**Mobile Doctors Solutions Limited**
**(formerly Mobile Doctors Holdings Limited)**

# Directors' report and financial statements

Registered number 4215291

30 November 2008

# Contents

# Directors' report

The directors present their directors' report and financial statements for the year ended 30 November 2008.

**Principal activity**

The principal activity of the company was a holding company to Mobile Doctors Limited and MDL Medical Administration Limited.

**Proposed dividend**

The directors do not recommend the payment of a dividend *(2007: £nil)*.

**Directors**

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

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

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

**Political and charitable contributions**

The company made no political or charitable donations or incurred any political expenditure during the year *(2007: £nil)*.

**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 himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board

26/02/09

**M Game**
*Director*

4 Bourne Court
Southend Road
Woodford Green
Essex
IG8 8HD

## 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 IFRSs as adopted by the EU and applicable laws.

The financial statements are required by law to present fairly the financial position and the performance of the company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 they have been prepared in accordance with IFRSs as adopted by the EU; 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG

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

## Report of the independent auditors to the members of Mobile Doctors Solutions Limited

We have audited the financial statements of Mobile Doctors Solutions Limited for the year ended 30 November 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Income and Expense 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 International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 2.

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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, 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.

## Report of the independent auditors to the members of Mobile Doctors Solutions Limited *(continued)*

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 30 November 2008 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 Audit Plc

25 February 2009

**KPMG Audit Plc**
*Chartered Accountants*
*Registered Auditor*

## Income Statement
*for year ended 30 November 2008*

| | Note | 2008 £000 | 2007 £000 |
|---|---|---|---|
| **Revenue** | | - | - |
| Cost of sales | | - | - |
| **Gross profit** | | - | - |
| Administrative expenses | | (6) | (48) |
| **Operating loss before financing costs** | 2 | (6) | (48) |
| Financial expenses | | (327) | (333) |
| **Loss before tax** | | (333) | (381) |
| Taxation | 3 | 93 | 95 |
| **Loss for the year** | | (240) | (286) |

All losses are attributable to equity holders of the Company. All of the above results arose in respect of continuing activities.

## Statement of Recognised Income and Expense
*for year ended 30 November 2008*

| | Note | 2008 £000 | 2007 £000 |
|---|---|---|---|
| **Loss for the year** | | (240) | (286) |
| **Total recognised income and expense** | 10 | (240) | (286) |

All recognised income and expense is attributable to equity holders of the Company.

# Balance Sheet

*At 30 November 2008*

| | Note | 2008 £000 | 2007 £000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments in subsidiaries | *5* | **8,761** | 8,761 |
| **Total non-current assets** | | **8,761** | 8,761 |
| **Current assets** | | | |
| Trade and other receivables | *7* | **792** | 720 |
| **Total assets** | | **9,553** | 9,481 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Other interest-bearing loans and borrowings | *8* | **838** | 1,493 |
| Trade and other payables | *9* | **5,361** | 3,648 |
| **Total current liabilities** | | **6,199** | 5,141 |
| **Non-current liabilities** | | | |
| Other interest-bearing loans and borrowings | *8* | **2,511** | 3,257 |
| **Total liabilities** | | **8,710** | 8,398 |
| **Net assets** | | **843** | 1,083 |
| **EQUITY** | | | |
| Share capital | *11* | **1** | 1 |
| Share premium | *10* | **1,694** | 1,694 |
| Retained earnings | *10* | **(852)** | (612) |
| **Total equity** | *10* | **843** | 1,083 |

These financial statements were approved by the board of directors on 20 February 2009 and were signed on its behalf by:

**M Game**
*Director*

# Cash Flow Statement

*for year ended 30 November 2008*

| | Note | 2008 £000 | 2007 £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the year | | **(240)** | (286) |
| *Adjustments for:* | | | |
| Financial expenses | | **327** | 333 |
| Taxation | *3* | **(93)** | (95) |
| **Operating loss before changes in working capital and provisions** | | **(6)** | (48) |
| Increase in trade and other receivables | | **(71)** | (19) |
| Increase in trade and other payables | | **1,590** | 892 |
| **Cash generated from operations** | | **1,513** | 863 |
| Interest paid | | **(469)** | (546) |
| Group relief payment received | | **93** | 95 |
| **Net cash from operating activities** | | **1,137** | 412 |
| **Cash flows from financing activities** | | | |
| Decrease in borrowings | | **(1,137)** | (412) |
| **Net cash from financing activities** | | **(1,137)** | (412) |
| Net increase in cash and cash equivalents | | **-** | - |
| Cash and cash equivalents at start of the year | | **-** | - |
| **Cash and cash equivalents at 30 November** | | **-** | - |

# Notes
*(forming part of the financial statements)*

## 1 Accounting policies

Mobile Doctors Solutions Limited (the "Company") is a company incorporated and domiciled in the UK.

***Statement of compliance***

The Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

In these financial statements the following Adopted IFRSs are effective for the first time:

- IFRS 7 'Financial instruments: Disclosure'; and
- IFRIC 11 – IFRS2 Group and Treasury Share Transactions.

With the exception of IFRS 7 'Financial instruments: Disclosure' where the comparatives have been restated accordingly, the other standard had no material financial effect on the financial statements for the current or prior year.

***Basis of preparation***

The financial statements are prepared on the historical cost basis.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

***Financial instruments***

*Classification*

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.

(c) 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.

(d) Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

(e) Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

*Trade receivables*

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Trade receivables which fall due within the normal business operating cycle are presented as current assets. Due to the nature of the business, the operating cycle typically extends beyond one year.

*Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

*Investments in debt and equity securities*

Investments in subsidiaries are carried at cost less impairment. Loans and receivables are stated at amortised cost less impairment.

*Intra-group financial instruments*

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

***Impairment***

The carrying amounts of the Company's assets other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

***Reversals of impairment***

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

***Net financing costs***

Net financing costs comprise interest payable and interest receivable on funds invested, dividend income that are recognised in the income statement.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

***Taxation***

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

***Adopted IFRS not yet applied***

The following Adopted IFRSs were available for early application but have not been applied by the Company in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRIC 12 'Service Concession Arrangements';
- IFRIC 14 'IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction';
- Amended IFRS 1 and IAS 27 'Amendments to IFRS 1 First-time Adoption of International Reporting Standards and IAS27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate' (mandatory for the year commencing on or after 1 January 2009);
- Amended IFRS 2 'Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations' (mandatory for the year commencing on or after 1 January 2009);
- Revised IFRS 3 'Business Combinations' (mandatory for the year commencing on or after 1 July 2009);
- IFRS 8 'Operating Segments' (mandatory for the year commencing on or after 1 January 2009);
- Revised IAS 1 'Presentation of Financial Statements' (mandatory for the year commencing on or after 1 January 2009);
- Revised IAS 23 'Borrowing Costs' (mandatory for the year commencing on or after 1 January 2009); and
- IFRIC 13 'Customer Loyalty Programmes' (mandatory for the year commencing on or after 1 July 2008).

# Notes *(continued)*

## 2 Operating loss

*Included in operating loss for the year is the following:*

Auditors' remuneration:

| | 2008 £000 | 2007 £000 |
|---|---|---|
| Audit of these financial statements | 6 | 6 |

## 3 Taxation

**Recognised in the income statement**

| | 2008 £000 | 2007 £000 |
|---|---|---|
| *Current tax credit* | | |
| Current year | (93) | (114) |
| Adjustments in respect of prior years | - | 19 |
| Total tax credit in income statement | (93) | (95) |

**Reconciliation of effective tax rate**

| | 2008 £000 | 2007 £000 |
|---|---|---|
| Loss before tax | (333) | (381) |
| Tax on loss at the UK corporation tax rate of 28.67% (2007: 30%) | (93) | (114) |
| Adjustments in respect of prior years | - | 19 |
| Total tax credit | (93) | (95) |

The main rate of UK corporation tax changed from 30% to 28% on 1 April 2008. As a result, the effective rate of tax for the year is 28.67% and deferred tax balances have been calculated at 28%.

## 4 Employees and directors

The Company had no employees in 2007 or 2008. The directors did not receive any remuneration for their services to this Company. Their remuneration is borne by Mobile Doctors Limited.

## 5 Investments in subsidiaries

The Company has the following investments in subsidiaries:

| | Country of incorporation | Class of shares held | Ownership 2008 | 2007 |
|---|---|---|---|---|
| Mobile Doctors Limited | England & Wales | Ordinary | 100% | 100% |
| MDL Medical Administration Limited (indirect holding) | England & Wales | Ordinary | 100% | 100% |

# Notes *(continued)*

## 5 Investments in subsidiaries *(continued)*

| | Subsidiary undertakings £000 |
|---|---|
| **Cost** | |
| At 30 November 2007 and 30 November 2008 | 8,761 |
| **Net book value** | |
| **At 30 November 2008** | **8,761** |
| At 30 November 2007 | 8,761 |

The directors are satisfied that the recoverable amount of these investments is in excess of their carrying value.

## 6 Deferred tax assets

Deferred tax assets are attributable to the following:

| | Assets | |
|---|---|---|
| | **2008 £000** | 2007 £000 |
| Losses carried forward | **33** | 33 |
| Deferred tax asset | **33** | 33 |

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.

## 7 Trade and other receivables

| | **2008 £000** | 2007 £000 |
|---|---|---|
| **Current assets:** | | |
| Trade receivables due from related parties | **792** | 720 |

## 8 Other interest-bearing loans and borrowings

| | **2008 £000** | 2007 £000 |
|---|---|---|
| **Non-current liabilities:** | | |
| Secured bank loans | **2,391** | 3,115 |
| Other loans | **70** | 92 |
| Shares classified as debt | **50** | 50 |
| | **2,511** | 3,257 |
| **Current liabilities:** | | |
| Secured bank loans | **791** | 1,467 |
| Other loans | **47** | 26 |
| | **838** | 1,493 |
| | **3,349** | 4,750 |

# Notes *(continued)*

## 8 Other interest-bearing loans and borrowings *(continued)*

*Terms and debt repayment schedule*

*Other loans falling due within one year and in more than one year*

The secured loan notes of £2,391,000 after more than one year and £791,000 within one year (net of £45,000 remaining un-amortised issue costs) *(2007: £3,115,000 (net of £70,000 remaining un-amortised issue costs))* outstanding at 30 November 2008, are repayable in equal monthly instalments of £66,000. Interest is payable at the Lloyds TSB Bank Plc base rate plus 2%. Accrued interest on the secured loan notes as at 30 November 2008 was £115,000 *(2007: £282,000).*

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

Other loans also include an amount of £70,000 after more than one year and £47,000 within one year in relation to loan notes issued to Lloyds Development Capital during the year.

*Bank loans and overdrafts*

The term loan facility of £3,000,000 with Lloyds TSB Bank Plc was drawn down on 14 November 2003 to meet obligations for the repayment of the secured loan notes of £6,035,000. The term loan facility was repaid during the year.

All group facilities, obligations and liabilities with Lloyds TSB Bank Plc are secured by fixed and floating charges over the assets of Mobile Doctors Solutions 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 2008 the amount owed by the group to Lloyds TSB Bank Plc was £nil *(2007: £413,000).*

## 9 Trade and other payables

| | **2008** | 2007 |
|---|---|---|
| | **£000** | £000 |
| **Current liabilities:** | | |
| Trade payables due to third parties | **115** | - |
| Trade payables due to related parties | **5,239** | 3,630 |
| Accruals and deferred income | **7** | 18 |
| | **5,361** | 3,648 |

## 10 Statement of total equity

| | **Share capital £000** | **Share premium £000** | **Retained earnings £000** | **Total parent equity £000** |
|---|---|---|---|---|
| Balance at 1 December 2006 | 1 | 1,694 | (326) | 1,369 |
| Total recognised income and expense | - | - | (286) | (286) |
| Balance at 30 November 2007 | 1 | 1,694 | (612) | 1,083 |
| Total recognised income and expense | - | - | (240) | (240) |
| **Balance at 30 November 2008** | **1** | **1,694** | **(852)** | **843** |

# Notes *(continued)*

## 11 Share capital

| | 2008 £ | 2007 £ |
|---|---|---|
| *Authorised* | | |
| 71,111 Ordinary shares of £0.01 each | **711** | 711 |
| Cumulative preference shares of £0.01 each | **400** | 400 |
| | **1,111** | 1,111 |
| *Issued and fully paid* | | |
| Ordinary shares of £0.01 each | **600** | 600 |
| Cumulative preference shares of £0.01 each | **400** | 400 |
| | **1,000** | 1,000 |
| Shares classified as liabilities | **400** | 400 |
| Shares classified as equity | **600** | 600 |
| | **1,000** | 1,000 |

On 22 May 2007, the authorised share capital of the company was increased by £111.11 beyond the registered capital of £1,000, through the creation of 11,111 ordinary shares of £0.01 each, ranking pari passu with the existing ordinary shares in the capital of the company.

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)*

## 12 Contingencies

In prior years, Mobile Doctors Solutions Limited issued secured loan notes of £3,950,000 which are secured by cross guarantees given by Mobile Doctors Limited and MDL Medical Administration Limited and by fixed and floating charges over all assets of Mobile Doctors Solutions Limited, Mobile Doctors Limited and MDL Medical Administration Limited. The balance outstanding at 30 November 2008 is £3,182,000 *(2007: £3,950,000)*.

All group facilities, obligations and liabilities with Lloyds TSB Bank Plc are secured by fixed and floating charges over all assets of Mobile Doctors Solutions Limited, Mobile Doctors Limited and MDL Medical Administration Limited and a guarantee and set off agreement between these companies. At 30 November 2008, the total amount owed to Lloyds TSB Bank Plc by the group was £nil *(2007: £413,000)*.

## 13 Related parties

*Identity of related parties*

The Company has a related party relationship with other group companies and with its directors. S Hawes, a director of the Company is also a director of Logistics Software Limited. There were no transactions during the period with Logistics Software Limited *(2007: £nil)* and no balance as at 30 November 2008 *(2007: £nil)*.

*Transactions with key management personnel*

The directors received no remuneration from the Company during the period *(2007: £nil)*. The directors are remunerated through Mobile Doctors Limited. Directors of the Company indirectly control 44.8% per cent of the voting shares of the Company.

*Transactions with other group companies*

As part of its normal operating activities, the Company enters into transactions with other group undertakings. This includes the receipt and provision of financing in the form of loans, in addition to trading activities such as the receipt and provision of goods or services to group companies. Loans received from group undertakings and provided to group undertakings are interest free and repayable on demand. As a result, no discounting is applied to these balances.

During the year, finance and operating expenses of the Company were settled by and the Company surrendered tax losses to its subsidiaries. The amounts and balances of these transactions are shown below.

| | **Transactions 2008 £000** | **Balance 2008 £000** | Transactions 2007 £000 | Balance 2007 £000 |
|---|---|---|---|---|
| **Transactions with:** | | | | |
| Subsidiaries | **(2,330)** | **(5,239)** | (935) | (2,909) |

## 14 Financial instruments

### Overview

The Company has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Interest rate risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

# Notes *(continued)*

## 14 Financial instruments *(continued)*

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity risk is managed within the Mobile Doctors Group policy. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to any group company's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 12 weeks, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group has access to an invoice discounting facility of up to £15.2m secured against trade receivables which can be drawn down to meet short term financing needs.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

| At 30 November 2008 | Carrying amount £000 | Contractual cash flows £000 | Less than 1 year £000 | Between 1 and 5 years £000 | More than 5 years £000 |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Secured bank loans | 3,182 | (3,414) | (901) | (2,513) | - |
| Other loans | 117 | (120) | (50) | (70) | - |
| Shares classified as debt | 50 | (50) | - | - | (50) |
| Trade and other payables | 122 | (121) | (121) | - | - |
| | 3,467 | (3,705) | (1,072) | (2,583) | (50) |

| At 30 November 2007 | Carrying amount £000 | Contractual cash flows £000 | Less than 1 year £000 | Between 1 and 5 years £000 | More than 5 years £000 |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | |
| Secured bank loans | 3,950 | (4,898) | (1,318) | (3,580) | - |
| Other loans | 118 | (128) | (30) | (98) | - |
| Shares classified as debt | 50 | (50) | - | - | (50) |
| Trade and other payables | 18 | (18) | (18) | - | - |
| | 4,113 | (5,094) | (1,366) | (3,678) | (50) |

### Interest rate risk

The Company is exposed to risk as a result of changes in the base rate of interest. Based on its assessment of interest rates prevailing at the reporting date, the Company does not use fixed rate instruments to hedge this risk.

## Notes *(continued)*

### 14 Financial instruments *(continued)*

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was as follows:

| | 2008 £000 | 2007 £000 |
|---|---|---|
| Variable rate instruments – carrying amount | **3,299** | 4,068 |

*Cash flow sensitivity for variable rate instruments*

An increase of 100 basis points in interest rates at the reporting date would have decreased equity and profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant.

| Effect of change of 100bp in interest rates | 2008 £000 | 2007 £000 |
|---|---|---|
| Variable rate instruments | **37** | 47 |

**Fair values**

The fair values of all financial assets and liabilities are represented by their carrying amounts.

### 15 Ultimate parent company and parent company of larger group

The immediate parent undertaking and the ultimate parent company is Mobile Doctors Group Plc, a company incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by Mobile Doctors Group Plc. The consolidated financial statements of this company are available to the public and may be obtained from the registered office, 4 Bourne Court, Southend Road, Woodford Green, Essex, IG8 8HD.