

PMI Health Group Limited

REPORT AND FINANCIAL STATEMENTS

30 June 2011

Company Registration No 02660256

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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
M Baldwin

SECRETARY

RDH Munro

REGISTERED OFFICE

The Courtyard
Hall Lane
Wincham
Cheshire
CW9 6DG

AUDITORS

Baker Tilly UK Audit LLP
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 2011

PRINCIPAL ACTIVITIES

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

REVIEW OF BUSINESS

PMI Health Group Limited continues to operate as a Holding Company

The group reported an increase in turnover of 2.6% during the year. Expenditure, although tightly controlled, increased by 5% during the year as additional resource was recruited to service new contracts. Interest rates remained low.

Operating profit reduced and the directors are satisfied with the group's performance.

The group has continued to meet the regulatory requirements set throughout the year.

RISKS AND UNCERTAINTIES

The board and management of the group manage the risks and uncertainties facing the group on a continuous basis. We consider the principal risks and uncertainties to be areas affecting FSA regulations and political changes which may have an effect on the products and services we provide together with fluctuations in the market, supplier availability in respect of insurance companies and retention of certain key staff.

We believe that we have sufficient controls and procedures in place to monitor, control, and react accordingly to the risks and challenges that we face and monitor these risks at board meetings and in the group's risk register.

FINANCIAL INSTRUMENTS

The board uses management accounts and various financial reports to ensure that the following are reviewed and we are aware of any risk arising in any of the following areas:

Price – The board continually monitors the prices we set against those of our competitors. This ensures that we continue to be competitive in the market.

PMI Health Group Limited

DIRECTORS' REPORT

Credit - We have robust credit control procedures in place to ensure that all amounts due are paid promptly. We have a dedicated team who use the systems and procedures in place to diligently chase all outstanding monies and ensure that no significant bad debts occur.

Liquidity - Due to the nature of the business in which we operate, and also prudent history of management we have minimal risk with regards to liquidity, supported by our stringent credit control procedures that we employ and also the tight management of the group cashflow. We take the appropriate action to minimise this risk.

FUTURE DEVELOPMENTS

The group will continue to offer the wide range of services we currently provide to our clients. We will also look to further develop our current product range so that we may evolve along with our customer needs and offer full solutions for their employee healthcare matters.

RESULTS AND DIVIDENDS

The group profit for the year after taxation was £997,632 (2010 £1,102,663). The directors recommend a final dividend of £700,000 (2010 £nil). This dividend is subject to approval by shareholders at the Annual General Meeting and therefore has not been included as a liability in these financial statements. During the year no dividends were paid (2010 £1,430,227) leaving a profit of £997,632 to be transferred to reserves.

DIRECTORS

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

CP Baldwin
RDH Munro
MI Davis
M Baldwin

POLITICAL AND CHARITABLE DONATIONS

During the year, a subsidiary undertaking of the group made donations of £30,073 (2010 £43,820) to various registered UK charities. These donations include £22,212 (2010 £23,212) to the Duke of Edinburgh Award Scheme, £2,800 to children's charities (2010 8,623), £2,000 (2010 £1,500) to Barnardo's and £3,061 (2010 £10,485) to a number of other charities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

PMI Health Group Limited

DIRECTORS' REPORT

AUDITORS

Baker Tilly UK Audit LLP, Chartered Accountants, were appointed auditors by the company Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and therefore Baker Tilly UK Audit LLP will continue in office

By order of the board



RDH Munro
Director

26 March 2012

PMI Health Group Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business,

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PMI HEALTH GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 7 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Baker Tilly UK Audit LLP

Ann Lakin (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

29 March 2012

PMI Health Group Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2011

	Note	2011 £	2010 £
TURNOVER		8,929,289	8,700,799
Administrative expenses		(7,538,411)	(7,177,976)
OPERATING PROFIT		1,390,878	1,522,823
Interest receivable and similar income	4	7,021	8,808
Interest payable and similar charges	5	(1,050)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1-5	1,396,849	1,531,631
Taxation	6	(399,217)	(428,968)
PROFIT FOR THE FINANCIAL YEAR	15	997,632	1,102,663

The turnover and 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
CONSOLIDATED BALANCE SHEET
at 30 June 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	8	610,541	592,276
CURRENT ASSETS			
Debtors	10	3,375,388	2,987,382
Cash at bank and in hand	11	1,279,100	831,018
		4,654,488	3,818,400
CREDITORS Amounts falling due within one year	12	(897,512)	(1,022,201)
NET CURRENT ASSETS		3,756,976	2,796,199
TOTAL ASSETS LESS CURRENT LIABILITIES		4,367,517	3,388,475
DEFERRED INCOME		(691,037)	(709,627)
NET ASSETS		3,676,480	2,678,848
CAPITAL AND RESERVES			
Called up share capital	14	838,029	838,029
Capital redemption reserve	15	93,025	93,025
Share premium	15	24,451	24,451
Profit and loss account	15	2,720,975	1,723,343
SHAREHOLDERS' FUNDS		3,676,480	2,678,848

The financial statements on pages 7 to 25 were approved by the board of directors and authorised for issue on 26/03/2012 and are signed on its behalf by



M Baldwin
Director

Company Registration No 02660256

PMI Health Group Limited
 COMPANY BALANCE SHEET
 at 30 June 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Investments	9	939,108	939,108
CURRENT ASSETS			
Debtors	10	76,343	142,148
Cash at bank and in hand		64,649	-
NET CURRENT ASSETS		140,992	142,148
NET ASSETS		1,080,100	1,081,256
CAPITAL AND RESERVES			
Called up share capital	14	838,029	838,029
Capital redemption reserve	15	93,025	93,025
Share premium	15	24,451	24,451
Profit and loss account	15	124,595	125,751
SHAREHOLDERS' FUNDS		1,080,100	1,081,256

The financial statements on pages 7 to 25 were approved by the board of directors and authorised for issue on 26/03/2012 and are signed on its behalf by


 M Baldwin
 Director

PMI Health Group Limited

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS for the year ended 30 June 2011

	Note	GROUP		COMPANY	
		2011	2010	2011	2010
		£	£	£	£
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		997,632	1,102,663	(1,156)	1,499,221
Dividends	7	-	(1,430,227)	-	(1,430,227)
NET ADDITION TO/(REDUCTION IN) SHAREHOLDERS' FUNDS		997,632	(327,564)	(1,156)	68,994
Opening shareholders' funds		2,678,848	3,006,412	1,081,256	1,012,262
CLOSING SHAREHOLDERS' FUNDS		3,676,480	2,678,848	1,080,100	1,081,256

PMI Health Group Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2011

	Note	2011		2010	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	19(a)		1,142,190		1,258,969
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		7,021		8,808	
Interest paid		(1,050)		-	
Net cash inflow for returns on investment and servicing of finance			5,971		8,808
TAXATION					
Corporation tax paid			(440,652)		(421,803)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(278,247)		(329,713)	
Receipts from sale of tangible fixed assets		18,820		35,120	
Net cash outflow for capital expenditure			(259,427)		(294,593)
DIVIDENDS PAID			-		(1,430,227)
INCREASE/(DECREASE) IN CASH IN THE YEAR	19(b)		448,082		(878,846)

PMI Health Group Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2011

RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS

	Note	2011 £	2010 £
Increase/(decrease) in cash in the year		448,082	(878,846)
MOVEMENT IN NET FUNDS IN YEAR		448,082	(878,846)
NET FUNDS AT BEGINNING OF YEAR		831,018	1,709,864
NET FUNDS AT END OF YEAR	19(b)	1,279,100	831,018

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 United Kingdom accounting standards

GOING CONCERN

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report. The directors consider that the financial position of the group is positive with cash at the bank and a strong balance sheet. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors believe that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of PMI Health Group Limited and all of its subsidiary undertakings. These financial statements are made up to 30 June 2011.

As permitted by section 408 of the Companies Act 2006 the company has not presented its own profit and loss account.

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 FRS 8, taken advantage of the exemption from reporting the transactions between the company and certain of its related parties and has therefore not disclosed transactions or balances with entities which form part of the PMI Health Group Limited group and are controlled 100%.

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

DEFERRED TAXATION

Deferred tax is recognised in respect of 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 assets are recognised if the directors consider the asset can be recovered with reasonable certainty.

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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

INVESTMENTS

Fixed asset investments are stated at cost. Provision is made for any impairment in the value of fixed asset investments.

PMI Health Group Limited

ACCOUNTING POLICIES

LEASED ASSETS AND OBLIGATIONS

All 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

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 FRS 5 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. Commission and fee income is recognised at the date the policy commences. Any subsequent adjustments to policy income are recognised when confirmed

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 those contracts and is stated net of value added tax. Income received in advance is disclosed as deferred income on the balance sheet

All turnover and pre-tax profits are derived entirely from operations within the United Kingdom

CASH

Cash for the purpose of the cashflow statements comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

1 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011	2010
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Operating leases – land and buildings	157,800	167,221
Depreciation of owned assets	243,209	185,336
Profit on sale of tangible fixed assets	(2,047)	(340)
Audit services		
Statutory audit of parent and consolidation	1,085	1,085
Statutory audit of subsidiary companies	16,940	16,940
Other services relating to taxation		
- Compliance services	5,000	5,515
Profit on disposal of commercial insurance business	(23,836)	(56,558)
	=====	=====

2 DIRECTORS' REMUNERATION

	2011	2010
	£	£
Emoluments	156,688	161,418
Sums paid to third parties for directors' services	260,690	254,444
Pension fund contributions	15,101	15,076
	=====	=====
	432,479	430,938
	=====	=====

	2011	2010
	Number	Number
The number of directors to whom retirement benefits are accruing under		
Defined contribution pension schemes	1	1
	=====	=====

	2011	2010
	£	£
Highest paid director		
Emoluments	212,668	209,427
	=====	=====

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

3 STAFF COSTS

	2011	2010
	£	£
Aggregate staff costs were as follows		
Wages and salaries	4,160,534	3,946,474
Social security costs	463,556	405,658
Other pension costs	313,802	251,613
	<u>4,937,892</u>	<u>4,603,745</u>

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

	2011	2010
	Number	Number
Management and administration	96	93
Sales staff	23	23
Medical staff	22	18
	<u>141</u>	<u>134</u>

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011	2010
	£	£
Bank interest	7,021	8,808
	<u>7,021</u>	<u>8,808</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
Interest payable on corporation tax	1,050	-
	<u>1,050</u>	<u>-</u>

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

6 TAXATION

	2011 £	2010 £
Current tax		
UK corporation tax on profits for the year	386,027	417,855
Adjustments in respect of previous years	(2,321)	(11,633)
Payments for group relief	-	28,796
	<hr/>	<hr/>
Total current tax (see below)	383,706	435,018
	<hr/>	<hr/>
Deferred taxation		
Origination and reversal of timing differences	9,733	(6,050)
Adjustment in respect of previous year	5,778	-
	<hr/>	<hr/>
Total deferred tax	15,511	(6,050)
	<hr/>	<hr/>
Tax on profit on ordinary activities	399,217	428,968
	<hr/> <hr/>	<hr/> <hr/>
Factors affecting tax charge for year	2011	2010
	£	£
The tax assessed for the period is lower than (2010 higher than) the standard rate of corporation tax in the UK 27.5% (2010 28%). The differences are explained below		
Profit on ordinary activities before tax	1,396,849	1,531,631
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 27.5% (2010 28%)	384,133	428,857
	<hr/>	<hr/>
Effects of		
Expenses not deductible for tax purposes	14,863	13,530
Fixed asset timing differences	(3,926)	(9,178)
Adjustments in respect of previous years	(2,321)	(11,633)
Other differences	(6,150)	15,228
Small companies relief	(2,893)	(1,786)
	<hr/>	<hr/>
Tax charge for year	383,706	435,018
	<hr/> <hr/>	<hr/> <hr/>

PMI Health Group Limited
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2011

7 DIVIDENDS

	2011 £	2010 £
Proposed dividends 2009 – paid 2010		
‘B’ ordinary shares *	-	980,227
‘C’ ordinary shares **	-	450,000
	<u>-</u>	<u>1,430,227</u>

* Dividend per share £nil (2010 153 65p)

** Dividend per share £nil (2010 225 0p)

In respect of the current year, the directors propose that a final dividend of £700,000 will be paid to the ‘B’ and ‘C’ ordinary shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

8 TANGIBLE FIXED ASSETS

GROUP	Computer equipment	Motor vehicles	Fixtures, fittings and equipment	Total
	£	£	£	£
<i>Cost</i>				
At beginning of year	1,105,298	468,204	451,330	2,024,832
Additions	162,388	88,040	27,819	278,247
Disposals	(44,120)	(56,988)	(5,886)	(106,994)
At end of year	<u>1,223,566</u>	<u>499,256</u>	<u>473,263</u>	<u>2,196,085</u>
<i>Depreciation</i>				
At beginning of year	897,684	154,914	379,958	1,432,556
Charged in the year	99,331	100,777	43,101	243,209
Disposals	(44,062)	(40,399)	(5,760)	(90,221)
At end of year	<u>952,953</u>	<u>215,292</u>	<u>417,299</u>	<u>1,585,544</u>
<i>Net book value</i>				
At 30 June 2011	<u>270,613</u>	<u>283,964</u>	<u>55,964</u>	<u>610,541</u>
At 30 June 2010	<u>207,614</u>	<u>313,290</u>	<u>71,372</u>	<u>592,276</u>

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

9 INVESTMENTS

COMPANY

Investments in subsidiary undertakings

Cost

At 1 July 2010 and 30 June 2011

£

939,108

Subsidiary undertakings (both included in the consolidation)

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

10 DEBTORS

	GROUP		COMPANY	
	2011 £	2010 £	2011 £	2010 £
Trade debtors	2,958,298	2,649,587	-	-
Amounts due from subsidiary company	-	-	76,343	142,148
Deferred taxation (see note 13)	22,532	38,043	-	-
Other debtors	35,627	15,926	-	-
Prepayments and accrued income	358,931	283,826	-	-
	<u>3,375,388</u>	<u>2,987,382</u>	<u>76,343</u>	<u>142,148</u>

11 INSURANCE MONIES HELD

The group holds monies on behalf of it's clients in statutory trust accounts in respect of insurance premiums of £397,341 (2010 £647,720)

PMI Health Group Limited
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2011

12 CREDITORS Amounts falling due within one year	GROUP		COMPANY	
	2011 £	2010 £	2011 £	2010 £
Amounts owed to group undertaking	61,784	92,285	-	-
Trade creditors	94,180	217,236	-	-
Corporation tax	172,447	229,393	-	-
Other taxes and social security costs	175,849	145,696	-	-
Accruals and deferred income	393,252	337,591	-	-
	<u>897,512</u>	<u>1,022,201</u>	<u>-</u>	<u>-</u>

13 DEFERRED TAXATION	GROUP £
Asset at beginning of year	38,043
Charge for the year	(15,511)
Asset at end of year	<u>22,532</u>

The elements of deferred taxation are as follows

	GROUP	
	2011 £	2010 £
Difference between accumulated depreciation and capital allowances	10,293	18,538
Other timing differences	12,239	19,505
Deferred tax asset	<u>22,532</u>	<u>38,043</u>

PMI Health Group Limited
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2011

14	SHARE CAPITAL	2011 £	2010 £
	Allotted, called up and fully paid		
	2,550 'A' ordinary shares of £0.02 each	51	51
	637,978 'B' ordinary shares of £1 each	637,978	637,978
	200,000 'C' ordinary shares of £1 each	200,000	200,000
		<u>838,029</u>	<u>838,029</u>

In accordance with the company's Articles, the 'A' shares attract voting 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.

15	RESERVES	Capital redemption reserve £	Share premium £	Profit and loss account £
	GROUP			
	Balance at beginning of year	93,025	24,451	1,723,343
	Profit for the year	-	-	997,632
	Balance at end of year	<u>93,025</u>	<u>24,451</u>	<u>2,720,975</u>
	COMPANY			
	Balance at beginning of year	93,025	24,451	125,751
	Loss for the year	-	-	(1,156)
	Balance at end of year	<u>93,025</u>	<u>24,451</u>	<u>124,595</u>

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

16 PROFIT ATTRIBUTABLE TO THE MEMBERS OF THE PARENT COMPANY

The loss for the financial year before dividends dealt with in the accounts of the parent company, PMI Health Group Limited, was £1,156 (2010 a profit of £1,499,221)

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. The pension cost charge represents contributions payable by the Group amounted to £313,802 (2010 £251,613). Contributions outstanding at the year end totalled £24,511 (2010 £23,268).

18 COMMITMENTS UNDER OPERATING LEASES

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

	2011 £	2010 £
Land and buildings expiring over five years	157,800	157,800

19 CASH FLOW WORKINGS

a RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2011 £	2010 £
Operating profit	1,390,878	1,522,823
Depreciation	243,209	185,336
Profit on disposal of tangible fixed assets	(2,047)	(340)
Increase in debtors	(403,517)	(379,500)
Decrease in creditors	(67,743)	(77,447)
(Decrease)/increase in deferred income	(18,590)	8,097
Net cash inflow from operating activities	1,142,190	1,258,969

b ANALYSIS OF NET FUNDS

	At 1 July 2010 £	Cash Flow £	At 30 June 2011 £
Cash at bank and in hand	831,018	448,082	1,279,100

PMI Health Group Limited
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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 Ventures Limited
- Baldwin Enterprises Limited
- Baldwin Investments Limited
- Baldwin Estates Limited
- Argosy Systems Limited

At 30 June 2011 the VAT liability of the VAT group excluding that of the company was £66,238 (2010 £29,712)

21 RELATED PARTY TRANSACTIONS

CP Baldwin Pension Trust

The group rented certain properties from CP Baldwin's pension trust, rental for the year amounted to £157,800 (2010 £167,221)

The following creditor balances existed at the year end

	2011 £	2010 £
CP Baldwin Pension Trust	8,900	8,900

Baldwin Ventures Limited

During the year the group was recharged expenses aggregating to £213,025 (2010 £205,147) from Baldwin Ventures Limited, parent company of PMI Health Group Limited. At the year end there is a balance owing to Baldwin Ventures Limited of £32,988 (2010 £85,497)

Baldwin Landscaping Limited

Mr CP Baldwin is a director and controlling shareholder of Baldwin Landscaping Limited

During the year the group transacted with Baldwin Landscaping Limited. The nature of the trading activities and the relative values were as follows

	2011 £	2010 £
Gardening services	3,617	3,940

At the year end there is a creditor of £1,070 (2010 £253) owing by the company to Baldwin Landscaping Limited

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21 RELATED 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

	2011	2010
	£	£
Purchases		
Professional and advisory services	53,238	47,686

At the year end there is an accrual of £nil (2010 £7,068) owing by Private Medicine Intermediaries Limited and a creditor of £3,610 (2010 £7,352)

Absence Manager (IPR) Limited Group and Absence Manager Limited

The ultimate parent company of Private Medicine Intermediaries Limited controls 50.1% (2010 50.1%) of Absence Manager (IPR) Limited which in turn owns 100% of Absence Manager Limited

Private Medicine Intermediaries Limited incurred £53,220 (2010 £42,026) of recharges from Absence Manager Limited. At the year end there is a balance owing to Absence Manager Limited of £nil (2010 £6,788)

All transactions are at a commercial arms length basis

Non-Executive Director

MI Davis, a non-executive director, has outstanding fees due from Private Medicine Intermediaries Limited at the year end of £6,000 (2010 £3,008)

Dividend payments

During the year the company paid dividends amounting to £nil (2010 £1,344,073) to Baldwin Ventures Limited, parent company of PMI Health Group Limited

During the year the company paid dividends amounting to £nil (2010 £55,137) to RDH Munro, who is a director of the company

During the year the company paid dividends amounting to £nil (2010 £2,978) to MI Davis, who is a director of the company

PMI Health Group Limited
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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 there is no controlling party

The consolidated financial statements of this Group are available to the public and may be obtained from

Companies House
Crown Way
Cardiff
CW14 3UZ