

**Mobile Doctors Holdings Limited**

**Directors' report and consolidated  
financial statements**

**Registered number 4215291**

**30 November 2003**



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## Directors' report

The directors present their report and the audited financial statements for the year ended 30 November 2003.

### Principal activities

The principal activity of the company is that of a holding company.

The principal activities of the group are the provision of medical services, in particular independent expert medical evidence, to the insurance industry and legal fraternity, together with the provision of occupational health services to the industry in general.

### Review of the business

The results for the financial year are set out in the profit and loss account on page 5.

The group has experienced a 9% downturn in revenue due primarily to the reduction in The Accident Group sales after their receivership on 31 May 2003. It is expected that a continuous level of run-off business will be received over the next 12 months. With the demise of both Claims Direct and The Accident Group, the market has become fragmented with no significant providers of business volumes of similar size. The directors are currently focusing on sourcing new business and are confident that sales levels can be maintained in the forthcoming year; this is evidenced by a number of new contracts now in place.

### Dividends

The directors recommend the payment of a dividend for the year ended 30 November 2003 of £42,360 (2002: £nil).

### Directors and directors' interests

The directors who held office during the year were as follows:

M Game  
D Osborne  
S Hawes  
PW Crowther  
PH Collin  
SAA Carle  
PAE Opperman

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the company according to the register of directors interests:

	At 30 November 2002 and 30 November 2003 Ordinary shares of 1p each
M Game	28,500
D Osborne	14,250
S Hawes	7,125
PW Crowther	7,125
PH Collin	3,000
SAA Carle	-
PAE Opperman	-

## **Directors' report** *(continued)*

### **Directors and directors' interests** *(continued)*

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

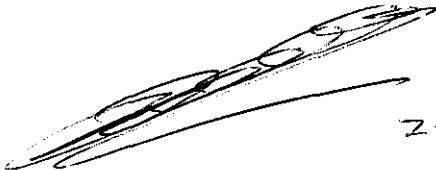
### **Political and charitable contributions**

The group made no political contributions during the year (2002: £nil). Donations to UK charities amounted to £8,000 (2002: £17,000).

### **Auditors**

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

By order of the board



27/4/04

**D Osborne**  
*Director*

4 Bourne Court  
Southend Road  
Woodford Green  
Essex  
IG8 8HD

## **Statement of directors' responsibilities**

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 and group and of the profit or loss 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;
- state whether applicable 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 and group 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



**KPMG LLP**

Aquis Court  
31 Fishpool Street  
St Albans  
AL3 4RF  
United Kingdom

**Report of the independent auditors to the members of Mobile Doctors Holdings Limited**

We have audited the financial statements on pages 5 to 21.

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 are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 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 group is not disclosed.

**Basis of audit opinion**

We conducted our audit in accordance with 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 group'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 affairs of the company and group as at 30 November 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

27 APRIL '04

**Consolidated profit and loss account**  
*for the year ended 30 November 2003*

	<i>Note</i>	<b>Year ended 30 November 2003 £000</b>	<b>Year ended 30 November 2002 £000</b>
<b>Turnover</b>	<i>1</i>	<b>19,846</b>	21,831
Cost of sales		<b>(13,645)</b>	(15,873)
<b>Gross profit</b>		<b>6,201</b>	5,958
Administrative expenses		<b>(4,498)</b>	(4,701)
<b>Operating profit</b>		<b>1,703</b>	1,257
Other interest receivable and similar income	<i>5</i>	<b>28</b>	122
Interest payable and similar charges	<i>6</i>	<b>(1,368)</b>	(1,713)
<b>Profit/(loss) on ordinary activities before taxation</b>	<i>2</i>	<b>363</b>	(334)
Tax on profit/(loss) on ordinary activities	<i>7</i>	<b>(313)</b>	(31)
<b>Profit/(loss) for the financial year</b>	<i>17</i>	<b>50</b>	(365)
Dividends	<i>8</i>	<b>(42)</b>	-
<b>Retained profit/(loss) for the year</b>		<b>8</b>	(365)
Retained loss brought forward		<b>(469)</b>	(104)
<b>Retained loss carried forward</b>		<b>(461)</b>	(469)

All results arise from continuing operations.

There are no recognised gains or losses in the year other than those included within the profit and loss account.

There is no difference between the historical cost profit and loss and that presented above.

The profit for the financial year dealt with in the financial statements of the parent company was £1,604,000 (2002: loss of £504,000).

**Consolidated balance sheet**  
*at 30 November 2003*

	<i>Note</i>	<b>2003</b> <b>£000</b>	<b>2003</b> <b>£000</b>	<b>2002</b> <b>£000</b>	<b>2002</b> <b>£000</b>
<b>Fixed assets</b>					
Intangible assets	9		7,149		7,549
Tangible assets	10		52		65
			<u>7,201</u>		<u>7,614</u>
<b>Current assets</b>					
Debtors	12	20,661		21,332	
Cash at bank		22		2,124	
		<u>20,683</u>		<u>23,456</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(21,872)</u>		<u>(24,577)</u>	
<b>Net current liabilities</b>			(1,189)		(1,121)
<b>Total assets less current liabilities</b>			<u>6,012</u>		<u>6,493</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(4,728)		(5,217)
<b>Net assets</b>			<u>1,284</u>		<u>1,276</u>
<b>Capital and reserves</b>					
Called up share capital	16		1		1
Share premium account	17		1,744		1,744
Profit and loss account	17		(461)		(469)
<b>Equity shareholders' funds</b>			<u>1,284</u>		<u>1,276</u>

These financial statements were approved by the board of directors on 27/4/2004 and were signed on its behalf by:

  
**M Game**  
Director



**Company balance sheet**  
*at 30 November 2003*

	<i>Note</i>	<b>2003 £000</b>	<b>2003 £000</b>	<b>2002 £000</b>	<b>2002 £000</b>
<b>Fixed assets</b>					
Investments	11		8,761		8,761
<b>Current assets</b>					
Debtors	12	345		199	
Cash at bank		-		1,850	
		<u>345</u>		<u>2,049</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(1,789)</u>		<u>(4,566)</u>	
<b>Net current liabilities</b>			<u>(1,444)</u>		<u>(2,517)</u>
<b>Total assets less current liabilities</b>			7,317		6,244
<b>Creditors: amounts falling due after more than one year</b>	14		<u>(4,728)</u>		<u>(5,217)</u>
<b>Net assets</b>			<u>2,589</u>		<u>1,027</u>
<b>Capital and reserves</b>					
Called up share capital	16		1		1
Share premium account	17		1,744		1,744
Profit and loss account	17		844		(718)
<b>Equity shareholders' funds</b>			<u>2,589</u>		<u>1,027</u>

These financial statements were approved by the board of directors on 27/4/2004 and were signed on its behalf by:

  
**M Game**  
Director

**Consolidated cash flow statement**  
*for the year ended 30 November 2003*

	<i>Note</i>	<b>30 November 2003 £000</b>	<b>30 November 2002 £000</b>
Cash inflow from operating activities	21	2,795	2,811
Returns on investments and servicing of finance	22	(1,218)	(1,407)
Taxation		(51)	107
Cash inflow before financing		1,526	1,511
Financing	22	(3,614)	(2,520)
Decrease in cash in the year		(2,088)	(1,009)
<b>Reconciliation of net cash flow to movement in net debt</b>	23		
Decrease in cash in the year		(2,088)	(1,009)
Cash inflow from increase in debt		-	(3,000)
Cash outflow from repayment of debt	22	3,614	5,520
Change in net debt resulting from cash flows		1,526	1,511
Other non-cash changes	23	(114)	(120)
Movement in net debt in year		1,412	1,391
Net debt at start of year		(18,156)	(19,547)
Net debt at end of year	23	(16,744)	(18,156)

**Reconciliation of movements in shareholders' funds**  
*for the year ended 30 November 2003*

	Group 2003 £000	Company 2003 £000	Group 2002 £000	Company 2002 £000
Profit/(loss) for the financial year	50	1,604	(365)	(504)
Dividends	(42)	(42)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net addition to/(reduction in) to shareholders' funds	8	1,562	(365)	(504)
Opening equity shareholders' funds	1,276	1,027	1,641	1,531
	<hr/>	<hr/>	<hr/>	<hr/>
Closing equity shareholders' funds	1,284	2,589	1,276	1,027
	<hr/>	<hr/>	<hr/>	<hr/>

## 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 group's financial statements.

#### *Basis of preparation*

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

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 November 2003. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under Section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

#### *Goodwill*

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation is capitalised. Positive goodwill is amortised to nil by equal annual instalments over the period which the directors consider the group will derive direct economic benefit from that goodwill. The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises.

#### *Investments*

In the company's financial statements investments in subsidiary undertakings are stated at cost less any provision for impairment.

#### *Fixed assets and depreciation*

Depreciation is provided 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:

Plant and machinery	-	20% per annum on net book value
Fixtures and fittings	-	20% per annum on net book value

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

## Notes (continued)

### 1 Accounting policies (continued)

#### **Taxation**

The charge for taxation is based on the profit 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.

#### **Post retirement benefits**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### **Cash**

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

#### **Turnover**

Turnover represents the amounts derived from the provision of medical services in particular independent expert medical evidence and procurement of medical records for the insurance industry and legal fraternity (excluding value added tax). The revenue and associated costs from referrals is recognised in the period in which work is carried out. The revenue and associated costs from procurement of medical records is recognised when records are received. In the opinion of the directors, the group is engaged in only one class of business and its turnover and profit before taxation are derived wholly in the United Kingdom.

### 2 Profit/(loss) on ordinary activity before taxation

	Year ended 30 November 2003 £000	Year ended 30 November 2002 £000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Group - Audit	40	40
- Other services	8	14
Company - Audit (included above)	12	10
Depreciation and other amounts written off tangible fixed assets— owned assets	13	17
Hire of plant and machinery – rentals payable under operating leases	28	17
Hire of other assets – operating leases	383	406
Amortisation of goodwill	400	400
	<hr/>	<hr/>

## Notes (continued)

### 3 Staff numbers and costs

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

	Number of employees	
	2003	2002
Administration	83	100

The aggregate payroll costs of these persons were as follows:

	Year ended 30 November 2003 £000	Year ended 30 November 2002 £000
Wages and salaries	1,782	2,015
Social security costs	173	182
Other pension costs (note 19)	129	122
	<u>2,084</u>	<u>2,319</u>

### 4 Remuneration of directors

	Year ended 30 November 2003 £000	Year ended 30 November 2002 £000
Directors' emoluments	550	554
Company contributions to money purchase pension schemes	77	69
	<u>627</u>	<u>623</u>

The aggregate emoluments of the highest paid director were £154,000 (2002: £156,000) and company pension contributions of £19,000 (2002: £18,000) were made to a money purchase scheme on his behalf.

Pension benefits are accruing to 5 directors under money purchase schemes (2002: 5).

### 5 Other interest receivable and similar income

	Year ended 30 November 2003 £000	Year ended 30 November 2002 £000
Other interest receivable	28	122

## Notes (continued)

### 6 Interest payable and similar charges

	Year ended 30 November 2003 £000	Year ended 30 November 2002 £000
On bank loans and overdrafts	127	63
Interest on acquisition debt finance	467	758
On all other loans	774	892
	<u>1,368</u>	<u>1,713</u>

### 7 Taxation

	Year ended 30 November 2003 £000	Year ended 30 November 2002 £000
Analysis of charge in period		
<i>UK corporation tax</i>		
Current tax on profit/(loss) for the period	306	31
Adjustments in period in respect of prior periods	7	6
	<u>313</u>	<u>37</u>
<i>Deferred taxation:</i>		
Origination and reversal of timing differences (note 15)	-	(6)
	<u>313</u>	<u>31</u>

#### *Factors affecting the tax charge for the year current year*

The current tax charge for the year is higher (2002: *higher*) than the standard rate of corporation tax in the UK (30%, 2002: 30%). The differences are explained below.

#### *Current tax reconciliation*

	2003 £000	2002 £000
Profit/(loss) on ordinary activities before taxation	363	(334)
Effects of: current tax at 30% (2002: 30%)	109	(100)
Expenses not deductible for tax purposes - Goodwill	120	120
- Other	33	4
Depreciation in excess of capital allowances	1	1
Other timing differences	51	24
Small companies relief	(8)	(18)
Adjustments to tax charge in respect of previous periods	7	6
	<u>313</u>	<u>37</u>

## Notes *(continued)*

### 8 Dividends

	2003 £000	2002 £000
Equity Preferred Ordinary shares:		
Final dividend proposed	42	-

### 9 Intangible fixed assets

Group	Goodwill £000
<b>Cost</b>	
At 1 December 2002 and at 30 November 2003	7,999
<b>Amortisation</b>	
At 1 December 2002	450
Charged in year	400
At 30 November 2003	850
<b>Net book value</b>	
At 30 November 2003	7,149
Net book value	
At 30 November 2002	7,549

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. The above goodwill arose on the acquisition of Mobile Doctors Limited a company engaged in the provision of medical services.

The directors have taken into consideration factors such as the nature of relationships with clients and prospects for renewal of existing agreements and the extent to which the expertise acquired will enable the group to generate new business. The directors consider that 20 years is the appropriate amortisation period for this goodwill. The directors have also considered the carrying value of goodwill and consider that there has been no impairment in its value.



## Notes (continued)

### 10 Tangible fixed assets

Group	Plant and machinery £000	Fixtures and fittings £000	Total £000
<b>Cost</b>			
At 1 December 2002 and at 30 November 2003	17	71	88
<b>Depreciation</b>			
At 1 December 2002	5	18	23
Charge for year	3	10	13
At 30 November 2003	8	28	36
<b>Net book value</b>			
At 30 November 2003	9	43	52
Net book value			
At 30 November 2002	12	53	65

### 11 Fixed asset investments

Company	Shares in group undertaking £000
<b>Cost and net book value</b>	8,761

The principal subsidiary undertakings at 30 November 2003, the nature of whose businesses is the provision of medical services are as follows:

Name	Ordinary share capital	Country of incorporation and operation
Mobile Doctors Limited	100%	Great Britain
MDL Medical Administration Limited (indirect holding)	100%	Great Britain

The directors consider the investments in subsidiaries are worth at least the amount at which they are included in the financial statements.

## Notes (continued)

### 12 Debtors

	Group 2003 £000	Company 2003 £000	Group 2002 £000	Company 2002 £000
Trade debtors	20,586	-	21,209	-
Amount owed by group undertakings	-	345	-	173
Other debtors	-	-	99	2
Prepayments and accrued income	75	-	24	24
	<u>20,661</u>	<u>345</u>	<u>21,332</u>	<u>199</u>

Included within trade debtors above is an amount of £18,171,000 (2002: £17,552,000) relating to debts subject to invoice discounting.

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

	Group 2003 £000	Company 2003 £000	Group 2002 £000	Company 2002 £000
Bank loans and overdrafts	611	587	620	582
Other loans	11,427	-	14,443	2,244
Trade creditors	6,984	-	8,215	-
Amounts owed to group undertakings	-	971	-	1,538
Taxation and social security	306	-	31	-
Accruals	2,502	189	1,268	202
Dividend proposed	42	42	-	-
	<u>21,872</u>	<u>1,789</u>	<u>24,577</u>	<u>4,566</u>

### Group and company

#### Bank loans and overdrafts

The term loan facility of £3,000,000 with Lloyds TSB Bank Plc was drawn down on 14 November 2002 to meet obligations for the repayment of the secured loan notes of £6,035,000. The term loan facility is repayable in quarterly instalments of £150,000. Interest is payable at Lloyds TSB Bank Plc base rate plus a margin of 2.25% per annum.

All group facilities, obligations and liabilities with Lloyds TSB Bank Plc are secured by fixed and floating charges over the assets of Mobile Doctors Holdings Limited, Mobile Doctors Limited, and MDL Medical Administration Limited and an unlimited guarantee and set off agreement between these companies. In addition the amounts are secured by the interests and rights granted in a subordination agreement together with a deed of priorities. There are also deposit agreements in favour of Lloyds TSB Bank Plc and Keyman Insurance noting the interest of Lloyds TSB Bank Plc. At 30 November 2003 the amount owed by the group to Lloyds TSB Bank Plc was £1,824,000 (2002: £2,397,000).

## Notes (continued)

### 13 Creditors: amounts falling due within one year (continued)

#### Other loans

Both the secured and unsecured loan notes were fully repaid in the year (2002: secured loan notes £1,845,000, unsecured loan notes £400,000).

#### Group

##### Other loans

Other loans include an amount of £11,427,000 (2002: £12,198,000) due to the invoice discounters advanced to Mobile Doctors Limited and MDL Medical Administration Limited based upon a group sales invoice discounting agreement at normal commercial rates.

These amounts are secured by fixed and floating charges over all assets of Mobile Doctors Limited and MDL Medical Administration Limited and a cross guarantee and indemnity from Mobile Doctors Holdings Limited, Mobile Doctors Limited and MDL Medical Administration Limited. There are also performance warranties from the directors.

### 14 Creditors: amounts falling due after more than one year

	Group 2003 £000	Company 2003 £000	Group 2002 £000	Company 2002 £000
Bank loans	1,189	1,189	1,777	1,777
Other loans	3,539	3,539	3,440	3,440
	<u>4,728</u>	<u>4,728</u>	<u>5,217</u>	<u>5,217</u>

#### Group and company

##### Other loans

The secured loan notes of £3,539,000 (net of £411,000 unamortised issue costs) (2002: £3,440,000) outstanding at 30 November 2003, are repayable in 5 equal annual instalments of £790,000. The first instalment is due on 30 November 2006. Interest is currently payable at the fixed rate of 7.5% per annum until 30 November 2004. From 1 December 2004 interest will be payable at the Lloyds TSB Bank Plc base rate plus 2%.

The secured loan notes are secured by fixed and floating charges over the assets of Mobile Doctors Holdings Limited, Mobile Doctors Limited and MDL Medical Administration Limited and a cross guarantee with Mobile Doctors Limited and MDL Medical Administration Limited.

#### Analysis of debts

	Group 2003 £000	Company 2003 £000	Group 2002 £000	Company 2002 £000
Debt can be analysed as following due:				
In one year or less, or on demand	12,038	587	15,063	2,826
Between one and two years	592	592	587	587
Between two and five years	2,576	2,576	2,322	2,322
In five years or more	1,560	1,560	2,308	2,308
	<u>16,766</u>	<u>5,315</u>	<u>20,280</u>	<u>8,043</u>

## Notes (continued)

### 15 Deferred tax

The elements of deferred taxation are as follows:

	2003 £000	2002 £000
Difference between accumulated depreciation and capital allowances	5	6
Other timing differences	(228)	(179)
Deferred tax asset – unprovided	(223)	(173)

The directors have considered the extent to which deferred tax assets will be recoverable and believe it is appropriate not to recognise an asset on the balance sheet at the current time.

### 16 Called up share capital

<i>Authorised, allotted, issued and fully paid</i>			2003 £	2002 £
Number	Class	Nominal value		
40,000	Equity: Preferred Ordinary shares	£0.01	400	400
60,000	Equity: Ordinary shares	£0.01	600	600
			1,000	1,000

The Ordinary shareholders are not entitled to receive a dividend unless all dividend entitlements attaching to the Preferred Ordinary shares are met and all amounts due for repayment on loan notes and interest thereon have been paid. Following this, Ordinary shares are entitled to a dividend as determined by the directors of the company, up to one third of adjusted profit after tax and not exceeding the amount paid on Preferred Ordinary shares, whilst ensuring that cash and invoice discounting facilities for the following financial year exceed £500,000. The Ordinary shares are not redeemable. On a winding up Ordinary shareholders are entitled to receive £1 per share plus any arrears of dividend once the Preferred Ordinary shareholders have received their entitlements. Thereafter, both Ordinary shareholders and Preferred Ordinary shareholders are entitled to a distribution of the balance of such assets and retained profits in proportion to the amounts credited as paid on the shares held by them. Ordinary shareholders are entitled to one vote per share.

The Preferred Ordinary shares carry a preferential participating cash dividend based on the adjusted profit before taxation of the group. These payments are fixed at 4% for the accounting year to 30 November 2003, 6% for the accounting year to 30 November 2004, and 8% for the accounting year to 30 November 2005 and all financial years thereafter. These amounts accrue from 1 December and fall payable within 4 months of the financial year end, or not more than 14 days following the annual general meeting at which the accounts of the company are approved. If the dividend cannot lawfully be paid in full, the maximum payment that can lawfully be paid should be paid and amounts not paid shall be paid as soon as lawfully possible. Interest on arrears of dividends is accrued from the payment due date at a rate of 5% per annum above the Lloyds TSB Bank Plc base rate. The Preferred Ordinary shares are not redeemable. On a winding up the Preferred Ordinary shareholders are entitled to receive £1 per share plus any arrears of dividend. Thereafter, both Ordinary shareholders and Preferred Ordinary shareholders are entitled to a distribution of the balance of such assets and retained profits in proportion to the amounts credited as paid on the shares held by them. Preferred Ordinary shareholders generally have one vote per share, except that they are entitled to 30 votes per share in the following circumstances: if their dividend entitlement has not been paid within 7 days of the due date; failure of the company to pay loan note instalments or interest within 7 days of the due date or breach of articles concerning the modification of shareholder rights; or variation in the authorised and issued share capital.

## Notes (continued)

### 17 Share premium and reserves

Group	Share premium account £000	Profit and loss account £000
At start of year	1,744	(469)
Profit for the financial year	-	50
Dividends	-	(42)
	<hr/>	<hr/>
At end of year	<b>1,744</b>	<b>(461)</b>
	<hr/>	<hr/>
Company	Share premium account £000	Profit and loss account £000
At start of year	1,744	(718)
Profit for the financial year	-	1,604
Dividends	-	(42)
	<hr/>	<hr/>
At end of year	<b>1,744</b>	<b>844</b>
	<hr/>	<hr/>

### 18 Commitments

There were no capital commitments at the year end (2002: £nil).

The group had annual commitments under non-cancellable operating leases as set out below:

Group	2003		2002	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	117	-	135
In second to fifth years inclusive	161	86	145	143
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>161</b>	<b>202</b>	<b>145</b>	<b>278</b>
	<hr/>	<hr/>	<hr/>	<hr/>

#### Company

The company did not have any annual commitments under non-cancellable operating leases (2002: £nil).

## Notes (continued)

### 19 Pension scheme

The group operates a defined contribution scheme.

The pension cost charge for the year represents contributions payable by the group to the fund and amounted to £129,000 (2002: £122,000). There were no prepaid or outstanding contributions at the year end (2002: £nil).

### 20 Related party disclosures

Included within administrative expenses there is £38,000 (2002: £21,000) of computer software and hardware maintenance costs relating to Logistic Software Limited, a company owned by S Hawes a director of Mobile Doctors Limited and Mobile Doctors Holdings Limited. There was no balance owed to Logistic Software Limited at the year end (2002: £nil).

### 21 Reconciliation of operating profit to net cash flow from operating activities

	30 November 2003 £000	30 November 2002 £000
Operating profit	1,703	1,257
Depreciation	13	17
Amortisation	400	400
Decrease in debtors	671	3,906
Increase/(decrease) in creditors	8	(2,763)
Decrease in provisions	-	(6)
	<hr/>	<hr/>
Cash inflow from operating activities	2,795	2,811
	<hr/>	<hr/>

### 22 Analysis of cash flows

	30 November 2003 £000	30 November 2002 £000
<b>Returns on investments and servicing of finance</b>		
Interest received	28	122
Interest paid	(1,246)	(1,529)
	<hr/>	<hr/>
Net cash outflow for returns on investments and servicing of finance	(1,218)	(1,407)
	<hr/>	<hr/>
<b>Financing</b>		
New term loan facility	-	3,000
Repayment on debt factor	(772)	(735)
Repayment of secured loan notes	(2,842)	(4,185)
Repayment of term loan facility	-	(600)
	<hr/>	<hr/>
Net cash outflow from financing	(3,614)	(2,520)
	<hr/>	<hr/>

**Notes** (continued)

**23 Analysis of changes in net debt**

	<b>30 November 2002 £000</b>	<b>Cash flow £000</b>	<b>Other non-cash changes £000</b>	<b>30 November 2003 £000</b>
Cash at bank, in hand	2,124	(2,102)	-	22
Overdrafts	(38)	14	-	(24)
	<hr/>	<hr/>	<hr/>	<hr/>
	2,086	(2,088)	-	(2)
Debt due within 1 year	(15,025)	3,026	(15)	(12,014)
Debt due after 1 year	(5,217)	588	(99)	(4,728)
	<hr/>	<hr/>	<hr/>	<hr/>
	(18,156)	(1,526)	(114)	(16,744)
	<hr/>	<hr/>	<hr/>	<hr/>

Other non-cash changes relate to the amortisation of deal fees.