REGISTERED NUMBER: 09852871 (England and Wales)

POSITIVE HEALTHCARE PLC

CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2017

POSITIVE HEALTHCARE PLC

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POSITIVE HEALTHCARE PLC

COMPANY INFORMATION, DIRECTORS AND ADVISORS

Directors:	Gary Peter Ashworth (Appointed 02 November 2015) Christopher Paul Ledbury (Appointed 02 November 2015) Gareth Maitland Edwards (Appointed 04 November 2015)
Company Secretary:	Gareth Maitland Edwards (Appointed 02 November 2015)
Registered Number:	09852871 (England and Wales)
Registered Office:	18 Raven Road London E18 1HB
Bankers:	HSBC Bank Plc 21 Farncombe Road Worthing BN11 2BW
Accountants:	F L S Accounting Solutions Limited T/A SP Vinshaw 3 George Street Watford WD18 0BX
Auditors:	Gerald Edelman 73 Cornhill London EC3V 3QQ

POSITIVE HEALTHCARE PLC

CHAIRMAN'S STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2017

Chairman Statement

I am pleased to present the consolidated financial results of Positive Healthcare Plc for the period from 2 November 2015 to 31 March 2017. The company was incorporated on 2 November 2015.

Business and operations

Positive Healthcare PLC continues to hold investments in companies within the healthcare recruitment sector in the UK. Since being admitted on the NEX Exchange (Previously known as ISDX growth market), the company has raised debt finance of £1.33 million via a Bond issue and used the funds to complete the acquisition of a 75% stake in Capital Care Services (UK) Limited and Fine Locums Limited on the 30th June 2016.

Both of these businesses operate within the healthcare recruitment industry. Based in London, they specialise in the recruitment of locum nurses, doctors and domiciliary care workers. The Directors are confident the addition of these two companies within the group will result in a significant improvement in the future profit outlook for the group.

Capital Care Services (UK) Limited generated a revenue of £4.40 million for the period from 1 July 2016 to 31 March 2017 and EBITDA of (£74,144) for the same period. Fine Locums Limited generated revenue of £950K for the period from 01 July 2016 to 31 March 2017 and EBITDA of £65,739 for the same period.

Financial results

The consolidated EBITDA for the period to 31 March 2017 is £16,412 and loss after exceptional items and taxation was £264,687 on consolidated revenue of £7,803,986. The exceptional items comprise costs associated with the bond issue of £154,300.

Outlook

The first financial period has been an exciting time of change and growth for Positive Healthcare. The acquisition of the majority stake of CCS and Fine Locums in June has given the group an enlarged platform for growth. The increasing number of people living in the UK, combined with an ageing population, contribute to an insatiable appetite for free healthcare and as a result the NHS struggles to keep pace which leads to a growing demand for a flexible workforce plus a growing over-run into the private sector creating opportunities there too.

The company has since the completion of the acquisition invested in more fee earners, an updated CRM system and stronger marketing to attract nurses and doctors and service the new framework awards that have been won during the reporting period. We look forward to further organic growth and continue to evaluate strategic acquisitions in the sector.

We would like to take this opportunity to thank the entire staff of the company for their hard work and passion during this period of change, without whom, none of this would have been possible.

Gary Ashworth
Chairman
Date: 25 August 2017

STRATEGIC REPORT
FOR THE PERIOD ENDED 31 MARCH 2017

Principal activity

The principal activity of the group is that of recruitment within the health care sector. The Board continues to locate potential acquisition opportunities which offer a high EBITDA and the opportunity to add value to shareholder funds. In addition to the contracts held by the group within the NHS for the supply of the health care staff, the group also has good relationship with certain blue chip private healthcare providers, to enable the group to achieve a balanced portfolio of clients and to protect the groups profitability and cash flow.

The success of the group rests on the directors' ability to win new clients through competitive bidding process both within the NHS and private sector.

The Chairman and Chief Executive Officer have a wide range of contacts and experience within the recruitment sector to judge market trends.

Review of business

The Company, Positive Healthcare PLC was admitted into the NEX Exchange shortly after its incorporation in November 2015. Since being admitted on the NEX Exchange, the company has raised debt finance of £1.33 million via a bond issue and used the finance raised to complete the acquisition of a 75% stake in Capital Care Services (UK) Limited and Fine Locums Limited on the 30 June 2016.

Both businesses operate within the healthcare recruitment industry and are based in London, they specialise in the recruitment of locum nurses, doctors and domiciliary care workers. Since the completion of the acquisition the group has invested substantially in more fee earners, an updated CRM system and stronger marketing to attract both candidates and clients.

Capital Care Services (UK) Limited generated a revenue of £4.40 million since the completion to the period ended 31 March 2017 and an EBITDA of (£74,144). Fine Locums Limited generated a revenue of £950,000 since the acquisition to the period ended 31 March 2017 and an EBITDA of £65,739.

The group has framework agreements and contracts with Crown Commercial Services, Health Trust Europe and NHS London Procurement Partnership.

An overall review of business is given in the Chairman's Statement on page 3.

The Board monitors key financial performance indicators. The indicators are relatively simple, but appropriate to the circumstances of the business. For the period ended 31 March 2017 are summarised below:-

- Total revenue for the period was £7,803,986
- Gross profit for the period was £1,594,743
- Gross margin for the period was 20.43%
- The group's EBITDA was £16,412

The board expects to develop additional measures in view of the growth of the business. For example, for the current year onwards the group monitors gross margin per recruiter versus weekly average cost of a recruiter.

Principal risks and uncertainties

The group is exclusively based in the UK and therefore it is exposed to the risks and uncertainties of the UK economy.

The Directors consider that the principal risk for the group is in respect of the continuing pressure on the NHS budget. The NHS is subject to drastic cost cutting measures, resulting in continuous pressure on gross margins due to rate capping etc. as a result, gross margins are expected to be squeezed.

The group is exposed to interest rate risk. The group has benefitted from the current, exceptionally low, interest rates, but does not expect this to continue. The group relies heavily on invoice financing and currently benefits from the exceptionally low interest rates. There is a risk that should interest rate rise then the use of this facility will prove to be expensive and thus inhibit growth and profitability. This is mitigated by establishing a facility with a preferred lender which is familiar with and supportive of the group's strategy and achievements. All borrowing is undertaken at cautious assessments.

The group plans to continue to acquire companies within the healthcare recruitment industry and to continue to develop its portfolio. However, the future stability of the group is not dependent on further acquisitions and can continue profitably at its present size.

The group is also exposed to credit risk as the group's principal financial assets are trade and other receivables. The group's credit risk is primarily attributable to its trade receivables. The amounts in balance sheet are net of provision for bad and doubtful debts. The group mitigates the exposure by regular review of credit limits and monitoring overdue accounts and effective credit control procedures. The group is also reviewing a possibility of insuring is trade receivables.

Future developments

The first financial period has been an exciting time of change and growth for Positive Healthcare. The acquisition of the majority stake of CCS and Fine Locums in June 2016 has given the Group an enlarged platform for growth. The increasing number of people living in the UK, combined with an ageing population, contribute to an insatiable appetite for free healthcare and as a result the NHS struggles to keep pace which leads to a growing demand for a flexible workforce plus a growing over-run into the private sector creating opportunities there too.

The Strategic report was approved by the Board on 25 August 2017 and signed on its behalf by :

Gary Ashworth
Chairman

REPORT OF THE DIRECTORS
FOR THE PERIOD ENDED 31 MARCH 2017

The Directors present their report with the audited consolidated financial statements for the period ended 31 March 2017.

Dividends
The directors have recommended that no dividends be paid.

Directors
The following Directors have held office since 02 November 2015:

Gary Peter Ashworth (Appointed 02 November 2015)
Christopher Paul Ledbury (Appointed 02 November 2015)
Gareth Maitland Edwards (Appointed 04 November 2015)
Alan William Found (Appointed 04 November 2015 and resigned on 19 October 2016)

Creditor Payment Policy
Operating businesses are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is group policy that payments are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions.

Going Concern

The Directors can report that, based on the group's budgets and financial projections, they have satisfied themselves that the business is a going concern. The board has a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.

Auditors
Gerald Edelman were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Future developments
This information has not been included in the Directors' Report because it is shown in the Strategic Report as permitted by section s414C(11) of the Companies Act.

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

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law and the rules of NEX Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation**.**

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 the company and of the profit or loss of the group for that period.

In preparing the group and company 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;
- For the group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement of disclosure to auditor
The Directors who were in office at the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that they 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 it has been communicated to the auditor.

The directors' report was approved by the board on 25 August 2017.

Gary Ashworth

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POSITIVE HEALTHCARE PLC FOR THE PERIOD ENDED 31 MARCH 2017

We have audited the group and parent company financial statements ("the financial statements") on pages 9 to 28. The financial reporting framework that has been applied in the preparation of the group and the company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 more fully explained in the Directors' Responsibilities Statement set out on pages 6 to 7, 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 (APB'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 **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 31 March 2017 and of the group's loss for the period then ended;
- the group and the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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, based on the work undertaken in the course of our audit, 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, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of our audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

Hemen Doshi FCCA (Senior Statutory Auditor)
for and on behalf of Gerald Edelman
Chartered Accountants
Statutory Auditor

25 August 2017
73 Cornhill
London
EC3V 3QQ

POSITIVE HEALTHCARE PLC

COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2017

	Notes	Period ended 31 March 2017 £
Revenue	4	7,803,986
Cost of sales		(6,209,243)
Gross profit		**1,594,743**
Administrative expenses		(1,592,199)
Exceptional costs	5	(154,300)
Finance cost	6	(124,017)
Loss before tax	7	**(275,773)**
Taxation	9	11,086
Loss for the year		**(264,687)**
Attributable to:		
Owners of the parent		(262,639)
Non-controlling interest		(2,048)
		(264,687)

Loss per share		**Pence**
Basic loss per share attributable to equity holders of the parent	10	(5.253)
Diluted loss per share attributable to equity holders of the parent	10	(5.253)

POSITIVE HEALTHCARE PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Notes	As at 31 March 2017 £
ASSETS		
Non-current assets		
Intangible assets	11	1,001,778
Property, plant and equipment	12	90,645
		1,092,423
Current assets		
Trade and other receivables	13	1,758,061
Cash and cash equivalents	14	49,108
		1,807,169
TOTAL ASSETS		**2,899,592**
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	15	50,000
Retained deficit		(262,639)
Non-controlling interest		236,735
Total equity		24,096
Non-current liabilities		
Borrowings	16	1,330,675
		1,330,675
Current liabilities		
Trade and other payables	17	1,544,821
		1,544,821
TOTAL EQUITY AND LIABILITIES		**2,899,592**

The financial statements were approved and authorized for issue by the Board on 25 August 2017.

Gary Ashworth
Director

POSITIVE HEALTHCARE PLC

COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2017

	Notes	As at 31 March 2017 £
ASSETS		
Non-current assets		
Investments	18	1,586,136
Property, plant and equipment	12	-
		1,586,136
Current assets		
Trade and other receivables	13	376,509
Cash and cash equivalents	14	1,403
		377,912
TOTAL ASSETS		**1,964,048**
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	15	50,000
Retained deficit		(177,906)
Total equity		(127,906)
Non-current liabilities		
Borrowings	16	1,330,675
		1,330,675
Current liabilities		
Trade and other payables	17	761,279
		761,279
TOTAL EQUITY AND LIABILITIES		**1,964,048**

The financial statements were approved and authorized for issue by the Board on 25 August 2017.

Gary Ashworth
Director

Company Registration number: 09852871

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2017

Group	Share capital	Retained deficit	Non-controlling interest	Total
	£	£		£
Balance as at 2 November 2015	50,000	-	-	50,000
Loss for the period	-	(262,639)	(2,048)	(264,687)
Non-controlling interest	-	-	238,783	238,783
Balance as at 31 March 2017	**50,000**	**(262,639)**	**236,735**	**24,096**

Company	Share capital	Retained deficit	Total
	£	£	£
Balance as at 2 November 2015	50,000	-	50,000
Loss for the period	-	(177,906)	(177,906)
Balance as at 31 March 2017	**50,000**	**(177,906)**	**(127,906)**

POSITIVE HEALTHCARE PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017

	Notes	2017 £
Loss for the period		(264,687)
Cash flow from operating activities		
Adjustments for:		
Depreciation		13,106
Bond issue costs		154,300
Increase in receivable		(1,708,051)
Increase in payables		1,498,888
Net cash generated in operating activities		(41,757)
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	**21**	(1,529,780)
Acquisition of property plant and equipment	**12**	(21,651)
Net cash used in investing activities		(1,551,431)
Cash flows from financing activities		
Bond issue net of costs		1,176,375
Net cash generated from finance activities		1,176,375
Net increase in cash and cash equivalents		(681,500)
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at end of the period		**(681,500)**
Reconciliation of Cash and Cash Equivalents at end of the period		
Cash at hand and in bank		49,108
Cash advance under invoice finance facilities at period end		(730,608)
		(681,500)

1. General information

The consolidated financial statements of Positive Healthcare Plc and its subsidiaries (collectively the "group") for the period ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on 25 August 2017.

Positive Healthcare Plc is a company registered in England and Wales under the Company registration number 09852871, whose bonds are listed on the NEX Exchange (Previously known as the ISDX Growth Market). The registered office is located at 18 Raven Road, London, E18 1HB. The group is principally engaged in recruitment within the Healthcare sector.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not produced the Company's individual profit and loss account. The company loss before taxation is £177,906.

2. Standards, amendments and interpretations to published standards not yet effective

The following standards and interpretations (and amendments thereto) have been issued by the International Accounting Standards Board (IASB) and its International Financial Reporting Interpretations Committee (IFRIC) which are not yet effective and have not been adopted, many of which are either not relevant to the group and parent company or have no impact on the financial statements of the group and parent company.

	Effective Dates *
IFRS 9 Financial instruments: Classification	1 January 2018
IFRS 16 Leases	1 January 2017
IFRS 15 Revenue from contracts with customers	1 January 2017
IAS 16 and IAS 38 Clarification of Acceptable methods of Depreciation and Amortisation	1 January 2017

* The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the group and parent company prepares it financial statements in accordance with IFRS as adopted by the European Union (EU), the application of new standards and interpretations will be subject to their having been endorsed for used in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard of interpretation but the need for endorsement restricts the group and parent company's discretion to early adopt standards.

3. Basis of presentation and significant accounting policies

The principal accounting policies applied in the preparation of the group and parent company's financial statements are set out below.

3.1 Basis of presentation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union and issued by the International Accounting Standards Board. The consolidated financial statements are presented in Sterling, the group and parent company's functional currency.

3.1 Basis of presentation (continued)

IFRS requires management to make certain critical accounting estimates and to exercise judgement in the process of applying the group's accounting policies. These estimates are based on the directors' and independent professional's best knowledge and past experience.

In the opinion of the directors, based on the group's budgets and financial projections, they have satisfied themselves that the business is a going concern. The board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.

3.2 Basis of consolidation

The financial statements incorporate the financial statements of the company, its subsidiary and associated entities made up to 31 March 2017.

Subsidiaries

The financial statements incorporate the financial statements of the company and entities controlled by the company made up to the period ended 31 March 2017.

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 financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income, expenses and unrealised gains are eliminated when preparing the historical financial information. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Basis of consolidation (continued)

Investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of consideration over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised in the income statement and is not subsequently reversed. Acquisitions accounted for under IFRS 3 the consideration used in the calculation of goodwill includes third party costs incurred to effect the acquisition.

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

For acquisitions accounted for under IFRS 3, future anticipated payments to vendors in respect of earn outs are based on the Directors' best estimates of the fair value of future obligations, which are dependent on future performance of the interests acquired and assume the operating companies improve profits in line with Directors' estimates and are included in liabilities greater or less than one year as appropriate. There will be no depreciation or amortisation of goodwill in the month of acquisition.

Following the adoption of IFRS 3 (revised), changes to earn outs are recorded in the income statement through costs of acquisitions. In this instance, when earn outs are to be settled in cash or share consideration, the fair value of the consideration is obtained by discounting to present value the amounts expected to be payable in the future. The resulting interest charge is included within finance costs of deferred consideration.

When a business is acquired from former shareholders who become employees of the group, should their earn out payments be dependent on continuing employment then all payments are treated as remuneration for post acquisition services.

The charge to the income statement is included in deemed remuneration and the fair value of the liability is included as deemed remuneration in the statement of financial position, classified as current or non-current liabilities as appropriate.

In accordance with IFRS an impairment charge is required for both goodwill and other indefinite lived assets when the carrying amount exceeds the 'recoverable amount', defined as the higher of fair value less costs to sell and value in use.

Our approach in determining the recoverable amount utilises a discounted cash flow methodology, which necessarily involves making numerous estimates and assumptions regarding revenue growth, operating margins, tax rates, appropriate discount rates and working capital requirements.

These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material. In addition, judgments are applied in determining the level of cash-generating unit we identify for impairment testing and the criteria we use to determine which assets should be aggregated.

3.3 Financial assets

Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available for sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loan and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit and loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and do not qualify as trading assets. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the consolidated statement of comprehensive income when the loans or receivables are derecognised or impaired, as well as through the amortisation process.

3.4 Cash and cash equivalents

These include cash in hand, deposits held at call with banks and bank overdrafts.

3.5 Trade and other receivables

Trade and other receivables are recognised by the group and carried at the original invoice amount less an allowance for any uncollectable or impaired amounts.

Other receivables are initially recognised at fair value.

An estimate for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off to the consolidated statement of comprehensive income when they are recognised as being bad.

3.6 Trade and other payables

These are initially recognised at fair value and then carried at amortised cost. These arise principally from the receipt of goods and services.

3.7 Fixed Assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is not provided on freehold land. On other assets it is provided on cost or re-valued amounts over the estimated lives of the assets as below:-

Property, Plant and Equipment – 25% reducing balance method
Leasehold property – Over the term of the lease

3.8 Employee benefits

For defined contributions schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

3.9 Provision

A provision is recognised in the consolidated statement of financial position when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

3.10 Taxation

The tax expense represents the sum of the tax currently payable.

The tax currently payable is based on taxable profit for the year. 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. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the consolidated statement of financial position date.

3.11 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on difference tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.11 Deferred tax (continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. All such revenue is reported net of discounts and value added and other sales taxes.

3.13 Interest expense recognition

Interest expense is recognised as interest accrues, using the effective interest method, on the net carrying amount of the financial liability.

3.14 Borrowings

Borrowings other than bank overdrafts are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the consolidated statement of comprehensive income over the period of the borrowings, using the effective interest method.

4. Turnover

The group's revenue comprises of activities wholly undertaken in the United Kingdom and is derived from its principal activity, provision of healthcare recruitment services.

5. Exceptional items

Exceptional items comprise the following:

	Period ended 31 March 2017 £
Bond issue costs	154,300

Bond issue costs includes fee paid to professional firms in respect of listing the bond onto the ISDX growth market (Now known as NEX Exchange).

6. Finance costs

	Period ended 31 March 2017 £
Interest paid to bond holders	116,517
Other Interest	7,500
	124,017

7. Operating loss

Operating loss is stated after charging/ (crediting) the following: -

	Period ended 31 March 2017 £
Depreciation and amortisation	13,868
Auditor's remuneration: - Audit of the parent and consolidation	21,500
Interest paid to bond holders	116,517

8. Staff costs

Employee costs during the year (Including Directors):-

	Period ended 31 March 2017 £
Wages and salaries	821,899
Social Security costs	73,274
Other pension costs	2,984
	898,157

	Number
Management and finance	9
Compliance	4
Recruitment staff	14
	27

9. Taxation

	Period ended 31 March 2017 £
Loss before tax	(275,773)
Loss multiplied by standard rate of corporation tax in the UK of 20%	(55,155)
Expenses not deductible for tax purposes	2,775
Capital allowances in excess of depreciation	-
Other tax adjustments	25,666
Unused tax losses carried forward	37,800
Tax credit/(charge) for the period	11,086
Comprising:-	
Current income tax	11,086
Tax credit/(charge) for the period	11,086

On the basis of these financial statements no provision has been made for UK corporation tax

10. Loss per share

The basic earnings / (deficit) per share is calculated by dividing net profit or loss for the year attributable to ordinary equity holders by the weighted average number of ordinary shares during the year.

The diluted earnings / (deficit) per share is calculated by dividing the net profit or loss attributable to ordinary shareholders after adjustments for instruments that dilute basic earnings per share by the weighted average of ordinary shares outstanding during the year (adjusted for the effects of dilutive instruments).

	Loss	31 March 2017 Weighted average number of shares	Per share amount
Basic EPS	£		Pence
Loss attributable to ordinary shareholders	(262,639)	50,000	(5.253)

This is the same as the Diluted EPS.

11. Intangible assets

Group	Goodwill	Development costs	Total
	£	£	£
Additions during the period	999,239	-	999,239
Acquired on acquisition of subsidiary	-	3,301	3,301
As at 31 March 2017	999,239	3,301	1,002,540
Amortisation as at 2 November 2015			
Charge for the period	-	762	762
Depreciation as at 31 March 2017	-	762	762
Net Book Value			
At 31 March 2017	999,239	2,539	1,001,778

Goodwill arose on acquisition of subsidiaries as detailed in Note 21.

12. Property plant and equipment

Group	Property, plant and equipment
	£
As at 2 November 2015	-
Acquired on acquisition of subsidiary	82,100
Additions during the period	21,651
Cost as at 31 March 2017	103,751
Depreciation as at 2 November 2015	-
Charge for the period	13,106
Depreciation as at 31 March 2017	13,106
Net Book Value	
At 31 March 2017	90,645

There were no property, plant and equipment owned by the parent company.

13. Trade and other receivables

	Group 2017 £	Company 2017 £
Trade receivables	1,445,958	-
Amounts owed by group companies	-	84,063
Other receivables	312,103	292,446
	1,758,061	376,509

14. Cash and cash equivalents

	Group 2017 £	Company 2017 £
Cash at bank	49,108	1,403

15. Share capital

Group and Company	**2017 £**
Issued share capital	
50,000 ordinary shares of £1 each	50,000

During the period to 31 March 2017, 50,000 Ordinary shares of £1 each were issued at par.

16. Borrowings

	Group 2017 £	Company 2017 £
Amounts due to bond holders	1,330,675	1,330,675

All of these liabilities are held at amortised cost. The directors consider that the carrying amount of the liabilities approximates their fair value.

Details of security and interest rates

During the period ended 31 March 2017, the company issued 1,330,675 bonds of £1 each, maturing in 2021, carrying a coupon rate of 7% per annum.

17. Trade and other payables

	Group 2017 £	Company 2017 £
Trade payables	69,526	22,829
Amounts owed to group companies	-	695,563
Tax and social security	456,615	-
Other payables	1,018,680	42,887
	1,544,821	761,279

Included within other creditors is an amount of £730,608 in respect of funds in use under the invoice finance facility. This amount is secured over the company trade receivables. The amounts are repayable on demand.

18. Investments

	Company 2017 £
Cost as at 02 November 2015	-
Acquisition of subsidiary undertakings (See note 21)	1,586,136
Impairment	-
Disposals	-
Cost as at 31 March 2017	1,586,136

During the period ended 31 March 2017 the company acquired three subsidiaries, details of which are detailed at Note 20 of these financial statements.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Subsidiary undertaking	Nature of business	Country of registration or incorporation	Shares held	%
Capital Care Services (UK) Limited	Recruitment	United Kingdom	Ordinary Shares	75
Fine Locums Limited	Recruitment	United Kingdom	Ordinary Shares	75
Positive Mental Health Limited	Recruitment	United Kingdom	Ordinary shares	100

The principal place of business for all subsidiaries is United Kingdom.

19 Financial instruments

In common with other businesses, the group is exposed to the risk that arises from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information is found throughout these consolidated financial statements.

19.1 Principal financial instruments

The principal financial instruments of the group, from which financial instrument risk arises, are as follows:

	31 March 2017 £
Cash and cash equivalents	49,108
Trade and other payables	(1,544,821)
Non- current borrowings	(1,330,675)
Trade and other receivables	1,758,061

19.2 Financial risk management objectives and policies

Credit risk

The group trades only with recognised, credit worthy customers. All customers who wish to trade on credit are subject to credit verification checks. Customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimised.

The group's cash balances are all held with major banking institutions. The majority of trade receivables are due from credit worthy customers and or financial institutions and are automatically settled within a few days of arising. It is not thought that the credit risk is significant.

Liquidity risk

The group have given responsibility of liquidity risk management to the board who have formulated liquidity management tools to service this requirement.

Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows.

Interest rate risk

The group is subject to interest rate risk as its bank balances are subject to interest at a floating rate. The interest rate on bank balances at 31 March 2017 was 0.5%.

Fair value risk

In view of the above interest arrangement it is thought that fair value risk is minimal and that financial instruments are stated in the consolidated statement of financial position at value not significantly different from their fair value.

20. Related party transactions

Included within the trade and other payables within the group's balance sheet is an amount of £100 owed to G Ashworth a director of the company and controlling shareholder.

Also included within the trade and other debtors is an amount of £6,602 owed by Recruitment Capital Partners LLP, a limited liability partnership in which the directors are members.

The following directors of the group have subscribed to the bond issued by the company and have during the period received interest at 7% per annum in accordance with the terms of the bond.

Name	Bonds held	Interest payable
		£
Garry Ashworth	50,000 of £1 each	4,375
Christopher Paul Ledbury	25,000 of £1 each	2,187
Gareth Maitland Edwards	25,000 of £1 each	2,188

During the period, an interest of £7,500 was paid to Garry Ashworth in respect of his Director loan account.

Included within other debtors is an amount of unpaid share capital owed by the directors as below:-

Name	Ordinary shares held	Amount
		£
Garry Ashworth	34,250 of £1 each	34,250
Christopher Paul Ledbury	9,000 of £1 each	9,000
Gareth Maitland Edwards	2,000 of £1 each	2,000

During the period, a consultancy fee of £24,000 was paid to Henley Recruitment Limited, a company controlled by Mr Christopher Paul Ledbury.

21. Acquisition of subsidiaries

On 06 November 2015, the company acquired 100% of the issued share capital of Positive Mental Health Limited, a company within the healthcare recruitment sector.

The identifiable net assets acquired were as follows:-

	£
Property plant and equipment	4,406
Trade and other receivables	375,519
Cash and cash equivalents	550
Trade and other payables	(509,930)
Net liabilities acquired	(129,455)

Goodwill was recognised as a result of the acquisition as follows:-

	£
Total purchase price	100
Add: Net liabilities acquired as above	129,455
Goodwill	129,555

On 30 June 2016, the company acquired 75% of the issued share capital of Capital Care Services (UK) Limited, a company specialising in recruitment of temporary nurses, doctors and domiciliary care workers.

The identifiable net assets acquired were as follows:-

	£
Property plant and equipment	64,510
Development costs capitalised	3,301
Trade and other receivables	1,469,365
Cash and cash equivalents	20,776
Trade and other payables	(747,517)
	810,435
Net assets Acquired 75%	607,826

21. Acquisition of subsidiaries (continued)

Goodwill was recognised as follows:-

	£
Total purchase price including legal costs	1,316,036
Less:- Net assets acquired	(607,826)
Goodwill	708,210

On 30 June 2016 the company acquired 75% of the issued share capital of Fine Locums Limited, a company specialising in recruitment of temporary nurses within the healthcare sector.

The identifiable net assets acquired were as follows:-

	£
Property, plant and equipment	13,184
Trade and other receivables	172,813
Cash and cash equivalents	35,031
Trade and other payables	(76,327)
	144,701
Net assets acquired 75%	108,526

Goodwill was recognised as follows:-

	£
Total purchase price including legal costs	270,000
Less:- Net assets acquired	(108,526)
Goodwill	161,474