

REGISTERED NUMBER: 01788577

**IN PRACTICE SYSTEMS LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2010**

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IN PRACTICE SYSTEMS LIMITED (REGISTERED NUMBER 01788577)

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FOR THE YEAR ENDED 31ST DECEMBER 2010**

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IN PRACTICE SYSTEMS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2010

DIRECTORS

Mr M R Brighton
Mr P L M Marucchi

SECRETARY:

Mrs S Heap

REGISTERED OFFICE:

The Bread Factory
1 Broughton Street
London
SW8 3QJ

REGISTERED NUMBER

01788577

AUDITOR

Mazars LLP
Chartered Accountants and
Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2010**

The directors present their report with the financial statements of In Practice Systems Limited (INPS) for the year ended 31st December 2010

PRINCIPAL ACTIVITY

The principal activity of the company continued to be developing, selling, servicing and supporting computer systems for the health sector

REVIEW OF BUSINESS

INPS provides clinical, practice and patient management systems, known as Vision, to General Practitioners in the United Kingdom. This is a highly regulated NHS-controlled market with relatively few suppliers and a well-defined target audience of just over 10,000 GP practices. The following factors are therefore key to the company's development:

- maintain the accreditation status of its products,
- grow market share in the UK,
- develop products and services that meet the changing nature of the NHS, and
- achieve these three primary drivers without compromising profit growth

The change of government in 2010 brought about a change in emphasis and structure for the NHS, whereby GP Commissioning Consortia will become responsible for purchasing hospital and other secondary care services and, in turn, this will bring some changes to the business of INPS.

The three National services that have been introduced into England over the last few years will remain in place and continue to be modified. This includes firstly, Choose and Book which intends to give patients that need onward referral from GPs to hospitals, the opportunity to choose the most appropriate hospital and book an appointment during their consultation with their GP. Secondly, GP to GP record transfer allows GPs to electronically import patient medical histories from other Practices when a patient moves between Practices. Lastly, an electronic prescriptions service (EPS) has been defined and implemented in stages that enable electronic verification and management of prescriptions issued from GP Practices. INPS has achieved accreditation status for Vision in all three of these areas and continues to make enhancements and additional functionality to those modules. INPS also completed development work on the Summary Care Record programme in 2009 to enable summary patient data to be transmitted securely to the National Data Spine. The intention is to enable access to important patient data for clinicians operating outside of the confines of a GP practice, for example, in Out-of-Hours or Accident and Emergency care settings. INPS achieved roll out approval from CFH and the company began to roll out the software to Vision users during 2010 although progress has been relatively slow due to political uncertainty, but this will gather pace over the next 12 months.

These national projects are for England only, the other three home nations have similar modernisation programmes and INPS is working closely with the NHS in Scotland, Wales and Northern Ireland to ensure the smooth implementation of these programmes to the many Vision users in those territories. In Scotland, INPS is busy rolling out its core Vision software to around 50% of all Scottish GP practices to replace many of the old GPASS systems that are being discontinued. In Wales, INPS is also half way through a project to enable better access to patient records for the out-of-hours carers who provide patient services during the night time, as well as working on several other prominent national projects.

INPS's main product suite, Vision, was used by approximately 2,350 GP Practices in the United Kingdom at the end of 2010 which represented a market share of about 23%. This market share has continued to grow from a low-point of around 1,500 GP practices at the millennium to about 2,400.

INPS offers practices a choice of either running the Vision application locally on a Practice-based file server or alternatively a managed service (hosted) running in resilient remote data centers. About one third of INPS's customers have elected to take this option.

INPS is developing new Vision software that operates in an internet browser and this is specifically aimed at the hosted market. The product is known as Vision 360 and is being developed by a team of around 50 staff based at a wholly-owned subsidiary of INPS called INPS Enterprise Solutions Limited based in Dundee.

IN PRACTICE SYSTEMS LIMITED (REGISTERED NUMBER 01788577)

**REPORT OF THE DIRECTORS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010**

The Vision product is primarily aimed at GPs but there is an increasing requirement for wider access to data including the use of these systems by carers working outside of the confines of the GP Practice, such as the out-of-hours service. INPS is working to make the Vision product more accessible to workers in this area of Healthcare and the development of Vision 360 is a vital piece in that product strategy. To complement that strategy, INPS have formed a joint venture company with one of its competitors, EMIS. The product is called the MiG (Medical interoperability Gateway) and allows the NHS to improve the way different parts of the health service exchange documents and information electronically in a secure environment.

INPS has maintained its ISO accreditation status during 2010.

On the financial side, INPS generates turnover from the initial sales and deployment of Vision systems as well as the ongoing support and licensing of these systems. The company provides a complete solution for General Practitioners. This includes the provision of training and IT engineering services. In 2010 the company's turnover of £30.8 million (2009 £32.7 million) was split between its main activities as follows:

Licensing and support – 66% (61%)
Applications software and hardware – 22% (25%)
Training and engineering services – 7% (8%)
Other – 5% (6%)

The company's operating profit before the exceptional write off noted below, fell slightly in 2010 to £5.6 million from the previous year's profit of £5.7 million. This fall was, amongst other things, because 2009 contained profits from the completion of the build phase of our data centers which does not feature in this year's results. It is also true that the market conditions in 2010 were not really positive in the current economic climate.

The directors of the company have decided to make an exceptional write-off of the loan to its subsidiary, InPS Enterprise Solutions Limited amounting to £12.3 million in the year because the strategy of the company has changed to selling the products developed by InPS Enterprise Solutions Limited directly through In Practice Systems Limited and therefore InPS Enterprise Solutions Limited will never be in a position to repay that loan. An equal and opposite adjustment has been made in the accounts of InPS Enterprise Solutions Limited.

The lack of revenue and profit growth in 2010 means that the number of direct employees has also remained static, with an average month-end count of 291 in 2010 compared to a corresponding figure of 289 in 2009. Costs have not grown in 2010 as management have taken steps to ensure that the effects of inflation and slightly higher staff numbers have been counteracted by overall cost control. The intellectual capital in the staff employed by INPS is its most important asset and the rate of staff turnover continues to be very low.

After paying tax of £1.6 million on operating profits, the company's loss for the financial year after tax was £8.3 million (2009 profit of £4.6 million). This has been deducted from reserves.

DIVIDENDS

The directors have not recommended the payment of a dividend in 2010 (2009 NIL) but have declared a dividend of £3,000,000 in 2010.

DIRECTORS

The directors of the company at the date of their report and any changes since 1 January 2010 are set out on page 1.

DIRECTORS INDEMNITY

The directors confirm that no qualifying third party indemnity provision in favor of any of the directors of the company, as defined by s234(2) of the Companies Act 2006, either by the company or by any other party, was in force at the time of signing this report, and that no such provision has been in force at any time during the financial year.

IN PRACTICE SYSTEMS LIMITED (REGISTERED NUMBER: 01788577)

**REPORT OF THE DIRECTORS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010**

PAYMENTS TO SUPPLIERS

The company agrees payment terms with its suppliers when it enters into binding purchase contracts. The company seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The company does not have a standard or code which deals specifically with the payments of suppliers. Creditor days for the company's external creditors have been calculated at 39 days (2009 43 days)


STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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 in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, Mazars LLP will be proposed for re-appointment in accordance with s487(2) of the Companies Act 2006

ON BEHALF OF THE BOARD



Mr M R Brighton - Director

Date 12 April 2011

IN PRACTICE SYSTEMS LIMITED (REGISTERED NUMBER 01788577)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31ST DECEMBER 2010**

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF IN PRACTICE SYSTEMS LIMITED

We have audited the financial statements of In Practice Systems Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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. This report is made solely to the company's member, 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 member those matters we are required to state to it 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 member for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss 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 the other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, 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



David Herbinet (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London E1W 1DD

Date 12 April 2011

IN PRACTICE SYSTEMS LIMITED (REGISTERED NUMBER 01788577)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2010**

	Notes	2010 £'000	2009 £'000
TURNOVER	2	30,799	32,717
Cost of sales		<u>(9,494)</u>	<u>(9,813)</u>
GROSS PROFIT		21,305	22,904
Administrative expenses		<u>(28,045)</u>	<u>(17,202)</u>
OPERATING (LOSS) / PROFIT	4	(6,740)	5,702
Interest receivable and similar income	5	<u>133</u>	<u>191</u>
		(6,607)	5,893
Interest payable and similar charges	6	<u>(38)</u>	<u>(25)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,645)	5,868
Tax on (loss)/profit on ordinary activities	7	<u>(1,620)</u>	<u>(1,252)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u><u>(8,265)</u></u>	<u><u>4,616</u></u>

CONTINUING OPERATIONS

All activities derive from continuing operations. There is no difference between the results as disclosed in the profit and loss account and the results on a historical cost basis.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

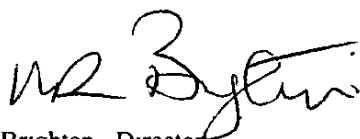
IN PRACTICE SYSTEMS LIMITED (REGISTERED NUMBER: 01788577)

**BALANCE SHEET
31ST DECEMBER 2010**

	Notes	2010 £'000	2009 £'000	£'000
FIXED ASSETS				
Tangible assets	8		1,669	1,414
Investments	9		<u>46</u>	<u>-</u>
			1,715	1,414
CURRENT ASSETS				
Stocks	10	1,004	969	
Debtors	11	36,836	38,676	
Cash at bank		<u>266</u>	<u>429</u>	
		38,106	40,074	
CREDITORS				
Amounts falling due within one year	12	<u>16,541</u>	<u>9,943</u>	
NET CURRENT ASSETS			<u>21,565</u>	<u>30,131</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>23,280</u>	<u>31,545</u>
CAPITAL AND RESERVES				
Called up share capital	15	14,000		14,000
Share premium	16	2,894		2,894
Profit and loss account	16	<u>6,386</u>		<u>14,651</u>
SHAREHOLDERS' FUNDS	17	<u>23,280</u>		<u>31,545</u>

The financial statements were approved by the Board of Directors and authorised for issue on

12 APRIL 2011 and were signed on its behalf by



Mr M R Brighton - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2010**

1 ACCOUNTING POLICIES

Basis of preparation

The directors confirm that after making enquiries, they have reasonable expectations that the company has adequate resources to continue an operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these accounts.

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Exemptions applied

As the company is a wholly owned subsidiary of Cegedim SA, which publishes publicly available consolidated financial statements in which it is included, it is not required to prepare consolidated financial statements, disclose transactions with group undertakings or prepare a cash flow statement. These accounts present information about the company on an individual basis.

The company has taken advantage of the exemption contained in FRS1 from preparing a cash flow statement as it is ultimately owned by Cegedim SA, which prepares consolidated accounts which are publicly available.

Turnover

Turnover represents sales to third parties excluding VAT and is recognised at the point of a client site installation. Income on support and maintenance contracts is recognised on a straight line basis over the period of the contacts.

Pension costs

The company participates in a defined contribution scheme. The pension cost charge to the profit and loss account represents contributions payable by the company under the rules of the scheme.

Development costs

Research and development expenditure written off in the profit and loss account in the year in which it is incurred except development expenditure incurred on individual projects.

Fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Short leasehold	- The shorter of the lease term and 25 years
Computer equipment	- 3 to 5 years

Stocks and work in progress

Stocks and work in progress (except for long term contracts balances) are stated at the lower of cost and net realisable value. Cost is calculated using the standard costs.

Long-term contracts are stated at net cost less foreseeable losses less any applicable payments on account. The amount recorded as turnover in respect of long-term contracts is ascertained by reference to the value of work carried out to date. Attributed profit is recognised as the difference between recorded turnover and related costs.

Deferred tax

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is recorded as recoverable and therefore recognised only when, on the basis of all evidence available, it can be regarded as more than likely than not that there will be suitable taxable profits from which future reversal of the timing difference can be deducted.

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010

1 ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at the exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported in the profit and loss account.

Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of the future obligations under the leases are included as liabilities in the balance sheet.

The interest element of the rental obligations is charged in the profit and loss account over the periods of the leases and represents a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

IN PRACTICE SYSTEMS LIMITED (REGISTERED NUMBER: 01788577)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010**

2 TURNOVER

Turnover is all derived from continuing activities and is entirely based in the United Kingdom. The company has one class of business being the provision of computer systems for the health sector.

3 STAFF COSTS

	2010	2009
	£'000	£'000
Wages and salaries	10,156	10,051
Social security costs	1,068	1,044
Other pension costs	<u>330</u>	<u>325</u>
	<u>11,554</u>	<u>11,420</u>

The average monthly number of employees during the year was as follows

	2010	2009
Sales and marketing	38	39
Training and support	135	136
Software and development	83	68
Administration and central services	<u>35</u>	<u>40</u>
	<u>291</u>	<u>289</u>

The company operates a defined contribution pension scheme open to all staff with more than 3 months service. Contributions, which for the year amounted to £330k (2009 £325k), are charged in the period to which they relate.

4 OPERATING LOSS

The operating loss is stated after charging

	2010	2009
	£'000	£'000
Depreciation - owned assets	430	429
Depreciation - recharged to group companies	160	160
Auditors' remuneration	40	39
Operating lease rentals on assets other than plant and machinery	414	414
Write off of intercompany loan	<u>12,344</u>	<u>-</u>
	<u>12,344</u>	<u>-</u>
	2010	2009
	£'000	£'000
Directors' emoluments	267	232
Directors' pension contributions to money purchase schemes	<u>16</u>	<u>16</u>
Highest paid director		
Directors' emoluments	267	232
Directors' pension contributions to money purchase schemes	16	16

IN PRACTICE SYSTEMS LIMITED (REGISTERED NUMBER 01788577)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010**

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010	2009
	£'000	£'000
Bank interest receivable	3	8
Interest received from group	<u>130</u>	<u>183</u>
	<u><u>133</u></u>	<u><u>191</u></u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£'000	£'000
Bank interest	16	4
Loans from other group undertakings repayable on demand	<u>22</u>	<u>21</u>
	<u><u>38</u></u>	<u><u>25</u></u>

7 TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows

	2010	2009
	£'000	£'000
Current tax		
UK corporation tax	1,504	1,185
Deferred tax	<u>116</u>	<u>67</u>
Tax on loss on ordinary activities	<u><u>1,620</u></u>	<u><u>1,252</u></u>

IN PRACTICE SYSTEMS LIMITED (REGISTERED NUMBER 01788577)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010**

7 TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is the same as the standard rate of corporation tax in the UK

	2010 £'000	2009 £'000
(Loss)/profit on ordinary activities before tax	<u>(6,645)</u>	<u>5,868</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	(1,861)	1,643
Effects of		
Expenses not deductible for tax purposes	14	59
Group relief of losses	-	(427)
Intercompany loan w/off	3,456	
Capital allowances in excess of depreciation	<u>(107)</u>	<u>(90)</u>
Current tax charge	<u>1,502</u>	<u>1,185</u>

Factors that may affect future tax charges

Based upon current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years

8 TANGIBLE FIXED ASSETS

	Short leasehold £'000	Computer equipment £'000	Totals £'000
COST			
At 1st January 2010	1,331	3,784	5,115
Additions	<u>66</u>	<u>779</u>	<u>845</u>
At 31st December 2010	<u>1,397</u>	<u>4,563</u>	<u>5,960</u>
DEPRECIATION			
At 1st January 2010	655	3,046	3,701
Charge for year	<u>202</u>	<u>388</u>	<u>590</u>
At 31st December 2010	<u>857</u>	<u>3,434</u>	<u>4,291</u>
NET BOOK VALUE			
At 31st December 2010	<u>540</u>	<u>1,129</u>	<u>1,669</u>
At 31st December 2009	<u>676</u>	<u>738</u>	<u>1,414</u>

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IN PRACTICE SYSTEMS LIMITED (REGISTERED NUMBER. 01788577)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010

9 FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1st January 2010	762
Additions	<u>46</u>
At 31st December 2010	<u>808</u>
PROVISIONS	
At 1st January 2010 and 31st December 2010	<u>762</u>
NET BOOK VALUE	
At 31st December 2010	<u>46</u>
At 31st December 2009	<u>-</u>

During the year the company made an investment in a joint venture company Healthcare Gateway Limited, a company registered in the UK

The investment balance at 1st January 2010 represents a 100% interest in the issued share capital of InPS Enterprise Solutions Limited (formerly Saragon Limited), a company registered in Scotland. During the year, this investment has been fully provided against. The aggregate capital and reserves and results for the year of the subsidiary undertakings are as shown in those companies financial statements

10 STOCKS

	2010 £'000	2009 £'000
Work-in-progress	301	587
Finished goods	<u>703</u>	<u>382</u>
	<u>1,004</u>	<u>969</u>

Stocks are comprised mainly of computer equipment and software held for resale. In the opinion of the directors, the replacement cost of stocks is not materially different from the book value. The work in progress balance represents the costs of hardware and software incurred in relation to a one-off project.

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £'000	2009 £'000
Trade debtors	4,117	3,348
Amounts owed by other group undertakings	31,215	34,051
Other debtors	42	41
Deferred tax asset (note 14)	289	407
Prepayments and accrued income	<u>1,173</u>	<u>829</u>
	<u>36,836</u>	<u>38,676</u>

Included in amounts owed by other group undertakings is £24,525,638 owed by Alliadis Europe Limited. The amount is fully repayable on 29th January 2012.

IN PRACTICE SYSTEMS LIMITED (REGISTERED NUMBER 01788577)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010**

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £'000	2009 £'000
Trade creditors	3,330	2,208
Amounts owed to other group undertakings	8,975	3,405
Tax	846	573
Social security and other taxes	1,276	1,279
Accruals and deferred income	803	591
Advance billings and deposits	<u>1,311</u>	<u>1,888</u>
	<u>16,541</u>	<u>9,944</u>

13 OBLIGATIONS UNDER LEASING AGREEMENTS

	2010 £'000	2009 £'000
		Land and buildings
Expiring		
Within one year	-	-
Within two to five years	802	802
In more than five years	<u>42</u>	<u>42</u>
	<u>844</u>	<u>844</u>

The annual commitment value, after five years (£802k), includes an operating lease of £430k per annum, that is utilised by group subsidiaries. The cost is recouped through inter-company recharges.

14 DEFERRED TAX ASSET

	£'000
Balance at 1st January 2010	407
Accelerated capital allowances	(119)
Other timing differences	<u>1</u>
Balance at 31st December 2010	<u>289</u>

15 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2010 £'000	2009 £'000
Number	Class	Nominal value		
14,000,000	Ordinary	£1	<u>14,000</u>	<u>14,000</u>

IN PRACTICE SYSTEMS LIMITED (REGISTERED NUMBER 01788577)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010**

16 RESERVES

	Profit and loss account £'000	Share premium £'000	Totals £'000
At 1st January 2010	14,651	2,894	17,545
Deficit for the year	<u>(8,265)</u>	<u>-</u>	<u>(8,265)</u>
At 31st December 2010	<u>6,386</u>	<u>2,894</u>	<u>9,280</u>

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £'000	2009 £'000
(Loss)/Profit for the financial year	<u>(8,265)</u>	<u>4,616</u>
Opening shareholder's funds	<u>31,545</u>	<u>26,929</u>
Closing shareholders' funds	<u>23,280</u>	<u>31,545</u>

18 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained in FRS8 from disclosing transactions with 100% owned group undertakings as it is ultimately a 100% subsidiary of Cegedim SA, which prepares publicly available consolidated accounts

During the year, In Practice Systems Limited incurred legal costs of £46k relating to Healthcare Gateway Limited which were capitalised as an investment. In addition, In Practice Systems Limited provided an interest free loan of £106,043 to Healthcare Gateway Limited for working capital requirements. At 31st December 2010, £106,043 was owing to the company by Healthcare Gateway Limited. Healthcare Gateway Limited is a related party by virtue of it being a joint venture entered into by In Practice Systems Limited.

19 PARENT COMPANY

The Company's immediate, ultimate controlling parent company, and the parent company of the smallest and largest group to include the company in its consolidated financial statements is Cegedim SA, a company registered in France and listed on the Paris stock exchange.

Financial statements of Cegedim SA are available from 127-137 rue D' Aguesseau, B P 405, 92103 Boulogne-Billancourt

20 POST BALANCE SHEET EVENTS

After year end the company declared a dividend of £3,000,000