



# Financial Statements

# Medica Reporting Group Limited

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For the Year Ended 31 December 2015

Registered number: 08497963



**Medica Reporting Group Limited**

## Company Information

<b>Directors</b>	Dr S G Davies J M Graham A Jain A L Lee K P Terrins M J Wells
<b>Company secretary</b>	A L Lee
<b>Registered number</b>	08497963
<b>Registered office</b>	Medica Reporting Group Limited Fifth Floor Havelock Place Havelock Road Hastings East Sussex TN34 1BG
<b>Independent auditors</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor The Explorer Building Fleming Way GATWICK West Sussex RH10 9GT

Medica Reporting Group Limited

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# Group Strategic Report

For the Year Ended 31 December 2015

## **Introduction**

The Directors present their report and financial statements for the year ended 31 December 2015.

## **Business review**

The Group has invested during 2015 in its trading subsidiary, Medica Reporting Limited and has continued to focus on Clinical Governance, Radiologists and Technology. During the year the Group has set up a Software Development team to further enhance internal and client facing systems and has developed a dedicated NightHawk department to further improve the emergency service. Continued innovation and investment has enabled the Group to continue to deliver growth and efficiencies that are benefitting both the Group and its clients, an example of which is improved emergency turnaround times, which have reduced to less than 20 minutes.

The underlying market conditions continue to be positive with overall demand increasing year on year for both general and specialist diagnostic reporting. Medica is the clear UK market leader in outsourced Radiology reporting and offers a high quality and cost effective solution to both the NHS and Private sector.

The continuation of growth in the business has ensured that the Group has maintained a strong financial position with a positive cash flow throughout the year resulting in a cash position of £2.1m at the end of the year after repaying debt and interest of £3.3m. Significant capital expenditure is planned for 2016 to support growth in the existing business lines and to investigate and deliver new areas of development.

## **Future developments and risks**

In 2016 Medica will continue to invest and develop the current revenue streams but will also investigate new business opportunities. Medica is currently investigating and considering several new opportunities in order to leverage the expertise and resources that we have within the Group.

The Board regularly reviews risks across all areas of the business and takes steps to mitigate them. The Group has invested in areas that will ensure the Group continues to be successful.

## **Principal risks and uncertainties**

There are potential risks and uncertainties which could impact the Group's performance and these are considered by the Board on a regular basis. The Board considers the risks of all significant business decisions, changes in the external environment and in the Group's operations. The key risks affecting the business are as follows:

### *Operating Risk*

The Group's reputation and continued success depend on its ability to provide services which are valued by its clients. The Group regularly reviews the quality of its services both internally and through client feedback and evaluation during review meetings.

# Group Strategic Report

For the Year Ended 31 December 2015

## *Market Risk*

The Group operates in a specialised market and seeks to maintain a competitive advantage by providing an appropriate and relevant service offering with excellent customer support to clients and a high level of individual support to radiologists from professional and dedicated staff. The Group keeps abreast of developments in the market through maintaining strong relationships with its clients and radiologists.

## *Financial Risk*

Changes in economic conditions or NHS finances can impact the Group's performance. Financial monitoring, forecasting and planning are continuous processes and emphasis is placed on balancing maintenance or growth of profit margin against investment in resources to maintain delivery of high quality of service to customers.

## **Key performance indicators**

The Board reviews the Group KPIs at least monthly. These include clinical and operational performance measurements as well as financial KPIs. The key operational KPIs include turnaround times and clinical audit results. The Board monitors the levels of clinical audit and the Group has consistently exceeded the 10% target for auditing cross sectional and emergency reports in 2015. The key financial KPI is trading EBITDA which was £6.8m for the year (2014: £5.5m).

This report was approved by the board on 23<sup>rd</sup> March 2016 and signed on its behalf.



**J M Graham**  
Director

# Directors' Report

For the Year Ended 31 December 2015

## Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, 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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Results

The profit for the year, after taxation, amounted to £932,000 (2014: loss of £209,000).

## Directors

The directors who served during the year were:

Dr S G Davies  
J M Graham  
A Jain  
A L Lee  
K P Terrins  
M J Wells

## Directors' Report

For the Year Ended 31 December 2015

### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

### Post balance sheet events

On 29 January 2016 the Group extended its term loan facilities raising £13.1m net of associated fees. On the same day the Group repaid interest and capital connected with the CBPE loan notes of £13.5m. Further details are provided in Note 15 of the financial statements.

### Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 23<sup>rd</sup> March 2016 and signed on its behalf.



J M Graham  
Director



# Independent Auditors' Report to the Members of Medica Reporting Group Limited

We have audited the financial statements of Medica Reporting Group Limited for the year ended 31 December 2015, which comprise the Consolidated Statement of Income and Retained Earnings, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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



## Independent Auditors' Report to the Members of Medica Reporting Group Limited

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Grant Thornton UK LLP*

Jonathan Maile (Senior Statutory Auditor)  
for and on behalf of  
Grant Thornton UK LLP,  
Chartered Accountants  
Statutory Auditor  
GATWICK

Date: *23 March 2016*

## Consolidated Statement of Income and Retained Earnings

For the Year Ended 31 December 2015

	Note	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Turnover	2	22,238	17,907
Cost of sales		(10,962)	(8,770)
<b>Gross profit</b>		<b>11,276</b>	<b>9,137</b>
Administrative expenses		(6,675)	(5,567)
<b>Operating profit</b>	3	<b>4,601</b>	<b>3,570</b>
Interest receivable and similar income		19	44
Interest payable and similar charges	7	(2,970)	(3,231)
<b>Profit / (Loss) on ordinary activities before taxation</b>		<b>1,650</b>	<b>383</b>
Tax on loss on ordinary activities	8	(718)	(592)
<b>Profit / (Loss) for the financial year</b>	19	<b>932</b>	<b>(209)</b>
<b>Retained profits at 1 January</b>	21	<b>703</b>	<b>912</b>
Profit / (loss) for the year		932	(209)
<b>Retained profits at 31 December</b>		<b>1,635</b>	<b>703</b>

There were no recognised gains and losses other than those included in the Statement of Income and Retained Earnings.

The notes on pages 11 to 27 form part of these financial statements.


## Consolidated Balance Sheet

As at 31 December 2015

	Note	£000	2015 £000	£000	2014 £000
<b>Fixed assets</b>					
Intangible assets	10		22,892		24,150
Tangible assets	11		<u>1,929</u>		<u>1,400</u>
			<b>24,821</b>		<b>25,550</b>
<b>Current assets</b>					
Debtors	13	4,333		3,700	
Cash at bank		<u>2,085</u>		<u>1,161</u>	
		<b>6,418</b>		<b>4,861</b>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(3,580)</u>		<u>(3,014)</u>	
<b>Net current assets</b>			<u>2,838</u>		<u>1,847</u>
Total assets less current liabilities			<b>27,659</b>		<b>27,397</b>
<b>Creditors: amounts falling due after more than one year</b>	15		<b>(25,972)</b>		<b>(26,642)</b>
<b>Provisions for liabilities</b>					
Deferred tax	16		<u>(52)</u>		<u>(52)</u>
<b>Net assets</b>			<u><b>1,635</b></u>		<u><b>703</b></u>
<b>Capital and reserves</b>					
Called up share capital	18		146		146
Share premium account	19		1,309		1,309
Profit and loss account	19		<u>180</u>		<u>(752)</u>
<b>Shareholders' funds</b>	19		<u><b>1,635</b></u>		<u><b>703</b></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23<sup>rd</sup> March 2016.

J M Graham  
Director



A L Lee  
Director



The notes on pages 11 to 27 form part of these financial statements.

## Company Balance Sheet

As at 31 December 2015

	Note	2015 £000	2014 £000
<b>Fixed assets</b>			
Investments	12	1,455	1,455
<b>Net assets</b>		<u>1,455</u>	<u>1,455</u>
<b>Capital and Reserves</b>			
Called up share capital	18	146	146
Share premium account	19	1,309	1,309
<b>Shareholders' funds</b>	20	<u>1,455</u>	<u>1,455</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23<sup>rd</sup> March 2016.

J M Graham  
Director



A L Lee  
Director



The notes on pages 11 to 27 form part of these financial statements.

## Consolidated Cash Flow Statement

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
<b>Cash flows from operating activities</b>		
Operating Profit for the financial year	4,601	3,570
Adjustments for:		
Depreciation and amortisation of tangible and intangible assets	2,210	1,899
Decrease/(increase) in trade and other debtors	(633)	(862)
Increase/(decrease) in trade other creditors	339	367
	<hr/>	<hr/>
Cash from operations	6,517	4,974
	<hr/>	<hr/>
Income taxes paid	(811)	(152)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	5,706	4,822
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchases of fixed assets	(1,480)	(969)
Interest received	8	18
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	(1,472)	(951)
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Repayment of bank loans	(1,320)	(907)
Repayment of finance lease obligations	-	-
Interest paid	(1,990)	(4,310)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	(3,310)	(5,217)
	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	924	(1,346)
	<hr/>	<hr/>
<b>Cash and cash equivalents at the beginning of year</b>	1,161	2,507
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	2,085	1,161
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 11 to 27 form part of these financial statements.

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 21 for an explanation of the transition.

The financial statements are presented in Sterling (£).

The Group financial statements consolidate the financial statements of Medica Reporting Group Limited and all its subsidiary undertakings drawn up to 31 December each year.

In accordance with FRS 102 35.10, the Group has opted to take advantage of the exemption to elect not to apply Section 19 Business Combinations and Goodwill to business combinations that were effected before the date of transition to FRS 102.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Income Statement in these financial statements. The parent company's profit for the year was £nil (2014: £nil).

Medica Reporting Group Limited is a company limited by shares, incorporated in England and Wales.

### 1.2 Going concern

After reviewing the Group's forecasts and projections and after taking into account the refinancing and repayment of loan notes which took place post year end (see Note 15), the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

### 1.3 Turnover

Turnover comprises revenue recognised by the Group in respect of goods and services supplied during the year. Turnover is recognised when the service is provided to the Group's customers. In the case of radiology image submissions, the service is deemed to have been provided, and therefore turnover is recognised, when the Group submits its radiology report to the customer.

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## 1. Accounting Policies (Continued)

### 1.4 Intangible fixed assets and amortisation

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Income Statement over its estimated economic life of twenty years.

Amortisation in respect of other classes of intangible assets is provided at rates calculated to write off the cost of the assets, less their estimated residual value, over their expected useful lives on the following bases:

Developed software and licences	25% reducing balance or over the life of the licence term
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### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Short term leasehold property	-	Over the life of the lease
Office & IT equipment	-	25% per annum

### 1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

### 1.7 Derivative Financial instruments

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in profit or loss. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative. Interest rate swaps have been included in creditors.

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## 1. Accounting Policies (Continued)

### 1.8 Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

### 1.10 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and;
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## 1. Accounting Policies (Continued)

### 1.11 Significant judgements and estimates

The Directors consider the estimated useful economic life of Goodwill to represent the most significant area of judgement and uncertainty in the financial statements. The life of the Goodwill was assessed to be twenty years, and Goodwill is amortised to the Income Statement over this period on a straight line basis. In estimating the useful life, the Directors considered various factors, including the market conditions prevailing at the time of the acquisition and for the foreseeable future. These factors led the Directors to conclude that twenty years is an appropriate estimate of the useful life of the Goodwill.

In the opinion of the Directors there are no other items within the financial statements which are subject to significant judgement or uncertainties.

## 2. Turnover

The whole of the turnover is attributable to the provision of medical diagnostic reporting services.

All turnover arose within the United Kingdom.

## 3. Operating profit

The operating profit is stated after charging:

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Depreciation and Amortisation of tangible and intangible fixed assets	2,210	1,898
Auditors' remuneration - audit services	23	23
Auditors' remuneration - non-audit	16	17
	<u>2,249</u>	<u>1,938</u>

## 4. Auditor's remuneration

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts:	23	23
	<u>23</u>	<u>23</u>

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Wages and salaries	2,479	2,024
Social security costs	240	204
Other pension costs	71	70
	<u>2,790</u>	<u>2,298</u>

The Group operate a stakeholder defined contribution scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year amounted to £71,000 (2014: £70,000).

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 31 December 2015 No.	Year ended 31 December 2014 No.
	<u>70</u>	<u>52</u>

### 6. Directors' remuneration

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Remuneration	<u>656</u>	<u>659</u>
Company pension contributions to defined contribution pension schemes	<u>28</u>	<u>28</u>

During the year retirement benefits were accruing to 4 directors (2014 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £195,000 (2014 - £202,415).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,550 (2014 - £11,550).

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 7. Interest payable and similar charges

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
On bank loans	490	563
Amortisation of loan arrangement fees	192	192
On loan notes	2,288	2,476
	<u>2,970</u>	<u>3,231</u>

### 8. Taxation

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
<b>Analysis of tax charge in the year/period</b>		
<b>Current tax (see note below)</b>		
UK corporation tax charge on loss for the year/period	718	563
<b>Deferred tax (see note 16)</b>		
Origination and reversal of timing differences	-	29
<b>Tax on loss on ordinary activities</b>	<u>718</u>	<u>592</u>

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 9. Taxation reconciliation

#### Factors affecting tax charge for the year

The tax assessed for the year is greater than the standard rate of corporation tax in the UK of 20.25% (2014 – 21.5%) as set out below:

	Year ended 31 December 2015 £000	Period ended 31 December 2014 £000
Profit / (Loss) on ordinary activities before tax	1,650	383
Profit / (Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 – 21.5%).	334	82
<b>Effects of:</b>		
Expenses not deductible for tax purposes	375	542
Differences between capital allowances and depreciation	1	(34)
Other short term timing differences	8	2
Other tax adjustments on consolidation	-	-
<b>Total tax charge for the year/period</b> (see note above)	<b>718</b>	<b>592</b>

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 10. Intangible fixed assets

Group	Developed software and licenses £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 January 2015	622	25,970	26,592
Additions	214	-	214
	<hr/>	<hr/>	<hr/>
At 31 December 2015	836	25,970	26,806
<b>Amortisation</b>			
At 1 January 2015	268	2,174	2,442
Charge for the year	168	1,304	1,472
	<hr/>	<hr/>	<hr/>
At 31 December 2015	436	3,478	3,914
<b>Net book value</b>			
At 31 December 2015	<hr/>	<hr/>	<hr/>
	400	22,492	22,892
	<hr/>	<hr/>	<hr/>
At 31 December 2014	354	23,796	24,150
	<hr/>	<hr/>	<hr/>

In accordance with FRS 102.18.28(a), amortisation of intangible fixed assets is included in administrative expenses.

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 11. Tangible fixed assets

Group	Short term lease property £000	Office & IT equipment £000	Total £000
<b>Cost</b>			
At 1 January 2015	80	2,683	2,763
Additions	17	1,250	1,267
At 31 December 2015	<u>97</u>	<u>3,933</u>	<u>4,030</u>
<b>Depreciation</b>			
At 1 January 2015	5	1,358	1,363
Charge for the year	21	717	738
At 31 December 2015	<u>26</u>	<u>2,075</u>	<u>2,101</u>
<b>Net book value</b>			
At 31 December 2015	<u>71</u>	<u>1,858</u>	<u>1,929</u>
At 31 December 2014	<u>75</u>	<u>1,325</u>	<u>1,400</u>

All tangible fixed assets of the Company are pledged as security, by way of fixed and floating charges held by Lloyds Bank Plc.

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 12. Fixed asset investments

Company	Investments in subsidiary companies £000
<b>Cost and net book value</b>	
At 1 January 2015 and 31 December 2015	<u>1,455</u>

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding
Medica Reporting Services Limited	UK	Ordinary	100%
Medica Reporting Finance Limited	UK	Ordinary	100%
Medica Reporting Limited	UK	Ordinary	100%

Medica Reporting Services Limited is owned directly by Medica Reporting Group Limited. Medica Reporting Finance Limited and Medica Reporting Limited are owned indirectly. Medica Reporting Finance Limited is a wholly owned subsidiary of Medica Reporting Services Limited. Medica Reporting Limited in turn is a wholly owned subsidiary of Medica Reporting Finance Limited.

The aggregate of the share capital and reserves as at 31 December 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 13. Debtors

	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	2015	2015	2014	2014
	£000	£000	£000	£000
Trade debtors	4,018	-	3,477	-
Prepayments and accrued income	315	-	223	-
	<u>4,333</u>	<u>-</u>	<u>3,700</u>	<u>-</u>

### 14. Creditors: Amounts falling due within one year

	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	2015	2015	2014	2014
	£000	£000	£000	£000
Bank loans	1,522	-	1,194	-
Trade creditors	1,281	-	957	-
Corporation tax	320	-	414	-
Other taxation and social security	71	-	62	-
Accruals and deferred income	364	-	355	-
Derivatives	22	-	32	-
	<u>3,580</u>	<u>-</u>	<u>3,014</u>	<u>-</u>

Included within the amount owing to bank loans above is £130,000 (2014 - £130,000) of prepaid loan arrangement fees and other costs directly associated with the raising of finance.

Bank loans are secured by way of a fixed and floating charge over all of the assets of the Group.

## Notes to the Financial Statements

For the Year Ended 31 December 2015

**15. Creditors:**  
**Amounts falling due after more than one year**

	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	2015	2015	2014	2014
	£000	£000	£000	£000
Bank loans	6,728	-	8,246	-
Loan notes	19,244	-	18,396	-
	<u>25,972</u>	<u>-</u>	<u>26,642</u>	<u>-</u>

Included within the above are amounts falling due as follows:

	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	2015	2015	2014	2014
	£000	£000	£000	£000
<b>Between two and five years</b>				
Bank loans	6,728	-	8,246	-
Loan notes	19,244	-	18,396	-
	<u>25,972</u>	<u>-</u>	<u>26,642</u>	<u>-</u>

Bank loans are secured by way of a fixed and floating charge over all of the assets of the Group. At 31 December 2015 the amount so guaranteed was limited to £12,000,000 (2014: £12,000,000).

Interest accrues quarterly on the principal amount of the loan notes outstanding and unpaid interest is rolled up and compounded at the end of each quarter. The principle amount outstanding, together with any interest accrued but unpaid, is repayable in full on maturity on 30 November 2018.

On 29 January 2016, the Group extended its bank loan facilities raising £13.1m net of associated fees. On the same day the Group repaid loan note interest and capital of £13.5m. The bank loans continue to be secured by way of a fixed and floating charge over all of the assets of the Group. Post refinancing the amount so guaranteed amounted to £22,152,000.

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 16. Deferred taxation

	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	2015	2015	2014	2014
	£000	£000	£000	£000
At beginning of year	52	-	23	-
Charge for the year (P&L)	-	-	29	-
At end of year	<u>52</u>	<u>-</u>	<u>52</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	2015	2015	2014	2014
	£000	£000	£000	£000
Accelerated capital allowances	54	-	55	-
Short term timing differences	(2)	-	(3)	-
	<u>52</u>	<u>-</u>	<u>52</u>	<u>-</u>

### 17. Financial assets and liabilities

Group	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Financial assets measured at fair value through profit or loss	-	-
Financial assets measured at amortised cost	<u>6,103</u>	<u>4,638</u>
Financial liabilities measured at amortised cost	<u>29,530</u>	<u>29,624</u>
Financial liabilities measured at fair value	<u>22</u>	<u>32</u>

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 18. Share capital

	2015 £000	2014 £000
<b>Allotted, called up and fully paid</b>		
1,200,000 A Ordinary shares of £0.10 each	120	120
255,000 Ordinary shares of £0.10 each	26	26
	<u>146</u>	<u>146</u>

Any profits which the Company determines to distribute in any financial year shall be paid on the A Ordinary shares and Ordinary shares pari passu as if they were all shares of the same class.

On a return of capital on liquidation, capital reduction or otherwise, the surplus assets of the Company remaining after the payment of its liabilities shall be applied in distributing the balance of such assets amongst the holders of the A Ordinary shares and Ordinary shares pari passu as if they were all shares of the same class in proportion to the amounts paid up or credited as paid up on the A Ordinary shares and Ordinary shares held by them respectively.

### 19. Reserves

Group	Share premium account 2015 £000	Profit and loss account 2015 £000	Share premium account 2014 £000	Profit and loss account 2014 £000
	Brought forward	1,309	(752)	1,309
Profit / (Loss) for the year	-	932	-	(209)
At 31 December	<u>1,309</u>	<u>180</u>	<u>1,309</u>	<u>(752)</u>

	Share premium account 2015 £000
Company	1,309
As at 1 January and 31 December 2015	<u>1,309</u>

The company had no transactions recognised in profit or loss during the year, nor in 2014.

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 20. Operating lease commitments

The Group's future minimum operating lease payments are as follows:

	2015 £000	2014 £000
Within one year	52	13
Between one and five years	195	247
Later than five years	-	-
	<u>247</u>	<u>260</u>

The Company did not have any commitments under non-cancellable operating leases at the balance sheet date.

# Notes to the Financial Statements

For the Year Ended 31 December 2015

## 21. Transition to FRS 102

### Transition to FRS 102

The Group has adopted FRS 102 for the year ended 2015 and has restated the comparative prior year amounts.

Restated consolidated balance sheet	Explanation	31 December 2014 £000	1 January 2014 £000
Original shareholders' funds		735	970
Derivative Financial instruments at fair value	1	(32)	(58)
<b>Restated shareholders' funds</b>		<u>703</u>	<u>912</u>

There are no FRS 102 transition adjustments affecting the Company's equity at either reporting date, as previously stated at 1 January 2014 and 31 December 2014.

Restated profit or loss for the year ended 31 December 2014	Explanation	£000
Original loss for the financial year		(235)
Movement in fair value derivatives	1	26
<b>Restated loss for the financial year</b>		<u>(209)</u>

There are no FRS 102 transition adjustments affecting the Company's result for the year ended 31 December 2014, as previously stated.

### Explanations for changes applied in FRS 102 adoption

- 1 The group utilises interest rate swaps. Under FRS 102, derivative financial instruments are recognised at fair value at the end of the year with changes in fair value recognised in profit or loss. Previously derivatives such as the swaps were not recognised in the statement of financial position.
- 2 Under FRS 102, software assets do not meet the definition of tangible fixed assets and are treated as intangible fixed assets. The Group has reclassified its software licences and other software assets from tangible fixed assets to intangible fixed assets accordingly, with a total net book value £296,393 of such assets having been reclassified as at 31 December 2014. This adjustment had no effect on the Group's equity or profits as previously stated.

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 22. Other financial commitments

The company has available to it a revolving credit facility with a ceiling of £1,000,000 (2014: £1,000,000), in accordance with a facilities agreement with Lloyds Bank plc entered into on 2 May 2013. As at the balance sheet date, none of the available facility had been drawn. The termination date in respect of the facility, subject to any renewal agreed prior thereto, is 2 May 2017.

### 23. Related party transactions

On 2 May 2013 the group issued £18,360k in loan notes to CBPE Nominees Ltd, the Group's ultimate parent undertaking. In accordance with the terms of a loan note agreement dated 2 May 2013, interest accrues quarterly on the principal amount of the loan notes outstanding and unpaid interest is rolled up and compounded at the end of each quarter. The principle amount outstanding, together with any interest accrued but unpaid, is repayable in full on maturity on 30 November 2018.

At 31 December 2015 the amount owing, including unpaid interest, was £19,244k (2014: £18,396k) and interest charges of £2,288k (2014: £2,476k) had been recognised in the consolidated profit and loss account. Amortisation of the loan arrangement fees during the year amounted to £61k (2014: £61k).

On 12<sup>th</sup> December 2014 and 28<sup>th</sup> September 2015, £3,750,000 and £1,500,000 of accrued interest was paid respectively to CBPE Nominees Limited

Additionally, during the year the group was charged £42k (2014: £42k) by CBPE Capital LLP in relation to the services of the Investor Director to the Group.

The group has taken advantage of the exemption available under FRS 102 section 33 from the requirement to disclose related party transactions entered into between two or more members of the same group where all subsidiaries are wholly owned.

### 24. Controlling party

The company's ultimate parent undertaking is CBPE Nominees Ltd, a private company limited by shares, accounts of which can be obtained from CBPE Capital Limited, 2 George Yard, London, EC3V 9DH.