

IN PRACTICE SYSTEMS LIMITED

Reports and Financial Statements

31 December 2000



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IN PRACTICE SYSTEMS LIMITED

REPORTS AND FINANCIAL STATEMENTS 31 DECEMBER 2000

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IN PRACTICE SYSTEMS LIMITED

REPORTS AND FINANCIAL STATEMENTS 31 DECEMBER 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P Marucchi
Dr A D Dean
M P McSweeney
M R Brighton

Resigned 30th September 2000

SECRETARY

M R Brighton

REGISTERED OFFICE

The Bread Factory
1A Broughton Street
London
SW8 3QJ

BANKERS

Bank of Scotland
38 Threadneedle Street
London
EC2P 2EH

AUDITORS

Mazars Neville Russell
Chartered Accountants
24 Bevis Marks
London
EC3A 7NR

IN PRACTICE SYSTEMS LIMITED DIRECTORS' REPORT

The Directors present this report and the audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company and its subsidiaries continued to be the development, selling, servicing and support of computer systems for the health sector.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors are pleased to report a consolidated profit before tax of £586,983 (1999: £28,845). The company will continue to focus on the development of software products and related IT services.

DIVIDENDS AND TRANSFERS FROM RESERVES

The Group's net profit for the year of £576,260 (1999: £28,845) has been transferred to reserves. No dividends are to be paid (1999: £nil).

DIRECTORS

The Directors of the Company at the date of their report and changes since 1 January 2000 are set out on page 1.

DIRECTORS' INTERESTS IN SHARE CAPITAL

None of the Directors have any interests in the share capital of the Company.

The interest of Mr P Marucchi in CEGEDIM S.A., the ultimate holding company and of which Mr Marucchi is a director, is shown in the annual report of that company.

None of the other Directors had any interests in the share capital of CEGEDIM S.A. or any of its group companies at 31 December 2000.

EMPLOYEE INVOLVEMENT

In Practice Systems Limited continues to play a role in the evolution of health care through the implementation of Government strategies. The pace of change places considerable demands on customers and the Group's employees alike. It is the Group's practice to involve employees in its plans and results and owes its continued success to their individual contributions.

IN PRACTICE SYSTEMS LIMITED

DIRECTORS' REPORT

PAYMENTS TO SUPPLIERS

The Group agrees payment terms with its suppliers when it enters into binding purchase contracts. The Group 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 Group does not have a standard or code which deals specifically with the payment of suppliers. Creditor days for the Company's external creditors have been calculated at 30 days (1999: 31 days).

INTRODUCTION OF THE EURO

Currently, the company does not sell into or obtain supplies from the Euro-zone. Although the Company's holding company is CEGEDIM S.A., a French company, it is not envisaged that the Euro-zone will be a future market for In Practice Systems Limited as an individual entity. Consequently, the Company has no current plans to cope with handling invoices and making payments in euro and no estimates of the likely cost to the Company have been made.

AUDITORS

Mazars Neville Russell continue in office since an elective resolution of the Company is in force pursuant to Section 386 of the Companies Act 1985 which dispenses with the requirement for annual reappointment of auditors.

Approved by the Board of Directors
and signed on behalf of the Board



M R BRIGHTON

Director

2nd July 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



M R BRIGHTON

Company Secretary

2nd July 2001

IN PRACTICE SYSTEMS LIMITED

Independent auditors' report to the members of In Practice Systems Limited

We have audited the financial statements on pages 6 to 15 which have been prepared following the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described in the Statement of Directors Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Auditing Standards.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Mazars Neville Russell

Mazars Neville Russell
Chartered Accountants
24 Bevis Marks
London
EC3A 7NR

26 July 2001

IN PRACTICE SYSTEMS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2000

	Note	Year ended 31 December 2000 £	Year ended 31 December 1999 £
TURNOVER	2	18,690,028	20,212,632
Cost of sales		(6,144,539)	(7,109,279)
Gross profit		12,545,489	13,103,353
Selling and marketing costs		(1,766,491)	(1,828,147)
Technical costs		(5,963,192)	(6,183,419)
Development costs		(1,295,044)	(1,485,060)
Administrative expenses		(2,955,299)	(3,571,544)
PROFIT BEFORE INTEREST AND TAXATION	3	565,463	35,183
Interest payable and similar charges	5	(69,490)	(73,806)
Interest receivable	6	91,010	67,468
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		586,983	28,845
Tax on ordinary activities	7	(10,723)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		576,260	28,845

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 an historical cost basis. There were no gains or losses in either the current or preceding year other than those reflected in the above Profit and Loss Account.

IN PRACTICE SYSTEMS LIMITED

CONSOLIDATED BALANCE SHEET

31 December 2000

	Note	31 December		31 December	
		2000	2000	1999	1999
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		639,834		794,943
CURRENT ASSETS					
Stocks	11	608,003		1,553,424	
Debtors	12	4,317,422		5,597,483	
Cash at bank and in hand		1,293,664		-	
		<u>6,219,089</u>		<u>7,150,907</u>	
CREDITORS: amounts falling due within one year					
Bank overdraft		-		(292,690)	
Trade creditors		(910,321)		(1,853,867)	
Amounts owed to parent undertaking :					
- trading activities		-		(3,506)	
- loans repayable on demand	13	(1,690,051)		(2,415,483)	
Taxation and social security		(208,500)		(160,819)	
Accruals		(958,736)		(1,265,758)	
Advance billings and deposits		(1,600,558)		(1,039,230)	
		<u>(5,368,166)</u>		<u>(7,031,353)</u>	
NET CURRENT ASSETS			850,923		119,554
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,490,757</u>		<u>914,497</u>
CAPITAL AND RESERVES					
Called up share capital	14	14,000,000		14,000,000	
Share premium account		2,894,190		2,894,190	
Profit and loss account	15	(15,403,433)		(15,979,693)	
SHAREHOLDERS' FUNDS			<u>1,490,757</u>		<u>914,497</u>

These financial statements were approved by the Board of Directors on 2nd July 2001.

Signed on behalf of the Board of Directors



M R BRIGHTON

Director

IN PRACTICE SYSTEMS LIMITED

COMPANY BALANCE SHEET

31 December 2000

	Note	31 December 2000		31 December 1999	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		639,834		794,943
Investments	10		-		202
			<u>639,834</u>		<u>795,145</u>
CURRENT ASSETS					
Stock	11	608,003		1,553,424	
Debtors	12	4,317,422		5,597,483	
Cash at bank and in hand		1,293,664		-	
		<u>6,219,089</u>		<u>7,150,907</u>	
CREDITORS: amounts falling due within one year					
Bank overdraft		-		(292,690)	
Trade creditors		(910,321)		(1,853,867)	
Amount owed to parent undertaking :					
- trading activities		-		(3,506)	
- loans repayable on demand	13	(1,690,051)		(2,415,483)	
Amounts owed to subsidiary undertakings		(13,105)		(142,481)	
Taxation and social security		(208,500)		(160,819)	
Accruals		(958,736)		(1,265,758)	
Advance billings and deposits		(1,600,558)		(1,039,230)	
		<u>(5,381,271)</u>		<u>(7,173,834)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>837,818</u>		<u>(22,927)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,477,652</u>		<u>772,218</u>
CAPITAL AND RESERVES					
Called up share capital	14	14,000,000		14,000,000	
Share premium account		2,894,190		2,894,190	
Profit and loss account	15	(15,416,538)		(16,121,972)	
			<u>1,477,652</u>		<u>772,218</u>
SHAREHOLDERS' FUNDS			<u>1,477,652</u>		<u>772,218</u>

These financial statements were approved by the Board of Directors on 2nd July 2001.

Signed on behalf of the Board of Directors



M R BRIGHTON

Director

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

1. ACCOUNTING POLICIES

Accounting convention

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

Basis of consolidation

The Group financial statements include the financial statements of the Company and all its subsidiaries to 31 December. The results for subsidiaries are included for the period during which they are a member of the Group.

Turnover

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

Pension costs

The Company participates in a defined contribution pension 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

Development expenditure is charged against profit in the year in which it is incurred.

Fixed assets

Depreciation is provided on a straight line basis so as to write down the assets to their residual values over their expected useful lives as follows:

Leasehold improvements	The minimum period of the lease up to 25 years
Office equipment and fittings	5 years
Computer equipment	3 to 5 years

Investment in subsidiaries

Shares in Group undertakings are stated at cost less provision for permanent diminution in value.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Operating leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

Deferred taxation

Deferred taxation is provided to the extent that it is probable that a liability or asset will crystallise in the future at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

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.

IN PRACTICE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

2. TURNOVER

Turnover is all derived from continuing activities and is entirely based in the United Kingdom.

3. OPERATING PROFIT

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
The operating profit has been arrived at after charging:		
Depreciation of tangible fixed assets	437,898	529,312
Auditors' remuneration – audit services	21,000	21,000
Costs incurred in respect of work performed on Year 2000 modifications	-	147,867
Operating lease rentals on assets other than plant and machinery	268,204	280,747

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Directors' emoluments		
Fees to non-executive director	12,000	12,000
Pension contributions	18,057	19,992
Other emoluments	239,717	245,917
	<u>269,774</u>	<u>277,909</u>

The highest paid director received total remuneration amounting to £140,171 (1999: £158,722).

	Year ended 31 December 2000 No.	Year ended 31 December 1999 No.
Average number of persons employed by the Group		
Sales and marketing	35	27
Training and support	88	86
Software and development	28	33
Administration and central services	35	38
	<u>186</u>	<u>184</u>

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Employee costs during the year		
Wages and salaries	5,304,317	5,331,377
Social security costs	558,010	570,405
Other pension costs	211,872	189,315
	<u>6,074,199</u>	<u>6,091,097</u>

IN PRACTICE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

The Group operates a defined contribution pension scheme open to all staff with more than 3 months' service. Contributions, which for the year amounted to £211,872 (1999: £189,315), are charged in the period to which they relate.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Loans from parent undertaking repayable on demand	69,490	73,806

6. INTEREST RECEIVABLE

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Bank interest received on overnight deposits	91,010	67,468

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	The Company and the Group	
	31 December 2000 £	31 December 1999 £
UK Current Year Tax		
UK corporation tax	7,420	-
Prior Years		
Adjustment to prior years tax provisions	3,303	-
	10,723	-

8. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent Company is not presented as part of these accounts. The parent Company's profit before tax for the financial year. amounted to £716,157 (31 December 1999: £28,845).

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

9. TANGIBLE FIXED ASSETS

THE COMPANY AND THE GROUP	Short Leasehold Improvements £	Computer Equipment £	Total £
Cost			
At 1 January 2000	344,514	2,336,238	2,680,752
Additions	30,153	252,636	282,789
Disposals	-	(907,115)	(907,115)
At 31 December 2000	374,667	1,681,759	2,056,426
Depreciation			
At 1 January 2000	142,690	1,743,119	1,885,809
Charged in year	70,527	367,371	437,898
Disposals	-	(907,115)	(907,115)
At 31 December 2000	213,217	1,203,375	1,416,592
Net book value			
At 31 December 2000	161,450	478,384	639,834
At 31 December 1999	201,824	593,119	794,943

10. FIXED ASSET INVESTMENTS – GROUP UNDERTAKINGS

The Company owns 100% of the issued share capital of VAMP Health Limited, In Practice Health Systems Limited, In Practice Medical Arts Limited and The Micro Solutions Group Limited.

In Practice Health Systems Limited trades as a supplier of computer systems to the Community Healthcare Trust market in the United Kingdom. VAMP Health Limited, In Practice Medical Arts Limited, and The Micro Solutions Group Limited did not trade during the year. All of these companies are incorporated in England.

Shares in subsidiary undertakings

	£
At 1 January 2000	202
Less: amounts written off	(202)
At 31 December 2000	-

11. STOCKS

Stocks are composed 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.

IN PRACTICE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2000

12. DEBTORS

Due Within 1 Year

	The Company and the Group	
	31 December 2000	31 December 1999
	£	£
Trade debtors	3,573,154	5,130,179
Other debtors	490,304	104,847
Prepayments	253,964	362,457
	<u>4,317,422</u>	<u>5,597,483</u>

13. LOANS REPAYABLE ON DEMAND

	The Company and the Group	
	31 December 2000	31 December 1999
	£	£
Loan from parent undertaking: CEGEDIM S.A.	<u>1,690,051</u>	<u>2,415,483</u>

The loan from CEGEDIM S.A. is repayable on demand. Interest was charged at a rate of 3% on the average outstanding balance during the year.

CEGEDIM S.A. have given their assurance to the Directors of the Company that repayment of the loan will not be demanded from the Company until such time as the Company is in a position to repay the loan.

14. CALLED UP SHARE CAPITAL

	The Group and the Company at 31 December 1999 and 2000
	£
Authorised, issued and fully paid 14,000,000 Ordinary shares of £1 each	<u>14,000,000</u>

15. RESERVES

The Group	Share Premium Account	Profit and Loss Account	Total
		£	£
At 1 January 2000	2,894,190	(15,979,693)	(13,085,503)
Profit for the year	-	576,260	576,260
At 31 December 2000	<u>2,894,190</u>	<u>(15,403,433)</u>	<u>(12,509,243)</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

The Company	Share Premium Account £	Profit and Loss Account £	Total £
At 1 January 2000	2,894,190	(16,121,972)	(13,227,782)
Profit for the year	-	705,434	705,434
At 31 December 2000	<u>2,894,190</u>	<u>(15,416,538)</u>	<u>(12,522,348)</u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	The Group		The Company	
	Year ended 31 December 2000 £	Year ended 31 December 1999 £	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Profit for the year after taxation	576,260	28,845	705,434	28,875
Shareholders' funds at start of year	<u>914,497</u>	<u>885,652</u>	<u>772,218</u>	<u>743,343</u>
Shareholders' funds at end of year	<u>1,490,757</u>	<u>914,497</u>	<u>1,477,652</u>	<u>772,218</u>

17. OPERATING LEASES

As at 31 December 2000 the Group was committed to making the following payments during the next year in respect of operating leases which expire:

	31 December 2000		31 December 1999	
	Land and buildings £	Other £	Land and buildings £	Other £
Within one year	-	-	-	3,204
Within two to five years	100,000	-	-	-
After five years	<u>165,000</u>	<u>-</u>	<u>265,000</u>	<u>-</u>
	<u>265,000</u>	<u>-</u>	<u>265,000</u>	<u>3,204</u>

18. CASH FLOW STATEMENT

The CEGEDIM S.A. financial statements for the year ended 31 December 2000 contain a consolidated statement of cash flows. The Company has taken advantage of the exemption granted by Financial Reporting Standard no.1, whereby it is not required to publish its own cash flow statement on the grounds that it is a wholly owned subsidiary of CEGEDIM S.A.

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

19 RELATED PARTY TRANSACTIONS

The Company has not undertaken any transactions with related parties during the period other than transactions with fellow members of the Group. Such transactions are exempt from disclosure under Financial Reporting Standard no. 8.

20. PARENT COMPANY

The Company's ultimate parent company is CEGEDIM S.A., a company registered in France, and was the parent undertaking of the largest and smallest group to consolidate these accounts. A copy of the CEGEDIM Annual Report can be obtained from the following address:

CEGEDIM S.A.
116, Rue d'Aguesseau
B.P. 405
92103 Boulogne Billancourt
France