Companies House

Doctors.net.uk Limited

Directors' report and financial statements

Registered number 3527430

31 December 2007

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007.

Principal activities
The principal activities of the Company are the provision of internet-based services to UK registered medical doctors thereby establishing an extensive and unique on-line community. The existence of this community then allows the Company to generate revenue from the provision of sponsored, targeted communication and education campaigns and market research studies for its customers.

Business review
Revenue increased by approximately 10% from £5.59m in 2006 to £6.13m in 2007. The improved performance in our market research business unit, Healthcare Insight, was the most significant and this business unit was further strengthened at the end of 2007 by the acquisition of some assets from a competitor that had gone into administration. The operating loss was £(1.22)m for the year compared to an operating profit of £0.43m in the previous year, whilst the (loss)/profit on ordinary activities before taxation decreased to £(1.58)m from £0.12m.

Whilst the revenue grew in 2007 over 2006, the overall financial performance in the year was below the expectations of the directors and reflects both significant changes in the Company's leadership team and delays in the take up of certain services by customers. The directors are pleased to report that by early 2008, the leadership team was back to full strength led by the Company's new full time CEO, Richard Adams.

The utilisation of the Company's website by its membership continued to grow during 2007. The average number of unique users in each month was 50,300 in 2006 increasing by 15% to 57,900 in 2007. By the end of the year it was a regular occurrence that 30,000 or more unique doctors were using the service each day compared to 22,000 at the end of 2006. These utilisation statistics vastly exceed those of any other online doctor community in the UK.

The directors work closely with the leadership team to anticipate risks from economic or global factors and plan accordingly. The majority of the Company's revenues are derived from the Pharmaceutical industry and whilst the current global economic pressures are a concern, this industry is widely considered to be a haven of stability in such times. Due to patent expiries, Pharmaceutical companies have a limited time with which to recoup the investment in drug research and development expenditure and therefore informing doctors about the efficacy and benefits of their medicines is a significant business issue for them. In addition, demand for Healthcare continues to grow in times of economic downturn.

Proposed dividend
The directors do not recommend the payment of a dividend *(2006: nil)*.

Directors and directors' interests
The directors who held office during the year were as follows:

Richard IV Adams	Appointed: 3 September 2007
C James Arnold-Baker	
Neil CM Bacon	Resigned: 29 May 2007
Nicholas J Cross	
Philip J Earl	
Justin AS Jewitt	
Ian M Laing	
Timothy R Ringrose	Appointed: 18 June 2007
David F White	

Directors' report *(continued)*

Disclosure of information to auditors

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

Auditors

In accordance with Section 384 of the Companies Act 1985 a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Philip J Earl
Company Secretary

90 Milton Park
Abingdon
OX14 4RY

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

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

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

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

Independent auditor's report to the members of Doctors.net.uk Limited

We have audited the financial statements of Doctors.net.uk Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP KPMG LLP 20/6/08
Chartered Accountants
Registered Auditors

Profit and loss account
For the year ended 31 December 2007

	Note	**2007**	2006
		£	£
Turnover	*2*	**6,130,613**	5,585,904
Cost of sales		**(3,520,086)**	(2,537,768)
Gross profit		**2,610,527**	3,048,136
Administrative expenses		**(3,831,744)**	(2,616,108)
Operating (loss)/profit		**(1,221,217)**	432,028
Interest payable and similar charges	*5*	**(359,240)**	(314,993)
(Loss)/profit before tax	*3,4*	**(1,580,457)**	117,035
Taxation – current year charge	*6*	**-**	-
Taxation – deferred tax asset (release)/recognition	*6*	**(559,503)**	2,499,503
(Loss)/profit after tax		**(2,139,960)**	2,616,538
Finance cost of non-equity shares	*7*	**-**	231,976
(Loss)/profit for the financial year	*16,17*	**(2,139,960)**	2,848,514

The company has no recognised gains and losses other than those shown above. All figures relate to continuing activities.

Balance sheet
As at 31 December 2007

	Note		2007		2006
		£	£	£	£
Fixed assets					
Intangible assets	*8*		**115,344**		-
Tangible assets	*9*		**616,421**		342,181
Investments	*10*		**800**		700
			732,565		342,881
Current assets					
Debtors (including £2,107,187 *(2006: £1,779,503)* due after more than one year	*11,12*	**3,267,900**		4,362,670	
Creditors: amounts falling due within one year	*13*	**(2,599,352)**		(2,958,664)	
Net current assets			**668,548**		1,404,006
Total assets less current liabilities			**1,401,113**		1,746,887
Creditors: amounts falling due after more than one year	*14*		**(4,289,278)**		(4,074,141)
Net liabilities			**(2,888,165)**		(2,327,254)
Capital and reserves					
Called up share capital	*15,16*		**42,037**		35,333
Share premium account	*16*		**5,592,659**		4,059,714
Profit and loss account	*16*		**(8,522,861)**		(6,422,301)
Shareholders' deficit	*17*		**(2,888,165)**		(2,327,254)

These financial statements were approved by the board of directors on 16 June 2008 and were signed on its behalf by:

Philip J Earl
Director

Cash Flow Statement
For the year ended 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
Reconciliation of operating (loss)/profit to net cash flow from operating activities					
Operating (loss)/profit			(1,221,217)		432,028
Depreciation & amortisation charges			213,568		78,125
Loss on disposal of fixed assets			17,607		-
Decrease/(Increase) in debtors			512,453		(787,418)
Increase in creditors			16,475		926,796
Charge in relation to share based payments			39,400		35,400
Net cash flow from operating activities			(421,714)		684,931
Returns on investments & servicing of finance					
Interest paid		(350,459)		(359,163)	
Interest element of finance lease rental payments		(7,272)		(3,084)	
			(357,731)		(362,247)
Taxation			-		
Capital expenditure & financial investment					
Purchase of tangible fixed assets		(503,329)		(329,501)	
Purchase of intangible fixed assets		(118,640)		-	
Sale of tangible fixed assets		3,500		-	
			(618,468)		(329,501)
Cash flow before financing			(1,397,913)		(6,816)
Financing					
Issue of ordinary share capital		1,562,463		712,044	
Increase in borrowings		226,138		114,356	
Capital element of finance lease rental payments		(40,212)		(12,744)	
			1,748,389		813,656
Increase in cash in the year			350,476		806,840

Reconciliation of net cash flow to movement in net debt

	Note	2007 £	2006 £
Increase in cash in the year		350,476	806,840
Increase in lease financing		(185,926)	(101,612)
Movement in net debt in the year		164,550	705,228
Net debt at the start of the year		(4,803,341)	(5,508,568)
Net debt at the end of the year	*18*	(4,638,791)	(4,803,340)

Notes

Forming part of the financial statements

1 Accounting policies

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

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

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 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
Database rights	-	33% per annum

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.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the company

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 Turnover

Turnover represents the amount (excluding value added tax) derived from the provision of services to customers in the year. Revenue is recognised at the time that such services are delivered to customers.

Turnover arises principally from sponsored communication and education materials and market research studies and is earned wholly in the United Kingdom.

3 (Loss)/profit on ordinary activities before taxation

	2007 £	2006 £
(Loss)/profit on ordinary activity before taxation is stated after charging:		
Auditors' remuneration for audit services	**15,000**	15,000
Operating lease rentals:		
Land and buildings	**64,694**	61,382
Loss on disposal/write-off of fixed assets	**17,607**	-
Amortisation of intangible fixed assets	**3,296**	-
Depreciation of tangible fixed assets	**210,272**	78,125

No non-audit services were charged *(2006: £nil)*.

Notes *(continued)*

4 Staff numbers and costs

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

	2007 Number	2006 Number
Directors	7	7
Others	59	45
	66	52

The aggregate payroll costs of these persons were as follows:

	2007 £	2006 £
Wages and salaries	2,834,402	2,379,770
Social security costs	318,696	274,341
	3,153,098	2,654,111

	2007 £	2006 £
Directors' emoluments	429,083	599,240

The highest paid director received emoluments of £108,500 *(2006: £215,000)*. No pension contributions were paid on behalf of any director *(2006: £nil)*.

5 Interest payable and similar charges

	2007 £	2006 £
On bank loans and overdrafts	351,968	311,909
On finance leases	7,272	3,084
	359,240	314,993

Notes *(continued)*

6 Taxation

Analysis of charge in year

	2007 £	2006 £
UK corporation tax		
UK corporation tax at 30% *(2006: 30%)* on the (loss)/profit for the year on ordinary activities	-	-
Deferred tax		
Initial recognition of deferred tax asset arising on prior year losses	-	2,499,503
Reduction in deferred tax asset due to change in main corporation tax rate and expected timing of benefit accruing	**(559,503)**	-
	(559,503)	2,499,503

Factors affecting the tax charge for the current year are as follows:

	2007 £	2006 £
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	**(1,580,457)**	117,035
Current tax at 30% *(2006: 30%)*	**(474,137)**	35,110
Effects of:		
Expenses not deductible for tax purposes	**47,436**	31,525
Depreciation in excess of capital allowances	**68,462**	23,437
Deductible share option costs under Sch 23 FA 2003	**(68,850)**	-
Increase in/(use of) tax losses	**427,089**	(90,072)
Total current tax charge (see above)	-	-

No tax charge arises on the results for the year due to the loss for the year. As at 31 December 2007 tax losses amounted to £9,457,031 *(2006: £8,033,398)* which are available to be relieved against future profits of the company.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantially enacted at the balance sheet date. The rate of corporation tax in the UK is to be reduced from 30% to 28% with effect from 1 April 2008. The change in tax rate was substantially enacted by the House of Commons on 26 June 2007 by the passing of a bill to approve the Finance Act 2007. UK deferred tax assets and liabilities have therefore been calculated at either 30% or 28% depending on whether the timing differences will reverse before or after 31 March 2008. The impact of the reduced tax rate on closing deferred tax assets is shown as a separate component of the deferred tax charge for the year.

Notes *(continued)*

7 Finance cost of non-equity shares

	2007 £	2006 £
10% coupon dividend on Cumulative Preference Shares in issue	-	219,300
Waiver of unpaid dividend on Cumulative Preference Shares converted on 29 December 2006	-	(451,276)
	-	(231,976)

8 Intangible fixed assets

	Database Rights £
Cost	
Additions in year representing cost at end of year	118,640
Amortisation	
Charged in year representing amortisation at end of year	3,296
Net book value	
At 31 December 2007	**115,344**

Notes *(continued)*

9 Tangible fixed assets

	Computer equipment & associated software licences £	Office furniture & equipment £	Leasehold improvements £	Total £
Cost				
At beginning of year	626,039	86,021	19,689	731,749
Additions	228,255	115,029	162,335	505,619
Disposals	(222,512)	(51,905)	(20,474)	(294,891)
At end of year	631,782	149,145	161,550	942,477
Depreciation				
At beginning of year	327,994	48,746	12,828	389,568
Charged in year	159,043	22,227	29,002	210,272
Relating to disposals	(213,988)	(44,759)	(15,037)	(273,784)
At end of year	273,049	26,214	26,793	326,056
Net book value				
At 31 December 2007	**358,733**	**122,931**	**134,757**	**616,421**
At 31 December 2006	298,045	37,275	6,861	342,181
Net book value of assets held under finance leases				
At 31 December 2007	**74,142**	**95,175**	**133,833**	**303,150**
At 31 December 2006	116,508	-	-	116,508
Depreciation on assets held under finance leases				
Charged in 2007	**42,367**	**10,575**	**26,767**	**79,709**
Charged in 2006	10,592	-	-	10,592

Notes *(continued)*

10 Investments

	2007	2006
	£	£
Investment in subsidiary undertaking	**800**	700

Subsidiary name	**Registered in**	**Holding**	**Activity**	**Status**	**£**
AusDoctors.net Pty Limited	Australia	100%	Internet based services	Dormant	400
uknursing.net Limited	England & Wales	100%	General business services	Dormant	100
medeConnect Limited	England & Wales	100%	General business services	Dormant	100
JobConnect Limited	England & Wales	100%	General business services	Dormant	100
PharmaConnect Limited	England & Wales	100%	General business services	Dormant	100

11 Debtors

	2007	2006
	£	£
Amounts recoverable within one year		
Trade debtors	**731,715**	1,381,501
Other debtors	**1,345**	-
Called up share capital not paid	**-**	190,001
Deferred tax asset (see note 12)	**-**	720,000
Prepayments and accrued income	**427,653**	291,665
	1,160,713	2,583,167
Amounts recoverable in more than one year		
Deferred tax asset (see note 12)	**1,940,000**	1,779,503
Called up share capital not paid	**167,187**	-
	3,267,900	4,362,670

12 Deferred tax asset

	£
At beginning of year	2,499,503
Released in the year (see note 6)	(559,503)
At end of year (all recoverable in more than one year)	**1,940,000**

The amounts provided for deferred taxation, and the amounts not provided, are set out below:

	2007		2006	
	Provided	**Unprovided**	Provided	Unprovided
	£	**£**	£	£
Fixed asset timing difference	**101,423**	**44,649**	89,484	-
Trading losses carried forward	**1,838,577**	**809,392**	2,410,019	-
	1,940,000	**854,041**	2,499,503	-

Notes *(continued)*

13 Creditors: amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	**298,297**	688,985
Trade creditors	**425,192**	340,147
Other creditors including taxation and social security	**725,985**	605,313
Obligations under finance leases	**51,216**	40,214
Accruals and deferred income	**1,098,662**	1,284,005
	2,599,352	2,958,664

The bank loan and overdraft are secured by way of a fixed and floating charge over the assets of the Company and personal guarantees provided by Nicholas Cross and Ian Laing, directors of the Company.

14 Creditors: amounts falling due after more than one year

	2007 £	2006 £
Obligations under finance leases	**289,278**	74,141
Bank loans and overdrafts	**4,000,000**	4,000,000
	4,289,278	4,074,141

The maturity of obligations under finance leases is as follows:

	2007 £	2006 £
Within one year	**82,467**	47,487
In two to five years	**171,580**	79,144
In more than five years	**349,806**	-
	603,853	126,631
Less: future finance charges	**(263,359)**	(12,276)
Obligations under finance leases	**340,494**	114,355

Notes *(continued)*

15 Called up share capital

	2007 Number	2006 Number
Authorised		
Equity: Ordinary shares of £0.01 each	**10,000,000**	10,000,000
	£	£
Allotted and called up		
Fully paid - equity: 4,171,803 *(2006: 3,343,340)* Ordinary shares of £0.01 each	**41,718**	33,433
Partly paid – equity: 31,900 *(2006: nil)* Ordinary shares of £0.01 each	**319**	-
Unpaid - equity: nil *(2006: 190,001)* Ordinary shares of £0.01 each	-	1,900
	42,037	35,333

During the year the Company issued a total of 670,362 1p ordinary shares. Of these, 64,000 shares were issued for a consideration of £1.00 each, 525,462 shares were issued for a consideration of £2.00 each and 80,900 were issued for a consideration of £5.25 each.

16 Reserves

	Ordinary share capital £	Share premium £	Profit & loss account £
At beginning of year	35,333	4,059,714	(6,422,301)
Share issues	6,704	1,532,945	-
Loss for the year	-	-	(2,139,960)
Share option charges under FRS20	-	-	39,400
At end of year	**42,037**	**5,592,659**	**(8,522,861)**

17 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
(Loss)/profit for the year	**(2,139,960)**	2,848,514
Share option charges under FRS20	**39,400**	35,400
Funds raised from new shares issued during the year	**1,539,649**	902,090
Conversion of Cumulative Preference Shares	-	2,193,000
Redemption of deferred shares	-	(45)
	(560,911)	5,978,959
Shareholders' deficit at beginning of the year	**(2,327,254)**	(8,306,213)
Shareholders' deficit at the end of the year	**(2,888,165)**	(2,327,254)

Notes *(continued)*

18 Analysis of net debt

	At start of year £	Cash flow £	Non cash changes £	At end of year £
Overdrafts	(688,985)	390,688	-	**(298,297)**
Debt due after one year	(4,000,000)	-	-	**(4,000,000)**
Debt due within one year	-	-	-	**-**
Finance leases	(114,356)	(40,212)	(185,926)	**(340,494)**
Total	(4,803,341)	350,476	(185,926)	**(4,638,791)**

19 Employee share schemes

Share based payments

All employees of the Company are entitled to share options over ordinary shares in the Company. For those that qualify, share options are granted under an Inland Revenue approved EMI scheme. Other share options are granted under an unapproved scheme. The rules of the EMI and unapproved schemes are the same. All options vest on a time basis with no performance conditions attached. The general rule is that options vest three years after the date of grant (although a small number of exceptions apply) and expire 10 years after the date of grant. All options have an exercise price equal to estimated market value of a share at the date of grant. The exercise price is payable in cash.

The estimated fair value of each share option granted has been calculated using the Black-Scholes option pricing model. The common model inputs were: the share price at grant date, the exercise price, expected volatility of 40%, no expected dividends and a risk free interest rate of 4.5%. The period between grant date and assumed exercise date (ie. the period over which the fair value is charged to the profit and loss account) is assessed for each grant. The period used ranges from 10 years to 3 years. To allow for effects of options being forfeited during the period before exercise due to employees leaving the Company, the amount of the charge is reduced by 40%.

The number and weighted average exercise prices of share options in are as follows:

	2007 Weighted average exercise price £p	**2007 Number of options Number**	2006 Weighted average exercise price £p	2006 Number of options Number
Outstanding at the beginning of the period	**1.40**	**556,149**	1.00	442,250
Granted during the period	**5.25**	**169,600**	2.07	209,499
Forfeited during the period	**1.70**	**(181,199)**	1.00	(19,600)
Exercised during the period	**1.00**	**(64,000)**	1.00	(76,000)
Outstanding at the end of the period	**2.69**	**480,550**	1.40	556,149
Exercisable at the end of the period	**1.00**	**86,750**	1.00	127,750

Notes *(continued)*

19 Employee share schemes *(continued)*

The weighted average share price at the date of exercise of share options exercised during the period was £5.25 *(2006: £4.69)*. The options outstanding at the year end have an exercise price in the range of £1.00 to £5.25 and a weighted average contractual life of 3.3 years.

The total expense recognised arising from share based payments is as follows:

	2007	2006
	£	£
Cumulative expense charged at the beginning of the period	**116,600**	81,200
Expense during the period arising from share option plans	**39,400**	35,400
Cumulative expense charged at the end of the period	**156,000**	116,600

20 Related party disclosures

There were no related party transactions during the year.

21 Annual commitments

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

	2007	2006
	£	£
Lease which expires in between 1 and 5 years	**-**	60,240
Lease which expires in more than 5 years	**366,295**	-