

# Doctors.net.uk Limited

Annual report and financial  
statements for the year ended  
31 December 2013



## Strategic Report

### Business review and future developments

Overall revenue at £8.62m was similar to the revenue achieved in 2012. Changes in the mix of services provided to clients, the introduction of new products and improvements in efficiency improved profitability. The directors are pleased to report a profit on ordinary activities before taxation of £874k in 2013 compared with a profit of £239k in 2012.

The directors and management team work closely with the parent company (M3 Inc.) to anticipate risks from economic or global factors and plan accordingly. Despite the tough macroeconomic climate we remain confident about our business prospects because our main clients are investing a higher percentage of the marketing budgets to digital marketing services. The ability to target specific groups of doctors, both in the UK and Globally, and to measure the impact of the messaging provides our clients with a highly valuable and measurable marketing tool for new therapies.

Doctors.net.uk is owned by M3 USA Corporation, a subsidiary of M3 Inc. M3 Inc., established in September 2000, is listed on the Tokyo Stock Exchange First Section (Securities code 2413).

### Principal risk and uncertainties

The key business risks and uncertainties affecting the company are set out below:

Employee retention - the company's performance and growth is dependent upon the ability to hire, retain and motivate sufficient numbers of talented people, with the right mix of skills and experience skills needed to serve our clients and expand the business.

Regulation – our main customer group, the pharmaceutical industry, is highly regulated. Changes to these regulations could have a significant impact on our ability to provide services to this group.

Competition - the company's growth and success is dependent on the ability to successfully compete with other companies that provide similar services to healthcare companies. The emergence of a significant competitor would threaten our growth but in our view the high demand for digital services outweighs the competitive risk.

Industry changes – changes such as consolidation in the pharmaceutical industry, pricing pressures, patent expiries or healthcare reform could affect the demand and pricing of our services.

### Key performance indicators (KPIs)

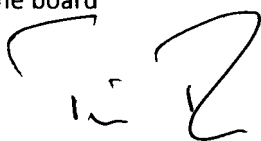
The company's key performance indicator is growing profit and secondly growing revenue. The company achieved a profit for the financial year of £874k which is a growth of £635k and maintained revenues.

## Strategic Report (continued)

### Financial risk management

The company manages its own financial operations and financial risk carefully. The company is cash positive and can also rely on its parent company for additional funding and cash flow requirements. The directors have received written confirmation of financial support from the parent company for at least 12 months from the date of approval of these financial statements. The company has limited foreign exchange risk (<0.2% of revenue). The company has implemented policies and procedures to manage invoicing and cash collections (average debtor is 37 days) which reduce bad debts and credit risks.

On behalf of the board



Timothy R Ringrose

**Director**

90 Park Drive, Milton Park

Abingdon, OX14 4RY

29 April 2014

## Directors' Report

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2013.

### Principal activities

Doctors.net.uk Limited owns and operates the UK's largest online network of GMC registered medical doctors. The company generates revenue from the delivery of online promotional programmes, online continuing medical education (CME) programmes, recruitment services and market research studies for a wide range of clients. The customer base includes pharmaceutical and medical device companies, public and private sector healthcare providers, recruitment companies, technology companies, charities and financial services. In 2013, Doctors.net.uk has continued to improve and extend its services to meet the needs of clients to reach and engage doctors across Europe and Globally.

### Going concern

The directors have performed an assessment of the company's ability to continue as a going concern and have received written confirmation of financial support from the parent company for a period that of at least 12 months from the date of approval of these financial statements by the board of directors. As such, these financial statements have been prepared on the going concern basis.

### Other

The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

### Proposed dividend

The directors do not recommend the payment of a dividend (2012: nil).

### Independent Auditors

The auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

### Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Timothy R Ringrose  
Aki Tomaru  
Itaru Tanimura

## Directors' Report (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of information to auditors

Each of the persons who are a director at the date of approval of this report confirms that:

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

On behalf of the board



Timothy R Ringrose

**Director**

90 Park Drive, Milton Park

Abingdon, OX14 4RY

29 April 2014

## **Independent auditors report to the members of Doctors.net.uk Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

#### **What we have audited**

The financial statements, which are prepared by Doctors.net.uk Limited comprise:

- the Balance Sheet as at 31 December 2013;
- the Profit and Loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report and Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Independent auditor's report to the members of Doctors.net.uk Limited** *(continued)*

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

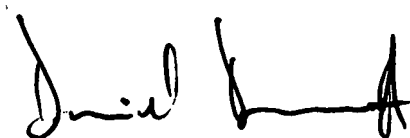
### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Daniel Dennett (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge  
29 April 2014

## Profit and loss account

For the year ended 31 December 2013

	<i>Note</i>	<b>2013</b> £	2012 £
<b>Turnover</b>	2	<b>8,618,529</b>	8,858,654
Cost of sales		<b>(3,573,425)</b>	(4,158,121)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>5,045,104</b>	4,700,533
Administrative expenses		<b>(4,095,573)</b>	(4,306,240)
		<hr/>	<hr/>
<b>Operating profit</b>	3	<b>949,531</b>	394,293
Interest payable and similar charges	6	<b>(75,086)</b>	(155,553)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>874,445</b>	238,740
Tax on profit on ordinary activities	7	-	-
		<hr/>	<hr/>
<b>Profit for the financial year</b>	14	<b>874,445</b>	238,740
		<hr/>	<hr/>

All items dealt with in arriving at the profit on ordinary activities before taxation relate to continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above, and their historical cost equivalents.

The company has no recognized gains or losses other than those shown in the profit and loss account above and therefore no separate statement of total recognized gains and losses has been presented.

The notes presented on pages 9 to 19 form an integral part of these financial statements.



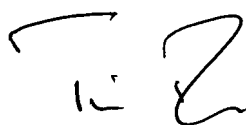
## Balance sheet

As at 31 December 2013

	Note	2013	Restated 2012
		£	£
<b>Fixed assets</b>			
Tangible assets	8	502,137	250,885
Investments	9	500	20,135
		<u>502,637</u>	<u>271,020</u>
<b>Current assets</b>			
Debtors	10	2,626,403	2,218,871
Cash at bank and in hand		1,528,445	747,122
		<u>4,154,848</u>	<u>2,965,993</u>
<b>Creditors: amounts falling due within one year</b>	11	(8,409,172)	(7,863,145)
		<u>(4,254,324)</u>	<u>(4,897,152)</u>
<b>Net current liabilities</b>			
		<u>(4,254,324)</u>	<u>(4,897,152)</u>
<b>Net liabilities</b>		<u>(3,751,687)</u>	<u>(4,626,132)</u>
<b>Capital and reserves</b>			
Called up share capital	13	67,109	67,109
Share premium account	14	7,548,315	7,548,315
Profit and loss account	14	(11,367,111)	(12,241,556)
<b>Total shareholders' deficit</b>	15	<u>(3,751,687)</u>	<u>(4,626,132)</u>

The 31 December 2012 balance sheet has been restated to reclassify £4,354,571 from long term creditors to short term creditors. This reflects the fact that whilst the directors have received confirmation that the amount will not be demanded in 12 months, the legal agreement is that it is due within 12 months.

The financial statements on pages 7 to 19 were approved by the board of directors on 29 April 2014 and were signed on its behalf by:



**Timothy R Ringrose**  
Director

## Notes to the financial statements for the year ended 31 December 2013

### 1 Principal accounting policies

#### ***Basis of preparation***

These financial statements are prepared on the going concern basis, under historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year as are set out below.

The company is exempt by virtue of Section 405 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present financial information about the company as an individual undertaking and not about its group.

The 31 December 2012 balance sheet has been restated to reclassify £4,354,571 from long term creditors to short term creditors. This reflects the fact that whilst the directors have received confirmation that the amount will not be demanded in 12 months, the legal agreement is that it is due within 12 months.

	2012	Restated 2012
	£	£
Creditors: amounts falling due within one year	3,508,574	7,863,145
Creditors: amounts falling due after one year	4,354,571	-
	<hr/>	<hr/>
	7,863,145	7,863,145

#### ***Going concern***

The directors have performed an assessment of the company's ability to continue as a going concern and have received written confirmation of financial support from the parent company for a period that of at least 12 months from the date of approval of these financial statements by the board of directors. As such, these financial statements have been prepared on the going concern basis.

#### ***Deferred taxation***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date; where transactions or events result in an obligation to pay more tax in the future; or where a right to pay less tax in the future has occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover the carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### ***Tangible fixed assets***

Tangible fixed assets are stated at their historic purchase cost (together with any incidental expenses of acquisition) less accumulated depreciation.

Depreciation is calculated so as to write off the cost of tangible fixed assets to their expected residual values on a straight-line basis over the expected useful lives of the assets concerned. The principal rates of depreciation applied are:

Computer equipment & related 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.

### ***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.

### ***Finance leases***

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and the finance charge. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

### ***Investments***

Investments are stated at cost less any provisions made to reflect permanent diminution in value where appropriate. The directors review the carrying value of investments and make adjustments to the provisions for permanent diminution as necessary when an impairment trigger has been noted.

### ***Cash flow statement and related party disclosures***

The company is a wholly owned subsidiary of M3 USA Corporation incorporated in the USA, a subsidiary of M3 Inc., and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). On the same basis the company has also taken advantage of the exemptions allowed under Financial Reporting Standard 8 "Related Party Disclosures" and has not disclosed transactions with other group companies as 100% of the company's voting rights are controlled within the group.

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 2 Turnover

Turnover represents the invoiced value of projects completed and services supplied to customers during the year, excluding value added tax. The company recognises revenue as earned, which is over the service period as the information is delivered or related services are performed. Advance payments for services and subscriptions are credited to deferred revenues and reflected in operating revenue over the subscription term, which is generally one year. Turnover arises principally from sponsored communication, education materials and market research studies and is earned wholly in the United Kingdom.

	2013 £	2012 £
<b>By class of business:</b>		
Advertising	7,201,215	6,559,740
Market Research	1,417,314	2,298,914
	<hr/>	<hr/>
	8,618,529	8,858,654
	<hr/>	<hr/>

### 3 Operating profit

	2013 £	2012 £
<b>Operating profit is stated after charging:</b>		
Depreciation of tangible fixed assets	137,827	114,418
Operating lease rentals:		
Land and buildings	138,560	339,338
Services provided by the company's auditors:		
Fees payable for the audit	20,000	18,360
Fees payable for other services	-	3,750
	<hr/>	<hr/>

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 4 Staff numbers and costs

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

	2013 Number	2012 Number
Directors	1	1
Others	69	77
	<hr/>	<hr/>
	70	78
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2013 £	2012 £
Wages and salaries	4,047,012	4,241,199
Social security costs	469,119	488,444
Contributions to money purchase pension scheme	168,530	80,871
	<hr/>	<hr/>
	4,684,661	4,810,514
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## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 5 Directors emoluments

	2013 £	2012 £
Directors' emoluments	178,941	210,336
Contribution to money purchase pension scheme	14,392	11,539
	<u>193,333</u>	<u>221,875</u>

The highest paid director received emoluments of £178,941 and pension contributions of £14,392 (2012: emoluments of £210,336 and pension contributions of £11,539).

Only one (2012: one) director was remunerated in each year.

Two (2012: two) directors are employed by other companies in the M3 Inc. Group and are remunerated by those companies in respect of those services to the group as a whole and for which no recharge is made to the company.

The number of directors for whom retirement benefits are accrued under defined contribution schemes amounted to one (2012: one).

### 6 Interest payable and similar charges

	2013 £	2012 £
Interest payable to group companies	75,086	134,284
Finance lease interest	-	21,269
	<u>75,086</u>	<u>155,553</u>

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 7 Tax on profit on ordinary activities

There is no corporation tax charge or credit and no deferred tax charge or credit for the year (2012: £nil).

Tax assessed for the year is lower (2012: Lower) than the standard effective rate of corporation tax in the United Kingdom at 23.25% (2012: 24.5%).

	2013 £	2012 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	874,445	238,740
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate in the UK 23.25% (2012: 24.5%)	203,308	58,491
<i>Effects of:</i>		
Expenses not deductible for tax purposes	14,280	22,382
Depreciation in excess of capital allowances	32,517	25,938
Short term timing differences	(3,924)	286
Use of tax losses brought forward	(246,181)	(107,097)
	<hr/>	<hr/>
Current tax charge for the year	-	-
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No tax charge arises on the results for the year due to use of tax losses brought forward. As at 31 December 2013 tax losses amounted to £9,123,593 (2012: £10,182,441) which are available to be relieved against future profits of the company.

Finance Act 2012, which was enacted on 17 July 2012, includes legislation reducing the main UK corporation tax rate from 26% to 24%, effective from 1 April 2012. A further reduction to 23% was also enacted on this date and is effective from 1 April 2013. The financial statements reflect these changes.

Finance Act 2013, which was enacted on 17 July 2013, includes legislation reducing the main UK corporation tax rate from 23% to 21%, effective from 1 April 2014. A further reduction to 20% was also enacted on this date and will be effective from 1 April 2015. The deferred tax balances have been re-measured to 20% to reflect this reduction.

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 8 Tangible assets

	Computer equipment & related software licences £	Office furniture & equipment £	Leasehold improvements £	Total £
<b>Cost</b>				
At 1 January 2013	374,005	110,152	247,189	731,346
Additions	379,142	4,372	6,898	390,412
Disposals	(16,000)	(39,341)	-	(55,341)
<b>At 31 December 2013</b>	<b>737,147</b>	<b>75,183</b>	<b>254,087</b>	<b>1,066,417</b>
<b>Accumulated depreciation</b>				
At 1 January 2013	191,606	108,248	180,607	480,461
Charged for the year	126,680	886	10,261	137,827
Disposals	(14,667)	(39,341)	-	(54,008)
<b>At 31 December 2013</b>	<b>303,619</b>	<b>69,793</b>	<b>190,868</b>	<b>564,280</b>
<b>Net book amount</b>				
<b>At 31 December 2013</b>	<b>433,528</b>	<b>5,390</b>	<b>63,219</b>	<b>502,137</b>
At 31 December 2012	182,399	1,904	66,582	250,885

#### Assets held under finance leases and capitalised in tangible fixed assets

	2013 £	2012 £
Cost	-	266,350
Aggregate depreciation	-	(266,350)
<b>Net book amount</b>	<b>-</b>	<b>-</b>



## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 9 Investments

	2013 £	2012 £
Investment in subsidiary undertaking	500	500
Other investments	-	19,635
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<b>Net book value</b>	<b>500</b>	<b>20,135</b>
	<hr/> <hr/>	<hr/> <hr/>

During the year the directors have provided in full against the other investments balance as they consider the value is unlikely to be recoverable.

The subsidiary undertakings of the company which are incorporated in England and Wales are wholly owned by the company, are listed below. The share capital of these subsidiaries comprises £1 ordinary shares.

Subsidiary name	Registered in	Holding	Activity	Status	£
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
Networks in Health Limited	England & Wales	100%	General business services	Dormant	100

The directors believe that the carrying value of the investments is supported by their underlying net assets.

### 10 Debtors

	2013 £	2012 £
Trade debtors	1,471,990	1,347,988
Other debtors	370	10,560
Prepayments and accrued income	1,154,043	860,323
	<hr/>	<hr/>
	<b>2,626,403</b>	<b>2,218,871</b>
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 11 Creditors: amounts falling due within one year

	2013 £	Restated 2012 £
Trade creditors	442,084	380,967
Other creditors including taxation and social security	747,620	704,417
Accruals and deferred income	2,404,897	2,423,190
Amounts owed to group undertakings	4,814,571	4,354,571
	<hr/>	<hr/>
	8,409,172	7,863,145
	<hr/>	<hr/>

Amounts owed to and from the group undertakings are secured and repayable on demand. Interest was charged at 1.17% (2012: 3.25%).

The 31 December 2012 balance sheet has been restated to reclassify £4,354,571 from long term creditors to short term creditors. This reflects the fact that whilst the directors have received confirmation that the amount will not be demanded in 12 months, the legal agreement is that it is due within 12 months.

### 12 Deferred tax

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

	2013		2012	
	Provided £	Unprovided £	Provided £	Unprovided £
Fixed asset timing difference	-	326,505	-	347,045
General provisions	-	2,508	-	6,839
Trading losses carried forward	-	1,824,719	-	2,367,418
	<hr/>	<hr/>	<hr/>	<hr/>
	-	2,153,732	-	2,721,302
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 13 Called up share capital

	2013 £	2012 £
<b>Authorised share capital</b>		
6,710,932 (2012: 6,710,932) Ordinary shares of £0.01 each	67,109	67,109
<b>Allotted and fully paid</b>		
6,710,932 (2012: 6,710,932) Ordinary shares of £0.01 each	67,109	67,109

### 14 Reserves

	Called up share capital £	Share premium account £	Profit & loss account £
At 1 January 2013	67,109	7,548,315	(12,241,556)
Profit for the financial year	-	-	874,445
<b>At 31 December 2013</b>	<b>67,109</b>	<b>7,548,315</b>	<b>(11,367,111)</b>

### 15 Reconciliation of movements in shareholders' deficit

	2013 £	2012 £
Profit for the financial year	874,445	238,740
Reduction in shareholders' deficit	874,445	238,740
Shareholders' deficit at 1 January 2013	(4,626,132)	(4,864,872)
<b>Shareholders' deficit at 31 December 2013</b>	<b>(3,751,687)</b>	<b>(4,626,132)</b>

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 16 Financial commitments

Annual commitments under non-cancellable operating leases at 31 December 2013 are as follows:

	2013 £	2012 £
Within one year	-	-
Within two to five years	-	-
After five years	<b>138,560</b>	<b>138,560</b>
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### 17 Ultimate parent undertaking

The Company is a subsidiary undertaking of M3 Inc which is the ultimate parent company incorporated in Japan.

The largest group in which the results of the Company are consolidated is that headed by M3 Inc, incorporated in Japan. The smallest group in which they are consolidated is that headed by M3 USA Corporation incorporated in USA. The consolidated financial statements of these groups are available to the public and may be obtained from M3 Inc, Akasaka Intercity 10th floor, 1-11-44 Akasaka, Minato-ku, Tokyo 107-0052 Japan and M3 USA Corporation, 1215 17th St NW, Suite 100, Washington, DC 20036, USA.