

2009675

**Private Medicine Intermediaries
Limited**

Report and Accounts

30 June 1997

 ERNST & YOUNG



Private Medicine Intermediaries Limited

Registered Number 2009675

DIRECTORS

C P Baldwin (Chairman)
R D H Munro
J G Pritchard
D R Tresidder
I Moore (appointed 15 November 1996, resigned 6 January 1997)
M I Davis (appointed 4 November 1997)

SECRETARY

E Hammond

AUDITORS

Ernst & Young
100 Barbirolli Square
Manchester
M2 3EY

BANKERS

National Westminster Bank PLC
23 Stamford New Road
Altrincham
Cheshire
WA14 1DB

REGISTERED OFFICE

The Courtyard
Hall Lane
Wincham
Cheshire
CW9 6DG

Private Medicine Intermediaries Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 June 1997.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation, was £109,720 (1996: £29,518). The directors do not recommend payment of a dividend.

PRINCIPAL ACTIVITY

The company continues to act as a broker for medical insurance.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Board are able to report satisfactory progress in the year with an increase in turnover of 23% to £1,722,331 and profits of £109,720 compared with £29,518 for the previous year. Performance has improved in each of the last three years and the improvement is expected to continue in the current year.

The Board wishes to thank all the employees for their support and dedication without which this continued improvement in performance would not be possible.

FIXED ASSETS

The changes in fixed assets in the period are disclosed in note 10 of the accounts.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are shown on page 2.

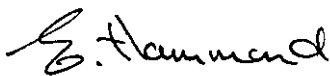
None of the directors at 30 June 1997 had any interests in the share capital of the company.

The interests of the directors in the share capital of the parent company, Astorhold Limited are disclosed in the accounts of that company.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

By order of the board



E Hammond
Secretary

Date: 4 December 1997

Private Medical Intermediaries Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company 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 to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

REPORT OF THE AUDITORS
to the members of Private Medicine Intermediaries Limited

We have audited the accounts on pages 6 to 13 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

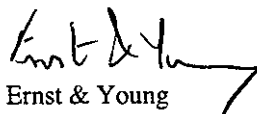
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the accounts regarding their preparation under the going concern basis, the validity of which depends upon the continued support of the company's financiers. The accounts do not include any adjustments which would result from a failure to obtain continued funding. Our opinion is not qualified in respect of these matters.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Chartered Accountants
Registered Auditor
Manchester

Date: 10/2/98

Private Medicine Intermediaries Limited

PROFIT AND LOSS ACCOUNT

for the year to 30 June 1997

	<i>Notes</i>	<i>1997</i> £	<i>1996</i> £
TURNOVER	3	1,722,331	1,396,236
Administrative expenses		(1,618,334)	(1,374,304)
OPERATING PROFIT	4	103,997	21,932
Interest receivable	7	14,696	15,658
Interest payable	8	(8,973)	(8,072)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		109,720	29,518
Tax on profit on ordinary activities	9	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	16	109,720	29,518

STATEMENT OF RECOGNISED GAINS AND LOSSES

There were no other gains or losses in the year ended 30 June 1997 or the year ended 30 June 1996, other than the results reported above.

Private Medicine Intermediaries Limited

BALANCE SHEET

at 30 June 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible fixed assets	10	215,829	160,078
CURRENT ASSETS			
Debtors	11	593,001	366,459
Cash at bank and in hand		1,413,255	208,957
		<u>2,006,256</u>	<u>575,416</u>
CREDITORS: amounts falling due within one year	12	2,041,484	839,383
		<u>(35,228)</u>	<u>(263,967)</u>
NET CURRENT LIABILITIES			
		<u>180,601</u>	<u>(103,889)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: amounts falling due after more than one year	13	19,710	27,740
		<u>160,891</u>	<u>(131,629)</u>
CAPITAL AND RESERVES			
Called up share capital	15,16	688,790	505,990
Profit and loss account	16	(527,899)	(637,619)
		<u>160,891</u>	<u>(131,629)</u>

Approved by the board on 4 December 1997

C Baldwin

Director



R Munro

Director



Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 1997

1. FUNDAMENTAL ACCOUNTING CONCEPT

The accounts have been prepared on the going concern basis. The company has incurred trading losses during its development phase. The company has traded profitably from early 1996 and the directors believe the company will trade profitably in the future.

The company is dependent on continued finance required both to enable the company to meet its liabilities as they fall due and to continue to operate without the immediate realisation of all its assets. The directors believe that continuing finance will be made available and that it is therefore appropriate to prepare the accounts on a going concern basis.

2. ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cashflow Statement

The company has taken advantage of the exemption available under FRS 1 (revised) and does not present a cashflow statement.

Commission and fees

Commission and fees are brought into account on the date when the business is written.

Depreciation

Depreciation is provided on all tangible fixed asset at rates calculated to write off the cost or valuation, less estimated residual value, of each asset based on prices prevailing at the date of acquisition, over its expected useful life as follows:

Motor vehicles	-	20% straight line
Computer equipment	-	10% straight line
Fixtures, fittings and office equipment	-	10% straight line

Leasing and hire purchase contracts

Assets held under hire purchase contracts, which are those 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 interest element of the rental obligations is charged to the profit and loss accounts over the period of the contract and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 1997

Pensions

The company makes contributions to individuals personal pensions. Contributions are charged to the profit and loss account as they become payable.

3. TURNOVER

Turnover represents commissions and fees earned via insurance premium contracts. Turnover and pre-tax profit derives entirely from operations within the United Kingdom.

4. OPERATING PROFIT

(a) This is stated after charging the following:

	<i>1997</i>	<i>1996</i>
	£	£
Auditors' remuneration - audit services	11,000	10,000
Depreciation of owned assets	21,122	23,323
Depreciation of assets owned under hire purchase contracts	21,867	13,516
Loss on sale of tangible fixed assets	1,529	3,844
Operating leases - land and buildings	50,000	50,000
	<u>115,518</u>	<u>100,683</u>

5. DIRECTORS' EMOLUMENTS

	<i>1997</i>	<i>1996</i>
	£	£
Fees	-	9,000
Emoluments (including pension contributions)	159,164	135,126
	<u>159,164</u>	<u>144,126</u>

6. STAFF COSTS

	<i>1997</i>	<i>1996</i>
	£	£
Wages and salaries	799,409	711,308
Social security costs	70,406	66,249
Other pension costs	554	(44)
	<u>870,369</u>	<u>777,513</u>

The average number of persons employed by the company (including directors) during the period was as follows:

	<i>1997</i>	<i>1996</i>
	<i>No.</i>	<i>No.</i>
Management and administration	37	31
Sales	14	14
	<u>51</u>	<u>45</u>

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS
at 30 June 1997

7. INTEREST RECEIVABLE

	1997 £	1996 £
Bank interest	14,696	15,658

8. INTEREST PAYABLE

	1997 £	1996 £
Finance charges payable under hire purchase contracts	8,973	7,384
Other loans	-	688
	<u>8,973</u>	<u>8,072</u>

9. TAXATION

The company has tax losses of approximately £840,000 to carry forward for offset against future profit, arising from the same trade.

10. TANGIBLE FIXED ASSETS

	<i>Short lease property</i> £	<i>Computer equipment</i> £	<i>Motor vehicles</i> £	<i>Fixtures, fittings and equipment</i> £	<i>Total</i> £
Cost or valuation:					
At 1 July 1996	5,514	50,184	123,651	56,144	235,493
Additions	-	53,062	63,462	8,048	124,572
Disposals	-		(39,776)	(1,098)	(40,874)
At 30 June 1997	<u>5,514</u>	<u>103,246</u>	<u>147,337</u>	<u>63,094</u>	<u>319,191</u>
Depreciation:					
At 1 July 1996	148	14,959	46,599	13,709	75,415
Charge for the year	444	7,643	28,289	6,613	42,989
Disposals	-	-	(15,042)	-	(15,042)
At 30 June 1997	<u>592</u>	<u>22,602</u>	<u>59,846</u>	<u>20,322</u>	<u>103,362</u>
Net book value:					
At 30 June 1997	<u>4,922</u>	<u>80,644</u>	<u>87,491</u>	<u>42,772</u>	<u>215,829</u>
At 30 June 1996	<u>5,366</u>	<u>35,225</u>	<u>77,052</u>	<u>42,435</u>	<u>160,078</u>

Included in the net book value for motor vehicles above is £83,434 (1996: £67,576) relating to assets acquired under hire purchase contracts.

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 1997

11. DEBTORS

	1997 £	1996 £
Trade debtors	435,414	274,312
Amounts owed by holding company	105,953	30,478
Amounts owed by fellow subsidiary	20,163	45,169
Prepayments and accrued income	7,776	3,703
Other debtors	23,695	7,043
Directors loan account	-	5,754
	<u>593,001</u>	<u>366,459</u>

The amounts owed by fellow subsidiary of £20,163 is due after more than one year (1996: £45,169).

12. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Obligations under hire purchase contracts (note 14)	36,383	22,946
Trade creditors	1,855,194	659,192
Other taxes and social security	24,363	25,249
Accruals and sundry creditors	125,544	131,996
	<u>2,041,484</u>	<u>839,383</u>

13. CREDITORS: amounts falling due after more than one year

	1997 £	1996 £
Obligations under hire purchase contracts (Note 14)	19,710	27,740
	<u>19,710</u>	<u>27,740</u>

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

The analysis of these amounts is as follows:

	1997 £	1996 £
Amounts payable:		
within one year	41,104	27,152
within two to five years	21,075	29,507
	<u>62,179</u>	<u>56,659</u>
Less: finance charges allocated to future periods	(6,086)	(5,973)
	<u>56,093</u>	<u>50,686</u>
Hire purchase contracts are analysed as follows:		
Current obligations (note 12)	36,383	22,946
Non-current obligations (note 13)	19,710	27,740
	<u>56,093</u>	<u>50,686</u>

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS at 30 June 1997

15. CALLED UP SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	1,000,000	1,000,000	688,790	505,990

During the year 182,800 ordinary shares of £1 each were issued at par in order to strengthen the balance sheet.

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share Capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 1 July 1995	93,670	(667,137)	(573,467)
Profit for the year	-	29,518	29,518
Issue of shares	412,320	-	412,320
At 30 June 1996	505,990	(637,619)	(131,629)
Profit for the year	-	109,720	109,720
Issue of shares	182,800	-	182,800
At 30 June 1997	688,790	(527,899)	160,891

17. PENSION COMMITMENTS

The company pays pension contributions to personal pensions of selected employees. The personal pensions are arranged with an insurance company separate to the business.

18. COMMITMENTS

Operating lease commitments

At 30 June 1997 the company had annual commitments under non-cancellable operating leases as set out below.

	<i>Land and buildings</i>	
	<i>1997</i>	<i>1996</i>
	<i>£</i>	<i>£</i>
Operating leases which expire in over 5 years	50,000	50,000

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 1997

19. RELATED PARTY TRANSACTIONS

The following companies are considered, by the directors, to be related parties with whom transactions have occurred during the year:

Baldwin Industries Limited
Corporate Medical Management Limited (Fellow Subsidiary)
Astorhold Limited (Holding Company)

The following transactions were entered into during the year:

	<i>Rental charges</i>	<i>Other recharges</i>
	£	£
Baldwin Industries Limited	50,000	86,507

The following balances existed at the year end:

	<i>Debtor</i>	<i>Creditor</i>
	£	£
Baldwin Industries Limited	-	26,660

The balances with group companies are disclosed in note 11.

20. ULTIMATE HOLDING COMPANY AND CONTROLLING PARTY

The company's ultimate holding company and controlling party is Astorhold Limited, a company incorporated in the United Kingdom.