

Private Medicine Intermediaries Limited

REPORT AND FINANCIAL STATEMENTS

30 June 2005

Company Registration No. 2009675



A39
COMPANIES HOUSE

AD6B4EHS

118
11/04/2006

Private Medicine Intermediaries Limited

CONTENTS

DIRECTORS AND ADVISORS	1
DIRECTORS' REPORT	2
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS	4
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRIVATE MEDICINE INTERMEDIARIES LIMITED	5
PROFIT AND LOSS ACCOUNT	7
BALANCE SHEET	8
RECONCILIATION IN SHAREHOLDERS' FUNDS	9
ACCOUNTING POLICIES	10
NOTES TO THE FINANCIAL STATEMENTS	12

Private Medicine Intermediaries Limited

DIRECTORS AND ADVISORS

DIRECTORS

CP Baldwin
RDH Munro
MI Davis
E Hammond
SM Hackett (resigned 30 September 2005)
SJ Langan
RE Floyd (appointed 29 July 2004)

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

Private Medicine Intermediaries Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Private Medicine Intermediaries Limited for the year ended 30 June 2005.

PRINCIPAL ACTIVITIES

The company continues to provide a growing range of employee healthcare services, including health related insurance consultancy, related claims management and occupational healthcare, supported by its sister company, Corporate Medical Management Limited.

REVIEW OF THE BUSINESS

The company continues to successfully provide a healthcare insurance broking service. The range of insurance products the company brokes has been progressively expanded. The latest development has been the addition of a general insurance broking team. The company works closely with their fellow group subsidiary, Corporate Medical Management Limited, to assist clients in improving their performance by managing the health of their employees and reducing sickness absence.

The company has continued to perform satisfactorily in line with expectations.

DIVIDENDS

The directors recommend the payment of final dividends of £nil (2004: £400,000) and an interim dividend of £250,000 (2004: £200,000) which leaves a profit of £408,686 (2004: loss of £80,364) which has been taken to reserves.

DIRECTORS

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

CP Baldwin
RDH Munro
MI Davis
E Hammond
SM Hackett (resigned 30 September 2005)
SJ Langan
RE Floyd (appointed 29 July 2004)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the directors at 30 June 2005 had any interests in the share capital of the company.

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.

The interests of the directors in the issued share capital of the holding company, PMI Health Group Limited, are shown in the financial statements of that company.

Private Medicine Intermediaries Limited

DIRECTORS' REPORT

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

Private Medicine Intermediaries 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 PRIVATE MEDICINE INTERMEDIARIES LIMITED

We have audited the financial statements on pages 7 to 20.

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 PRIVATE MEDICINE
INTERMEDIARIES LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 2005 and of its 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

Private Medicine Intermediaries Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2005

	Notes	2005 £	2004 £
TURNOVER		4,778,616	4,774,601
Administrative expenses		(3,909,483)	(4,080,660)
		<hr/>	<hr/>
OPERATING PROFIT	1	869,133	693,941
Interest receivable	4	93,188	70,533
Interest payable	5	(6,134)	(9,911)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		956,187	754,563
Taxation	6	(297,501)	(234,927)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		658,686	519,636
Dividends	7	(250,000)	(600,000)
		<hr/>	<hr/>
RETAINED PROFIT/(LOSS) FOR THE YEAR		408,686	(80,364)
		<hr/> <hr/>	<hr/> <hr/>

The operating profit for the year arises 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.

Private Medicine Intermediaries Limited

BALANCE SHEET

at 30 June 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible fixed assets	8	<u>341,576</u>	<u>394,013</u>
CURRENT ASSETS			
Debtors	9	1,322,546	1,135,603
Cash at bank and in hand		<u>647,136</u>	<u>865,393</u>
		<u>1,969,682</u>	<u>2,000,996</u>
CREDITORS: Amounts falling due within one year	11	<u>(572,577)</u>	<u>(1,040,483)</u>
NET CURRENT ASSETS		<u>1,397,105</u>	<u>960,513</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,738,681</u>	<u>1,354,526</u>
CREDITORS: Amounts falling due after more than one year	12	<u>(6,369)</u>	<u>(30,900)</u>
NET ASSETS		<u>1,732,312</u>	<u>1,323,626</u>
CAPITAL AND RESERVES			
Called up share capital	14	688,790	688,790
Profit and loss account	15	<u>1,043,522</u>	<u>634,836</u>
EQUITY SHAREHOLDERS' FUNDS		<u>1,732,312</u>	<u>1,323,626</u>

Approved by the board on 31 March 2006

CP Baldwin
Director



Private Medicine Intermediaries Limited
RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
for the year ended 30 June 2005

	2005	2004
	£	£
PROFIT FOR THE FINANCIAL YEAR	658,686	519,636
Dividends	(250,000)	(600,000)
	<hr/>	<hr/>
NET ADDITION/(REDUCTION) TO SHAREHOLDERS' FUNDS	408,686	(80,364)
Opening shareholders' funds	1,323,626	1,403,990
	<hr/>	<hr/>
CLOSING SHAREHOLDERS' FUNDS	1,732,312	1,323,626
	<hr/> <hr/>	<hr/> <hr/>

Private Medicine Intermediaries Limited

ACCOUNTING POLICIES

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

BASIS OF ACCOUNTING

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

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of PMI Health Group Limited and its cash flows are included within the consolidated cash flow statement of that company.

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:-

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

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.

Private Medicine Intermediaries Limited

ACCOUNTING POLICIES

INSURANCE CREDITORS AND CASH

The company 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 company 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 company itself unless net settlement can be secured beyond doubt. This complies with the reporting requirements under Financial Reporting Standard No 5. 'FRS 5' where assets and liabilities may not be offset unless net settlement is enforceable.

TURNOVER

Turnover represents commissions and fees earned via insurance premium contracts. All commission and fee income is recognised at the date the policy commences.

Turnover and pre-tax profits are derived entirely from operating within the United Kingdom.

Private Medicine Intermediaries 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	8,200	9,500
	Depreciation of owned fixed assets	149,271	94,481
	Depreciation of assets held under hire purchase contracts	22,856	68,593
	Loss on disposal of fixed assets	6,352	3,225
	Operating leases – land and buildings	93,336	95,022
		<u> </u>	<u> </u>
2	DIRECTORS' EMOLUMENTS	2005 £	2004 £ Restated
	Emoluments	375,577	415,815
	Emoluments paid to third parties	186,107	160,851
	Pension fund contributions	20,627	23,078
		<u> </u>	<u> </u>
		582,311	599,744
		<u> </u>	<u> </u>
		2005 No	2004 No
	Members of defined contributions pension scheme	4	4
		<u> </u>	<u> </u>
		2005 £	2004 £
	Highest paid director:		
	Emoluments	133,701	127,234
	Pension fund contributions	12,177	11,250
		<u> </u>	<u> </u>
		145,878	138,484
		<u> </u>	<u> </u>

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

3	STAFF COSTS	2005 £	2004 £
	Wages and salaries	2,254,699	2,428,773
	Social security costs	250,773	242,064
	Other pension costs	100,074	95,418
		<u>2,605,546</u>	<u>2,766,255</u>

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

The monthly average number of employees during the year was as follows:

	2005 Number	2004 Number
Management and administration	63	62
Sales	23	28
	<u>86</u>	<u>90</u>

4	INTEREST RECEIVABLE	2005 £	2004 £
	Bank interest	93,188	70,533
		<u>93,188</u>	<u>70,533</u>

5	INTEREST PAYABLE	2005 £	2004 £
	Finance charges payable under hire purchase contracts	5,623	9,911
	Interest paid on corporation tax	511	-
		<u>6,134</u>	<u>9,911</u>

Private Medicine Intermediaries 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	311,272	242,500
	Adjustments in respect of previous periods	1,124	(15,202)
		<hr/>	<hr/>
	Total current tax (see below)	312,396	227,298
		<hr/>	<hr/>
	Deferred taxation:		
	Origination and reversal of timing differences	(14,414)	(6,804)
	Deferred tax under provided in previous years	(481)	14,433
		<hr/>	<hr/>
		(14,895)	7,629
		<hr/>	<hr/>
	Tax on profit on ordinary activities	297,501	234,927
		<hr/> <hr/>	<hr/> <hr/>
	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	956,187	754,563
		<hr/>	<hr/>
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2004: 30%)	287,009	226,369
	Effects of:		
	Expenses not allowable for tax purposes	9,849	9,327
	Capital allowances in excess of depreciation	12,608	7,564
	Other timing differences	1,806	(760)
	Overprovision in prior years	1,124	(15,202)
		<hr/>	<hr/>
	Tax charge for period	312,396	227,298
		<hr/> <hr/>	<hr/> <hr/>
7	DIVIDENDS	2005 £	2004 £
	Equity dividends:		
	Interim paid	250,000	200,000
	Final proposed	-	400,000
		<hr/>	<hr/>
		250,000	600,000
		<hr/> <hr/>	<hr/> <hr/>

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

8 TANGIBLE FIXED ASSETS

	Computer equipment	Motor vehicles	Fixtures, fittings and equipment	Total
	£	£	£	£
<i>Cost</i>				
At beginning of year	413,533	198,686	198,423	810,642
Additions	67,583	54,447	18,587	140,617
Disposals	(20,261)	(36,482)	(1,569)	(58,312)
At 30 June 2005	460,855	216,651	215,441	892,947
<i>Depreciation</i>				
At beginning of year	246,671	56,633	113,325	416,629
Charged in the year	83,321	51,299	37,507	172,127
Disposals	(16,283)	(19,800)	(1,302)	(37,385)
At 30 June 2005	313,709	88,132	149,530	551,371
<i>Net book value</i>				
At 30 June 2005	147,146	128,519	65,911	341,576
At 30 June 2004	166,862	142,053	85,098	394,013

Included in the net book value for motor vehicles above is £61,480 (2004: £147,704) relating to assets acquired under hire purchase contracts. Depreciation charged on these assets was £22,856 (2004: £68,593).

9 DEBTORS

	2005 £	2004 £
Trade debtors	1,010,626	975,316
Amount due from parent undertaking	7,591	7,585
Amounts owed by fellow subsidiary	181,935	6,386
Prepayments and accrued income	94,768	93,135
Deferred taxation (see note 13)	16,391	1,496
Other debtors	11,235	51,685
	1,322,546	1,135,603

The amount owed by a fellow subsidiary at 30 June 2005 of £181,935 was due after more than one year.

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

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

10 INSURANCE MONIES HELD

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

11 CREDITORS: Amounts falling due within one year	2005	2004
	£	£
Obligations under hire purchase contracts (note 12)	20,818	62,250
Trade creditors	27,209	41,471
Corporation tax	160,024	97,785
Other taxes and social security	85,837	126,465
Accruals and sundry creditors	274,689	308,512
Proposed dividend	4,000	404,000
	<u>572,577</u>	<u>1,040,483</u>

12 CREDITORS: Amounts falling due after more than one year	2005	2004
	£	£
Obligations under hire purchase contracts (see below)	<u>6,369</u>	<u>30,900</u>
The maturity of obligations under finance leases and hire purchase contracts is as follows:	2005	2004
	£	£
Amounts payable:		
Within one year	30,904	70,307
Within two to five years	7,812	34,575
	<u>38,716</u>	<u>104,882</u>
Less: finance charges allocated to future periods	(11,529)	(11,732)
	<u>27,187</u>	<u>93,150</u>
Hire purchase contracts are analysed as follows:		
Current obligations	20,818	62,250
Non-current obligations	6,369	30,900
	<u>27,187</u>	<u>93,150</u>

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

13	DEFERRED TAXATION	£
	Deferred taxation	
	At beginning of year – ASSET	(1,496)
	Charge for the year	(14,895)
	At end of year	<u>(16,391)</u>

The elements of deferred taxation are as follows:

	2005 £	2004 £
Difference between accumulated depreciation and amortisation and capital allowances	(13,436)	(347)
Other timing differences	(2,955)	(1,149)
Deferred tax asset	<u>(16,391)</u>	<u>(1,496)</u>

14	SHARE CAPITAL	2005 £	2004 £
	Authorised: 1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
	Allotted, called up and fully paid: 688,790 ordinary shares of £1 each	<u>688,790</u>	<u>688,790</u>

15	RESERVES: PROFIT AND LOSS ACCOUNT	£
	At beginning of year	634,836
	Profit for the year	408,686
	At end of year	<u>1,043,522</u>

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

16 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. The company also has a defined contribution pension scheme called the PMI Health Group Limited Group Personal Pension Scheme. Contributions outstanding at the year end totalled £9,852 (2004: £3,830).

17 COMMITMENTS

At 30 June 2005 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	£	£
Operating leases which expire in over five years	93,336	95,022

There were no capital commitments outstanding at the balance sheet date (2004: £nil).

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

18 RELATED PARTY TRANSACTIONS

Baldwin Industries Limited

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

The following transactions were entered into during the year:

	Other recharges	
	2005	2004
	£	£
Baldwin Industries Limited	118,355	149,352

The following balances existed at the year end:

	2005	2004
	£	£
Baldwin Industries Limited		
- current account	(5,826)	(25,306)
- loan account	11,344	11,268
	5,518	(14,038)

The group also rented certain properties from CP Baldwin's pension trust, rental for the year amounted to £93,336 (2004: £95,022).

Hurlstone Management Limited

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

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

	2005	2004
	£	£
Professional and advisory services	48,177	30,296

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

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

19 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: £399,228).

The bank holds a debenture against the company incorporating a fixed and floating charge over the current and future assets of the company.

20 PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The company's holding company is PMI Health Group Limited, a company incorporated in the United Kingdom. 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.

The group in which the results of the company are consolidated is that headed by PMI Health Group Limited. The consolidated financial statements of this group are available to the public and may be obtained from:

Companies House
Crown Way
Cardiff
CF4 3UZ