

Company Registration No 02117205

# Egton Medical Information Systems Limited

## STATUTORY FINANCIAL STATEMENTS

for the year ended

31 December 2011



# Egton Medical Information Systems Limited

## OFFICERS AND PROFESSIONAL ADVISERS

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### DIRECTORS

S D Riddell – Chief Executive  
P A Woodrow – Finance Director  
D L Stables  
A Whitwam  
G Shuckford  
S O'Hanlon (appointed 20 June 2011)

### SECRETARY

C M K Spencer

### COMPANY NUMBER

02117205 (England and Wales)

### REGISTERED OFFICE

Fulford Grange  
Micklefield Lane  
Rawdon  
Leeds  
LS19 6BA

### AUDITOR

Baker Tilly UK Audit LLP  
Chartered Accountants  
2 Whitehall Quay  
Leeds  
LS1 4HG

# Egton Medical Information Systems Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of Egton Medical Information Systems Limited ("EMIS") for the year ended 31 December 2011

### PRINCIPAL ACTIVITIES

The company's principal activities during the year were the design of computer software for healthcare professionals, mainly General Practitioners, together with the hosting, supply and support of computer systems for the healthcare profession and other users

EMIS is a major provider of healthcare IT, software and services in the UK and is the UK GP software market leader with 53.1% (5,397 GP practices) (2010 53.8% (5,576 UK GP practices))

EMIS's core objective is to improve patient care by developing systems to help clinicians and others involved in patient care to create and mobilise each patient's electronic healthcare record. Through EMIS Web, EMIS is making significant progress towards delivery of cross organisational, integrated healthcare systems – an objective aligned with NHS strategy. EMIS maintains a "healthcare first" ethos in delivering this cross-organisational healthcare.

### REVIEW OF THE BUSINESS, RESULTS AND DIVIDENDS

#### EMIS GP Systems

EMIS' GP Systems business continues to perform well, responding to on-going changes within the NHS. Our overall UK market share remained little changed, despite practice consolidation and competitor activity. Over 70% of our GP practices have used an EMIS system for over 10 years, reflecting the importance and embedded nature of the software. As anticipated, the GP Systems of Choice framework agreement was extended on 28 March 2011 until 31 March 2013.

In 2011 EMIS successfully installed almost all of its GP system orders in Scotland following the sales wins in 2010.

On 30 November 2011 EMIS was shortlisted (with others) in relation to the NHS Wales Framework Agreement to include the delivery of a managed service, including the provision of GP clinical system software solutions via a central hosting arrangement, and support services and is now engaged in negotiations to take this forward to contract.

#### EMIS Web GP

Throughout 2011, we continued the controlled roll-out to GPs of EMIS Web, our transformational healthcare IT system, which we began in 2010. There were 360 GP practices using EMIS Web by the end of the year (2010 44). EMIS provides a Familiarisation Service for those practices planning to upgrade to EMIS Web and, at the year end, this was installed in 2,359 practices (2010 1,665). In total 1,565 orders for EMIS Web had been placed by the end of 2011 (2010 433).

We have also been investing in preparation for the significant acceleration in the rate of roll-out of EMIS Web during 2012. This has involved a major expansion of internal resources for product stabilisation, development of additional functionality, and the additional training and field capacity needed to prepare for an acceleration of the roll-out. EMIS employee numbers rose from 782 to 900 including a strengthening of the management team to address EMIS Web and other growth opportunities. In December 2011, we acquired an additional freehold property in North Leeds, at a cost of £1.8 million, providing the extra capacity to continue the company's growth and support its investment plans.

We are building up our delivery capability to enable us to install in the order of 200 EMIS Web practices per month during the fourth quarter of 2012.

# Egton Medical Information Systems Limited

## DIRECTORS' REPORT

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### **EMIS Web Integrated Care**

EMIS Web pathfinder projects that integrate other healthcare services with our GP systems are progressing well. Projects in Liverpool, London, Cumbria, Cheshire and elsewhere are beginning to deliver our vision of Integrated Care with both clinical benefits and financial savings.

Initial successes included a five year £1.8m contract in January 2011 to provide an electronic patient record across Cheshire in acute trust and community settings. By the year end 147 other healthcare services were starting to use EMIS Web for the delivery of integrated care. The majority of these were in pathfinder projects. However, in Tower Hamlets, Liverpool, Cheshire, Cumbria and elsewhere, 57 unique community and extended care services were beginning to run live services with EMIS Web. These include, for example, child services, anticoagulation, community matrons, cystic fibrosis, diabetes, A&E, flu, pandemic service, MacMillan Nurses, minor surgery, nursing home, occupational therapy, neurology, physiotherapy, polyclinics, smoking cessation and weight management services.

### **EMIS IQ**

As announced on 20 December 2011, EMIS IQ, our division created to meet the growing demand among healthcare organisations for high-quality clinical and management information, has been awarded an up to six-year contract with the NHS Information Centre.

Under the contract, EMIS will provide a secure data extraction service to support the new national General Practice Extraction Service (GPES) - a centrally managed system that will obtain information from GP practices across England for specific, approved purposes, using robust information governance principles to ensure patient confidentiality and privacy.

### **Patient.co.uk**

The first step on our roadmap for Patient.co.uk, our patient information website to help patients play a key part in their own care and, ultimately, become users of EMIS's integrated healthcare systems, was to refine the content and re-launch the site. This was done on 2 February 2012, when we also launched a related iPhone app. The site is now receiving over 4 million unique visitors monthly compared with 2.6 million in January 2011.

### **Results**

Total revenue was £61.1m (2010: £57.3m).

Operating profit amounted to £18.4m (2010: £16.1m), an increase of 14.6%.

The profit for the year including interest and after charging tax, amounted to £14.4m (2010: £11.0m), which has been transferred to reserves.

EMIS has also produced strong cash flows. Operating cash flow (pre tax) for 2011 amounted to £24.3m (2010: £21.1m).

A dividend amounting to £10.0m (2010: £4.5m) has been paid to the parent company during the year.

### **KEY PERFORMANCE INDICATORS**

The directors have monitored the performance of the company by reference to certain financial and non-financial key performance indicators (KPIs). The financial indicators include profitability, revenues and cash generation. Non-financial KPIs include the numbers of systems deployed, customer satisfaction and staff turnover.

# Egton Medical Information Systems Limited

## DIRECTORS' REPORT

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### FUTURE DEVELOPMENTS

The NHS in England continues to be subject to both political upheaval and austerity challenges. Despite the detail not yet being clear, EMIS remains well positioned to benefit from the "connect all" strategies throughout the UK. This is especially the case given the central position of the GP in the planned devolution of power to Clinical Commissioning Groups, ring fencing of the public health budget and with information sharing being the key to better care outcomes and reduced cost.

The roll out of EMIS Web to GPs and our other projects and initiatives together represent substantial medium and long term growth opportunities for the company.

### RESEARCH AND DEVELOPMENT

Development work continued during the year on EMIS Web for GPs and, more recently, also for integrated care. EMIS Web is a transformational clinical software system which enables GPs and other healthcare practitioners to connect with each other and securely share real time access to a patient's cradle-to-grave electronic health record. EMIS Web became the first GP system to achieve full roll out approval for EPSR2 from NHS Connecting for Health.

### DIRECTORS

The directors of the company, who, unless otherwise stated, have held office throughout the year, are as follows:

S D Riddell  
D L Stables  
A Whitwam  
P A Woodrow  
G Shuckford  
S O'Hanlon (appointed 20 June 2011)

### DIRECTORS' INDEMNITIES

As permitted by the Articles of Association, the officers of the company would be indemnified in respect of proceedings which might be brought by a third party. No cover is provided for directors in respect of any fraudulent or dishonest actions.

### CHARITABLE DONATIONS

During the year the company made donations to charities with the following objects:

	£
Health and recreational facilities	5,202

### DISABLED PERSONS

The company will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise.

# Egton Medical Information Systems Limited

## DIRECTORS' REPORT

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### EMPLOYEE INVOLVEMENT

The company encourages the involvement of its employees in its management through regular meetings with selected staff representatives. These representatives have responsibility for dissemination of information of particular concern to employees and for receiving their views on important matters of policy.

### PRINCIPAL RISKS

The UK Government is continuing a programme of major change within healthcare. Although this will provide significant growth opportunities for the company, due to the present uncertainties within the NHS, it could also introduce some future risk. EMIS supplies GP software and certain other services in England under a framework agreement extended in June 2009 until August 2011 and further extended on 28 March 2011 until 31 March 2013. The directors expect that this will again be extended or replaced with a similar framework. Whilst the directors consider that renegotiation may represent an opportunity to retain or improve the present position, they recognise that there is a risk that this will not be possible in the present climate of austerity.

The previous Government's policy of a single supplier, now in the course of being abandoned, has given competitors' opportunity, within certain areas in England, to try to erode the company's market share in those areas. The roll-out of EMIS Web addresses this risk by migrating GPs to the latest software and, along with the familiarisation service, aligning with government policy to join up healthcare by mobilising patient data. This risk is also being mitigated by marketing and sales activity, growth in other parts of the UK.

The further development, hosting and roll-out of EMIS Web presents both opportunities and risks. Any development of major software and its hosting is inherently subject to risk. However, by using extensive internal and external testing procedures, controls, disaster recovery and avoiding a single point of failure, the company has mitigated the risk of delay or failure as far as is possible.

### FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The company's activities expose it to financial risks including credit risk, liquidity risk, interest rate risk and price risk. The company manages these risks through an effective risk management programme that seeks to minimise potential adverse effects on the company's performance. Following the closure of EMIS Inc, the company does not have any significant foreign currency risk.

Exposure to financial risks is monitored by the finance/administration department under policies approved by the board. An assessment of the risks is provided to the board at regular intervals and is discussed to ensure that the risk mitigation procedures are compliant with company policy and that any new risks are appropriately managed.

#### Credit risk

The company's credit risk is primarily attributable to its trade debtors, balance sheet amounts for which are stated net of allowances for any estimated irrecoverable amounts.

There is some concentration of risk, as EMIS has significant dealings with Connecting for Health (an agency of The National Health Service) and with Primary Care Trusts. However, EMIS has long standing relationships with its large number of end users and in addition to the normal credit management processes, the nature of these relationships assist management in controlling its credit risk.

Credit risk also arises on cash and cash equivalents placed with the company's bank.

# Egton Medical Information Systems Limited

## DIRECTORS' REPORT

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### **Liquidity risk**

Management control and monitor the company's cash flow on a regular basis, including forecasting future cash flows, to ensure that it has sufficient financial resources to meet its obligations as they fall due

### **Interest rate risk**

The company does not hedge its interest rate risk

### **Price risk**

As at the year end the company has only limited exposure to price risk. However, significant changes are being made within the NHS and at some time during the period to 2013 there will be price renegotiations

### **AUDITOR**

Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office

### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR**

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

By order of the Board



C M K Spencer  
Company Secretary

29 May 2012

# Egton Medical Information Systems Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- d 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 MEMBERS OF EGTON MEDICAL INFORMATION SYSTEMS LIMITED

We have audited the financial statements on pages 9 to 23. 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)

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 auditor**

As more fully explained in the Directors' Responsibilities Statement set out on page 7, 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**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://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 2011 and of its 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 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

*Baker Tilly UK Audit LLP*

ANDREW ALLCHIN FCA (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
2 Whitehall Quay  
Leeds  
LS1 4HG

1 June 2012

# Egton Medical Information Systems Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2011

	Notes	2011 £	2010 £
REVENUE	1	61,087,346	57,295,070
COSTS			
Changes in inventories		853,088	(49,040)
Cost of goods and services		(5,938,343)	(6,308,012)
Staff costs	7	(26,972,159)	(24,420,303)
Other operating expenses - (including contract asset depreciation)	2	(9,213,202)	(9,164,356)
EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION		19,816,730	17,353,359
Depreciation of property, plant and equipment		(1,403,892)	(1,287,534)
OPERATING PROFIT		18,412,838	16,065,825
Interest receivable	3	55,955	44,843
Interest payable	4	(3,051)	(59,644)
PROFIT BEFORE TAXATION	5	18,465,742	16,051,024
Taxation	8	(4,074,854)	(5,021,179)
PROFIT FOR THE FINANCIAL YEAR	16	14,390,888	11,029,845

Revenue and Operating Profit for the year are derived from the company's continuing operations. No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

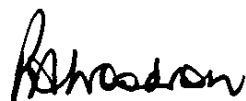
# Egton Medical Information Systems Limited

## BALANCE SHEET

as at 31 December 2011

	Notes	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible assets	10	14,565,724	11,664,704
Investments	11	2,136,965	2,136,965
		<u>16,702,689</u>	<u>13,801,669</u>
<b>CURRENT ASSETS</b>			
Stocks	12	1,369,893	516,805
Debtors	13	18,595,453	16,669,764
Cash at bank and in hand		5,040,839	2,387,727
		<u>25,006,185</u>	<u>19,574,296</u>
<b>CREDITORS</b> Amounts falling due within one year	14	(20,419,006)	(16,476,985)
<b>NET CURRENT ASSETS</b>		<u>4,587,179</u>	<u>3,097,311</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>21,289,868</u>	<u>16,898,980</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	8,001,000	8,001,000
Profit and loss account	16	13,288,868	8,897,980
<b>EQUITY SHAREHOLDER'S FUNDS</b>	17	<u>21,289,868</u>	<u>16,898,980</u>

The financial statements on pages 9 to 23 were approved by the board of directors and authorised for issue on <sup>19</sup>19 May 2012 and are signed on its behalf by



P A Woodrow  
Director

# Egton Medical Information Systems Limited

## CASH FLOW STATEMENT

for the year ended 31 December 2011

	<i>Notes</i>	2011 £	2010 £
Net cash flow from operating activities	18a	24,264,199	21,057,384
Returns on investments and servicing of finance	18b	52,904	(14,801)
Taxation		(5,450,106)	(4,710,222)
Capital expenditure and financial investment	18b	(6,213,885)	(5,274,973)
Equity dividend paid	9	(10,000,000)	(4,500,000)
Financing	18b	-	(9,338,503)
INCREASE / (DECREASE) IN CASH IN THE YEAR	18c	2,653,112	(2,781,115)

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2011 £	2010 £
MOVEMENT IN NET FUNDS IN YEAR		
Increase / (Decrease) in cash in the year	2,653,112	(2,781,115)
Net funds at start of year	2,387,727	5,168,842
NET FUNDS AT END OF YEAR	5,040,839	2,387,727

# Egton Medical Information Systems Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

### GOING CONCERN

The company's activities, together with an outline of the developments taking place in relation to its products, services and marketplace, along with information in relation to the revenue, trading results, cash flows and the company's financial risks and the management of capital risks, are considered in the Directors' Report

The company is profitable and expects to continue to be so. It has significant cash resources, a high and continuing level of recurring revenue and also expects to continue to have high cash conversion for the foreseeable future

Accordingly, after careful enquiry and review of available financial information, including projections of profitability and cash flows for the two years to 31 December 2013, the directors believe that the company has adequate resources to continue to operate for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis of accounting in the preparation of the financial statements of the company

### EXEMPTIONS APPLIED

As the company is a wholly owned subsidiary of EMIS Group plc, incorporated in England and Wales, which publishes consolidated financial statements in which the company and its subsidiary undertakings, EMIS Inc, (a Canadian company – dormant at 31 December 2011), EMIS Professional Publishing Limited (dormant) and Pathway Trust Limited (dormant) are included, these accounts relate only to EMIS and the following exemptions have been applied

- preparation of consolidated financial statements
- disclosure of transactions with group undertakings

### RESEARCH AND DEVELOPMENT

All research and development costs are charged to the profit and loss account in the period in which they are incurred

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation, which is provided on all tangible fixed assets other than freehold land, to write assets down to their estimated residual value over their estimated useful lives at the following annual rates

Freehold property	2% straight line
Computer equipment	33% straight line
Fixtures, fittings and equipment	25% on reducing balance
Motor vehicles	20% straight line

### INVESTMENTS

Fixed asset investments are stated at cost less any provision made for a permanent impairment in value

### STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items

# Egton Medical Information Systems Limited

## ACCOUNTING POLICIES

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### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from that in which they are recognised in the financial statements.

A deferred tax asset is recognised where, in the view of the directors, timing differences resulting in excess tax paid over that recognised for accounting purposes is recoverable against future trading profits.

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

### LEASED ASSETS AND OBLIGATIONS

Operating lease annual rentals are charged to profit and loss on a straight line basis over the term of each lease.

### PENSIONS

The pension costs charged in the financial statements represent the contributions payable by the company during the year into defined contribution schemes.

### TURNOVER

Turnover is recognised at the fair value of the right to the consideration received or receivable for goods sold and services provided to customers. Turnover is shown net of Value Added Tax.

The revenue recognition policy for the sale of goods is to recognise turnover when ownership transfers. As regards services provided, these are mainly time based and the policy is to recognise turnover evenly over the service period. Any other services are recognised on delivery of the service.

### FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

# Egton Medical Information Systems Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

### 1 SEGMENTAL REPORTING

The company's turnover is derived from its continuing principal activities and had the following geographical split

	Turnover	
	2011	2010
	£	£
United Kingdom	59,453,771	57,031,490
Rest of the World	1,633,575	263,580
	<u>61,087,346</u>	<u>57,295,070</u>

### 2 OTHER OPERATING EXPENSES BY FUNCTION

	2011	2010
	£	£
Administration costs	4,520,101	4,960,043
Establishment costs	974,361	885,657
Motor, travel and selling costs	1,809,410	1,815,914
Contract asset depreciation	1,909,330	1,502,742
	<u>9,213,202</u>	<u>9,164,356</u>

### 3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011	2010
	£	£
Bank interest	36,049	44,843
Exchange gain	17,889	-
Interest on Corporation Tax	2,017	-
	<u>55,955</u>	<u>44,843</u>

### 4 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
Exchange loss	-	59,644
Interest paid to Group Company	3,051	-
	<u>3,051</u>	<u>59,644</u>

# Egton Medical Information Systems Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2011 £	2010 £
	Profit on ordinary activities before taxation is stated after charging/(crediting)		
	Depreciation of tangible fixed assets		
	Charge for the year		
	Owned assets	1,909,330	1,502,742
	Contract assets		
	Other assets	1,403,535	1,287,534
	Research and development	5,629,000	5,124,000
	Operating lease rentals		
	Land and buildings	337,903	269,915
	Other	11,249	36,000
		<u>          </u>	<u>          </u>
6	AUDITORS REMUNERATION	2011 £	2010 £
	Baker Tilly UK Audit LLP		
	Audit Services		
	- audit of accounts	30,000	30,000
	Baker Tilly Tax and Accounting Limited		
	Taxation services		
	- compliance	9,637	11,854
		<u>          </u>	<u>          </u>
		39,637	41,854
		<u>          </u>	<u>          </u>



**Egton Medical Information Systems Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2011

7	EMPLOYEES	2011 No	2010 No
	The average monthly number of persons (including directors) employed by the company during the year was		
	Management and administration	70	68
	Software support and development	370	325
	Maintenance	325	299
	Others	66	73
		<u>831</u>	<u>765</u>
		2011 £	2010 £
	Staff costs for above persons		
	Wages and salaries	24,327,106	22,083,405
	Social security costs	2,521,504	2,239,105
	Other pension costs	123,549	97,793
		<u>26,972,159</u>	<u>24,420,303</u>
	DIRECTORS' REMUNERATION	2011 £	2010 £
	Aggregate emoluments	880,763	855,355
	Company contributions payable to individual personal pension plans	76,638	75,775
		<u>957,401</u>	<u>931,130</u>
	Retirement benefits are accruing to five (2010 five) directors under defined contribution personal pension schemes		
	HIGHEST PAID DIRECTOR	2011 £	2010 £
	Aggregate emoluments	180,931	180,747
	Company contributions payable to individual personal pension plan	15,000	15,775
		<u>195,931</u>	<u>196,522</u>

**Egton Medical Information Systems Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2011

8	TAXATION	2011 £	2010 £
	Corporation tax		
	Current tax charge	4,660,000	5,037,000
	Adjustments in respect of the prior year	(719,146)	(14,687)
		<hr/>	<hr/>
	Total current tax	3,940,854	5,022,313
		<hr/>	<hr/>
	Deferred taxation		
	Current year	134,000	(1,134)
		<hr/>	<hr/>
	Total deferred tax	134,000	(1,134)
		<hr/>	<hr/>
	Tax on profit on ordinary activities	4,074,854	5,021,179
		<hr/>	<hr/>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before tax	18,465,742	16,051,024
		<hr/>	<hr/>
	Profit on ordinary activities multiplied by the averaged standard rate of corporation tax in the UK of 26.5% (2010: 28%)	4,893,422	4,494,287
	Tax effects of		
	- expenses not deductible for tax purposes	200,563	543,847
	- research and development enhanced relief	(278,250)	-
	- share scheme relief	(47,700)	-
	- capital allowances in excess of depreciation	(115,759)	(1,134)
	- other movements	7,724	-
		<hr/>	<hr/>
	Current tax charge for the year	4,660,000	5,037,000
		<hr/>	<hr/>

**Egton Medical Information Systems Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2011

9	DIVIDEND	2011 £	2010 £
	Ordinary Shares		
	Interim - £1 25 a share (2010 - £0 56 a share)	10,000,000	4,500,000

10 TANGIBLE FIXED ASSETS

	<i>Land and buildings</i> £	<i>Computer equipment</i> £	<i>Fixtures, fittings and equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost					
1 January 2011	3,921,344	10,048,811	2,656,643	3,934,288	20,561,086
Additions	1,974,253	2,483,974	189,877	1,892,756	6,540,860
Disposals	-	-	-	(1,062,988)	(1,062,988)
31 December 2011	5,895,597	12,532,785	2,846,520	4,764,056	26,038,958
Depreciation					
1 January 2011	578,279	4,388,121	1,949,012	1,980,970	8,896,382
Charge for the year	80,793	2,453,599	176,881	601,592	3,312,865
On disposals	-	-	-	(736,013)	(736,013)
31 December 2011	659,072	6,841,720	2,125,893	1,846,549	11,473,234
Net book value					
31 December 2011	5,236,525	5,691,065	720,627	2,917,507	14,565,724
31 December 2010	3,343,065	5,660,690	707,631	1,953,318	11,664,704

11	FIXED ASSET INVESTMENTS	2011 £	2010 £
	Unlisted	2,136,965	2,136,965

**Egton Medical Information Systems Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2011

11	FIXED ASSET INVESTMENTS <i>(continued)</i>	2011 £	2010 £	
	The company's investment in its subsidiaries is as follows			
	Cost - as at start of year	289,930	289,930	
	Less amounts provided in prior years	(289,930)	(289,930)	
		<hr/>	<hr/>	
	Net book value at end of year	-	-	
		<hr/>	<hr/>	
	Details of the subsidiary undertakings are as follows			
	<i>Name and nature of business</i>	<i>Country of registration</i>	<i>Class of share</i>	<i>% held</i>
	EMIS Inc			
	- Medical Systems –dormant at year end	Canada	\$1 Class A	100
	EMIS Professional Publishing Limited			
	- dormant	England	£1 ordinary	100
	Pathway Trust Limited			
	- dormant	England	£1 ordinary	100
12	STOCKS	2011 £	2010 £	
	Finished goods	1,369,893	516,805	
		<hr/>	<hr/>	
13	DEBTORS	2011 £	2010 £	
	Due within one year			
	Trade debtors	6,587,674	4,955,676	
	Other debtors	240,815	17,696	
	Prepayments and accrued income	2,113,073	2,012,959	
	Amount owed by parent company	9,109,958	9,100,159	
	Amount owed by fellow subsidiary company	263,914	-	
	Deferred tax asset (see below)	6,000	140,000	
		<hr/>	<hr/>	
		18,321,434	16,226,490	
	Due in more than one year:			
	Amounts owed by subsidiary and associated companies	274,019	443,274	
		<hr/>	<hr/>	
		18,595,453	16,669,764	

# Egton Medical Information Systems Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

13	DEBTORS <i>(continued)</i>	2011 £	2010 £
	A deferred tax asset has been recognised as follows		
	Depreciation in excess of capital allowances	6,000	136,500
	Provisions	-	3,500
		<u>6,000</u>	<u>140,000</u>
		2011 £	2010 £
	Opening deferred tax asset	140,000	138,866
	(Charge)/credit to profit and loss account	(134,000)	1,134
		<u>6,000</u>	<u>140,000</u>
	Closing deferred tax asset	<u>6,000</u>	<u>140,000</u>
14	CREDITORS Amounts falling due within one year	2011 £	2010 £
	Trade creditors	2,564,732	1,954,887
	Corporation tax	1,127,747	2,636,999
	Other taxation and social security costs	2,597,405	2,347,879
	Accruals and deferred income	14,082,088	9,500,042
	Other creditors	47,034	37,178
		<u>20,419,006</u>	<u>16,476,985</u>
15	EQUITY SHARE CAPITAL	2011 £	2010 £
	Allotted, issued and fully paid 8,001,000 ordinary shares of £1 each	<u>8,001,000</u>	<u>8,001,000</u>

**Egton Medical Information Systems Limited**  
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16	PROFIT AND LOSS ACCOUNT	2011 £	2010 £
	Balance at start of year	8,897,980	2,368,135
	Profit for the financial year	14,390,888	11,029,845
	Equity dividend paid ( note 9)	(10,000,000)	(4,500,000)
		<hr/>	<hr/>
	Retained profits at end of year	13,288,868	8,897,980
		<hr/>	<hr/>
17	RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS	2011 £	2010 £
	Profit for the financial year	14,390,888	11,029,845
	Dividend paid	(10,000,000)	(4,500,000)
		<hr/>	<hr/>
	Net increase to shareholder's funds	4,390,888	6,529,845
	Opening shareholder's funds	16,898,980	10,369,135
		<hr/>	<hr/>
	Closing shareholder's funds	21,289,868	16,898,980
		<hr/>	<hr/>
18	CASHFLOW	2011 £	2010 £
a	Reconciliation of operating profit to net cash inflow from operating activities		
	Operating profit	18,412,838	16,065,825
	Depreciation of tangible fixed assets	3,312,865	2,790,276
	(Increase)/decrease in stocks	(853,088)	49,040
	(Increase)/decrease in debtors	(2,049,890)	435,974
	Increase in creditors	5,451,273	1,716,269
	Increase in amount owing by parent company	(9,799)	-
		<hr/>	<hr/>
	Net cash flow from operating activities	24,264,199	21,057,384
		<hr/>	<hr/>

**Egton Medical Information Systems Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2011

18	CASHFLOW ( <i>continued</i> )	2011 £	2010 £
b	Analysis of cash flows for headings netted in the cash flow		
	<b>Returns on investments and servicing of finance</b>		
	Interest received	55,955	44,843
	Interest paid	(3,051)	(59,644)
		<u>52,904</u>	<u>(14,801)</u>
	<b>Capital expenditure and financial investment</b>		
	Purchase of tangible fixed assets	(6,540,860)	(5,564,364)
	Sale of tangible fixed assets	326,975	289,391
	<b>Net cash outflow from capital expenditure and financial investment</b>	<u>(6,213,885)</u>	<u>(5,274,973)</u>
	<b>Financing</b>		
	Loan to Parent Company	-	(9,338,503)
		<u>-</u>	<u>(9,338,503)</u>
		<i>At 1 January 2011 £</i>	<i>At 31 December 2011 £</i>
c	Analysis of net funds		
	Cash at bank and in hand	2,387,727	2,653,112
		<u>2,387,727</u>	<u>2,653,112</u>

19 COMMITMENTS UNDER OPERATING LEASES

The company had future annual commitments under non-cancellable operating leases as follows

	At 31 December 2011 £	At 31 December 2010 £
Land and buildings		
Expiring within one year	64,287	116,440
Expiring between two and five years	193,619	100,475
Expiring in more than five years	-	53,000
Plant and machinery		
Expiring within one year	-	-
Expiring between two and five years	36,000	-
Expiring in more than five years	-	36,000
	<u>293,906</u>	<u>305,915</u>

# Egton Medical Information Systems Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

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### 20 PENSION COMMITMENTS

The total costs charged to profit and loss account amounts to £123,549 (2010 £97,793) representing company contributions payable to individual personal pension plans

### 21 CAPITAL COMMITMENTS

At the year end the company had capital commitments of £25,000 (2010 £50,061)

### 22 TRANSACTIONS WITH DIRECTORS

During the year Sean Riddell, a director purchased a car from the company at a market value of £4,000

### 23 CONTINGENT LIABILITIES

The company has given a mortgage over its freehold property and a debenture providing fixed and floating charges over its assets and undertakings to secure borrowings of the parent company amounting to £4,579,750 (2010 £5,763,550)

### 24 ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent company and the parent company of the smallest and largest group to include the company in its consolidated financial statements is EMIS Group plc, a company incorporated in England and Wales

### 25 RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary undertaking of Emis Group plc and has taken advantage of the exemptions permitted under Financial Reporting Standard No 8 "Related Party Transactions" not to provide details of transactions with fellow group undertakings in these accounts