

Private Medicine Intermediaries Limited

REPORT AND FINANCIAL STATEMENTS

30 June 2007

Company Registration No 02009675

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Private Medicine Intermediaries Limited

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Private Medicine Intermediaries Limited

DIRECTORS AND ADVISORS

DIRECTORS

CP Baldwin
RDH Munro
MI Davis
E Hammond
SJ Langan
RE Floyd
PM Forster (appointed on 23 August 2006)

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

Private Medicine Intermediaries Limited

DIRECTORS' REPORT

The directors submit their report and the audited financial statements of Private Medicine Intermediaries Limited for the year ended 30 June 2007

PRINCIPAL ACTIVITIES

The company continues to provide a growing range of employee healthcare services, including health related insurance consultancy

REVIEW OF THE BUSINESS

The company continues to successfully provide a healthcare insurance broking service, and works closely to assist clients in improving their performance by managing the health of their employees and reducing sickness absence

The company has continued to invest in the development of services available to our clients during the year

The increase in sales was in line with expectations. The expenditure remained in line with that of the previous year and was also in line with our business plan

The company has continued to meet the regulatory requirements set throughout the year

The directors are satisfied with the company's performance and believe that we continue to be in a strong position to fulfil our client needs and move the company forward

KEY PERFORMANCE INDICATORS

The company sets key performance indicators against which performance is reviewed

The key performance indicators cover all aspects of the business and include

- Work force activity measured against activity targets
- Costs incurred measured against planned costs and analytical review
- Sales measured against planned sales and analytical review
- Customer satisfaction reviews

We are satisfied with our performance when measured against these indicators

RISKS AND UNCERTAINTIES

The board and management of the company manage the risks and uncertainties facing the company on a continuous basis. We consider the principal risks and uncertainties to be as follows

- Changes in legislation in the markets in which we operate
- Political changes which may have an effect on the products and services we provide
- Social perception of the markets in which we operate
- Price fluctuations
- Competition
- Supplier availability
- Staff retention

Private Medicine Intermediaries Limited

DIRECTORS' REPORT

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

FINANCIAL INSTRUMENTS

The board use 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 monitor the prices we set against those of our competitors. This ensures that we continue to be competitive in the market

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

Cash flow - With the stringent credit control procedures that we employ and also the tight management of the group, we take the appropriate action to minimise this risk

FUTURE DEVELOPMENTS

The company 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

DIVIDENDS

The directors do not recommend the payment of a final dividend (2006 £nil). Interim dividends of £950,000 (2006 £4,000) have been paid

DIRECTORS

The directors who held office during the year were as follows

CP Baldwin
RDH Munro
MI Davis
E Hammond
SJ Langan
RE Floyd
PM Forster (appointed on 23 August 2006)

POLITICAL AND CHARITABLE DONATIONS

Contributions during the year to United Kingdom charitable organisations amounted to £4,710 (2006 £9,840)

Private Medicine Intermediaries Limited

DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements 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.

The financial statements have been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies.

AUDITORS

The directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditors will be put to the members at the Annual General Meeting.

The directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



RDH Munro
Secretary

24 April 2008

Private Medicine Intermediaries Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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, and
- 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 8 to 21

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 (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 30 June 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

25 April 2008

Private Medicine Intermediaries Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2007

	Note	2007 £	2006 £
TURNOVER		5,112,940	4,890,473
Administrative expenses		(4,323,161)	(4,304,143)
		<hr/>	<hr/>
OPERATING PROFIT	1	789,779	586,330
Interest receivable and similar income	4	100,986	88,717
Interest payable and similar charges	5	(2,520)	(1,349)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		888,245	673,698
Taxation	6	(288,585)	(216,345)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	14	599,660	457,353
		<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 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	8	<u>339,923</u>	<u>374,792</u>
CURRENT ASSETS			
Debtors	9	<u>1,611,258</u>	<u>1,461,907</u>
Cash at bank and in hand		<u>570,492</u>	<u>880,838</u>
CREDITORS Amounts falling due within one year			
	11	<u>2,181,750</u> <u>(682,348)</u>	<u>2,342,745</u> <u>(527,872)</u>
NET CURRENT ASSETS		<u>1,499,402</u>	<u>1,814,873</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,839,325</u>	<u>2,189,665</u>
NET ASSETS		<u>1,839,325</u>	<u>2,189,665</u>
CAPITAL AND RESERVES			
Called up share capital	13	<u>688,790</u>	<u>688,790</u>
Profit and Loss Account	14	<u>1,150,535</u>	<u>1,500,875</u>
EQUITY SHAREHOLDERS' FUNDS		<u>1,839,325</u>	<u>2,189,665</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The financial statements on pages 8 to 21 were approved by the board of directors and authorised for issue on **24 April** 2008 and are signed on its behalf by

CP Baldwin
Director



Private Medicine Intermediaries Limited
RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
for the year ended 30 June 2007

	Note	2007 £	2006 £
PROFIT FOR THE FINANCIAL YEAR		599,660	457,353
Dividends	7	(950,000)	(4,000)
		<hr/>	<hr/>
NET (REDUCTION IN)/ADDITION TO SHAREHOLDERS' FUNDS		(350,340)	453,353
Opening shareholders' funds		2,189,665	1,736,312
		<hr/>	<hr/>
CLOSING SHAREHOLDERS' FUNDS		1,839,325	2,189,665
		<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 ("FRS") 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 FRS 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
Motor vehicles	- 20% straight line
Fixtures, fittings and 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 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 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 2007

1	OPERATING PROFIT	2007 £	2006 £
	Operating profit is stated after charging		
	Auditors' remuneration – audit services	9,895	8,350
	Depreciation of owned fixed assets	143,182	161,047
	Depreciation of assets held under hire purchase contracts	-	3,748
	Loss on disposal of fixed assets	9,736	5,263
	Operating leases – land and buildings	93,336	93,336
		<u> </u>	<u> </u>
2	DIRECTORS' EMOLUMENTS	2007 £	2006 £
	Emoluments	349,048	325,815
	Compensation for loss of office	-	65,000
	Emoluments paid to third parties	246,396	249,733
	Pension fund contributions	23,427	21,150
		<u> </u>	<u> </u>
		618,871	661,698
		<u> </u>	<u> </u>
		2007 Number	2006 Number
	Members of defined contribution pension scheme	4	4
		<u> </u>	<u> </u>
		2007 £	2006 £
	Highest paid director		
	Emoluments	152,356	142,395
	Pension fund contributions	15,469	15,125
		<u> </u>	<u> </u>
		167,825	157,520
		<u> </u>	<u> </u>

Private Medicine Intermediaries Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

3	STAFF COSTS	2007	2006
		£	£
	Wages and salaries	2,432,819	2,502,030
	Social security costs	267,890	281,445
	Other pension costs	102,887	98,736
		<u>2,803,596</u>	<u>2,882,211</u>

Included in wages and salaries are redundancy and termination costs of £40,000 (2006 £114,000)

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

	2007	2006
	Number	Number
Management and administration	64	61
Sales	23	23
	<u>87</u>	<u>84</u>

4	INTEREST RECEIVABLE AND SIMILAR INCOME	2007	2006
		£	£
	Bank interest	100,986	88,717
		<u>100,986</u>	<u>88,717</u>

5	INTEREST PAYABLE AND SIMILAR CHARGES	2007	2006
		£	£
	Finance charges payable under hire purchase contracts	188	1,349
	Other interest payable	2,332	-
		<u>2,520</u>	<u>1,349</u>

Private Medicine Intermediaries Limited
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2007

6 TAXATION	2007	2006
	£	£
Current tax		
UK corporation tax on profits for the year	296,342	214,138
Adjustments in respect of previous years	-	362
	<hr/>	<hr/>
Total current tax (see below)	296,342	214,500
	<hr/>	<hr/>
Deferred taxation		
Origination and reversal of timing differences	(7,757)	1,845
	<hr/>	<hr/>
	(7,757)	1,845
	<hr/>	<hr/>
Tax on profit on ordinary activities	288,585	216,345
	<hr/> <hr/>	<hr/> <hr/>
Factors affecting tax charge for year	2007	2006
	£	£
The tax assessed for the year is higher than the standard rate of corporation tax in the UK 30% (2006 30%) The differences are explained below		
Profit on ordinary activities before tax	888,245	673,698
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2006 30%)	266,474	202,109
Effects of		
Expenses not allowable for tax purposes	22,125	13,788
Capital allowances in excess of depreciation	7,943	(1,997)
Other timing differences	(186)	238
Overprovision in prior years	-	362
Group relief	(14)	-
	<hr/>	<hr/>
Tax charge for year	296,342	214,500
	<hr/> <hr/>	<hr/> <hr/>

Private Medicine Intermediaries Limited
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2007

7	DIVIDENDS	2007 £	2006 £
	Equity		
	Interim dividend	950,000	4,000
		<u>950,000</u>	<u>4,000</u>
		<u><u>950,000</u></u>	<u><u>4,000</u></u>

8	TANGIBLE FIXED ASSETS	Computer equipment	Motor vehicles	Fixtures, fittings and equipment	Total
		£	£	£	£
	<i>Cost</i>				
	At beginning of year	512,140	243,634	221,755	977,529
	Additions	40,884	110,164	12,312	163,360
	Disposals	(15,506)	(82,182)	(2,518)	(100,206)
	At end of year	<u>537,518</u>	<u>271,616</u>	<u>231,549</u>	<u>1,040,683</u>
	<i>Depreciation</i>				
	At beginning of year	384,704	34,337	183,696	602,737
	Charged in the year	67,114	53,180	22,888	143,182
	Disposals	(12,016)	(31,276)	(1,867)	(45,159)
	At end of year	<u>439,802</u>	<u>56,241</u>	<u>204,717</u>	<u>700,760</u>
	<i>Net book value</i>				
	At 30 June 2007	<u><u>97,716</u></u>	<u><u>215,375</u></u>	<u><u>26,832</u></u>	<u><u>339,923</u></u>
	At 30 June 2006	<u><u>127,436</u></u>	<u><u>209,297</u></u>	<u><u>38,059</u></u>	<u><u>374,792</u></u>

Included in the net book value for motor vehicles above is £nil (2006 £10,305) relating to assets acquired under hire purchase contracts. Depreciation charged on these assets was £nil (2006 £3,748)

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

9	DEBTORS	2007 £	2006 £
	Trade debtors	1,032,664	1,027,319
	Amounts owed by parent undertaking	-	3,486
	Amounts owed by fellow subsidiary	386,635	329,903
	Prepayments and accrued income	154,656	74,179
	Deferred taxation (see note 12)	22,303	14,546
	Other debtors	15,000	12,474
		<u>1,611,258</u>	<u>1,461,907</u>

10 INSURANCE MONIES HELD

The company holds monies on behalf of its clients in statutory trust accounts in respect of insurance premiums of £825,215 (2006 £398,964)

11	CREDITORS Amounts falling due within one year	2007 £	2006 £
	Obligations under hire purchase contracts	-	4,499
	Amounts owed by parent undertakings	66,588	-
	Trade creditors	37,786	53,542
	Corporation tax	197,684	85,438
	Other taxes and social security costs	73,099	70,735
	Other creditor	31,058	-
	Accruals and sundry creditors	276,133	313,658
		<u>682,348</u>	<u>527,872</u>

Private Medicine Intermediaries Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

12	DEFERRED TAXATION		£
	Deferred taxation		
	At beginning of year		(14,546)
	Credit for the year		(7,757)
	At end of year		(22,303)

The elements of deferred taxation are as follows

	2007	2006
	£	£
Difference between accumulated depreciation and amortisation and capital allowances	(19,295)	(11,352)
Other timing differences	(3,008)	(3,194)
Deferred tax asset	(22,303)	(14,546)

13	SHARE CAPITAL	2007	2006
		£	£
	Authorised		
	Equity 1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
	Allotted, called up and fully paid		
	Equity 688,790 ordinary shares of £1 each	688,790	688,790
14	PROFIT AND LOSS ACCOUNT	2007	2006
		£	£
	Balance at beginning of year	1,500,875	1,047,522
	Profit for financial year	599,660	457,353
	Dividends paid	(950,000)	(4,000)
	At end of year	1,150,535	1,500,875

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

15 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 £10,026 (2006 £10,646)

16 COMMITMENTS

At 30 June 2007 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2007	2006
	£	£
Operating leases which expire in over five years	93,336	93,336
	<u>93,336</u>	<u>93,336</u>

There were no capital commitments outstanding at the balance sheet date (2006 £nil)

Private Medicine Intermediaries Limited
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2007

17 RELATED PARTY TRANSACTIONS

Baldwin Industries Limited

The company entered into transactions with Baldwin Industries Limited, a company in which CP Baldwin was a director and controlling shareholder until April 2007

The following transactions were entered into during the year

	2007 £	2006 £
Baldwin Industries Limited – other recharges	190,112	174,894

The following (creditor)/debtor balances existed at the year end

	2007 £	2006 £
Baldwin Industries Limited		
- current account	(5,651)	(19,725)
- loan account	-	12,474
- accruals	-	(3,668)
	(5,651)	(10,919)

During the year, a debtor of £12,664 (2006 £nil) due from Baldwin Industries Limited was written off

The group also rented certain properties from CP Baldwin's pension trust, rental for the year amounted to £93,336 (2006 £93,336)

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

	2007 £	2006 £
Professional and advisory services	51,502	54,839

At the year end there is an accrual of £13,000 (2006 £12,186) owing by the company to Hurlstone Management Ltd

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

18 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 Landscaping Limited
- Baldwin Enterprises Limited
- Baldwin Investments Limited
- Baldwin Estates Limited
- Argosy Systems Limited

At 30 June 2007 the VAT liability of the VAT group excluding that of the company was £36,249 (2006 £250,115)

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

19 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