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PRIVATE MEDICINE INTERMEDIARIES LIMITED

Report and Accounts

30 June 2000

 ERNST & YOUNG



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COMPANIES HOUSE 26/04/01

Private Medicine Intermediaries Limited

Registered Number 2009675

DIRECTORS

C P Baldwin
R D H Munro
J G Pritchard
D R Tresidder
M I Davis
E Hammond

SECRETARY

R D H Munro

AUDITORS

Ernst & Young
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

 ERNST & YOUNG

Private Medicine Intermediaries Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 June 2000.

RESULTS AND DIVIDENDS

The profit for the year after taxation, was £265,875 (1999: £333,481). The directors do not recommend payment of a dividend.

PRINCIPAL ACTIVITY

The company continues to act as a broker for medical insurance.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Board are able to report satisfactory progress in the year with an increase in turnover of 21% to £2,842,854 and profits of £265,875 compared with £333,481 for the previous year. The results for the year have been affected by the employment of a significant number of additional sales staff that have yet to cover the cost of their employment. However, these staff are necessary for the continued expansion of the business and there is expected to be a significant improvement in profits for the year ending 30 June 2001.

The Board wishes to thank all the employees for their support and dedication without which this continued improvement in performance would not be possible.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are shown on page 2.

None of the directors at 30 June 2000 had any interests in the share capital of the company.

The interests of the directors in the share capital of the parent company, Astorhold Limited are disclosed in the accounts of that company.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the Directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the board



R D H Munro
Secretary

Date: 19.4.2001

Private Medicine Intermediaries 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 company and of the profit or loss of the company 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 company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Private Medicine Intermediaries Limited

We have audited the accounts on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

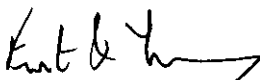
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Manchester

Date: 23/04/01

Private Medicine Intermediaries Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2000

	<i>Notes</i>	2000 £	1999 £
TURNOVER	2	2,842,854	2,347,013
Administrative expenses		(2,577,447)	(2,027,835)
OPERATING PROFIT	3	265,407	319,178
Interest receivable	6	38,513	28,589
Interest payable	7	(14,203)	(14,286)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		289,717	333,481
Tax on profit on ordinary activities	8	(23,842)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	265,875	333,481

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no other gains and losses in the year ended 30 June 2000 or the year ended 30 June 1999, other than the results reported above.

Private Medicine Intermediaries Limited

BALANCE SHEET at 30 June 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible fixed assets	9	233,666	308,755
CURRENT ASSETS			
Debtors	10	1,082,535	1,006,250
Cash at bank and in hand		1,231,565	1,100,785
		2,314,100	2,107,035
CREDITORS: amounts falling due within one year	11	(1,549,930)	(1,630,279)
NET CURRENT ASSETS		764,170	476,756
TOTAL ASSETS LESS CURRENT LIABILITIES		997,836	785,511
CREDITORS: amounts falling due after more than one year	12	(31,524)	(85,074)
		966,312	700,437
CAPITAL AND RESERVES			
Called up share capital	14,15	688,790	688,790
Profit and loss account	15	277,522	11,647
Shareholders' funds		966,312	700,437

Approved by the Board on 19.4.2001

C P Baldwin

Director



R D H Munro

Director



Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 2000

1. ACCOUNTING POLICIES

Basis of preparation

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

Cashflow statement

The company has taken advantage of the exemption available under FRS 1 (revised) and does not present a cashflow statement.

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 taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Pensions

The company operates a defined contribution pension scheme. The company 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 represents commissions and fees earned via insurance premium contracts. Turnover and pre-tax profit is derived entirely from operations within the United Kingdom.

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 2000

3. OPERATING PROFIT

(a) This is stated after charging the following:

	2000	1999
	£	£
Auditors' remuneration - audit services	9,000	10,000
Depreciation of owned assets	78,119	60,978
Depreciation of assets held under hire purchase contracts	48,072	43,107
Loss on sale of tangible fixed assets	2,109	5,076
Operating leases - land and buildings	55,600	53,530
	<u> </u>	<u> </u>

4. DIRECTORS' EMOLUMENTS

	2000	1999
	£	£
Total emoluments :		
Emoluments	227,134	202,304
Pension fund contributions	14,576	13,499
	<u>241,710</u>	<u>215,803</u>

	2000	1999
	£	£
Highest paid director:		
Emoluments	69,514	58,881
Pension fund contributions	6,198	5,625
	<u>75,712</u>	<u>64,506</u>

5. STAFF COSTS

	2000	1999
	£	£
Wages and salaries	1,346,942	1,114,132
Social security costs	124,495	96,926
Other pension costs	42,641	32,206
	<u>1,514,078</u>	<u>1,243,264</u>

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 2000

5. STAFF COSTS (continued)

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

	2000 <i>No.</i>	1999 <i>No.</i>
Management and administration	52	47
Sales	20	12
	<u>72</u>	<u>59</u>

6. INTEREST RECEIVABLE

	2000 £	1999 £
Bank interest	38,513	28,589

7. INTEREST PAYABLE

	2000 £	1999 £
Finance charges payable under hire purchase contracts	14,203	14,286

8. TAXATION

	2000 £	1999 £
Based on the profit for the year:		
Corporation tax	23,842	-

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 2000

9. 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>
	£	£	£	£	£
Cost:					
At 1 July 1999	7,676	159,607	264,012	103,511	534,806
Additions	-	23,505	27,471	11,309	62,285
Disposals	-	(1,530)	(30,560)	(1,239)	(33,329)
At 30 June 2000	7,676	181,582	260,923	113,581	563,762
Depreciation:					
At 1 July 1999	1,748	97,850	60,000	66,453	226,051
Charge for the year	624	44,466	52,234	28,867	126,191
Disposals	-	(1,530)	(19,377)	(1,239)	(22,146)
At 30 June 2000	2,372	140,786	92,857	94,081	330,096
Net book value:					
At 30 June 2000	5,304	40,796	168,066	19,500	233,666
At 30 June 1999	5,928	61,757	204,012	37,058	308,755

Included in the net book value for motor vehicles above is £160,112 (1999: £204,012) relating to assets held under hire purchase contracts.

10. DEBTORS

	2000	1999
	£	£
Trade debtors	921,802	764,937
Amounts owed by holding company	96,008	96,008
Amounts owed by fellow subsidiary	38,968	96,949
Prepayments and accrued income	2,803	1,189
Other debtors	22,954	47,167
	1,082,535	1,006,250

The amount owed by fellow subsidiary of £38,968 is due after more than one year (1999: £96,949). The company has given an undertaking that it will not require payment of the amounts owed by the holding company of £96,008 within 12 months of the date these accounts have been signed.

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 2000

11. CREDITORS: amounts falling due within one year

	2000	1999
	£	£
Obligations under hire purchase contracts (note 13)	91,580	74,479
Trade creditors	1,271,898	1,377,208
Other taxes and social security	22,454	32,589
Accruals and sundry creditors	140,156	146,003
Corporation tax	23,842	-
	<u>1,549,930</u>	<u>1,630,279</u>

12. CREDITORS: amounts falling due after more than one year

	2000	1999
	£	£
Obligations under hire purchase contracts (note 13)	<u>31,524</u>	<u>85,074</u>

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

The analysis of these amounts is as follows:

	2000	1999
	£	£
Amounts payable:		
within one year	98,695	85,936
within two to five years	34,130	91,027
	<u>132,825</u>	<u>176,963</u>
Less: finance charges allocated to future periods	(9,721)	(17,410)
	<u>123,104</u>	<u>159,553</u>

Hire purchase contracts are analysed as follows:

Current obligations (note 11)	91,580	74,479
Non-current obligations (note 12)	31,524	85,074
	<u>123,104</u>	<u>159,553</u>

14. CALLED UP SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	2000	1999	2000	1999
	No.	No.	£	£
Ordinary shares of £1 each	1,000,000	1,000,000	688,790	688,790
	<u>1,000,000</u>	<u>1,000,000</u>	<u>688,790</u>	<u>688,790</u>

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS at 30 June 2000

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 1 July 1998	688,790	(321,834)	366,956
Profit for the year	-	333,481	333,481
At 30 June 1999	688,790	11,647	700,437
Profit for the year	-	265,875	265,875
At 30 June 2000	688,790	277,522	966,312

16. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £58,000 (1999: £Nil).

17. 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 Limited Group Personal Pension Scheme, which was established in the year. Contributions were fully paid at the year end.

18. COMMITMENTS

At 30 June 2000 the company had annual commitments under non-cancellable operating leases as set out below.

	<i>Land and buildings</i>	
	2000	1999
	£	£
Operating leases which expire in over five years	58,933	53,530

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 2000

19. RELATED PARTY TRANSACTIONS

The company has relied upon the exemption under paragraph 3(c) of FRS 8 not to disclose certain related party transactions.

The following companies are considered, due to common ownership, to be related parties with whom transactions have occurred during the year:

Baldwin Industries Limited
Corporate Medical Management Limited (Fellow Subsidiary)
Astorhold Limited (Holding Company)

The following transactions were entered into during the year:

	<i>Rental charges</i>	<i>Other recharges</i>
	£	£
Baldwin Industries Limited	55,600	166,728

The following balances existed at the year end:

	<i>Creditor</i>
	£
Baldwin Industries Limited	38,415

The balances with group companies are disclosed in note 10.

20. HOLDING COMPANY AND ULTIMATE CONTROLLING PARTY

The company's holding company is Astorhold Limited, a company incorporated in the United Kingdom. The directors are of the opinion that Mr C P Baldwin is the ultimate controlling party.