

**MEDICS INCORPORATED LIMITED**

**Report and Financial Statements**

**30 April 2005**



**REPORT AND FINANCIAL STATEMENTS 2005**

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**REPORT AND FINANCIAL STATEMENTS 2005**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J Fraser  
D Strauss  
P J Hooper

**SECRETARY**

P J Hooper

**REGISTERED OFFICE**

Valentines House  
51-69 Ilford Hill  
Ilford  
Essex  
IG1 2DL

**SOLICITORS**

Osborne Clarke  
Apex Plaza  
Forbury Road  
Reading  
RG1 1AX

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Reading

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2005.

### ACTIVITIES

The company's principal activity continues to be that of a locum business supplying qualified doctors, physiotherapists, occupational therapists and operating department practitioners to hospitals.

### REVIEW OF BUSINESS AND FUTURE PROSPECTS

The results for the year were significantly ahead of the prior year with growth in all market sectors which is expected to continue. The company is committed to growth within its sectors, a focus on quality standards and increased partnership with key clients.

### DIVIDENDS

The directors have paid a dividend of £2,100,000 (2004: £nil).

### DIRECTORS AND THEIR INTERESTS

The current directors are shown on page 1. All directors served throughout the year, except as shown below:

D Strauss	(appointed 7 July 2004)
M P Robertson	(resigned 9 July 2004)
P J Hooper	(appointed 19 July 2004)

None of the directors who served during the year had beneficial interests in the company's issued share capital, or in the share capital of any other group company except the ultimate parent.

The interests of the directors in the ultimate parent company are disclosed in the accounts of that company.

### AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



P J Hooper

Director

5 September 2005

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 proper accounting records which 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 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDICS INCORPORATED LIMITED**

We have audited the financial statements of Medics Incorporated Limited for the year ended 30 April 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

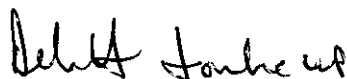
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors

Reading



2005

# MEDICS INCORPORATED LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 30 April 2005

	Note	2005 £	2004 £
<b>TURNOVER</b>	1	15,080,783	11,708,290
Cost of sales		(11,108,675)	(8,750,469)
Gross profit		3,972,108	2,957,821
Administrative expenses		(2,325,936)	(2,367,005)
<b>OPERATING PROFIT</b>	2	1,646,172	590,816
Interest receivable and similar income	5	762	202
Interest payable and similar charges	6	(61,378)	(32,818)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,585,556	558,200
Tax on profit on ordinary activities	7	(383,317)	(161,192)
<b>Profit after Tax</b>		1,202,239	397,008
Dividend payable	8	(2,100,000)	-
<b>(Loss) /profit retained for the year</b>	15	(897,761)	397,008
<b>Retained profit brought forward</b>		1,624,913	1,227,905
<b>Retained profit carried forward</b>		727,152	1,624,913

All amounts derive from continuing operations.

There have been no recognised gains and losses attributable to the shareholders other than the profit for the current and preceding financial years and, accordingly, no statement of total recognised gains and losses is shown.

**BALANCE SHEET**  
**30 April 2005**

	Note	2005 £	2004 £
<b>FIXED ASSETS</b>			
Tangible assets	9	11,172	25,993
<b>CURRENT ASSETS</b>			
Debtors	10	5,520,065	3,016,246
Cash at bank and in hand		103,760	37,519
		5,623,825	3,053,765
<b>CREDITORS: amounts falling due within one year</b>	11	(4,897,845)	(1,439,649)
<b>NET CURRENT ASSETS</b>		725,980	1,614,116
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		737,152	1,640,109
<b>PROVISIONS FOR LIABILITIES AND CHARGES:</b>			
Deferred tax	12	-	(5,196)
<b>NET ASSETS</b>		737,152	1,634,913
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	10,000	10,000
Profit and loss account		727,152	1,624,913
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	15	737,152	1,634,913

These financial statements were approved by the Board of Directors on 5 September 2005.

Signed on behalf of the Board of Directors



P J Hooper  
Director



J Fraser  
Director



## NOTES TO THE ACCOUNTS

Year ended 30 April 2005

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1. The company is also exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a parent company whose consolidated financial statements are publicly available.

#### Turnover

Turnover comprises the invoiced value of services supplied by the company, exclusive of trade discounts. The turnover, all of which arises in the United Kingdom, is attributable to one activity, the supply of locum doctors, physiotherapists and occupational therapists to hospitals.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual values, over their expected useful lives on the following basis:

Fixtures and equipment	25% - 50% on a straight line basis
------------------------	------------------------------------

#### Leasing and hire purchase contracts

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation in each period.

#### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

#### Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**NOTES TO THE ACCOUNTS**  
**Year ended 30 April 2005**

**2. OPERATING PROFIT**

	2005 £	2004 £
<b>Operating profit is after charging:</b>		
Depreciation		
Owned assets	7,673	4,499
Leased and hire purchase assets	14,687	24,415
Auditors' remuneration:		
Audit fees	15,077	8,464
Other	5,000	-
	<u>          </u>	<u>          </u>

**3. EMPLOYEES**

The average number of persons employed by the company (including directors) during the year was as follows:

	2005 No.	2004 No.
Administration	15	17
Sales	35	30
	<u>          </u>	<u>          </u>
	50	47
	<u>          </u>	<u>          </u>

**Employee costs during the year:**

	£	£
Wages and salaries	1,299,640	1,334,427
Social security costs	159,755	149,156
Other pension costs	24,120	18,118
	<u>          </u>	<u>          </u>
	1,483,515	1,501,701
	<u>          </u>	<u>          </u>

**4. DIRECTORS**

Emoluments of the directors of the company included in staff costs are as follows:

	2005 £	2004 £
Emoluments	162,548	171,682
Pension costs	6,208	5,750
	<u>          </u>	<u>          </u>
	168,756	177,432
	<u>          </u>	<u>          </u>

The highest paid director received emoluments of £151,576 (2004: £117,682) and pension contributions of £6,208 (2004: £5,750).

During the year the company paid pension contributions on behalf of one director (2004 - one).

**NOTES TO THE ACCOUNTS**  
**Year ended 30 April 2005**

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2005 £	2004 £
Bank interest	762	202
	<u>762</u>	<u>202</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2005 £	2004 £
Interest on invoice discount facility	60,540	29,362
Interest on finance leases	838	3,456
	<u>61,378</u>	<u>32,818</u>

An amount of £29,362 has been reclassified from administrative expenses to interest payable, in the prior year comparative.

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2005 £	2004 £
United Kingdom corporation tax at 30%	425,693	161,212
Prior period adjustment	(29,501)	-
	<u>396,192</u>	<u>161,212</u>
Total current tax	396,192	161,212
Deferred tax	(12,875)	(20)
	<u>383,317</u>	<u>161,192</u>

**Reconciliation to current tax rate:**

	2005 %	2004 %
Standard tax rate for the year as a percentage of profits	30	30
Prior period adjustment	(2)	-
Items not chargeable to tax	-	(1)
Group relief	(3)	-
	<u>25</u>	<u>29</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 30 April 2005**

**8. DIVIDENDS**

	2005 £	2004 £
Proposed – £210 per ordinary share (2004 – £nil)	<u>2,100,000</u>	<u>-</u>

**9. TANGIBLE FIXED ASSETS**

	Fixtures & equipment £
<b>Cost</b>	
At 1 May 2004	166,606
Additions	<u>7,539</u>
At 30 April 2005	<u>174,145</u>
<b>Accumulated depreciation</b>	
At 1 May 2004	140,613
Charge for the year	<u>22,360</u>
At 30 April 2005	<u>162,973</u>
<b>Net book value</b>	
At 30 April 2005	<u>11,172</u>
At 30 April 2004	<u>25,993</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	2005 £	2004 £
Fixtures and equipment	<u>-</u>	<u>14,687</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 30 April 2005**

**10. DEBTORS**

	2005 £	2004 £
<b>Due within one year</b>		
Trade debtors	2,680,727	1,538,338
Amounts owed by group undertakings	2,722,185	1,434,361
Deferred tax asset (note 12)	7,679	-
Other debtors	109,474	43,547
	<u>5,520,065</u>	<u>3,016,246</u>

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2005 £	2004 £
Net obligations under finance lease and hire purchase contracts	-	4,167
Trade creditors	47,753	44,327
Current corporation tax	445,917	190,693
Amounts owed to group undertakings	7,967	2,500
Other creditors including tax and social security	1,810,201	865,579
Accruals and deferred income	486,007	332,383
Dividend payable	2,100,000	-
	<u>4,897,845</u>	<u>1,439,649</u>

Included in other creditors are amounts of £1,425,368 (2004 - £746,483) due under an invoice discounting agreement which are secured on the trade debtors of the company.

**12. PROVISIONS FOR LIABILITIES AND CHARGES**

**Deferred taxation:**

The amounts recognised in the accounts are as follows:

	2005 £	2004 £
Capital allowances (less than)/in excess of depreciation	<u>(7,679)</u>	<u>5,196</u>
		£
At 1 May 2004 (liability)		5,196
Credited to the profit and loss account in the year		(12,875)
At 30 April 2005 (asset) (note 9)		<u>(7,679)</u>

There is no unprovided deferred taxation.

**NOTES TO THE ACCOUNTS**

**Year ended 30 April 2005**

**13. CALLED UP SHARE CAPITAL**

	2005 £	2004 £
<b>Authorised</b>		
100,000 ordinary shares of £1 each	100,000	100,000
<b>Called up, allotted and fully paid</b>		
10,000 ordinary shares of £1 each	10,000	10,000

**14. PENSION COSTS**

The company operates a money purchase pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £24,120 (2004 - £18,118).

**15. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS**

	2005 £	2004 £
Opening equity shareholders' funds	1,634,913	1,237,905
Retained (loss) / profit for the year	(897,761)	397,008
Closing equity shareholders' funds	737,152	1,634,913

**16. ULTIMATE PARENT COMPANY**

The immediate parent company and controlling party is Recruitment Solutions Group Limited, a company registered in the Isle of Man. The ultimate parent company and controlling party is Oval (1620) Limited, a company incorporated in Great Britain.

The only group in which the results of the company are consolidated is that headed by Oval (1620) Limited. Copies of the group financial statements for Oval (1620) Limited are available from Valentines House, 51-69 Ilford Hill, Ilford, Essex, IG1 2DL.

**17. RELATED PARTY TRANSACTIONS**

In accordance with FRS 8, "Related Party Disclosures", transactions with other group undertakings within, and investee related parties of, the Oval (1620) Limited Group have not been disclosed in these financial statements.