HCL Permanent Limited

Company number 05790004

Report and Financial Statements

52 weeks ended

31 December 2017

HCL Permanent Limited

Report and Financial Statements for the 52 weeks ended 31 December 2017

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Corporate information

Directors

I J Munro
T N Ramus
J B Webb

Registered office

10 Old Bailey, London, EC4M 7NG.

Company number

05790004

Auditor

Grant Thornton UK LLP, 30 Finsbury Square, London, EC2A 1AG.

Strategic Report

The Directors present their strategic report for the 52 weeks ended 31 December 2017.

Strategy

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

In the UK the NHS Trusts represent a large part of the Company's market, supplemented by local authorities and private providers. The Company has aligned its service delivery to the NHS and its private clients to deliver their staffing needs.

Business Review

The revenue for the year is £2,413k (2016: £3,238k) and the adjusted EBITDA excluding exceptional items for the year was a profit of £302k (2016: £393k). The reported loss from continuing operations was £232k (2016: restated loss £338k) after exceptional operating items and taxation. Details of the prior year adjustment are provided within note 2.3 to the financial statements. The board monitors performance closely throughout the year.

The principal financial indicators for operations are average margin per week, gross margin % and gross margin conversion to contribution. The KPI data as stated above are disclosed in the table below:

	52 w/e 31.12.17	52 w/e 01.01.17
Average margin per week £'000s	46	58
Average number of placements per month	50	94
Gross profit conversion to contribution	13%	15%

The Company invested in a number of areas during 2017 and continues to drive for efficiency across all divisions. The figures in the table above are stated before these investments. Contribution is defined as gross profit less divisional costs.

The table below summarises the Company's trading performance:

	52 w/e 31.12.17 £k	52 w/e 01.01.17 £k
Revenue	2,467	3,183
Gross profit	2,381	3,001
Divisional costs	(2,079)	(2,608)
Adjusted EBITDA *	303	393

*Adjusted EBITDA is defined as EBITDA before exceptional items

Capital Structure

HCL Permanent was 100% owned by Healthcare Locums Limited during the year ended 31 December 2017, it was acquired by Health Care Resourcing Group Ltd post year end on 9 March 2018, and its share capital consists of 1, £1 ordinary share. The company has authorised share capital of 10,000, £1 ordinary shares.

Principal Risks and Uncertainties

The Board considers the principal risks facing the business as part of the annual budgeting process as well as the monthly board meetings. The principal risks and uncertainties currently judged to have the largest potential impact on the HCL Permanent's financial performance and reputational standing are described below:

1. Availability of Finance

HCL Permanent is dependent on the continuing availability of finance from its parent company, Health Care Resourcing Group Ltd. The invoice finance facilities available in the HCL entities sold to HCRG ensure the Company has adequate financing for the foreseeable future.

2. Relationships with Key Customers

Customer relationships and compliance with contract terms are essential to HCL Permanent's performance. The majority of HCL Permanent's revenue comes from the NHS. Contracts contain Key Performance Indicator targets and may include termination rights if targets are not met.

The NHS recently indicated that it would prefer to increase its level of permanent staff to reduce the locum staff burden. This puts HCL Permanent in a very good position to continue to deliver candidates to fulfil these needs.

3. Clinical Governance and Compliance

HCL Permanent 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.

4. IT Systems and Security

HCL Permanent 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.

5. Credit & Liquidity risk

Credit risk arises principally from the company's trade receivables and is the risk that the customer fails to discharge its obligations in respect of the instrument. The company'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. 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 greater than 1 month.
Liquidity risk arises from the company's management of working capital and the finance charges and principal repayments on its debt instruments. The Board receives regular cash flow projections and acts accordingly to mitigate this risk.

Approved by the Board and signed on its behalf by

Jamie Webb
Director
27 September 2018

Registered No. 05790004

The directors present their report for the 52 weeks ended 31 December 2017.

Principal Activities

The principal activity of the Company is the supply of permanent doctors, nurses, social workers and allied health professionals to the NHS and to the private medical sector.

Directors of the Company

The current directors are shown in the corporate information on page 1.

I J Munro (appointed 9 March 2018)
T N Ramus (appointed 9 March 2018)
J B Webb (appointed 9 March 2018)
P D Sullivan (resigned 9 March 2018)
S P Burke (resigned 9 March 2018)
M A Warren (resigned 9 March 2018)

Dividends

No dividends were paid in the 52 weeks ending 31 December 2017 and the Directors do not propose a final dividend for that period.

Future Developments

The Company intends to continue operating in the area of providing workforce solutions to the healthcare sector.

Financial instruments

The Company finances its activities with an invoice finance facility, as disclosed in the notes to the accounts which satisfies all short term cash flow requirements. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

Financial instruments give rise to interest rate, credit, price and liquidity risk information on how these risks arise is set out above, as are the objectives, policies and processes for their management and the methods used to measure each risk.

Disabled Persons

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 Company's policy is to consult and discuss with employees and employee engagement forums on matters likely to affect employees' interests. A corporate intranet provides a wide range of information, policies and procedures for staff to access. 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 Company's performance. Employees' interests are aligned with those of the company through bonus plan.

Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The Company is a subsidiary of Health Care Resourcing Group Ltd ("the Parent Company") and relies upon group facilities for the finances to meet its liabilities as they fall due. Based on the forecasts for trade for the Company over the next 12 months and beyond this time frame the Board believe that a going concern basis is correct. Therefore the board of HCRG has provided a letter of support for this subsidiary and ensures the trading support for the 12 months from the balance sheet date.

Post balance sheet events

The Company was sold to the Health Care Resourcing Group Ltd as at 9 March 2018. The Company was sold as a going concern and the trade has continued to operate in the same manner.

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.

Cautionary Statement

A Company's financial statements are required, among other matters, to contain a fair review by the Directors of the Company's business, through a balanced and comprehensive analysis of the development and performance of the business of the Company and the position of the Company 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 ultimate 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 Company 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 Company'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.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select the most suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.

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

Disclosure of Audit Information

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.

On behalf of the Board

Jamie Webb
Director
27 September 2018

Independent auditor's report to the members of HCL Permanent Limited

Opinion

We have audited the financial statements of HCL Permanent Limited (the 'company') for the 52 weeks ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the 52 weeks then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matter

The company was not required to have a statutory audit for the 52 weeks ended 1 January 2017 as it was entitled to exemption under section 479A of the Companies Act 2006 relating to subsidiary companies. Accordingly, the corresponding figures for the 52 weeks ended 1 January 2017 are unaudited.

Grant Thornton UK LLP

Marc Summers BSc (Hons) FCA (Senior statutory auditor)
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
28 September 2018

HCL Permanent Limited

Statement of Comprehensive Income for the 52 weeks ended 31 December 2017

	Notes	52 weeks ended Audited 31 December 2017 £	52 weeks ended Unaudited 1 January 2017 (Restated) £
Revenue	2,5	**2,466,892**	3,183,389
Cost of sales		**(85,828)**	(181,925)
Gross profit		**2,381,064**	3,001,464
Operational expenses before exceptional operating costs		**(2,078,557)**	(2,608,131)
Net exceptional operating costs (provision against intercompany balance)		**(70,752)**	-
Total operating income/(expenses)		**(2,149,309)**	(2,608,131)
Profit from operations		**231,755**	393,333
Profit before taxation		**231,755**	393,333
Tax benefit/(charge)	7	-	(55,523)
Profit for the year	12,13	**231,755**	337,810
Other comprehensive income:			
Total comprehensive profit for the year		**231,755**	337,810

All amounts relate to continuing operations.

The Notes on pages 13 to 22 form part of these Financial Statements.

HCL Permanent Limited

Statement of Financial Position as at 31 December 2017

	Notes	Audited 31 December 2017 £	Unaudited 1 January 2017 Restated £
Assets			
Non-current assets			
Goodwill	8	7	7
		7	7
Current assets			
Trade and other receivables	9	**933,582**	808,317
Cash at bank		**12,531**	14,549
		946,113	822,866
Total assets		**946,120**	822,873
Liabilities			
Current liabilities			
Trade and other payables	10	**(430,047)**	(538,555)
		(430,047)	(538,555)
Total liabilities		**(430,047)**	(538,555)
Total net assets		**516,073**	284,318
Capital & reserves			
Share capital	11	**1**	1
Tax equalisation reserve	12	**(221,743)**	(221,743)
Retained Earnings	12	**737,815**	506,060
Total equity	13	**516,073**	284,318

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of Financial Statements.

The Financial Statements were approved by the Board and authorised for issue on 27 September 2018.

Jamie Webb
Director

The Notes on pages 13 to 22 form part of these Financial Statements.

HCL Permanent Limited

Statement of Changes in Equity

	Share capital	Tax equalisation reserve	Retained earnings	Total
	£	£	£	£
Balance at 4 January 2016 (Unaudited)	1	343	168,250	168,594
Profit for the year	-	-	392,005	392,005
Movement in tax equalisation reserve	-	(222,086)	-	(222,086)
Balance at 1 January 2017 (Unaudited – as previously stated)	**1**	**(221,743)**	**560,255**	**338,513**
Prior year adjustment	-	-	(54,195)	(54,195)
Balance at 1 January 2017 (Unaudited - restated)	**1**	**(221,743)**	**506,060**	**284,318**
Profit for the year	**-**	**-**	**231,755**	**231,755**
Balance at 31 December 2017 (Audited)	**1**	**(221,743)**	**737,815**	**516,073**

The Notes on pages 13 to 22 form part of these Financial Statements.

1 Authorisation of financial statements and statement of compliance with FRS101

The financial statements of HCL Permanent Limited for the year ended 31 December 2017 were authorised for issue by the board of directors on 27 September 2018 and the statement of financial position was signed on the board's behalf by Jamie Webb. HCL Permanent Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound except when otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 2.

2 Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017. The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IFRS 7 Financial Instruments: Disclosures,
(b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
(c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  (i) paragraph 79(a)(iv) of IAS 1;
  (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  (iii) paragraph 118(e) of IAS 38 Intangible Assets;
(d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
(e) the requirements of IAS 7 Statement of Cash Flows;
(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
(g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
(h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
(i) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

HCL Permanent 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 Company's operations and its principal activities are set out in the Report of the Directors on page 4 to 6 and in the Strategic Review on pages 2 to 3.

The primary financial statements and figures in the notes are presented in Pounds Sterling ("£") because that is the currency of the primary economic environment in which the Company operates.

The principal accounting policies are summarised below. They have been consistently applied throughout the year and the preceding year.

2.2 Critical accounting judgements and key sources of estimation uncertainty

The Company 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. There were no 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.

2.3 Prior year adjustment

£54,195 of revenue recognised in the period ended 1 January 2017 had been recognised incorrectly in advance. A prior year adjustment has been made to de-recognise the revenue, and associated debtor, with the balance correctly reflected in the period ended 31 December 2017.

2.4 Significant accounting policies

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The Company is a subsidiary of Health Care Resourcing Group Ltd ("the Parent Company") and relies upon group facilities for the finances to meet its liabilities as they fall due. Based on the forecasts for trade for the Company over the next 12 months and beyond this time frame the Board believe that a going concern basis is correct. Therefore the board of HCRG has provided a letter of support for this subsidiary and ensures the trading support for the 12 months from the balance sheet date.

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.

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.

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.

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.

Financial instruments

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

The Company 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 Company's accounting policy for each category is as follows:

Financial assets:
Trade and other receivables: 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 Company 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 Company's receivables that are financial assets comprise trade and other receivables, excluding prepayments, in the 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 Statement of Financial Position and are included within cash and cash equivalents for the purpose of cash flows.

Financial liabilities:

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

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 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 Statement of Financial Position to be written off over the term of the modified facilities.

Share Capital

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

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 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.

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.

3 Employees

There are no employees (2016 – nil). All staff who worked for the Company during the year and the prior year were employees of other companies within the Healthcare Locums Group and received remuneration from those companies.

4 Directors' emoluments

The Directors, who held office during the year were Directors of Healthcare Locums Ltd and received remuneration from that Company. No remuneration was paid in respect of their services to the Company (2016 – nil).

5 Revenue

The Company's revenue was derived from its principal activity, being the provision of temporary and permanent healthcare staff to public and private clients. All the Company's revenue was generated within the United Kingdom.

6 Loss from operations

The audit and non-audit fees for the Company are borne by the immediate parent company.

7 Taxation on profit on ordinary activities

The tax charge for the period differs from the standard rate of corporation tax in the UK of 19.25%. The differences are explained below:

	52 weeks ended 31 December 2017 £	52 weeks ended 1 January 2017 (Restated) £
Profit on ordinary activities before tax	231,755	393,333
Taxation at standard rate of UK corporation tax of 19.25% (2016 – 20.0)	44,613	78,667
Effects of:		
Expenses not deductible for tax purposes	13,620	-
Adjustments relating to prior periods	(10,429)	-
Group relief claimed	(48,252)	-
Deferred tax not recognised	396	(19,746)
Adjust deferred tax to average rate	52	(3,398)
Total tax (credit) / charge for period	-	55,523

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

	52 weeks ended 31 December 2017 £	52 weeks ended 1 January 2017 £
Excess of capital allowances over depreciation	-	12
Short term timing difference	396	-
Total	396	12

No deferred tax has been recognised on the tax losses carried forward due to the lack of visibility of future taxable profits in 2017 (2016: nil).

8 Intangible assets

	Purchased Goodwill £
Cost	
At 1 January 2017	7
At 31 December 2017	7
Amortisation and impairment	
At 1 January 2017 & 31 December 2017	-
Net book value	
At 31 December 2017	7
At 1 January 2017	7

Intangible assets are tested annually for impairment commencing in the year after purchase. An impairment loss has been recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, based on the estimated future cash flows of the Permanent' division. The key assumptions used in testing goodwill for impairment were based on a calculated WACC of 12% and an average long term growth rate of 2%. The WACC was calculated using a number of factors including the risk free rate (1.55%), equity market risk premium (6.0%), a beta factor of 1.00, small stock premium (4.0%), gross cost of debt (5.4%) and expected long term tax rate (17%). The rate was also compared to rates used by companies in a similar industry and a similar size. These rates were then flexed by one or two percentage points to assess the sensitivity of the NPV of future cash flows. The results of the calculations have determined the carrying value of the goodwill stated above.

9 Debtors

	31 December 2017 £	1 January 2017 (Restated) £
Trade debtors	**495,927**	502,302
Amounts owed from other group undertakings	**40,449**	289,769
Other debtors	**281,516**	53
Corporation tax	**11,778**	11,778
Prepayments and accrued income	**103,912**	4,415
	933,582	808,317

All debtors fall due within one year unless otherwise stated. Amounts owed by the Parent Company and group undertakings are non interest bearing and repayable on demand. Trade debtors for the period ended 1 January 2017 have been restated by £54,195, due to revenue being recognised in advance.

10 Creditors: amounts falling due within one year

	31 December 2017 £	1 January 2017 £
Invoice finance facility	**13,139**	11,129
Amounts owed to fellow subsidiary undertakings	**276,040**	277,609
Taxation and social security	**29,967**	57,587
Other creditors	**68,725**	136,166
Accruals and deferred income	**42,176**	56,064
	430,047	538,555

All amounts owed to fellow subsidiaries are repayable on demand and do not bear any interest.

11 Share capital

Authorised:

	31 December 2017 Number	1 January 2017 Number	31 December 2017 £	1 January 2017 £
Ordinary shares of £1 each	**10,000**	10,000	**10,000**	10,000

Allotted, called up and fully paid:

	31 December 2017 Number	1 January 2017 Number	31 December 2017 £	1 January 2017 £
Ordinary shares of £1 each	**1**	1	**1**	1

12 Statement of movement on reserves

	Tax equalisation reserve	Profit and loss account (Restated)
	£	£
At 1 January 2017 (as restated)	**(221,743)**	**506,060**
Profit for the year	-	**231,755**
At 31 December 2017	**(221,743)**	**737,815**

The tax equalisation represents the corporation that was group relived at a gross value through the intercompany account and the net tax charge to surrender.
The retained loss represents the cumulative profit or loss recognised in the Statement of Comprehensive Income, as adjusted for subsequent transfers to or from other reserves.

13 Reconciliation of movements in shareholders' funds

	31 December 2017	1 January 2017 (Restated)
	£	£
Profit for the financial year (2016: as restated)	**231,755**	337,810
Movement on tax equalisation reserve	-	(222,086)
Net increase in shareholders' funds (2016: as restated)	**231,755**	115,724
Shareholders' funds at 1 January 2017 (as restated)	**284,318**	168,594
Shareholders' funds at 31 December 2017	**516,073**	284,318

14 Immediate and Ultimate Parent Company

At 31 December 2017 the Company was a wholly-owned subsidiary of Healthcare Locums Ltd, which was the immediate Parent Company. Healthcare Locums Ltd is wholly owned by Angel Acquisitions Ltd which is the group's ultimate parent company and ultimate controlling party. The group is consolidated at 31 December 2017 at Healthcare Locums Ltd level. Both Angel Acquisitions Ltd & Healthcare Locums Ltd are registered in England and Wales.

Since the year end the Company has been acquired by Health Care Resourcing Group Ltd, which is now the ultimate Parent Company.

15 Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 101 not to disclose transactions with members of the Group headed by Healthcare Locums Ltd on the grounds that 100% of the voting rights in the Company are controlled within that group and that Company is included in the consolidated Financial Statements of Healthcare Locums Ltd.

16 Post balance sheet events

The Company was sold to the Health Care Resourcing Group Ltd as at 9 March 2018. The Company was sold as a going concern and the trade has continued to operate in the same manner.