HB Healthcare Limited

Annual report and consolidated financial statements

Registered number 07096695

For the year ended 31 March 2015

Contents

Strategic report

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

Principal activities

The company's principal activity is that of a holding company, and currently has one investment in D.R.C. Holding Company Ltd, which in turn has two wholly owned subsidiaries, DRC Locums Limited and Locumlinx Limited, both of which are in the business of providing locum doctors and health professionals to the NHS and private clients.

Business review

The Group achieved a turnover of £45.6m for the year ended 31 March 2015 compared with £47.8m for the year ended 31 March 2014.

Gross profit for the year was £9.8m *(2014: £9.1m)* equivalent to 21.5% *(2014:19.0%)* conversion of turnover. After deducting £8.2m *(2014: £8.4m)* of administrative expenses the group generated an operating profit of £1.6m *(2014: £0.7m)* and, after deducting finance costs and corporation tax, and minority interests achieved an overall profit for the year of £8.8m *(2014: loss of £18k).*

During the year, HB Healthcare Ltd sold HB Retinue Ltd for a consideration of £8,580k, which has resulted in a profit of £8,021k. Further, HB Healthcare Ltd purchased the minority shareholding of 10% in DRC Holdings Company Ltd for a consideration of £340k.

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

(i) National Frameworks

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

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

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

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

(ii) Public Sector Spending.

The Group acknowledges the potential for public spending to be under significant pressure in future years and this could represent a risk to the business. However, Management believes the continued expansion of health demand due to factors such as an ageing population mean that health spending per head of population will continue to be a challenge.

Strategic report *(continued)*

In addition to this, the business established certain relationships with key stakeholders in the locum procurement chain which it believes will potentially mitigate the impact of any reductions in client demand. Recent market developments have allowed the use of approved Direct Engagement VAT mitigation models, allowing Trusts to save VAT on doctor pay rates. DRC Locums Limited supports the majority of these models with in excess of 50 NHS Trusts and is in the process of forming strong partnerships to manage spend appropriately. The NHS use of Direct Engagement Model means that DRC Locums Limited is only required to charge the commission fee as opposed to the pay rate and commission rate together, this in effect reduces the direct spend on agencies meaning that although turnover can decrease profitability and hours supplied has maintained.

(iii) Locum Doctor Supply and Nurse Supply

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

Financing

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

By order of the board

Deepak Jalan
Director

Partis House
Davy Avenue
Milton Keynes
MK5 8HJ

1 October 2015

Directors' report

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

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

Proposed dividend

The directors do not recommend the payment of a dividend.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Deepak Jalan
Director

Partis House
Davy Avenue
Milton Keynes
MK5 8HJ

1 October 2015

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

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

Independent auditor's report to the members of HB Healthcare Limited

We have audited the financial statements of HB Healthcare Limited for the year ended 31 March 2015 set out on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements, in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of HB Healthcare Limited *(continued)*

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Andrew Turner (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

1st October 2015

Consolidated Profit and Loss Account

for the year ended 31 March 2015

	Note	2015 £000	£000	2014 £000	£000
Turnover	1,2				
Continuing operations	3	41,100		43,654	
Discontinued operations	3	4,495		4,161	
			45,595		47,815
Cost of sales			(35,791)		(38,741)
Gross profit			9,804		9,074
Administrative expenses	5		(8,208)		(8,418)
Operating profit					
Continuing operations		894		158	
Discontinued operations		702		497	
Total operating profit			1,596		656
Profit on sale of a discontinued operation	4		8,021		-
Interest payable and similar charges	8		(309)		(247)
Profit on ordinary activities before taxation			9,308		409
Tax on profit on ordinary activities	9		(300)		(283)
Profit on ordinary activities after taxation			9,008		126
Minority interests	19		(258)		(144)
Profit/(loss) for the financial year			8,750		(18)

A note on historical gains and losses has not been included as part of the financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis.

There were no gains and losses other than those recognised in the consolidated profit and loss for the years ended 2015 and 2014.

The notes on pages 12 to 24 form part of these financial statements.

Consolidated Balance Sheet
at 31 March 2015

	Note	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Intangible assets	*10*		**11,297**		14,304
Tangible assets	*11*		**96**		184
			11,393		14,488
Current assets					
Debtors	*13*	**7,438**		8,443	
Cash at bank and in hand		**102**		1,204	
		7,540		9,647	
Creditors: amounts falling due within one year	*14*	**(8,161)**		(13,369)	
Net current liabilities			**(621)**		(3,722)
Total assets less current liabilities			**10,772**		10,766
Creditors: amounts falling due after more than one year	*15*		**(3,604)**		(11,781)
Provisions for liabilities	*16*		**(58)**		(62)
Net assets/(liabilities)			**7,110**		(1,077)
Capital and reserves					
Called up share capital	*17*		**-**		-
Profit and loss account	*18*		**7,110**		(1,640)
Shareholders' surplus/(deficit)			**7,110**		(1,640)
Minority interest	*19*		**-**		563
Total shareholders' surplus/(deficit)			**7,110**		(1,077)

The notes on pages 12 to 24 form part of these financial statements.

These financial statements were approved by the board of directors on 1 October 2015 and were signed on its behalf by:

Deepak Jalan
Director

Registered number 07096695

Company Balance Sheet
at 31 March 2015

	Note	**2015 £000**	**2015 £000**	2014 £000	2014 £000
Fixed assets					
Investments	*12*		**19,037**		20,794
			19,037		20,794
Current assets					
Debtors	*13*	**110**		83	
Cash at bank and in hand		**2**		6	
		112		89	
Creditors: amounts falling due within one year	*14*	**(7,047)**		(9,696)	
Net current liabilities			**(6,935)**		(9,607)
Total assets less current liabilities			**12,102**		11,187
Creditors: amounts falling due after more than one year	*15*		**(3,604)**		(11,202)
Net assets/(liabilities)			**8,498**		(15)
Capital and reserves					
Called up share capital	*17*		**-**		-
Profit and loss account	*18*		**8,498**		(15)
Shareholders' deficit			**8,498**		(15)

The notes on pages 12 to 24 form part of these financial statements.

These financial statements were approved by the board of directors on 1 October 2015 and were signed on its behalf by:

Deepak Jalan
Director

Registered number 07096695

Consolidated Cash Flow Statement

for the year ended 31 March 2015

Cash flow statement

	Note	2015 £000	2014 £000
Cash flow from operating activities	21	**(6,843)**	2,476
Returns on investments and servicing of finance	22	**(309)**	(247)
Capital expenditure and financial investment	22	**7,770**	(53)
Taxation		**(387)**	(474)
Cash inflow before financing		**231**	1,702
Financing	22	**(1,333)**	(547)
Increase/(decrease) in cash in the year		**(1,102)**	1,155

Reconciliation of net cash flow to movement in net debt

	Note	2015 £000	2014 £000
Increase/(decrease) in cash in the year		**(1,102)**	1,155
Cash flow from decrease in debt		**1,333**	547
Movement in net debt in the year	23	**231**	1,702
Net debt at the start of the year	23	**(4,076)**	(5,778)
Net debt at the end of the year	23	**(3,845)**	(4,076)

The notes on pages 12 to 24 form part of these financial statements.

Reconciliations of Movements in Shareholders' Deficit
for the year ended 31 March 2015

	Group 2015 £000	**Company 2015 £000**	Group 2014 £000	Company 2014 £000
Profit/(loss) for the financial year	**8,750**	**8,513**	(18)	(11)
Net addition/(reduction) in shareholders' funds	**8,750**	**8,513**	(18)	(11)
Opening shareholders' deficit	**(1,640)**	**(15)**	(1,622)	(4)
Closing shareholders' surplus/(deficit)	**7,110**	**8,498**	(1,640)	(15)

The notes on pages 12 to 24 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Going concern

The Group and Company's financial statements have been prepared on a going concern basis, notwithstanding net current liabilities of £621k *(2014: £3,722k)* in the Group and £6,935k *(2014: £9,607k)* in the Company and overall net assets/(liabilities) of £7,110k *(2014:(£1,077k))* in the Group and £8,498k *(2014:(£15k))* in the Company, which the directors believe to be appropriate for the following reasons:

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

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

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

(ii) The Group is reliant for its working capital on the existing invoice discounting facilities and banking facilities. The directors have performed a detailed review of current trading which has included consideration of the financial position as at the date of approval of these financial statements and the projected financial position covering the next 12 months. The Directors have also considered the net total assets position at the year-end of £7,110k (2014: liabilities of £1,077k).

The directors are confident that the Company will continue to generate positive cash flows from trading activities over the foreseeable future, and with support from the principle investors to cover any short term shortfall in cash funds, the Company will continue in operational existence by meeting their liabilities as they fall due for payment.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2015. Under s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Goodwill

Purchased goodwill arising on consolidation in respect of acquisitions is capitalised.Goodwill is amortised to nil by equal annual instalments over its estimated useful life. The estimated useful life of the group's goodwill is 20 years.

Notes *(continued)*

1 Accounting policies *(continued)*

Negative goodwill

Negative goodwill is included in the balance sheet and is credited to the profit and loss in the period in which the acquired assets are recovered.

Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment	- 20% Straight line
Fixtures and fittings	- 20% Straight line
Leasehold improvements	- 14% Straight line (life of the lease)

Impairments of fixed assets and goodwill

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Taxation

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Interest bearing borrowings

Immediately after issue debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

Notes *(continued)*

1 Accounting policies *(continued)*

Turnover

Turnover represents amounts receivable for the provision of contract staff and related services. Turnover arising from the placement of permanent candidates is recognised at the time the candidate commences full-time employment.

Turnover arising from the placement of temporary staff is recognised over the period that temporary staff are provided and represents amounts billed for temporary staff, including the salary costs of these staff.

Dividends on shares presented within equity

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Classification of financial instruments issued by the Group

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

2. Turnover

The Group's entire turnover arose from within the United Kingdom and from the Group's principal trading activity.

Notes *(continued)*

3 Analysis of continuing and discontinued operations

	2015 Continuing £000	2015 Discontinued £000	2015 Total £000	2014 Continuing £000	2014 Discontinued £000	2014 Total £000
Turnover	**41,100**	**4,495**	**45,595**	43,654	4,161	47,815
Cost of sales	**(32,401)**	**(3,390)**	**(35,791)**	(35,569)	(3,172)	(38,741)
Gross profit	**8,699**	**1,105**	**9,804**	8,085	989	9,074
Administrative expenses	**(7,805)**	**(403)**	**(8,208)**	(7,926)	(492)	(8,418)
Operating profit	**894**	**702**	**1,596**	159	497	656

4 Profit on sale of a discontinued operation

During the year, HB Healthcare Ltd sold its shareholding in HB Retinue Ltd for a consideration of £8,580k, which resulted in a profit of £8,021k. There was a £nil effect on the taxation charge for year as a result of this.

		£000
Sales proceeds from sale of HB Retinue Ltd		**8,580**
Less:		
Net assets at disposal	**705**	
Minority interest	**(146)**	
Profit on sale of HB Retinue Ltd		**8,021**

5 Notes to the profit and loss account

	2015 £000	2014 £000
Profit on ordinary activities before taxation is stated after charging		
Depreciation and other amounts written off tangible fixed assets:		
Owned	**107**	178
Amortisation of goodwill	**600**	910
Hire of other assets - operating leases	**25**	136

Auditor's remuneration:

	2015 £000	2014 £000
Audit of these financial statements	**37**	14
Audit of financial statements of subsidiaries	**14**	50
Other services relating to taxation	**14**	15

Notes *(continued)*

6 Remuneration of directors

	2015	2014
	£000	£000
Directors' emoluments	**347**	148

Only one of the directors is paid out of the Group.

7 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Administrative	**16**	25
Sales	**71**	65
	87	90

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

	2015	2014
	£000	£000
Wages and salaries	**4,922**	4,516
Social security costs	**601**	493
	5,523	5,009

Notes *(continued)*

8 Interest payable and similar charges

	2015 £000	2014 £000
Invoice discounting interest	**280**	202
Other interest	**3**	13
Finance costs on shares classified as liabilities	**26**	32
	309	247

9 Taxation

Analysis of charge in year

	2015 £000	2014 £000
UK corporation tax		
Current tax on profit for the year	**300**	223
Adjustment in respect of prior periods	**-**	76
Total current tax	**300**	299
Deferred tax (see note 13)		
Origination of timing differences (see note 13)	**-**	(16)
Tax on profit on ordinary activities	**300**	283

Factors affecting the tax charge for the current year

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

	2015 £000	2014 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**9,308**	409
Current tax at 21% *(2014:23%)*	**1,955**	94
Effects of:		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	**135**	208
Adjustment to tax charge in respect of previous period	**-**	76
Utilisation of brought forward tax losses	**-**	(98)
Adjustment to tax charge in respect of current period	**3**	-
Tax on profit of sold subsidiary	**(128)**	-
Finance charge on shares classified as liabilities	**6**	-
Substantial shareholding relief on profit on disposal of subsidiary	**(1,684)**	-
Depreciation in excess of capital allowances	**13**	19
Total current tax charge (see above)	**300**	299

Factors affecting future current and total tax charges:

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

Notes *(continued)*

10 Intangible fixed assets

Group	Goodwill	Negative goodwill	Total
	£000	£000	£000
Cost			
At beginning and end of year	18,188	-	18,188
Additions	-	(310)	(310)
Loans notes cancelled (see note 15)	(2,097)	-	(2,097)
At end of the year	**16,091**	**(310)**	**15,781**
Amortisation			
At the beginning of the year	3,884	-	3,884
Charge/(credit) for the year	910	(310)	600
At end of year	**4,794**	**(310)**	**4,484**
Net book value			
At 31 March 2015	**11,297**	**-**	**11,297**
At 31 March 2014	14,304	-	14,304

Goodwill is amortised over 20 years, the anticipated useful life of the goodwill acquired.

During the year management conducted an impairment review of goodwill which indicated that the recoverable amount exceeded its carrying amount and therefore no impairment has been recognised. The recoverable amount is based on its net realisable value, which was calculated with reference to its value in use.

The directors concluded that there is no impairment of the goodwill value.

During the year, negative goodwill has been recorded on purchase of minority shares. The total amount has been amortised within the year.

11 Tangible fixed assets

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

Notes *(continued)*

11 Tangible fixed assets *(continued)*

The Company does not hold any fixed assets at the balance sheet date.

12 Fixed asset investments

Company	Shares in group undertakings £000
Cost	
At beginning of the year	20,794
Additions	340
Loan notes cancelled (see note 15)	(2,097)
Net book value	
At 31 March 2015	**19,037**
At 31 March 2014	20,794

See note 10 for details of impairment review performed.

The principal undertakings in which the Company's interest at the period end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
D.R.C. Holding Company Limited	United Kingdom	Holding company	Ordinary B shares 100%
Subsidiaries held by D.R.C. Holding Company Limited			
DRC Locums Limited	United Kingdom	Provision of locum doctors and health professionals	Ordinary shares 100%
Locumlinx Limited	United Kingdom	Provision of locum doctors and health professionals	Ordinary shares 100%

13 Debtors

	Group 2015 £000	Company 2015 £000	Group 2014 £000	Company 2014 £000
Trade debtors	5,311	-	5,847	-
Other debtors	415	15	134	15
Amounts owed by group undertakings	-	88	-	61
Dividend receivable	-	7	-	7
Prepayments and accrued income	1,703	-	2,453	-
Deferred tax asset	9	-	9	-
	7,438	110	8,443	83

The deferred tax asset of £9k (2014: £9k) arose in respect of timing differences on capital allowances.

Notes *(continued)*

14 Creditors: amounts falling due within one year

	Group 2015 £000	Company 2015 £000	Group 2014 £000	Company 2014 £000
Bank loan (see notes below)	245	-	507	-
Deferred consideration	-	-	1,971	1,971
Trade creditors	1,532	-	2,471	16
Invoice factoring account	3,702	-	4,194	-
Amounts owed to group undertakings	-	7,024	-	7,699
Social security	774	-	1,404	4
Taxation	211	-	272	-
Other creditors	469	17	1	-
Accruals and deferred income	1,222	-	2,543	-
Preference dividends payable (see note 8)	6	6	6	6
	8,161	7,047	13,369	9,696

(i) The bank loan and the advances on the invoice factoring account are secured by fixed and floating charges over the assets of the Group.

(ii) Included within Group bank loans is a cash flow loan of £245k (2014: £507k), which is repayable in instalments.

15 Creditors: amounts falling due after more than one year

	Group 2015 £000	Company 2015 £000	Group 2014 £000	Company 2014 £000
Bank loan	-	-	244	-
Related party loans	-	-	335	-
Deferred consideration	5,701	5,701	11,202	11,202
Loan notes cancelled	(2,097)	(2,097)	-	-
	3,604	3,604	11,781	11,202

The deferred consideration is contingent on the acquired entities attaining certain performance targets. The deferred consideration includes £Nil (2014: £1,971,000) of unconditional consideration and £3,604,000 (2014: £11,202,000) of contingent consideration. Loan notes amounting to £2,097,000 were cancelled during the period.

The entire amount of outstanding deferred consideration would become payable on either sale or other disposition of more than 50% of the company's share capital.

Deferred consideration falls due as follows:

	Group 2015 £000	Company 2015 £000	Group 2014 £000	Company 2014 £000
Within one year	-	-	1,971	1,971
In the second to fifth years	3,604	3,604	-	-
Over five years	-	-	11,202	11,202
	3,604	3,604	13,173	13,173

Notes *(continued)*

15 Creditors amounts falling due after more than one year *(continued)*

Bank loans

	Group 2015 £000	**Company 2015 £000**	Group 2014 £000	Company 2014 £000
Within one year	**245**	-	507	-
In the second to fifth years	-	-	244	-
	245	-	751	-

16 Provisions for liabilities

	Dilapidations 2015 £000
At start of year	62
Increase in provision	24
Provisions utilised	(28)
At end of year	**58**

The elements of deferred taxation asset are as follows:	**2015 £000**	2014 £000
Difference between accumulated depreciation and amortisation and capital allowances	9	9

A deferred tax asset of £9k (2014: £9k) has been recognised (see note 13).

17 Called up share capital

	2015 £	2014 £
Allotted, called up and fully paid		
Nil (*2014: 9,790*) Ordinary A shares of £0.001 each	-	10
100,000 (*2014: 90,210*) Ordinary B shares of £0.001 each	**100**	90
5,264 (2014: 5,264) Ordinary D shares of £0.001 each	**5**	5
	105	105
Shares classified as liabilities	-	10
Shares classified in shareholders' funds	**105**	95
	105	105

The Company has two classes of shares, Ordinary B and Ordinary D shares.

Notes *(continued)*

18 Reserves

Group	Profit and loss account 2015 £000	Profit and loss account 2014 £000
At beginning of year	(1,640)	(1,622)
Profit/(loss) for the year	8,750	(18)
At end of year	**7,110**	(1,640)

Company	Profit and loss account 2015 £000	Profit and loss account 2014 £000
At beginning of year	(15)	(4)
Profit/(loss) for the year	8,513	(11)
At end of year	**8,498**	(15)

19 Minority interests

	Group 2015 £000	Group 2014 £000
At the beginning of the year	563	419
Share of profit for the year	258	144
Adjustment for sale of minority shares	(821)	-
At end of the year	-	563

20 Commitments

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

Group	2015 Land and buildings £000	2015 Other £000	2014 Land and buildings £000	2014 Other £000
Operating leases which expire:				
Within 1 year	-	8	-	46
Within 2 to 5 years	300	-	300	3

Notes *(continued)*

21 Reconciliation of operating profit to operating cash flows

	2015	2014
	£000	£000
Operating profit	**1,596**	656
Depreciation and amortisation charges	**707**	1,088
(Increase)/decrease in debtors	**(1,127)**	1,813
(Decrease) in creditors	**(8,015)**	(1,093)
Increase/(decrease) in provisions	**(4)**	12
Net cash inflow from operating activities	**(6,843)**	2,476

The above reconciliation includes the following balances that were attributable to HB Retinue Limited, which was disposed of in the financial year:

	£000
Debtors	**2,159**
Creditors	**1,879**
Cash (deducted from consideration in note 22 below)	**451**

22 Analysis of cash flows

	2015	**2015**	2014	2014
	£000	**£000**	£000	£000
Returns on investment and servicing of finance				
Interest paid	**(283)**		(215)	
Dividends paid	**(26)**		(32)	
		(309)		(247)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	**(19)**		(53)	
Addition to subsidiary holding	**(340)**		-	
Sale of subsidiary (note 4)	**8,129**		-	
		7,770		(53)
Financing				
Increase in short term borrowing	**-**		447	
Increase in long term borrowing	**-**		244	
Movement in related party loans	**-**		225	
Repayment of secured loan	**(841)**		-	
Invoice factoring facility	**(492)**		(1,463)	
		(1,333)		(547)

Notes *(continued)*

23 Analysis of net debt

	At beginning of year £000	Cash flow £000	**At end of year £000**
Cash at bank and in hand	1,204	(1,102)	**102**
Debt due after one year	(579)	579	**-**
Debt due within one year	(4,701)	754	**(3,947)**
Total	(4,076)	231	**(3,845)**

24 Related party disclosures

Related party transactions:

- Locumlinx Limited

  At the year-end £1,954,000 (*2014: £1,966,000*) remained outstanding from HB Healthcare Limited.

- DRC Locums Limited

  At the year-end £5,069,409 *(2014: £5,732,681)* remained outstanding from HB Healthcare Limited.

- Hamilton Bradshaw Limited

  During the year DRC Locums Ltd incurred £276,000 *(2014: £150,000)* and Locumlinx Ltd incurred £24,000 *(2014: £255,000)* of Board fees from Hamilton Bradshaw Limited. At the year-end £31,090 (*2014: £186,000*) was duc by DRC Locums Ltd, and £nil (*2014: £280,000*) by Locumlinx Ltd, to Hamilton Bradshaw Limitcd. In 2014 a £400,000 loan was made to DRC Locums Ltd from Hamilton Bradshaw Limited. At the year-end £nil remained outstanding *(2014: £400,000).*

- HB Retinue Limited

  During the year HB Retinue Ltd incurred £1,777,232 (2014: £1,078,466) in agency supply costs and recharges for rent and payroll costs. At the year-end £25,127(2014: £73,554) was due to DRC Locums Ltd.

  During the year HB Retinue Ltd provided recruitment services of £nil (2014: £10,725) to DRC Locums Limited. The amount due from DRC Locums Limited at 31 March 2015 was £nil (2014: £4,453).

  During the year HB Retinue Ltd incurred £413,635(2014: £999,517) in agency supply costs. At the year-end £152,247 (*2014: £27,716*) was due to Locumlinx Ltd.

- HCIG Operations Ltd

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

- i-resource Payroll Services Limited

  During the year DRC Locums Ltd borrowed £856,000 loan and re-paid loan funds of £400,000 to i-resource Payroll Services Limited, a company in which D Jalan is a Director (2014: received loan funds of £150,000). At the year-end £456,000 (2014: £300,000) was owing to i-resource Payroll Services Limited.

- Jason Stewart – Company Director

  During the year ended 31st March 2014 a £125,000 loan was made to DRC Locums Limited from Jason Stewart, a Director of HB Healthcare Limited. At the year-end £nil remained outstanding (2014:£60,000).

25 Ultimate parent company and parent undertaking of larger group

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