

Mobile Doctors Solutions Limited

Report and Unaudited Financial Statements

Year ended 30 June 2017

Company Number 04215291



Mobile Doctors Solutions Limited

Report and financial statements for the year ended 30 June 2017

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Country of incorporation of parent company

United Kingdom

Directors

K J Fowlie
S B Prew (Appointed 25th October 2017)
D J L Whitmore (Appointed 20th February 2018)

Registered office

50-52 Chancery Lane, London, WC2A 1HL

Company number

04215291

Mobile Doctors Solutions Limited

Directors' report for the year ended 30 June 2017

The directors present their report together with the unaudited financial statements for the year ended 30 June 2017. The comparative results are for the year ended 30 June 2016.

Principal activities

The Company is a holding company incorporated and domiciled in England and Wales.

Dividends

The directors do not recommend the payment of a dividend in respect of the current period (2016 - Nil).

Going concern

The financial statements have been prepared on a going concern basis.

The Company, and its subsidiaries, are members of the UK Slater and Gordon group ("the UK Group"), owned from 22 December 2017 by Slater and Gordon UK Holdings Limited (the "New Parent Company"), following the completion of the Senior Lender Scheme of Arrangement (the "Senior Lender Scheme") which, inter alia, resulted in the reduction of secured debt owed by the UK Group to £nil; separation of the Company and the other companies in the UK Group from Slater and Gordon Limited, its former Australian parent entity, and the provision of a £14.8m Super Senior GBP Facility ("SSF") by the New Parent Company's shareholders which was fully drawn on completion (for more details see note 9).

During the year ended 30 June 2017 the UK Group incurred a net loss after tax of £45.8m and generated negative net cash flows from operating activities of £14m. At 30 June 2017, the UK Group had net liabilities of £167.0m and cash of £14.8m. After completion of the Senior Lender Scheme and the overall reduction of UK debt from £386.4m to £14.8m, the UK Group had net assets of circa £170m, including cash of £11m.

In addition to the £14.8m of drawn SSF debt, the UK Group has arranged a £10m Cost Advance Facility (the "CAF") with a third party funder which will be drawn progressively from January 2018 as disbursement receivables on successfully settled cases are assigned to the funder pending agreement of costs. The UK Group has prepared cash flow forecasts for the foreseeable future based on management's best estimate of the achievement of revenues and the phasing of collection of the related cash, which demonstrate cash self-sufficiency in the UK Group, including the drawn cash under the SSF (which is not repayable for 3 years) and the expected drawdowns on the CAF. At the same time, management is actively taking steps to reduce the ongoing costs of the UK Group, particularly in regards to the support functions and case acquisition. If the forecast cash receipts are not received in full, and by the expected due date, and there are insufficient realised cost reductions to compensate for the lower cash receipts, the UK Group may need to seek additional cash funding from the shareholders of the New Parent Company or from other sources.

The above matters present material uncertainties which may cast significant doubt on the UK Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

After taking into account all available information, the Directors have concluded that there are currently reasonable grounds to believe the UK Group will be able to manage its cash flows to remain within the liquidity range provided by the facilities described above and that if the current facilities should prove insufficient the UK Group will continue to receive the support of its shareholders. As such the Directors believe that the preparation of the financial statements for the year ended 30 June 2017 on a going concern basis is appropriate.

The Directors have formed this view based on a number of factors including the support that the shareholders of the New Parent Company have afforded the UK Group to date in ensuring a stable platform for the business to re-establish itself, and the absence of advice from the shareholders of a withdrawal of their support.

Mobile Doctors Solutions Limited

Directors' report - continued for the year ended 30 June 2017

Going concern – continued

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the UK Group not continue as a going concern.

Directors

The directors of the company during the period under review or have been appointed since the period end are:

K J Fowlie
S B Prew (appointed 25 October 2017)
D J L Whitmore (appointed 20 February 2018)

Directors' responsibility statement

The directors are responsible for preparing the Director's 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 Financial Reporting Standards 101 Reduced Disclosure Framework ("FRS101") and the Companies Act 2006. 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 judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with FRS101;

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the board



K J Fowlie
Director

Date: 21 march 2018

Mobile Doctors Solutions Limited

Statement of comprehensive income for the year ended 30 June 2017

	Note	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Revenue		-	-
Gross profit		-	-
Administrative expenses		-	-
Profit before taxation		-	-
Taxation	3	-	-
Retained profit for the year attributable to the owners of the parent company		-	-

All results relate to continuing operations.

The notes on pages 6 to 10 form part of these financial statements.

Mobile Doctors Solutions Limited

Statement of financial position at 30 June 2017

Company number 04215291

	Note	30 June 2017 £'000	30 June 2016 £'000
ASSETS			
Non-current assets			
Investments	4	8,761	8,761
Current assets			
Trade and other receivables	5	4	4
Total assets		8,765	8,765
LIABILITIES			
Current liabilities			
Trade and other payables	6	(8,080)	(8,080)
Total liabilities		(8,080)	(8,080)
NET ASSETS		685	685
EQUITY			
Share capital	7	1	1
Share premium account		1,744	1,744
Retained earnings		(1,060)	(1,060)
Total equity attributable to the owners of the parent company		685	685

For the year ended 30 June 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies, and the directors are satisfied that no member or members have requested an audit pursuant to section 476 of that Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps adequate accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

The financial statements on pages 3 to 10 were approved and authorised for issue by the Board of Directors on 21 March 2018 and were signed on its behalf by:


K J Fowle
Director

The notes on pages 6 to 10 form part of these financial statements.

Mobile Doctors Solutions Limited

Statement of changes in equity for the year ended 30 June 2017

	Share capital £'000	Share premium account £'000	Retained earnings £'000
Balance at 30 June 2016	1	1,744	(1,060)
Profit for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2017	1	1,744	(1,060)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2015	1	1,744	(1,060)
Profit for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2016	1	1,744	(1,060)
	<hr/>	<hr/>	<hr/>

The notes on pages 6 to 10 form part of these financial statements.

Mobile Doctors Solutions Limited

Notes forming part of the financial statements for the year ended 30 June 2017

1 Accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS101") and the Companies Act 2006. This is the first year in respect of which the Company has prepared its financial statements under FRS101. The previous financial statements for the year ended 30 June 2016 were prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations adopted by the European Union (EU). The date of transition to FRS101 for the Company was 1 July 2016. There were no changes in accounting policies or transition adjustments in preparing financial statements for the year ended 30 June 2016. Therefore no reconciliation between IFRS as previously reported and FRS101 has been prepared for both total comprehensive income for the year ended 30 June 2016 and total equity as at 1 July 2015 and 30 June 2016.

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared for the year ended 30 June 2017. The comparative period is for the year ended 30 June 2016.

A summary of the significant accounting policies is set out below.

Consolidation

The financial statements contain information about Mobile Doctors Solutions Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption offered by section 400 of the Companies Act 2006 as the company is included in the consolidated financial statements of Slater and Gordon Limited. At 30 June 2017, the company was a wholly owned subsidiary of Slater and Gordon Limited, a company incorporated in Australia.

Investments

Investments in subsidiaries are carried at cost.

Trade receivables

Trade receivables are held at amortised cost less any impairment provisions and this equates to their recoverable value.

Trade and other payables

Trade and other payables are non-interest bearing and are stated at their fair value.

Mobile Doctors Solutions Limited

Notes forming part of the financial statements
for the year ended 30 June 2017 (*continued*)

1 Accounting policies (*continued*)

Taxation including deferred tax

The tax expense represents the sum of current tax and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised in equity in which case it is recognised in equity. The current tax is based on taxable profit for the year calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is provided using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. In principle deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

2 Employees and directors

The Company had no employees in the current period or prior year. The costs of the directors were borne by other Group companies.

3 Taxation

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Current tax expense		
Current period	-	-
	<hr/>	<hr/>
Total tax credit for the period/year	-	-
	<hr/>	<hr/>

Mobile Doctors Solutions Limited

Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

3 Taxation (continued)

Income tax for the UK is calculated at the standard rate of UK corporation tax of 19.75% (2016 - 20.00%) on the estimated assessable profit for the period. The total charge for the year can be reconciled to the accounting profit as follows:

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Profit on ordinary activities before tax	-	-
Tax at the UK corporation tax rate of 19.75% (2016 - 20.00%)	-	-
Effect of: Losses carried forward for which no deferred tax asset recognised	-	-
Total tax charge for the year	-	-

Factors affecting future tax charges

In the Budget on 8 July 2015, the Chancellor announced reductions in the corporation tax rate from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. These rates were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

4 Investments

	2017 £'000	2016 £'000
Investment as at 30 June	8,761	8,761

The company has the following investments in subsidiaries:

	Country of incorporation	Percentage holding
Mobile Doctors Limited	UK	100%
MDL Medical Administration Limited *	UK	100%

* indirect holding via Mobile Doctors Limited

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

5 Trade and other receivables

	30 June 2017 £'000	30 June 2016 £'000
Current assets		
Amounts due from related companies	4	4

Mobile Doctors Solutions Limited

Notes forming part of the financial statements
for the year ended 30 June 2017 (*continued*)

6 Trade and other payables

	30 June 2017 £'000	30 June 2016 £'000
Current liabilities		
Amounts due to related companies	8,080	8,080

7 Share capital

	30 June 2017 Number '000s	Issued and fully paid 30 June 2017 £'000	30 June 2016 Number '000s	30 June 2016 £'000
111,111 Ordinary shares of 1p each	111	1	111	1

8 Financial instruments

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

- Liquidity risk

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

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

Liquidity risk

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

Fair values

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

Mobile Doctors Solutions Limited

Notes forming part of the financial statements for the year ended 30 June 2017 (*continued*)

9 Contingent liabilities

The Company is party to a GBP currency Super Senior Facility Agreement ("SSFA") dated 22 December 2017 pursuant to which the Company's indirect parent company, Slater and Gordon (UK) 1 Limited, is a borrower. Pursuant to the terms of the SSFA, the Company has given a cross-guarantee (along with other UK Group Companies) in relation to all liabilities outstanding under the SSFA in favour of the Finance Parties (as defined under the SSFA), which are all shareholders of Slater and Gordon UK Holdings Limited, the ultimate parent company.

The Company is also party to a debenture dated 22 December 2017 (the "Debenture") pursuant to which the Company (together with other UK Group Companies) covenants with GLAS Trust Corporation Limited (acting as Security Trustee for itself and the Secured Parties (as defined in the Debenture), which are all shareholders of Slater and Gordon UK Holdings Limited, the ultimate parent company) that it will on demand pay all liabilities outstanding under the SSFA (and associated finance documents) when they are due and payable and grants security over all of its assets in favour of GLAS Trust Corporation Limited (acting as Security Trustee for itself and the Secured Parties).

10 Post balance sheet events

On 22 December 2017 (the "Implementation Date"), the Company's former Australian parent, Slater and Gordon Limited, completed the Senior Lender Scheme of Arrangement (the "Senior Lender Scheme") which resulted in, amongst other things:

- A reduction of secured debt owed by the Global Group under its Syndicated Facility Agreement of A\$636.6m (of this, £386m was owed by the Company's UK parent which was reduced to £nil);
- Separation of the Company and the other companies in the UK Group from Slater and Gordon Limited, and transfer of these entities and their operations to Slater and Gordon UK Holdings Limited, the "New Parent Company", a newly incorporated company wholly owned by the New Senior Lenders under the Senior Lender Scheme;
- The provision of a new syndicated facility agreement by the New Parent Company's shareholders (the "Super Senior GBP Facility") for £14.8m of working capital funding, which amount was fully drawn on the Implementation Date;
- Agreement that the UK Group would pay any proceeds of the claim against Watchstone Group plc (formerly Quindell Plc), arising from the acquisition of the Slater Gordon Solutions business from Quindell Plc on 29 May 2015, for which proceedings were issued and served on 13 June 2017, first to recover any expenses incurred, second to pay up to A\$40m deferred consideration to Slater and Gordon Limited under the Share Sale Agreement, third to repay any amounts drawn under the Super Senior GBP Facility, fourth to pay up to £250m to convertible note holders and fifth to retain by the Company's UK parent.

Following completion, the consolidated balance sheet position of the UK Group has moved from net liabilities of £167m at 30 June 2017 to net assets of approximately £170m from the Implementation Date.

11 Ultimate parent company

At 30 June 2017, the ultimate parent undertaking was Slater and Gordon Limited, a company incorporated in Australia. Copies of the consolidated accounts of Slater and Gordon Limited can be obtained from 485 La Trobe Street, Melbourne, Victoria, Australia, 3000.

From 22 December 2017, the Company's ultimate parent undertaking is Slater and Gordon UK Holdings Limited, a company incorporated in England and Wales.