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PMI HEALTH GROUP LIMITED (FORMERLY ASTORHOLD LIMITED)

Report and Group Accounts

30 June 2002

 ERNST & YOUNG


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COMPANIES HOUSE 30/06/02

PMI Health Group Limited

Registered Number: 2660256

DIRECTORS

C P Baldwin

R D H Munro

M I Davis

R D R Tresidder (appointed 27 September 2001)

SECRETARY

R D H Munro

AUDITORS

Ernst & Young LLP

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

PMI Health Group Limited

DIRECTORS' REPORT

The directors present their report and group accounts for the year ended 30 June 2002.

CHANGE OF NAME

On 13 June 2002 the company changed its name to PMI Health Group Limited from Astorhold Limited.

RESULTS AND DIVIDENDS

The group trading profit for the year after taxation was £716,793 (2001: £495,769). The directors propose the payment of a final dividend on the 'C' ordinary shares of £372,401 which leaves a profit of £344,392 to be retained.

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY

The company continued to act as a holding company throughout the year. The group sales and profits increased substantially.

DIRECTORS AND THEIR INTERESTS

The directors at 30 June 2002 and their interests in the share capital of the company were as follows:

	<i>B shares of £1 each</i>		<i>A shares of 2p each</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
C P Baldwin	-	-	2,550	2,550
R D H Munro	35,915	35,915	-	-
M I Davis	1,940	1,940	-	-
D R Tresidder (appointed 27 September 2001)	90,877	-	-	-

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board



R D H Munro
Secretary

25 April 2003

PMI Health Group 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 group and of the company and of the profit or loss of the group 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 confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS**to the members of PMI Health Group Limited (formerly Astorhold Limited)**

We have audited the group's financial statements for the year ended 30 June 2002 which comprise Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet, Company Balance Sheet, Group Statement of Cash Flows and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 auditors' 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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 group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 group'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.

REPORT OF THE INDEPENDENT AUDITORS
to the members of PMI Health Group Limited (formerly Astorhold Limited)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 30 June 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Manchester

20/06/02

PMI Health Group Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 30 June 2002

	<i>Note</i>	2002 £	2001 £
TURNOVER	2	5,702,433	4,807,765
Administrative expenses		(4,723,775)	(4,123,113)
OPERATING PROFIT	3	978,658	684,652
Interest receivable	6	57,635	54,174
Interest payable	7	(15,158)	(14,707)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,021,135	724,119
Taxation	8	(304,342)	(228,350)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	17	716,793	495,769
Dividend – final equity proposed	17	372,401	372,401
PROFIT RETAINED FOR THE FINANCIAL YEAR		344,392	123,368

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no other gains and losses in the year ended 30 June 2002 or the year ended 30 June 2001 other than as shown by the above profit and loss account.

PMI Health Group Limited

GROUP BALANCE SHEET as at 30 June 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	10	493,629	448,111
CURRENT ASSETS			
Debtors	12	1,415,458	1,257,138
Cash at bank and in hand		2,040,210	1,688,762
		3,455,668	2,945,900
CREDITORS: amounts falling due within one year	13	1,889,601	1,786,301
NET CURRENT ASSETS		1,566,067	1,159,599
TOTAL ASSETS LESS CURRENT LIABILITIES		2,059,696	1,607,710
CREDITORS: amounts falling due after more than one year	14	(94,145)	(69,881)
ACCRUALS AND DEFERRED INCOME			
Deferred revenue		(453,470)	(458,840)
		1,512,081	1,078,989
CAPITAL AND RESERVES			
Called up share capital	16	931,054	842,354
Share premium	17	24,451	24,451
Profit and loss account	17	556,576	212,184
EQUITY SHAREHOLDERS' FUNDS		1,512,081	1,078,989

Approved by the Board on 23 April 2003

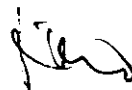
C P Baldwin

Director



R D H Munro

Director



PMI Health Group Limited


COMPANY BALANCE SHEET as at 30 June 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Investments	11	939,108	939,108
CURRENT ASSETS			
Debtors	12	388,952	296,252
CREDITORS: amounts falling due within one year	13	(372,401)	(372,401)
NET CURRENT ASSETS/(LIABILITIES)		16,551	(76,149)
TOTAL ASSETS LESS CURRENT LIABILITIES		955,659	862,959
CAPITAL AND RESERVES			
Called up share capital	16	931,054	842,354
Share premium	17	24,451	24,451
Profit and loss account	17	154	(3,846)
EQUITY SHAREHOLDERS' FUNDS		955,659	862,959

Approved by the Board on 23 April 2003


C P Baldwin

Director



R D H Munro

Director



PMI Health Group Limited

GROUP STATEMENT OF CASH FLOWS

for the year ended 30 June 2002

	<i>Note</i>	2002 £	2001 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	18(a)	1,220,383	447,921
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		57,635	54,174
Interest on hire purchase and finance lease contracts		(15,158)	(14,707)
		<u>42,477</u>	<u>39,467</u>
TAXATION			
Corporation tax paid		(385,000)	(31,817)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(210,076)	(155,823)
Receipts from sale of tangible fixed assets		22,013	21,933
		<u>(188,063)</u>	<u>(133,890)</u>
EQUITY DIVIDENDS PAID		(372,401)	-
NET CASH INFLOW BEFORE FINANCING		<u>317,396</u>	<u>321,681</u>
FINANCING			
Call on allotted share capital		88,700	-
Capital repayments of finance leases and hire purchase contracts		(54,648)	(114,509)
		<u>34,052</u>	<u>(114,509)</u>
INCREASE IN CASH	18(b)	<u>351,448</u>	<u>207,172</u>
RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS			
		2002 £	2001 £
Increase in cash		351,448	207,172
Cash outflow from decrease in lease financing		54,648	114,509
Change in net funds arising from cash flows	18(b)	<u>406,096</u>	<u>321,681</u>
New finance leases and hire purchase contracts		(90,262)	(119,479)
Movement in year		315,834	202,202
NET FUNDS AT 1 JULY		<u>1,541,196</u>	<u>1,338,994</u>
NET FUNDS AT 30 JUNE	18(b)	<u>1,857,030</u>	<u>1,541,196</u>

PMI Health Group Limited

NOTES TO THE ACCOUNTS

as at 30 June 2002

1. ACCOUNTING POLICIES

Basis of preparation

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

The group in the preparation of the accounts has adopted FRS 19 "Deferred Tax" and has therefore provided for any deferred taxation in full. The impact of adopting the standard on the results to 30 June 2002 was an increase in profit of £15,858 (2001: £nil).

Basis of consolidation

The group accounts consolidate the accounts of PMI Health Group Limited and its subsidiaries made up to 30 June each year. No profit and loss account is presented for PMI Health Group Limited as permitted by S230 (1) of the Companies Act 1985.

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 assets at rates calculated to write off the cost, less estimated residual value, of each asset based on prices prevailing at the date of acquisition, over its expected useful life as follows:

Short leasehold property	- over the life of the lease
Motor vehicles	- 20% straight line
Computer equipment	- 25% straight line
Fixtures, fittings and office equipment	- 25% 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 account 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 tax

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

PMI Health Group Limited

NOTES TO THE ACCOUNTS

as at 30 June 2002

1. ACCOUNTING POLICIES (continued)

Pensions

The group operates a defined contribution pension scheme. The group also makes contributions to selected individuals' personal pension schemes. Contributions are charged to the profit and loss account as they become payable.

2. TURNOVER

Turnover for the subsidiary Private Medicine Intermediaries Limited represents commissions and fees earned via insurance premium contracts. 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. Turnover is derived entirely from operations within the United Kingdom.

3. OPERATING PROFIT

This is stated after charging:

	2002	2001
	£	£
Auditors' remuneration - audit services	18,700	18,350
Operating leases - land and buildings	98,146	89,250
Depreciation of owned assets	140,372	120,584
Depreciation of assets held under hire purchase and finance leases	68,844	58,348
Loss on sale of tangible fixed assets	23,591	6,444
	<u> </u>	<u> </u>

4. DIRECTORS' REMUNERATION

	2002	2001
	£	£
Emoluments	92,312	87,619
Pension contributions	7,938	6,875
	<u> </u>	<u> </u>
	<u>100,250</u>	<u>94,494</u>

PMI Health Group Limited

NOTES TO THE ACCOUNTS

as at 30 June 2002

5. STAFF COSTS

Aggregate staff costs were as follows:

	2002	2001
	£	£
Wages and salaries	2,666,818	2,250,930
Social security costs	238,354	221,513
Other pension costs	93,139	78,088
	<u>2,998,311</u>	<u>2,550,531</u>

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

	2002	2001
	No.	No.
Management and administration	83	79
Sales staff	23	21
Medical staff	16	16
	<u>122</u>	<u>116</u>

6. INTEREST RECEIVABLE

	2002	2001
	£	£
Bank interest	<u>57,635</u>	<u>54,174</u>

7. INTEREST PAYABLE

	2002	2001
	£	£
Hire purchase and finance lease contracts	<u>15,158</u>	<u>14,707</u>

PMI Health Group Limited

NOTES TO THE ACCOUNTS

as at 30 June 2002

8. TAXATION

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2002	2001
	£	£
UK corporation tax	321,000	227,000
Tax (over)/under provided in previous years	(800)	1,350
Total current tax (note 8 (b))	<u>320,200</u>	<u>228,350</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(15,858)	-
Total deferred tax (note 8 (c))	<u>(15,858)</u>	<u>-</u>
Tax on profit on ordinary activities	<u><u>304,342</u></u>	<u><u>228,350</u></u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2001 – 30%). The differences are reconciled below:

	2002	2001
	£	£
Profit on ordinary activities before taxation	1,021,135	724,119
Profit on ordinary activities multiplied by standard rate of tax	306,340	217,236
Expenses not allowable for tax purposes	12,450	9,110
Depreciation in excess of capital allowances	866	5
Short term timing differences	240	653
(Over)/under provision in prior years	(800)	1,350
Other differences	1,104	(4)
Total current tax (note 8 (a))	<u><u>320,200</u></u>	<u><u>228,350</u></u>

(c) Deferred tax asset

	<i>Provided</i>	<i>Unprovided</i>
	2002	2001
	£	£
Depreciation in excess of capital allowances	(14,965)	(14,099)
Other timing differences	(893)	(653)
	<u><u>(15,858)</u></u>	<u><u>(14,752)</u></u>

A deferred tax asset has been provided on the basis that there will be future taxable profits against which the asset can be recovered.

PMI Health Group Limited

NOTES TO THE ACCOUNTS as at 30 June 2002

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY

	2002	2001
	£	£
Dealt with in the accounts of the holding company	4,000	-
Dealt with in the accounts of the subsidiary companies	712,793	495,769
	<u>716,793</u>	<u>495,769</u>

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>
	£	£	£	£	£
<i>Group</i>					
Cost:					
At 1 July 2001	18,133	572,607	337,426	276,190	1,204,356
Additions	-	138,046	113,813	48,479	300,338
Disposals	(18,133)	(160,199)	(156,473)	(86,145)	(420,950)
At 30 June 2002	<u>-</u>	<u>550,454</u>	<u>294,766</u>	<u>238,524</u>	<u>1,083,744</u>
Depreciation:					
At 1 July 2001	7,327	379,987	142,119	226,812	756,245
Charge for the year	-	102,548	67,443	39,225	209,216
Disposals	(7,327)	(172,804)	(100,797)	(94,418)	(375,346)
At 30 June 2002	<u>-</u>	<u>309,731</u>	<u>108,765</u>	<u>171,619</u>	<u>590,115</u>
Net book value:					
At 30 June 2002	<u>-</u>	<u>240,723</u>	<u>186,001</u>	<u>66,905</u>	<u>493,629</u>
At 30 June 2001	<u>10,806</u>	<u>192,620</u>	<u>195,307</u>	<u>49,378</u>	<u>448,111</u>

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 £186,001 (2001: £195,307).