b>
<b>Impairment:</b>	
At 30 December 2012	73.5
Charge in the year	5.9
Effect of movements in foreign exchange	(3.0)
<b>At 29 December 2013</b>	<b>76.4</b>
Disposals	(2.6)
Effect of movements in foreign exchange	(0.5)
<b>At 28 December 2014</b>	<b>73.3</b>
<b>Carrying amount:</b>	
<b>At 28 December 2014</b>	<b>10.4</b>
At 29 December 2013	11.1

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

	28 December 2014 £m	29 December 2013 £m
UK - Allied Health Professionals	2.0	2.0
UK - Nursing	8.4	9.1
Total	10.4	11.1

The two UK CGUs are reported as separate segments to the chief operating decision maker.

At 28 December 2014 goodwill and intangible assets (Note 12) were tested for impairment. During 2014 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 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 2015 plus amounts forecasted for the remainder of the year, lower range forecasts for 2016, 2017 and 2018 and estimates for subsequent years. As a result of this review the judgement of the board is that there was no required impairment of these assets. This judgement is not considered sensitive.

The company sold part of the UK nursing business during the year which resulted in the disposal of the goodwill belonging to that business. The net book value of this disposal totals £0.7m.

## 11 GOODWILL (continued)

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 (2013: 2.71%)
- Equity market risk premium - 7.3% (2013: 7.3%)
- Beta - 1.079 (2013: 1.079)
- Small stock premium - 5.0% (2013: 5.0%)
- Gross cost of debt, inclusive of amortisation of fees, 12.88% (2013: 12.88%)
- Expected long-term tax rate - 21% UK, 30% Australia (2013: 21% and 30%)
- Zero coupon loan notes discount rate 15.0% (2013: 15.0%)

Use of those assumptions gave a pre tax WACC of 14.6% (2013: 14.6%) which equates to a post-tax WACC of 11.6% for the UK and 12.0% for Australia (2013: 11.6% and 12.0% 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 (2013: 14.6% and 15.0% respectively).

The assumptions as to long term growth rates were 2.0% in the UK and 2.5% in Australia (2013: 2.0% and 2.5% respectively). These rates are consistent with forecasts of economic growth in the respective countries.

## 12 OTHER INTANGIBLE ASSETS

	Customer relationships £m	Computer software £m	Acquired candidate database £m	Brands and trademarks £m	Non-compete agreements £m	Total £m
<b>Cost:</b>						
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)
<b>At 29 December 2013</b>	<b>21.0</b>	<b>2.7</b>	<b>8.8</b>	<b>23.1</b>	<b>0.4</b>	<b>56.0</b>
Additions	-	0.6	-	-	-	0.6
Own costs capitalised	-	0.2	-	-	-	0.2
Disposals	(1.2)	-	(1.2)	(0.4)	-	(2.8)
Effect of movements in foreign exchange	(0.4)	-	(0.2)	(0.6)	(0.1)	(1.3)
<b>At 28 December 2014</b>	<b>19.4</b>	<b>3.5</b>	<b>7.4</b>	<b>22.1</b>	<b>0.3</b>	<b>52.7</b>
<b>Amortisation:</b>						
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)
<b>At 29 December 2013</b>	<b>13.8</b>	<b>1.3</b>	<b>5.1</b>	<b>10.8</b>	<b>0.3</b>	<b>31.3</b>
Provided for the year	1.1	0.5	0.8	0.8	-	3.2
Disposals	(0.9)	-	(0.9)	(0.2)	-	(2.0)
Effect of movements in foreign exchange	(0.3)	-	(0.2)	(0.3)	-	(0.8)
<b>At 28 December 2014</b>	<b>13.7</b>	<b>1.8</b>	<b>4.8</b>	<b>11.1</b>	<b>0.3</b>	<b>31.7</b>
<b>Carrying amount:</b>						
<b>At 28 December 2014</b>	<b>5.7</b>	<b>1.7</b>	<b>2.6</b>	<b>11.0</b>	<b>-</b>	<b>21.0</b>
At 29 December 2013	7.2	1.4	3.7	12.3	0.1	24.7

At 28 December 2014 computer software included £0.8m under construction (2013: £0.5m). The Group amortises intangible assets from the date the assets are available for use.

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. As at 28 December 2014 the remaining amortisation period for Customer Relationships & the acquired Candidate Database was 6 years. The amortisation period left for the Brands and Trademarks was 14 years.

### 13 PROPERTY, PLANT AND EQUIPMENT

	Improvements to leasehold buildings £m	Office and computer equipment £m	Total £m
<b>Cost:</b>			
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)
<b>At 29 December 2013</b>	<b>1.7</b>	<b>2.3</b>	<b>4.0</b>
Additions	0.2	0.2	0.4
Disposals	(0.2)	(0.2)	(0.4)
<b>At 28 December 2014</b>	<b>1.7</b>	<b>2.3</b>	<b>4.0</b>
<b>Depreciation and impairment:</b>			
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)
<b>At 29 December 2013</b>	<b>0.8</b>	<b>1.8</b>	<b>2.6</b>
Provided for the year	0.3	0.2	0.5
Disposals	(0.1)	-	(0.1)
<b>At 28 December 2014</b>	<b>1.0</b>	<b>2.0</b>	<b>3.0</b>
<b>Carrying amount:</b>			
<b>At 28 December 2014</b>	<b>0.7</b>	<b>0.3</b>	<b>1.0</b>
At 29 December 2013	0.9	0.5	1.4

There are no assets included above held under finance leases.

### 14 TRADE AND OTHER RECEIVABLES

	28 December 2014 £m	29 December 2013 £m
Trade receivables	20.2	16.7
Other receivables	0.6	0.2
Prepayments	1.2	1.3
Accrued income	1.5	1.5
	<b>23.5</b>	<b>19.7</b>

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

## 15 TRADE AND OTHER PAYABLES

	28 December 2014	29 December 2013
	£m	£m
Trade payables	0.3	0.4
Other taxes and social security	3.6	3.2
Accruals	5.4	6.4
Deferred income	0.3	0.3
Sales ledger credits	2.6	3.0
Amounts owed to related parties	0.4	0.4
Other creditors	4.1	3.8
	<b>16.7</b>	<b>17.5</b>

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

## 16 LOANS AND LONG TERM BORROWINGS

	28 December 2014	29 December 2013
	£m	£m
<b>Current portion of long-term debt</b>		
Australian Dollar denominated:		
Secured bank loans	-	1.3
Unamortised debt issue costs	-	(0.6)
<b>Total current borrowings</b>	<b>-</b>	<b>0.7</b>
<b>Non-current:</b>		
Sterling denominated:		
Shareholder loans	17.6	-
Zero Coupon Loan Notes	2.0	1.7
8% Loan Notes	4.5	-
Australian Dollar denominated:		
Secured bank loans	-	30.6
Shareholder loans	20.4	-
Unamortised debt issue costs	-	(0.1)
<b>Total non-current borrowings</b>	<b>44.5</b>	<b>32.2</b>

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 2014. Fees are amortised using the effective interest method over the terms of the respective loans.

The Zero & 8% Coupon Loan Notes are stated at fair value, being the fair value recognised at the date of issue plus imputed interest to 28 December 2014. More details are set out in Note 19.

The Shareholder Loans are stated at fair value, being the fair value recognised at the date of issue plus imputed interest to 28 December 2014. These loans exert a fixed and floating charge over Healthcare Locums Limited and all of its subsidiary companies. The charge covers all assets (tangible & intangible) of the companies, shares, investment interests and intellectual property. Also Angel Acquisitions Limited (the parent company) became security trustee for the charges for the proportion of debt in the Australian banks that was transferred to the shareholders.

## 17 PROVISIONS AND DEFERRED CONSIDERATION

	Employee benefits	Leases	Total provisions	Deferred consideration
	£m	£m	£m	£m
At 30 December 2012	2.6	1.2	3.8	-
Charged/(credited) to income statement	-	-	-	0.2
Effect of movements in foreign exchange	(0.4)	(0.1)	(0.5)	-
<b>At 29 December 2013</b>	<b>2.2</b>	<b>1.1</b>	<b>3.3</b>	<b>0.2</b>
Movement during the year:				
Charged/(credited) to income statement	-	(0.4)	(0.4)	(0.1)
Effect of movements in foreign exchange	(0.1)	-	(0.1)	(0.1)
<b>At 28 December 2014</b>	<b>2.1</b>	<b>0.7</b>	<b>2.8</b>	<b>-</b>
<b>At 28 December 2014</b>				
<b>Current</b>	<b>1.8</b>	<b>-</b>	<b>1.8</b>	<b>-</b>
<b>Non-current</b>	<b>0.3</b>	<b>0.7</b>	<b>1.0</b>	<b>-</b>
At 29 December 2013				
Current	1.7	0.3	2.0	0.2
Non-current	0.5	0.8	1.3	-

Employee benefits comprise long service leave benefits of £1.8m (2013: £1.9m) and provision for paid leave of £0.3m (2013: £0.3m) relating to the employees, including locums, of the Australian operations.

The lease provision represents the future payments to which the Group is committed on properties which were vacated prior to 28 December 2014 and make good provisions on occupied properties. 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.

## 18 DEFERRED TAXATION

	Tax losses £m	Intangible fixed assets £m	Other short term temporary differences £m	Total £m
At 30 December 2012	(1.6)	7.2	(2.3)	3.3
(Credited) / charged to profit or loss	1.3	(1.4)	0.3	0.2
Foreign exchange adjustment	(0.1)	(0.9)	0.3	(0.7)
<b>At 29 December 2013</b>	<b>(0.4)</b>	<b>4.9</b>	<b>(1.7)</b>	<b>2.8</b>
(Credited) / charged to profit or loss (Note 9)	-	1.2	0.2	1.4
Foreign exchange adjustment	-	(0.2)	0.1	(0.1)
<b>At 28 December 2014</b>	<b>(0.4)</b>	<b>5.9</b>	<b>(1.4)</b>	<b>4.1</b>

During the year, as a result of the changes in the UK corporation tax rate to 21% which was substantively enacted on 2 July 2013 and was effective from 1 April 2014; and to 20% which will be effective from 1 April 2015, the relevant deferred tax balances have been re-measured. Deferred tax has therefore been calculated on UK and Australian temporary differences at 20% and 30% respectively (2013: 23.25% and 30% respectively). In addition to the changes in rates of corporation tax disclosed above it was also announced in the March 2015 Budget to maintain the rate at 20% from 1 April 2016. 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 £41,000 (2013: £29,000).

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

	28 December 2014 £m	29 December 2013 £m
Represented by deferred tax liability	4.1	2.8

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

	28 December 2014 £m	29 December 2013 £m
UK tax losses	6.9	9.0
Decelerated capital allowances	0.9	0.8
Australian tax losses	0.7	-
Australian capital losses	-	0.7
<b>Total</b>	<b>8.5</b>	<b>10.5</b>

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.

## 19 FINANCIAL INSTRUMENTS

The Group's financial instruments comprise shareholder loans, zero coupon loan notes, 8% coupon loan notes, cash, trade and other receivables and payables. Balances at the year-end for these financial instruments were as follows:

	<b>Financial assets</b>	
	<b>28 December</b>	<b>29 December</b>
	<b>2014</b>	<b>2013</b>
	<b>£m</b>	<b>£m</b>
<b>Current financial assets:</b>		
Trade and other receivables excluding prepayments	22.3	18.4
Cash and cash equivalents	8.6	4.9
<b>Total current financial assets</b>	<b>30.9</b>	<b>23.3</b>
<b>Analysed by currency (GBP equivalent):</b>		
Pound Sterling	18.9	14.6
Australian Dollar	12.0	8.7
	<b>30.9</b>	<b>23.3</b>
	<b>Financial liabilities measured at amortised cost</b>	
	<b>28 December</b>	<b>29 December</b>
	<b>2014</b>	<b>2013</b>
	<b>£m</b>	<b>£m</b>
<b>Current financial liabilities:</b>		
Trade and other payables excluding deferred income and taxes	12.8	14.0
Current portion of long term borrowings	-	0.7
Deferred consideration	-	0.2
<b>Total current financial liabilities</b>	<b>12.8</b>	<b>14.9</b>
<b>Non-current financial liabilities:</b>		
Long term borrowings	44.5	32.2
<b>Total non-current financial liabilities</b>	<b>44.5</b>	<b>32.2</b>
<b>Analysed by currency (GBP equivalent):</b>		
Pound Sterling	31.4	9.9
Australian Dollar	25.9	37.2
	<b>57.3</b>	<b>47.1</b>
	<b>Derivative financial liability held at fair value through profit or loss</b>	
	<b>28 December</b>	<b>29 December</b>
	<b>2014</b>	<b>2013</b>
	<b>£m</b>	<b>£m</b>
Derivative financial liabilities	-	0.6

## 19 FINANCIAL INSTRUMENTS (continued)

The Group's bank loans, which had a balance of A\$59.2m (£31.9m) at the end of 2013, were repaid in part during 2014. The outstanding balance of the loan was purchased by the shareholders of Angel Acquisitions Limited. At the end of 2014 the balance on this loan is A\$39.2m. In order to fund the part repayment and professional fees associated with this refinancing, the Company borrowed the sum of £16.2m from the shareholders of Angel Acquisitions Ltd. This loan bears interest at 6%.

The Zero Coupon Loan Notes of nominal £5.1m (2013: £5.1m), 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 (2013: £1.25m) 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 notes issued as part of the funding agreement made in the refinancing of June 2013 included a commitment to the banks that they would be converted to preference shares at the value of £2 for every £1 of loan note plus any interest accrued to the point of conversion. As the initial 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. Any 8% loan note issue after the removal of the bank debt was no longer liable to the conversion clause and therefore have been treated as debt.

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 shareholder loan of A\$39.2m outstanding as at 28 December 2014 which exposes the Group to currency risk. The loan has been held within the sub-group in Australia which replaced the bank term loan during 2014 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 28 December 2014 the amount of A\$37.1m (2013: A\$12.2m) was recorded as a receivable balance in Healthcare Locums Limited. At 28 December 2014 the rate of exchange was £1 = A\$1.9161 (2013: £1 = A\$1.8459).

As at 28 December 2014, 46% (2013: 49%) 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 28 December 2014, with all other variables held constant, the post tax loss for the year would have been £ 0.40m lower (2013: post tax loss £1.08m lower).

If Sterling had been 10% stronger against the A\$ during the year ended 28 December 2014, with all other variables held constant, the credit to other comprehensive income would have been £ 2.2m greater (2013: £1.86m lower 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, shareholder loans and loan notes. The bank loan included in the financial statements in 2013 was settled during 2014 and replaced with loans received from the parents company's shareholders. The interest rate applicable to these new loans is fixed and not affected by changes of external interest rate movements as such the group's interest rate risk is significantly mitigated.

The swap instruments that were included in the financial statements during 2013 have been settled upon the removal of the external bank loans during 2014.

### (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.

## 19 FINANCIAL INSTRUMENTS (continued)

The Group transacts with counterparties which it considers to be creditworthy. Surplus cash was placed in a Liquidity Fund managed by Aberdeen Asset Fund which reduced the credit risk.

	Current	Up to 1 month overdue	1 to 2 months overdue	>2 months overdue
<b>Trade debtors - 28 December 2014</b>	<b>£13.8m</b>	<b>£4.4m</b>	<b>£1.2m</b>	<b>£0.8m</b>
<b>% of trade debt per ageing category – 28 December 2014</b>	<b>68.3%</b>	<b>21.8%</b>	<b>5.9%</b>	<b>4.0%</b>
<b>Trade debtors - 29 December 2013</b>	<b>£10.0m</b>	<b>£4.1m</b>	<b>£2.4m</b>	<b>£0.2m</b>
<b>% of trade debt per ageing category – 29 December 2013</b>	<b>59.9%</b>	<b>24.5%</b>	<b>14.4%</b>	<b>1.2%</b>

### (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.

### 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
<b>2014 Non-derivative financial instruments - outflows</b>				
Long and short term borrowings	-	38.0	-	6.5
Trade and other payables excluding deferred income	12.8	-	-	-
<b>Total</b>	<b>12.8</b>	<b>38.0</b>	<b>-</b>	<b>6.5</b>
<b>2013 Non-derivative financial instruments - outflows</b>				
Long and short term borrowings	0.9	30.5	-	1.7
Trade and other payables excluding deferred income	14.0	-	-	-
<b>Total</b>	<b>14.9</b>	<b>30.5</b>	<b>-</b>	<b>1.7</b>

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.

## 19 FINANCIAL INSTRUMENTS (continued)

### 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. 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 28 December 2014 was £259,709 (2013: £321,118). The Loan Notes contain an embedded derivative as additional Loan Notes, up to a maximum value of £1,250,000 (2013: £1,250,000), will be issued if the Group achieves certain EBITDA targets in the years ended 28 December 2014 and/or 2013, or if the Enterprise Value at 29 December 2013 and/or 28 December 2014 and/or 03 January 2016 exceeds certain target amounts. No value has been attributed by the Directors to the embedded derivative at the time of issue, at 29 December 2013 or at 28 December 2014 as the Directors believe it is unlikely that these targets will be met.

The 8% loan notes were issued by the parent company, Angel Acquisitions Ltd, in four instalments throughout 2014 and are repayable in normal circumstances in September 2021. As well as the interest included on these loan notes the repayment terms also include a final payment of double the nominal value provided at the date of issue. The Directors have discounted these Loan Notes at 18.5% to incorporate the repayment terms. The imputed interest is charged to finance expenses from the date of issue until the repayment date. The charge in the year ended 28 December 2014 was £465,939.

Further loans were received from the shareholders of Angel Acquisitions Ltd in 2014. Firstly £1.0m was received for working capital requirements in July. A further £16.2m was received in August to facilitate the refinancing of the bank loans. These "shareholder" loans are repayable by 31 December 2017. Interest on the £1.0m loan is charged at 5%. The interest on the £16.2m is 5% if settled and 6% if rolled up into the loan.

The fair value of the eight percent and 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. As the bank debt was in existence for the first half of 2014 these covenants were applicable and these covenant tests were passed. As at the end of 2014 there are no financial covenants applicable to the Group's debt.

## 20 SHARE CAPITAL

### Authorised

	28 December 2014 Number '000	29 December 2013 Number '000	28 December 2014 £m	29 December 2013 £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	225,559	205,160	22.5	20.5
<b>Allotted, called up and fully paid</b>				
	28 December 2014 Number '000	29 December 2013 Number '000	28 December 2014 £m	29 December 2013 £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	225,559	205,160	22.5	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.

20.4m of 10p preference shares were issued to Angel Acquisitions Ltd during the year on converting £2.04m of 8% loan notes.

## 21 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 loss represents the cumulative profit or loss recognised in the Consolidated Statement of Comprehensive Income, as adjusted for subsequent transfers to or from other reserves.

## 22 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.

#### Litigation - Permian et al

In September 2013 default judgment was obtained against the Company in respect of claims by various US investors that they had been 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 Company and its former directors concerning the Company's accounting practices and operating results. The Company had been advised by English Leading Counsel and by Australian Counsel that securing a default judgment in the US was highly unlikely to result in any judgment being recognised or enforceable in either the UK or Australia because of lack of jurisdiction. At present, 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 continues 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.

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 wrote to Ms Bleasdale's solicitors explaining why that is the case.

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.

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 4 to 5.

## 23 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.

## 24 COMMITMENTS UNDER OPERATING LEASES

As at 28 December 2014 the Group had total commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	28 December 2014 £m	29 December 2013 £m	28 December 2014 £m	29 December 2013 £m
<b>Operating lease commitments payable:</b>				
Under 1 year	1.6	2.2	0.1	0.1
1 -2 years	1.5	2.7	-	0.1
2 - 5 years	2.6	3.4	-	-
Over 5 years	0.1	1.4	-	-
	5.8	9.7	0.1	0.2

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

## 25 RELATED PARTY TRANSACTIONS

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 £40k (2013: £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 £40k (2013: £20k).

Ares holds the Zero Coupon loan Note included on the balance sheet. The fair value of the Zero Coupon Loan Notes at 28th December 2014 was £2.0m (2013: £1.7m). Note 16.

The Shareholder loans are jointly owned by Ares Capital and Tosca fund. These loans were issued during 2014 and total £38m at the end of the accounting period. Note 16.

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.

# PARENT COMPANY BALANCE SHEET

## AS AT 28 DECEMBER 2014

	Notes	28 December 2014 £m	29 December 2013 £m
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	28	1.5	1.3
Property, plant and equipment	29	0.5	0.4
Investments	30	3.8	5.6
		<b>5.8</b>	<b>7.3</b>
<b>Current assets</b>			
Trade and other receivables	32	181.4	98.0
Cash and cash equivalents		5.2	2.5
		<b>186.6</b>	<b>100.5</b>
<b>Total assets</b>		<b>192.4</b>	<b>107.8</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	33	(141.6)	(76.0)
Provisions for liabilities	34	-	(0.2)
		<b>(141.6)</b>	<b>(76.2)</b>
<b>Total assets less current liabilities</b>		<b>50.8</b>	<b>31.6</b>
<b>Creditors: Amounts falling due after more than one year</b>			
Shareholder loans	35	(17.6)	-
Zero coupon loan notes	36	(2.0)	(1.7)
8% loan notes	37	(4.5)	-
Provisions for liabilities	34	(0.3)	(0.4)
		<b>(24.4)</b>	<b>(2.1)</b>
<b>NET ASSETS</b>		<b>26.4</b>	<b>29.5</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	38	107.3	105.3
Share premium account	39	55.2	55.2
Equity reserve	39	(14.9)	(12.9)
Retained loss	39	(121.2)	(118.1)
<b>SHAREHOLDERS' FUNDS</b>		<b>26.4</b>	<b>29.5</b>

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 23 July 2015 and were signed on its behalf by:

  
**I M Ketchin**  
 Director

## 26 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.

### (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.

## **26 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) 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.

### **(j) 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.

### **(k) Provisions and contingent liabilities**

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

## **27 LOSS FOR THE YEAR**

The loss after tax for the year dealt with in the financial statements of the Company amounts to £3.1m (2013: £8.0m). As allowed by the provisions of Section 408 of the Companies Act 2006 the Company has not published its own Profit and Loss account.

## 28 INTANGIBLE ASSETS

	Computer software £m	Total £m
<b>Cost:</b>		
At 30 December 2012	0.8	0.8
Additions	0.9	0.9
<b>At 29 December 2013</b>	<b>1.7</b>	<b>1.7</b>
Additions	0.6	0.6
<b>At 28 December 2014</b>	<b>2.3</b>	<b>2.3</b>
<b>Amortisation:</b>		
At 30 December 2012	0.3	0.3
Provided for the year	0.1	0.1
<b>At 29 December 2013</b>	<b>0.4</b>	<b>0.4</b>
Provided for the year	0.4	0.4
<b>At 28 December 2014</b>	<b>0.8</b>	<b>0.8</b>
<b>Net book value:</b>		
<b>At 28 December 2014</b>	<b>1.5</b>	<b>1.5</b>
At 29 December 2013	1.3	1.3

## 29 PROPERTY, PLANT AND EQUIPMENT

	Improvements to leasehold buildings £m	Office and computer equipment £m	Total £m
<b>Cost:</b>			
At 30 December 2012	0.3	0.7	1.0
Additions	-	0.1	0.1
Disposals	-	(0.1)	(0.1)
<b>At 29 December 2013</b>	<b>0.3</b>	<b>0.7</b>	<b>1.0</b>
Additions	0.1	0.2	0.3
Disposals	(0.2)	(0.1)	(0.3)
<b>At 28 December 2014</b>	<b>0.2</b>	<b>0.8</b>	<b>1.0</b>
<b>Depreciation:</b>			
At 30 December 2012	-	0.6	0.6
Provided for the year	-	0.1	0.1
Disposals	-	(0.1)	(0.1)
<b>At 29 December 2013</b>	<b>-</b>	<b>0.6</b>	<b>0.6</b>
Provided for the year	-	0.1	0.1
Disposals	(0.1)	(0.1)	(0.2)
<b>At 28 December 2014</b>	<b>(0.1)</b>	<b>0.6</b>	<b>0.5</b>
<b>Net book value:</b>			
<b>At 28 December 2014</b>	<b>0.3</b>	<b>0.2</b>	<b>0.5</b>
At 29 December 2013	0.3	0.1	0.4

### 30 INVESTMENTS

	Shares in subsidiary undertakings £m
<b>Cost:</b>	
At 30 December 2012	56.4
<b>At 29 December 2013</b>	<b>56.4</b>
<b>At 28 December 2014</b>	<b>56.4</b>
<b>Impairment:</b>	
At 30 December 2012	50.8
<b>At 29 December 2013</b>	<b>50.8</b>
Charged in the year	1.8
<b>At 28 December 2014</b>	<b>52.6</b>
<b>Net book value</b>	
<b>At 28 December 2014</b>	<b>3.8</b>
At 29 December 2013	5.6

During the year the trade and fixed assets of MPS Healthcare were sold to a third party leaving this subsidiary effectively non-trading. As such this investment of £1.8m has been impaired to a zero balance as it no longer has any future cash flows.

### 31 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
HCL 100B Limited (Formerly MPS Healthcare Limited)	Supply of professional health services of statutorily registered medical staff. The trade in this company ceased at the end of 2014
Recruitment Specialist Group Limited	Holding company
HCL GPs Limited	Supply of professional health services of statutorily registered doctors
HCL Dubai Limited	Non trading
BBL Medical Recruitment Limited	Non trading
MJV Locums Limited	Non trading
Nurselink Worldwide Limited	Non trading
JCJ Group Limited	Non trading
JCJ Holdings Limited	Non trading
HCL International Inc	Non trading
BGI Holdings Limited	Non trading
Fairstaff Agency Limited	Dormant
Social Work Professionals Limited	Dormant
JCJ Dormant Limited	Dormant
Bluetec Recruitment Limited	(a) Dormant
Bluecare Recruitment Holdings Limited	(a) Dormant
Bluecare Recruitment Limited	Dormant
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

### 31 SUBSIDIARY UNDERTAKINGS (continued)

(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.

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
100B Limited (formerly 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 28 December 2014 had been guaranteed by the Company pursuant to sections 479A-C of the Act.

### 32 TRADE AND OTHER RECEIVABLES

	28 December 2014	29 December 2013
	£m	£m
Other debtors	0.1	0.1
Prepayments	0.8	0.9
Amounts receivable from subsidiary undertakings	180.5	97.0
	181.4	98.0

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.

### 33 TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28 December 2014	29 December 2013
	£m	£m
Trade creditors	0.2	0.1
Amounts due to subsidiary undertakings	138.8	73.4
Other taxes and social security	0.5	0.4
Accruals	1.5	2.3
Other creditors	0.6	(0.2)
	141.6	76.0

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

### 34 PROVISIONS AND DEFERRED CONSIDERATION

	Onerous contracts £m	Onerous leases £m	Total provisions £m
At 30 December 2012	0.3	0.8	1.1
Charged / (credited) to profit & loss	(0.3)	(0.2)	(0.5)
<b>At 29 December 2013</b>	<b>-</b>	<b>0.6</b>	<b>0.6</b>
Charged / (credited) to profit & loss	-	(0.3)	(0.3)
<b>At 28 December 2014</b>	<b>-</b>	<b>0.3</b>	<b>0.3</b>
<b>At 28 December 2014</b>			
Non-current	-	0.3	0.3
At 29 December 2013			
Current	-	0.2	0.2
Non-current	-	0.4	0.4

### 35 SHAREHOLDER LOANS

	28 December 2014	29 December 2013
	£m	£m
Fair value of notes issued during the year	17.2	-
Imputed interest in the year	0.4	-
<b>Fair value at the end of the year</b>	<b>17.6</b>	<b>-</b>

Detailed information on the terms and conditions of the shareholder loans are given in Note 19 on page 38.

### 36 ZERO COUPON LOAN NOTES

	28 December 2014	29 December 2013
	£m	£m
Fair value at the beginning of the year	1.7	3.0
Fair value of notes redeemed	-	(1.6)
Imputed interest in the year	0.3	0.3
<b>Fair value at the end of the year</b>	<b>2.0</b>	<b>1.7</b>

Detailed information on the terms and conditions of the 8% loan notes are given in Note 19 on page 38.

### 37 8% LOAN NOTES

	28 December 2014	29 December 2013
	£m	£m
Fair value at the beginning of the year	-	-
Fair value of notes issued	4.0	-
Imputed interest in the year	0.5	-
<b>Fair value at the end of the year</b>	<b>4.5</b>	<b>-</b>

Detailed information on the terms and conditions of the 8% loan notes are given in Note 19 on page 38.

### 38 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 20 to the Group Financial Statements.

### 39 RESERVES

	Share premium account £m	Share option reserve £m	Equity reserve £m	Profit and loss account £m
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
<b>At 29 December 2013</b>	<b>55.2</b>	<b>-</b>	<b>(12.9)</b>	<b>(118.1)</b>
Profit/(loss) for the year	-	-	(2.0)	(3.1)
<b>At 28 December 2014</b>	<b>55.2</b>	<b>-</b>	<b>(14.9)</b>	<b>(121.2)</b>

### 40 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	52 weeks ended 28 December 2014 £m	52 weeks ended 29 December 2013 £m
Loss for the year	(3.1)	(6.8)
Loan notes classified as equity and then converted to preference shares	2.0	6.6
Loan notes classified as equity	(2.0)	1.0
Share option reserve cessation	-	(1.2)
Add: Opening shareholders' funds	29.5	29.9
<b>Closing shareholders' funds</b>	<b>26.4</b>	<b>29.5</b>

### 41 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.

### 42 COMMITMENTS UNDER OPERATING LEASES

As at 28 December 2014, the Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	28 December 2014 £m	29 December 2013 £m	28 December 2014 £m	29 December 2013 £m
<b>Operating Lease commitments payable:</b>				
Under 1 year	0.1	0.2	-	-
1 - 2 years	-	-	0.1	0.1
2 - 5 years	0.1	0.2	-	-
Over 5 years	0.5	1.0	-	-
	<b>0.7</b>	<b>1.4</b>	<b>0.1</b>	<b>0.1</b>

#### **43 RELATED PARTY TRANSACTIONS**

See Note 25 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.

#### **44 CONTINGENT LIABILITIES**

Details of the main material contingent liabilities for the Company are set out in Note 22. 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 16.

As set out in Note 31 the Company has guaranteed the liabilities at 28 December 2014 of the named UK subsidiary undertakings. The amounts receivable from subsidiaries at 28 December 2014, as set out in Note 32, 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.

#### **45 ULTIMATE CONTROLLING PARTY**

Angel Acquisitions Ltd, which at 28 December 2014 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 which are the shareholders of Angel Acquisitions.