

Doctors.net.uk Limited

Abbreviated Accounts
Registered number 3527430
31 December 2006

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COMPANIES HOUSE

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KPMG LLP

Arlington Business Park

Theale

Reading

RG7 4SD

United Kingdom

Report of the independent auditors to Doctors.net.uk Limited

Pursuant to Paragraph 247B of the Companies Act 1985

We have examined the abbreviated accounts on pages 2 to 6 together with the financial statements of Doctors net uk Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 December 2006

This report is made solely to the company in accordance with section 247B of the Companies Act 1985 Our work has been undertaken so that we might state to the company those matters we are required to state to it in such a 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, for our work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985 It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that section and to report our opinion to you

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered have been properly prepared The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246(5) and (6) of the Companies Act 1985 and the abbreviated accounts have been properly prepared in accordance with that section

KPMG LLP

2/4/07

*Chartered Accountants
Registered Auditors*

Balance sheet
at 31 December 2006

	Note	2006	2005
		£	(as restated, see note 2) £
Fixed assets			
Tangible assets	3	342,181	89,434
Investments		700	700
		<u>342,881</u>	<u>90,134</u>
Current assets			
Debtors (including £1,779,503 (2005 £nil) due after more than one year)		4,362,670	885,749
Creditors amounts falling due within one year		<u>(2,958,664)</u>	<u>(6,857,120)</u>
Net current assets/(liabilities)		<u>1,404,006</u>	<u>(5,971,371)</u>
Total assets less current liabilities		<u>1,746,887</u>	<u>(5,881,237)</u>
Creditors amounts falling due after more than one year		<u>(4,074,141)</u>	<u>(2,424,976)</u>
Net liabilities		<u>(2,327,254)</u>	<u>(8,306,213)</u>
Capital and reserves			
Called up share capital	5	35,333	17,540
Share premium account		4,059,714	982,462
Profit and loss account		<u>(6,422,301)</u>	<u>(9,306,215)</u>
Shareholders' deficit		<u>(2,327,254)</u>	<u>(8,306,213)</u>

In preparing and delivering these accounts

- We have taken advantage of the exemptions conferred by Section A of part I of schedule 8 to the Companies Act 1985, and
- We have done so on the grounds that the company is entitled to the benefit of these exemptions as a small company

These abbreviated accounts were approved by the board of directors on 20 March 2007 and were signed on its behalf by



Philip J Earl
Director

Notes

(forming part of the abbreviated accounts)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

In these financial statements the following new standards have been adopted for the first time

- FRS 20 'Share-based payments'
- the presentation requirements of FRS 25 'Financial instruments presentation and disclosure'
- FRS 28 'Corresponding amounts'

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption

FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985

The corresponding amounts in these financial statements have been restated in accordance with FRS 25 'Financial instruments presentation and disclosure' The adoption of FRS 25 has resulted in a decrease in shareholders funds of £2,424,976 as at 31 December 2005

Basis of preparation

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

The company is exempt by virtue of Section 248 of the Companies Act 1985 from the requirement to prepare group accounts These financial statements present financial information about the company as an individual undertaking and not about its group

Taxation

The charge for taxation is based upon the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19

Tangible fixed assets and depreciation

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

Computers & associated software licences	-	33% per annum
Office furniture	-	20% per annum
Office equipment	-	33% per annum
Leasehold improvements	-	over the minimum lease period

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of exchange transaction Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Notes (continued)

1 Accounting policies (continued)

Operating leases

Rental charges for operating leases are charged to the profit and loss account on a straight line basis over the life of the lease

Share based payments

The share option programme allows employees to acquire shares of the Company. The fair value of options granted after 7 November 2002 and not yet vested is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period until which it is estimated that the employee will exercise the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect an estimate of the number of employees that will cease to be employed by the Company, and therefore lose the benefit of the share options, before the estimated exercise date.

Classification of financial instruments issued by the company

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

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

2 Prior year adjustments

Following the adoption of FRS 20 'Share Based Payments' for the first time in the financial statements for the year ended 31 December 2006, the Profit and Loss Account for the year ended 31 December 2005 has been restated as required by the FRS. The re-statement reflects the charge for the year for share option awards and increases Administrative Expenses by £38,100 with a corresponding impact on retained profits. There is no impact on the Balance Sheet as the charge is credited to the Profit and Loss Account reserve.

Following the adoption of the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure' for the first time in the financial statements for the year ended 31 December 2006, the Cumulative Preference Shares previously disclosed as non-equity share capital have been reclassified as debt.

Notes (continued)

3 Tangible fixed assets

	Total £
<i>Cost</i>	
At beginning of year	400,877
Additions	330,872
	<hr/>
At end of year	731,749
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<i>Depreciation</i>	
At beginning of year	311,443
Charged in year	78,125
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At end of year	389,568
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<i>Net book value</i>	
At 31 December 2006	342,181
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At 31 December 2005	89,434
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Included in the total net book value of computer equipment & associated software licences is £116,508 (2005 £nil) in respect of assets held under finance leases. Depreciation for the year on these assets was £10,592 (2005 £nil)

4 Deferred taxation

	£
At beginning of year	-
Provided in the year	2,499,503
	<hr/>
At end of year (£720,000 recoverable within one year £1,779,503 recoverable in more than one year)	2,499,503
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The amounts provided for deferred taxation, and the amounts not provided, are set out below

	2006		2005	
	Provided £	Unprovided £	Provided £	Unprovided £
Fixed asset timing difference	89,484	-	-	41,830
Trading losses carried forward	2,410,019	-	-	1,583,391
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	2,499,503	-	-	1,625,221
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Notes (continued)

5 Called up share capital

	2006 Number	2005 Number
Authorised		
Equity Ordinary shares of £0.01 each	10,000,000	10,000,000
Non-equity 10% Cumulative preference shares of £0.01 each	-	309,000,000
Non-equity Deferred shares of £0.01 each	-	309,000,000
	<u>10,000,000</u>	<u>628,000,000</u>
	£	£
Allotted and called up		
Fully paid - equity 3,343,340 (2005 1,754,089) Ordinary shares of £0.01 each	33,433	17,540
Unpaid - equity 190,001 (2005 nil) Ordinary shares of £0.01 each	1,900	-
	<u>35,333</u>	<u>17,540</u>
Fully paid - non-equity nil (2005 219,300,000) 10% Cumulative preference shares of £0.01 each	-	2,193,000

During the year the Company issued a total of 1,779,252 1p ordinary shares. Of these, 902,045 shares were issued for a consideration of £1.00 each and 9 were issued for a consideration of £5.00 each. The remaining 877,198 shares were issued on conversion of the Cumulative Preference Shares on 29 December 2006. Each Cumulative Preference Share was converted into 1 Ordinary and 249 Deferred Shares. Following the conversion, the Deferred Shares were redeemed via the payment of £5.00 to each holder of Deferred Shares (irrespective of the size of the holding). The redemption was made from the proceeds of a new subscription of Ordinary Shares issued specifically for the purpose.

6 Related party disclosures

The company paid the following

- £81,418 to Jonathon Bacon, brother of Neil Bacon (a director of the Company), in respect of design services provided. £6,954 (including VAT) was outstanding for payment at 31 December 2006.
- £60,800 to MEPC Milton Park Limited in respect of rent and service charges on the Company's offices. Nicholas Cross and Ian Laing were non-executive directors of MEPC Milton Park Limited during 2006. £845 (including VAT) was outstanding for payment at 31 December 2006.

The directors consider the above transactions to be at arms length.