

# React Medical Management Limited



**ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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## **Officers and Professional Advisors**

### **Directors**

Mr R S Terry (appointed 18 September 2014)  
Mr L Moore (appointed 18 September 2014)  
Mr P Laithwaite (resigned 18 September 2014)  
Dr D Pearce (resigned 18 September 2014)

### **Secretary**

Mr E Walker

### **Registered Office**

Quindell Court  
1 Barnes Wallis Road  
Segensworth East  
Fareham  
Hampshire  
PO15 5UA

### **Bankers**

Lloyds Bank Plc  
The Atrium  
Davidson House  
Forbury Square  
Reading  
Berkshire  
RG1 3EU

### **Solicitors**

Dorsey & Whitney LLP  
199 Bishopsgate  
London EC2M 3UT

## Directors' Report

The directors present their report and the unaudited financial statements for the year ended 31 December 2013. The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

### Principal activities and business review

The principal activities of the company 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 industry in general.

During the year, the Company was acquired by Quindell Plc.

### Dividends

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

### Directors and their interests

A list of the directors' interests in the shares of Quindell Plc is shown in the accounts of that company.

### Going concern

As at December 2013, the Company had cash of £283,156, as well as access to significant banking facilities provided by the wider Quindell Group. No material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### Disabled persons policy

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate retraining is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the performance of the Company and its wider Group.

### Directors' Responsibility Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors have chosen to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 its profit or loss 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 estimates that are reasonable and prudent, and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records 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.

By order of the board



L. Moore  
29 September 2014

## Financial Statements

### Income Statement

for the year ended 31 December 2013

	Note	2013 £	2012 £
Revenue		1,882,281	1,099,160
Cost of sales		(757,973)	(1,031,639)
Gross profit		1,124,308	67,521
- Total administrative expenses		(610,048)	(39,310)
Profit before taxation		514,260	28,211
Taxation	7	(119,592)	(4,732)
Retained profit		394,668	23,479

### Statement of Changes in Equity

for the year ended 31 December 2013

	Share	Retained capital £	Total earnings £	Equity £
At 1 April 2012		100	119,955	112,055
Profit for the year		-	23,479	23,479
At 31 December 2012		100	143,434	143,534
Profit for the year		-	394,668	394,668
At 31 December 2013		100	538,102	538,202

## Financial Statements

### Statement of Financial Position

as at 31 December 2013

	Note	31 Dec 2013 £	31 Dec 2012 £	31 Mar 2012 £
<b>Non-current assets</b>				
Property, plant and equipment	8	5,304	4,550	-
		<b>5,304</b>	<b>4,550</b>	<b>-</b>
<b>Current assets</b>				
Inventories				-
Trade and other receivables	9	1,564,308	1,074,359	940,602
Cash	10	283,156	32,739	26,960
		<b>1,847,464</b>	<b>1,107,098</b>	<b>967,562</b>
<b>Total assets</b>		<b>1,192,768</b>	<b>1,111,648</b>	<b>967,562</b>
<b>Current liabilities</b>				
Trade and other payables	11	(1,194,974)	(963,382)	(818,252)
Current tax liabilities		(119,592)	(4,732)	(29,255)
		<b>(1,314,566)</b>	<b>(968,114)</b>	<b>(847,507)</b>
<b>Total liabilities</b>		<b>(1,314,566)</b>	<b>(968,114)</b>	<b>(847,507)</b>
<b>Net assets</b>		<b>538,202</b>	<b>143,534</b>	<b>120,055</b>
<b>Equity</b>				
Share capital	12	100	100	100
Retained earnings		538,102	143,434	119,955
<b>Total equity</b>		<b>538,202</b>	<b>143,534</b>	<b>120,055</b>

For the year ending 31 December 2013 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies, and the directors are satisfied that no member or members have requested an audit pursuant to section 476 of that Act

The directors acknowledge their responsibilities for

- (i) ensuring that the company keeps adequate accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company

The financial statements of React Medical Management Limited, registered number 07315629, on pages 6 to 15 were approved and authorised for issue by the board of directors on 29 September 2014 and signed on its behalf by

  
Laurence Moorse  
Director

## Financial Statements

### Cash Flow Statement

for the year ended 31 December 2013

	Note	2013 £	2012 £
<b>Cash flows from operating activities</b>			
Cash generated from operations before and tax	13	257,485	40,622
Corporation tax paid		(4,732)	(29,255)
<b>Net cash generated from operating activities</b>		<b>252,753</b>	<b>11,367</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(2,336)	(5,588)
<b>Net cash used in investing activities</b>		<b>(2,336)</b>	<b>(5,588)</b>
<b>Net increase in cash and cash equivalents</b>	14	<b>250,417</b>	<b>5,779</b>
<b>Cash and cash equivalents at the beginning of the year</b>	10	<b>32,739</b>	<b>26,960</b>
<b>Cash and cash equivalents at the end of the year</b>	10	<b>283,156</b>	<b>32,739</b>

## Notes to the Financial Statements

### 1 General information

React Medical Management Limited is a company incorporated and domiciled in the United Kingdom

### 2 Adoption of new and revised Standards

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) for the first time. IFRS 1 "First-time Adoption of International Financial Reporting Standards" has been applied. The Company's transition date for the adoption of IFRS 1 is 31 March 2012. IFRS 1 permits companies adopting IFRS for the first time to take certain exemptions from full retrospective application of IFRS accounting policies. In accordance with IFRS 1 the company has not revised estimates required under IFRS 1 that were also required under UK GAAP as at 31 March 2012 and 31 December 2012, and, in addition where estimates were required under UK GAAP, they have been based on information known at that time, and not on subsequent events. The financial statements have also been prepared in accordance with IFRSs adopted by the European Union. The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets acquired. The principal accounting policies adopted are set out below.

On adoption of IFRSs, there were no accounting standard which affected the reported financial position, financial performance or cash flows of the company. Under UK GAAP the Company was exempt from preparing a cash flow statement. In accordance with IAS1, a third balance sheet has been presented as at 31 March 2012, which is the same position as at the opening balance sheet date of the earliest comparative period, being 1 April 2012. Therefore no transition disclosures or reconciliations are presented. In the current year, the following new and revised Standards and Interpretations have been adopted.

#### Standards and interpretations not significantly affecting the reported results or the financial position

Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for periods beginning on or after 1 January 2013)
IFRS 11	Joint Arrangements
IFRS 13	Fair Value Measurement (effective for periods beginning on or after 1 January 2013)
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income (effective for periods beginning on or after 1 January 2013)
IAS 19	Employee Benefits (2011)

Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets (2013)
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IAS 28	(as revised in 2011) Investments in Associates and Joint Ventures
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All amendments issued to IFRS10, IFRS 11, IFRS 12 and IAS 27 have also been applied. Annual improvements issued for 2010-2012 and for 2011-2013 have been considered and applied.

Where any additional disclosure requirements were identified from these standards, the appropriate disclosures have been included in the notes to the accounts.

#### Accounting standards not yet effective

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not been adopted by the EU).

#### International Financial Reporting Standards (IFRS)

IFRS 9	Financial Instruments (effective for periods beginning on or after 1 January 2018 but is yet unendorsed)
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures (effective for periods beginning on or after 1 January 2015)
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities (effective for periods beginning on or after 1 January 2014)
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting (effective for periods beginning on or after 1 January 2014)

The Directors do not anticipate that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Company.



## Notes to the Financial Statements

### 3 Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations adopted by the European Union (EU). The financial statements have been prepared under the historical cost convention. A summary of the significant accounting policies is set out below.

In the opinion of the directors, the company is engaged in only one class of business and its revenue and profit before taxation are derived wholly in the United Kingdom.

#### Revenue recognition

Revenue is measured at the fair value of the consideration received and represents amounts receivable for services provided in the ordinary course of business, net of discounts and sales taxes.

The Company provides medical services. Income is recognised on delivery of service. Income can be reliably estimated based on agreed charges with customers or instructing parties. Where services are delivered by external parties costs can be reliably estimated based on contractual charges agreed with those suppliers.

#### Operating profit

Operating profit is profit stated before finance income, finance expense and tax.

#### Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. Depreciation is not provided on freehold land. On other assets, depreciation is calculated to write off the cost less estimated residual values over their estimated useful lives as follows:

Plant, equipment and furniture	25% reducing balance and 33 3% straight line
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#### Trade receivables

Trade receivables are held at amortised cost less any impairment provisions and this equates to their recoverable value. Amounts set aside for settlement adjustments, which insurers in certain limited circumstances (e.g. due to administrative delays) seek to negotiate, are based on historical experience. The resulting settlement adjustments are recognised within revenue as they relate to revisions of income estimates, not collectability (credit risk). Movements in the impairment provision relating to credit risk are recognised within administrative expenses as bad debt expenses.

#### Trade payables

Trade payables do not carry any interest and are stated at their fair value.

#### Cash and cash equivalents

Cash in the Statement of Financial Position comprises cash at banks and in hand. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### Taxation including deferred tax

The tax expense represents the sum of current tax and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised in equity in which case it is recognised in equity. The current tax is based on taxable profit for the year calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is provided using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. In principle deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

## Notes to the Financial Statements

### ***4. Critical accounting judgements and key sources of estimation uncertainty***

In the process of applying the Company's accounting policies, management has made a number of judgements, and the preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The key assumption concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is noted below.

#### **Revenue recognition**

The Company recognises revenue as described in the revenue recognition accounting policy, when it is reasonably certain that the revenue has been earned.

## Notes to the Financial Statements

### 5 Operating profit

The operating profit for the year is stated after charging/(crediting)

	2013 £	2012 £
Depreciation of property, plant and equipment - owned assets	1,582	1,038
Staff costs (note 9)	13,211	22,078

### 6 Employee and staff costs

The average number of employees during the year including executive directors was as follows

	2013 Number	2012 Number
Back office management and administration	1	1
	1	1

Total employee costs were as follows

	2013 £	2012 £
Wages and salaries	12,622	20,359
Social security costs	589	1,719
	13,211	22,078

## Notes to the Financial Statements

### 7 Taxation

	2013 £	2012 £
The taxation charge comprises		
Current tax		
- Current year	1,130	6,770
- Adjustments in respect of prior year	39	-
<b>Total current tax</b>	<b>1,169</b>	<b>6,770</b>
Deferred tax		
- Origination and reversal of temporary differences	101	(111)
- Adjustments in respect of prior year	(120)	-
<b>Total deferred tax</b>	<b>(19)</b>	<b>(111)</b>
<b>Total tax expense</b>	<b>1,150</b>	<b>6,659</b>

Income tax for the UK is calculated at the standard rate of UK corporation tax of 23.25% (2012: 24.5%) on the estimated assessable profit for the year. The total charge for the year can be reconciled to the accounting profit as follows:

	2013 £	2012 £
Profit on ordinary activities before tax	5,013	29,327
Tax at 23.25% (2012: 24.50%) thereon	1,166	7,185
Effect of:		
Expenses not deductible for tax purposes	76	(418)
Research and development tax credit claim	-	(108)
Reduction in the rate of deferred tax	(10)	-
Adjustments in respect of prior years	(82)	-
<b>Total tax charge for the year</b>	<b>1,150</b>	<b>6,659</b>

#### Factors affecting future tax charges

The 2013 Budget on 20 March 2013 announced that the UK corporation tax rate will be reduced to 21% from 1 April 2014 and to 20% from 1 April 2015. These rates were substantially enacted on 2 July 2013. A rate of 20% has been used for deferred tax assets and liabilities being realised or settled after 1 April 2015.

## Notes to the Financial Statements

### 8 Property, plant and equipment

	Plant and equipment £	Total £
<b>Cost</b>		
At 31 March 2012 and 1 January 2013	5,588	5,588
Additions	2,336	2,336
<b>At 31 December 2013</b>	<b>7,924</b>	<b>7,924</b>
<b>Depreciation</b>		
At 31 March 2012	-	-
Charge for the year	1,038	1,038
<b>At 1 January 2013</b>	<b>1,038</b>	<b>1,038</b>
Charge for the year	1,582	1,582
<b>At 31 December 2012</b>	<b>2,620</b>	<b>2,620</b>
<b>Net book value</b>		
<b>31 December 2013</b>	<b>5,304</b>	<b>5,304</b>
31 December 2012	4 550	4 550

### 9 Trade and other receivables

	2013 £	2012 £	31/03/12 £
Trade receivables (net of impairment provision)	1,333,520	1,073,564	939,422
Other receivables	100	195	-
Amounts due from group companies	123,303	-	1,080
Prepayments and accrued income	107,385	600	100
	<b>1,564,308</b>	<b>1,074,359</b>	<b>940,602</b>

The directors consider that the net carrying amount of Trade receivables approximates to their fair value

### 10 Cash and cash equivalents

Cash and cash equivalents comprise the following for the purposes of the cash flow statement

	2013 £	2012 £	31/03/12 £
Cash and cash equivalents	283,156	32,739	26,960
	<b>283,156</b>	<b>32,739</b>	<b>26,960</b>

Cash and cash equivalents comprise cash held by the Company. The carrying amount of these assets approximates to their fair value

### 11 Trade and other payables

	2013 £	2012 £	31/03/12 £
<b>Current liabilities</b>			
Trade payables	820,587	780,294	743,913
Amounts due to group companies	184,827	67,931	-
Payroll and other taxes including social security	187,537	113,285	73,239
Accruals	2,023	1,872	1,100
	<b>1,194,974</b>	<b>963,382</b>	<b>818,252</b>

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of Trade payables approximates to their fair value

## Notes to the Financial Statements

### 12 Share Capital

	2013		2012		31/03/12	
	Number	Nominal value £	Number	Nominal value £	Number	Nominal Value £
<b>Issued and fully paid</b>						
At the start and end of the year	100	100	100	100	100	100

### 13 Cash flow from operating activities

	2013 £	2012 £
Operating profit	514,260	28,211
Adjustments for		
Depreciation of property, plant and equipment	1,582	1,038
<b>Operating cash flows before movements in working capital and provisions</b>	<b>515,842</b>	<b>29,249</b>
Decrease/(Increase) in trade and other receivables	(489,949)	(133,757)
(Decrease)/increase in trade and other payables	231,592	145,130
<b>Cash generated from operations before exceptional costs</b>	<b>257,485</b>	<b>40,622</b>

### 14 Reconciliation of net cash flow to movement in net funds

	1 January 2013 £	Cash flow movements £	31 December 2013 £
Cash and cash equivalents	32,739	250,417	283,156
<b>Net funds</b>	<b>32,739</b>	<b>250,417</b>	<b>283,156</b>

### 15 Financial instruments

The Company's financial instruments comprise borrowings, cash and liquid resources and various items such as trade debtors and trade creditors that arise from its operations. The Company does not use derivatives. The main purpose of these financial instruments is to manage the Company's operations. It is, and has been throughout the period under review, the policy of the Company that no trading in financial instruments shall be undertaken.

#### Liquidity risk

The Company has a strong cash position and funds generated from operations are managed centrally.

The following are the contractual maturities of financial liabilities

Non-derivative financial liabilities	Carrying amount £	Contractual cash flows £	Less than 1 year £	Between 1-5 years £
<b>2013</b>				
Trade and other payables	963,382	(963,382)	(963,382)	-
<b>2012</b>				
Trade and other payables	818,252	(818,252)	(818,252)	-

## Notes to the Financial Statements

### 15 Financial instruments (continued)

#### Credit risk

The Company is not subject to significant concentration of credit risk with exposure spread across many companies. Policies are maintained to ensure that the Company enters into sales contracts that are tailored to the customers' respective credit risk. The credit quality of the Company's trade receivables is considered by management to be good, as evidenced by the low rates of impairment provided and amounts written off.

The average credit period taken on sales of services is 239 days (2012: 356 days). No interest is charged on the receivables balances. The Company does not hold any collateral or other credit enhancements over these balances nor has the legal right of offset with any amounts owed by the Company to the receivables counterparty.

The carrying amount of financial assets represents the maximum credit exposure. At the reporting date the principal financial assets were:

	Note	2013 £	2012 £
<b>Loans and receivables</b>			
Trade receivables	14	1,333,520	1,073,564
Cash and cash equivalents	15	283,156	32,739
		<b>1,616,676</b>	<b>1,106,303</b>

The receivables are all based in the UK and denominated in sterling.

The ageing of trade receivables at 31 December was as follows:

	2013 £ Gross	2013 £ Impairment	2013 £ Net	2012 £ Gross	2012 £ Impairment	2012 £ Net
Under 1 year	757,670	-	757,670	819,229	-	819,229
1 - 2 years	402,494	-	402,494	237,452	-	237,452
2 - 3 years	100,615	-	100,615	16,883	-	16,883
3 - 4 years	3,862	-	3,862	-	-	-
	<b>1,333,520</b>	<b>-</b>	<b>1,333,520</b>	<b>1,073,564</b>	<b>-</b>	<b>1,073,564</b>

Included in the above net trade debtors is £nil (2012: £nil) which are past their due date but not impaired.

### 16 Ultimate parent company

The immediate parent company is React and Recover Medical Group Limited and the ultimate parent company is Quindell Plc. Copies of the consolidated accounts of Quindell Plc can be obtained by writing to the Company Secretary at Quindell Court, 1 Barnes Wallis Road, Segensworth East, Fareham, Hampshire PO15 5UA.

### 17 Related party transactions

David Pearce, a connected person by virtue of his directorship, also acted as a medical expert supplying expert reports to the Company up until August 2013, on substantially the same terms as other doctors in the network. All transactions were made on an arms length basis.

During the year, the ultimate parent company entered into an acquisition agreement enabling Quindell Plc to acquire the Company, which completed on 28 June 2013. Sales to the Quindell Group of £542,000 and costs of £1,041,000 from the Quindell Group were recorded within administrative expenses.