

PMI Health Group Limited

REPORT AND FINANCIAL STATEMENTS

30 June 2005

Company Registration No. 2660256



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PMI Health Group Limited

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PMI Health Group Limited

DIRECTORS AND ADVISORS

DIRECTORS

CP Baldwin
RDH Munro
MI Davis

SECRETARY

RDH Munro

REGISTERED OFFICE

The Courtyard
Hall Lane
Wincham
Cheshire
CW9 6DG

AUDITORS

Baker Tilly
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

BANKERS

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

SOLICITORS

Chandler Harris
25 Byrom Street
Manchester
M3 4PF

PMI Health Group Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of PMI Health Group Limited for the year ended 30 June 2005.

PRINCIPAL ACTIVITIES

The Group continues to provide a growing range of employee healthcare services, including health related insurance consultancy, related claims management and occupational healthcare.

REVIEW OF BUSINESS

The PMI Health Group Limited continues to operate as a Holding Company.

The group continues to successfully provide a healthcare insurance broking service. The range of insurance products the group brokes has been progressively expanded. The latest development has been the addition of a general insurance broking team. The Group Companies work closely to assist clients in improving their performance by managing the health of their employees and reducing sickness absence.

The Directors are satisfied with the Group's performance.

RESULTS AND DIVIDENDS

The group trading profit for the year after taxation was £827,452 (2004: £724,337). The directors propose the payment of a final dividend on the 'C' ordinary shares of £nil (2004: £500,000) which after an interim dividend of £500,000 (2004: £nil) leaves a profit of £327,452 (2004: £224,337) to be transferred to reserves.

DIRECTORS

The directors who held office during the year were as follows:

CP Baldwin
RDH Munro
MI Davis

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors who held office at the end of the financial year had the following interests (including family interests) in the share capital of the company according to the register of directors' interests:

	B shares of £1 each		A shares of 2p each	
	2005	2004	2005	2004
	No	No	No	No
CP Baldwin	-	-	2,550	2,550
RDH Munro	35,995	35,995	-	-
MI Davis	1,944	1,944	-	-

PMI Health Group Limited

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (continued)

Directors' interests in the shares of the company's ultimate parent company, Baldwin Ventures Limited, including family interests in the share capital of the company, were as follows:

	At 30 June 2005		At 30 June 2004	
	Ordinary voting shares	Ordinary non-voting shares	Ordinary voting shares	Ordinary non-voting shares
CP Baldwin	54	172,885	54	172,885

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any director or their immediate family, or exercised by them, during the financial year.

AUDITORS

A resolution for the reappointment of Baker Tilly as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



RDH Munro
Secretary

31 March 2006

PMI Health Group Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 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. 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 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 financial statements comply with the requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PMI HEALTH GROUP LIMITED

We have audited the financial statements on pages 7 to 26.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with 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 1985. 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PMI HEALTH GROUP LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group at 30 June 2005 and of the company and group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly

Registered Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

6 April 2006

PMI Health Group Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2005

	Notes	2005 £	2004 £
TURNOVER		6,785,280	6,629,824
Administrative expenses		(5,673,903)	(5,634,154)
OPERATING PROFIT	1	1,111,377	995,670
Interest receivable	4	93,188	70,533
Interest payable	5	(7,065)	(12,623)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,197,500	1,053,580
Taxation	6	(370,048)	(329,243)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		827,452	724,337
Dividend	7	(500,000)	(500,000)
RETAINED PROFIT FOR THE YEAR	16	327,452	224,337

The operating profit for the year arises from the group'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.

PMI Health Group Limited
 COMPANY PROFIT AND LOSS ACCOUNT
 for the year ended 30 June 2005

	Notes	2005 £	2004 £
Administrative expenses		(6)	-
Income from shares in group undertakings		500,000	700,000
<hr/>			
PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION		499,994	700,000
Dividends	7	(500,000)	(500,000)
<hr/>			
RETAINED (LOSS)/PROFIT FOR THE YEAR		(6)	200,000
<hr/> <hr/>			

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.

PMI Health Group Limited
CONSOLIDATED BALANCE SHEET
at 30 June 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	8	<u>452,700</u>	<u>500,794</u>
CURRENT ASSETS			
Debtors	10	<u>1,670,775</u>	<u>1,481,257</u>
Cash at bank and in hand		<u>1,639,539</u>	<u>1,735,573</u>
		<u>3,310,314</u>	<u>3,216,830</u>
CREDITORS: Amounts falling due within one year	12	<u>(907,283)</u>	<u>(1,274,983)</u>
NET CURRENT ASSETS		<u>2,403,031</u>	<u>1,941,847</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,855,731</u>	<u>2,442,641</u>
CREDITORS: Amounts falling due after more than one year	13	<u>(12,446)</u>	<u>(43,276)</u>
DEFERRED INCOME		<u>(638,991)</u>	<u>(522,523)</u>
NET ASSETS		<u><u>2,204,294</u></u>	<u><u>1,876,842</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	<u>891,054</u>	<u>891,054</u>
Capital redemption reserve	16	<u>40,000</u>	<u>40,000</u>
Share premium	16	<u>24,451</u>	<u>24,451</u>
Profit and loss account	16	<u>1,248,789</u>	<u>921,337</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>2,204,294</u></u>	<u><u>1,876,842</u></u>

Approved by the board on 31 March 2006

CP Baldwin
Director



PMI Health Group Limited
 COMPANY BALANCE SHEET
 at 30 June 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Investments	9	<u>939,108</u>	<u>939,108</u>
CURRENT ASSETS			
Debtors (£20,000 due after more than one year (2004: £20,000))	10	24,000	524,000
CREDITORS: Amounts falling due within one year	12	<u>(7,591)</u>	<u>(507,585)</u>
NET CURRENT ASSETS		<u>16,409</u>	<u>16,415</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>955,517</u>	<u>955,523</u>
CAPITAL AND RESERVES			
Called up share capital	15	891,054	891,054
Capital redemption reserve	16	40,000	40,000
Share premium	16	24,451	24,451
Profit and loss account	16	12	18
EQUITY SHAREHOLDERS' FUNDS		<u>955,517</u>	<u>955,523</u>

Approved by the board on 31 March 2006

CP Baldwin
 Director



PMI Health Group Limited

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS for the year ended 30 June 2005

	GROUP		COMPANY	
	2005 £	2004 £	2005 £	2004 £
PROFIT FOR THE FINANCIAL YEAR	827,452	724,337	499,994	700,000
Dividends	(500,000)	(500,000)	(500,000)	(500,000)
Purchase of own shares	-	(200,000)	-	(200,000)
	-----	-----	-----	-----
NET ADDITION/(REDUCTION) TO SHAREHOLDERS' FUNDS	327,452	24,337	(6)	-
Opening shareholders' funds	1,876,842	1,852,505	955,523	955,523
	-----	-----	-----	-----
CLOSING SHAREHOLDERS' FUNDS	2,204,294	1,876,842	955,517	955,523
	=====	=====	=====	=====

PMI Health Group Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2005

	Notes	2005 £	2004 £ Restated (see note 19d)
NET CASH INFLOW FROM OPERATING ACTIVITIES	19(a)	1,413,432	1,037,927
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		93,188	70,533
Interest on hire purchase and finance lease contracts		(6,401)	(12,623)
Other interest		(664)	-
		86,123	57,910
TAXATION			
Corporation tax paid		(337,322)	(373,639)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(198,976)	(156,930)
Receipts from sale of tangible fixed assets		14,575	50,837
		(184,401)	(106,093)
EQUITY DIVIDENDS PAID		(1,000,000)	(400,000)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(22,168)	216,105
FINANCING			
Purchase of own shares		-	(200,000)
Capital repayments of finance leases and hire purchase contracts		(73,866)	(115,085)
DECREASE IN CASH IN THE YEAR	19(b)	(96,034)	(98,980)

PMI Health Group Limited

CONSOLIDATED CASH FLOW STATEMENT (continued) for the year ended 30 June 2005

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	<i>Notes</i>	2005 £	2004 £ Restated
Decrease in cash in the year		(96,034)	(98,980)
Cash outflow from lease financing		73,866	115,085
		<hr/>	<hr/>
Change in net funds arising from cash flows	19(b)	(22,168)	16,105
New finance leases and hire purchase contracts	19(b)	-	(64,344)
		<hr/>	<hr/>
MOVEMENT IN NET FUNDS IN YEAR		(22,168)	(48,239)
NET FUNDS AT START OF YEAR		1,621,813	1,670,052
		<hr/>	<hr/>
NET FUNDS AT END OF YEAR	19(b)	1,599,645	1,621,813
		<hr/> <hr/>	<hr/> <hr/>

PMI Health Group Limited

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

BASIS OF ACCOUNTING

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

BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of PMI Health Group Limited and all its subsidiary undertakings. These financial statements are made up to 30 June 2005.

The consolidated financial statements are based on financial statements of subsidiary undertakings which have coterminous year ends.

RELATED PARTY TRANSACTIONS

The company has, in accordance with Financial Reporting Standard No 8, taken advantage of the exemption from reporting the transactions between the company and certain of its related parties, since all of the voting rights are controlled by the group and the consolidated financial statements in which the company are consolidated are publicly available.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Motor vehicles	- 20% straight line
Computer equipment	- 25% straight line
Fixtures, fittings and office equipment	- 25% straight line

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 Group's taxable profits and its results as stated in the financial statements.

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

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

PMI Health Group Limited

ACCOUNTING POLICIES

RETIREMENT BENEFITS

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

INSURANCE CREDITORS AND CASH

The group acts as agent in broking the insurable risks of clients and normally is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the legal relationship with clients and underwriters, the group has followed generally accepted accounting practice for insurance brokers by showing creditors and cash balances relating to its insurance business as assets and liabilities of the group itself unless net settlement can be secured beyond doubt. This complies with the reporting requirements under Financial Reporting Standard 5 'FRS5' where assets and liabilities may not be offset unless net settlement is legally enforceable.

TURNOVER

Turnover for the subsidiary Private Medicine Intermediaries Limited represents commission and fees earned via insurance premium contracts. All commission and fee income is recognised at the date the policy commences.

For the subsidiary Corporate Medical Management Limited turnover is recognised evenly over the life of a contract to ensure that the revenue recognised fairly matches the costs incurred in servicing the those contracts and is stated net of value added tax.

All turnover is derived entirely from operations within the United Kingdom.

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

1	OPERATING PROFIT	2005 £	2004 £
	This is stated after charging:		
	Auditors' remuneration – audit services	14,400	19,000
	Operating leases – land and buildings	140,000	140,000
	Depreciation of owned assets	198,885	143,928
	Depreciation of assets held under hire purchase and finance leases	27,256	78,281
	Loss on sale of tangible fixed assets	6,354	3,563
		<u> </u>	<u> </u>
2	DIRECTORS' REUMUNERATIONS	2005 £	2004 £ Restated
	Emoluments	133,701	178,158
	Emoluments paid to third parties	186,107	160,851
	Pension fund contributions	12,177	15,078
		<u> </u>	<u> </u>
		331,985	354,087
		<u> </u>	<u> </u>
		2005 No	2004 No
	Members of defined contributions schemes	2	2
		<u> </u>	<u> </u>
		2005 £	2004 £
	Highest paid director:		
	Emoluments	133,701	127,234
	Pension contributions	12,177	11,250
		<u> </u>	<u> </u>
		145,878	138,484
		<u> </u>	<u> </u>

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

3	STAFF COSTS	2005 £	2004 £
	Aggregate staff costs were as follows:		
	Wages and salaries	3,145,123	3,162,330
	Social security costs	346,594	318,442
	Other pension costs	148,142	132,893
		3,639,859	3,613,665
		3,639,859	3,613,665

Included in wages and salaries are redundancy and termination costs of £7,500 (2004: £194,663).

The monthly average number of persons employed by the group (including directors) during the year was as follows:

	2005 No	2004 No
Management and administration	76	81
Sales staff	23	28
Medical staff	15	13
	114	122
	114	122

4	INTEREST RECEIVABLE	2005 £	2004 £
	Bank interest	93,188	70,533
		93,188	70,533
		93,188	70,533

5	INTEREST PAYABLE	2005 £	2004 £
	Hire purchase and finance lease contracts	6,401	12,623
	Interest paid on corporation tax	664	-
		7,065	12,623
		7,065	12,623

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

6	TAXATION	2005 £	2004 £
	Current tax:		
	UK corporation tax on profits of the period	385,557	336,800
	Adjustments in respect of previous periods	833	(12,936)
	Total current tax	<u>386,390</u>	<u>323,864</u>
	Deferred taxation:		
	Origination and reversal of timing differences	(15,861)	(8,421)
	Deferred tax underprovided in previous years	(481)	13,800
	Total deferred tax	<u>(16,342)</u>	<u>5,379</u>
	Tax on profit on ordinary activities	<u>370,048</u>	<u>329,243</u>
	Factors affecting tax charge for period:	2005 £	2004 £
	The tax assessed for the period is higher than the standard rate of corporation tax in the UK 30% (2004: 30%). The differences are explained below:		
	Profit on ordinary activities before tax	1,197,500	1,053,580
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2004: 30%)	359,250	316,074
	Effects of:		
	Expenses not deductible for tax purposes/(income not taxable)	9,849	12,305
	Capital allowances in excess of depreciation	13,004	8,646
	Short term timing differences	2,682	(225)
	Over/under provision in prior years	571	(12,936)
	Other differences	1,034	-
	Tax charge for period	<u>386,390</u>	<u>323,864</u>
7	DIVIDENDS	2005 £	2004 £
	Equity dividends:		
	Interim paid	500,000	-
	Final equity dividend proposed	-	500,000
		<u>500,000</u>	<u>500,000</u>

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

8 TANGIBLE FIXED ASSETS

GROUP	Computer equipment	Motor vehicles	Fixtures fixtures and equipment	Total
	£	£	£	£
<i>Cost</i>				
At beginning of year	704,375	220,686	329,537	1,254,598
Additions	93,492	76,947	28,537	198,976
Disposals	(20,261)	(36,482)	(3,784)	(60,527)
At 30 June 2005	777,606	261,151	354,290	1,393,047
<i>Depreciation</i>				
At beginning of year	482,965	57,733	213,106	753,804
Charged in the year	124,180	59,074	42,887	226,141
Disposals	(16,283)	(19,800)	(3,515)	(39,598)
At 30 June 2005	590,862	97,007	252,478	940,347
<i>Net book value</i>				
At 30 June 2005	186,744	164,144	101,812	452,700
At 30 June 2004	221,410	162,953	116,431	500,794

Included in the net book value for group tangible fixed assets is the following amount relating to assets acquired under finance leases and hire purchase contracts £77,980 (2004: £175,190). Depreciation charged on these assets was £27,256 (2004: £78,281).

9 INVESTMENTS

GROUP

Investments in subsidiary undertakings

Cost:

At 1 July 2004 and 30 June 2005 £
939,108

Subsidiary undertakings (both included in the consolidation)

<i>Name of company</i>	<i>Shareholding</i>	<i>Activity</i>
Private Medicine Intermediaries Limited	100%	Medical insurance broker
Corporate Medical Management Limited	100%	Medical screening and managing medical insurance contracts

The subsidiary companies are registered in England and Wales.

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

10 DEBTORS	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Trade debtors	1,472,305	1,286,787	-	-
Amounts due from subsidiary company	-	-	20,000	20,000
Deferred taxation (see note 14)	29,587	13,245	-	-
Prepayments and accrued income	157,499	129,540	-	-
Other debtors	11,384	51,685	-	-
Dividend receivable	-	-	4,000	504,000
	<u>1,670,775</u>	<u>1,481,257</u>	<u>24,000</u>	<u>524,000</u>

The amount due from subsidiary company is due after more than one year.

Included within group other debtors is an amount of £nil (2004: £40,415) due from S Hackett, a director of the subsidiary Private Medicine Intermediaries Limited. The maximum amount outstanding during the year was £40,415. Interest accrues on the amount of 2% above the base rate.

11 INSURANCE MONIES HELD

The group holds monies on behalf of its clients in statutory trust accounts in respect of insurance premiums of £406,725 (2004: £431,939).

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

12 CREDITORS: Amounts falling due within one year

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Amounts owed to subsidiary	-	-	7,591	7,585
Trade creditors	41,621	50,060	-	-
Obligations under hire purchase contracts (note 13)	27,448	70,484	-	-
Corporation tax	195,240	146,172	-	-
Other taxes and social security costs	143,189	170,183	-	-
Accruals and other creditors	499,785	338,084	-	-
Proposed dividend	-	500,000	-	500,000
	<u>907,283</u>	<u>1,274,983</u>	<u>7,591</u>	<u>507,585</u>

13 CREDITORS: Amounts falling due after more than one year

	2005 £	2004 £
GROUP		
Obligations under higher purchases contracts (see below)	<u>12,446</u>	<u>43,276</u>

The other creditor balance is secured by a first charge over trade debtors.

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2005 £	2004 £
Amounts payable:		
Within one year	38,379	80,182
Within two to five years	14,664	48,903
	<u>53,043</u>	<u>129,085</u>
Less: finance charges allocated to future periods	(13,149)	(15,325)
	<u>39,894</u>	<u>113,760</u>
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations	27,448	70,484
Non-current obligations	12,446	43,276
	<u>39,894</u>	<u>113,760</u>

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

14	DEFERRED TAXATION	£
	At beginning of year	(13,245)
	Charge for the year	(16,342)
	At end of year	<u>(29,587)</u>

The elements of deferred taxation are as follows:

	2005 £	2004 £
Difference between accumulated depreciation and amortisation and capital allowances	(24,918)	(10,953)
Other timing differences	(4,669)	(2,292)
Deferred tax asset	<u>(29,587)</u>	<u>(13,245)</u>

15	SHARE CAPITAL	2005 £	2004 £
	Authorised:		
	250,000 'A' ordinary shares of £0.02 each	5,000	5,000
	1,000,000 'B' ordinary shares of £1 each	1,000,000	1,000,000
	200,000 'C' ordinary shares of £1 each	200,000	200,000
		<u>1,205,000</u>	<u>1,205,000</u>
	Allotted, called up and fully paid:		
	2,550 'A' ordinary shares of £0.02 each	51	51
	691,003 'B' ordinary shares of £1 each	691,003	691,003
	200,000 'C' ordinary shares of £1 each	200,000	200,000
		<u>891,054</u>	<u>891,054</u>

In accordance with the company's Articles, the 'A' shares attract rights but have no rights to a distribution, either in the form of dividends or repayment of capital. The 'B' shares and 'C' shares have no voting rights but qualify for all dividends declared and any repayment of capital.

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

16 RESERVES	Capital redemption reserve £	Share premium £	Profit and loss account £
GROUP			
Balance at beginning of year	40,000	24,451	921,337
Profit for the year	-	-	327,452
Balance at end of year	40,000	24,451	1,248,789
COMPANY			
Balance at beginning of year	40,000	24,451	18
Profit for the year	-	-	(6)
Balance at end of year	40,000	24,451	12

17 PENSION COMMITMENTS

The group pays pension contributions to personal pensions of selected employees. The personal pensions are arranged with an insurance company separate to the business. The group also has a defined contribution pension scheme called the PMI Limited Group Personal Pension Scheme, which was established in 2004. Contributions outstanding at the year end totalled £15,566 (2004: £7,642).

18 COMMITMENTS UNDER OPERATING LEASES

At the year end the company had annual commitments under non-cancellable operating leases as follows:

GROUP	2005 £	2004 £
Land and buildings: expiring over five years	140,000	140,000

PMI Health Group Limited
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19 CASH FLOW WORKINGS

a	RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2005 £	2004 £ Restated (see note 19d)
	Operating profit	1,111,377	995,670
	Depreciation	226,141	222,209
	Loss on disposal of tangible fixed assets	6,354	3,563
	Increase in debtors	(173,176)	(273,305)
	Increase in creditors	126,268	107,057
	Increase/(decrease) in deferred income	116,468	(17,267)
		<hr/>	<hr/>
	Net cash inflow from operating activities	1,413,432	1,037,927
		<hr/> <hr/>	<hr/> <hr/>

b ANALYSIS OF NET FUNDS

	At 1 July 2004 Restated £	Cash Flow £	Other changes £	At 30 June 2005 £
Cash at bank and in hand	1,735,573	(96,034)	-	1,639,539
Hire purchase and finance lease contracts	(113,760)	73,866	-	(39,894)
	<hr/>	<hr/>	<hr/>	<hr/>
	1,621,813	(22,168)	-	1,599,645
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

c NON-CASH TRANSACTIONS

During the year, the group entered into finance lease arrangements and hire purchase contracts with a total capital value at the inception of the lease of £nil (2004: £64,344).

d RESTATED

The cashflow has been restated on the implementation of Financial Reporting Standard 5 and treatment of insurance broking debtors, creditors and cash.

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

20 CONTINGENT LIABILITIES

All group companies are members of a VAT group together with the following companies which are all under the common control of Mr CP Baldwin:

- Baldwin Industries Limited and its subsidiaries:
 - Anderton Concrete Products Limited
 - Baldwin Landscaping Limited
 - Baldwin Enterprises Limited
 - Baldwin Investments Limited
 - Baldwin Estates Limited
 - Argosy Systems Limited

At 30 June 2005 the VAT liability of the VAT group excluding that of the company was £111,242 (2004: £211,954).

21 RELATED PARTY TRANSACTIONS

Baldwin Industries Limited

Baldwin Industries Limited is considered, by the directors, to be a related party with whom transactions have occurred during the year.

The following transactions were entered into during the year:

	Private Intermediaries Limited		Corporate Medical Management Limited	
	2005	2004	2005	2004
	£	£	£	£
Purchases:				
Other recharges	118,355	149,352	-	-
	<u>118,355</u>	<u>149,352</u>	<u>-</u>	<u>-</u>

The following balances existed in the year end:

	Private Intermediaries Limited		Corporate Medical Management Limited	
	2005	2004	2005	2004
	£	£	£	£
Baldwin Industries Limited				
- current account	(5,826)	(25,306)	35,228	(232)
- loan account	11,344	11,268	-	-
	<u>5,518</u>	<u>(14,038)</u>	<u>35,228</u>	<u>(232)</u>
(Creditor)/debtor	5,518	(14,038)	35,228	(232)

The group also rented certain properties from CP Baldwin's pension trust, rental for the year amounted to £140,000 (2004: £140,000).

PMI Health Group Limited
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for the year ended 30 June 2005

21 RELATING PARTY TRANSACTIONS (continued)

Hurlstone Management Limited

Mr MI Davis is a director and controlling shareholder of Hurlstone Management Limited.

During the year Private Medicine Intermediaries Limited transacted with Hurlstone Management Limited. The nature of the trading activities and the relative values were as follows:

	2005	2004
	£	£
Purchases:		
Professional and advisory services	48,177	30,296
	<u> </u>	<u> </u>

At the year end there is an accrual of £9,773 (2004: £5,500) owing by Private Medicine Intermediaries Limited.

22 PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The company's ultimate parent company is Baldwin Ventures Limited, a company incorporated in the United Kingdom.

The directors are of the opinion that Mr CP Baldwin is the ultimate controlling party.