

PMI Health Group Limited

REPORT AND FINANCIAL STATEMENTS

30 June 2007

Company Registration No 2660256

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PMI Health Group Limited

CONTENTS

DIRECTORS AND ADVISORS	1
DIRECTORS' REPORT	2
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS	5
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PMI HEALTH GROUP LIMITED	6
CONSOLIDATED PROFIT AND LOSS ACCOUNT	8
COMPANY PROFIT AND LOSS ACCOUNT	9
CONSOLIDATED BALANCE SHEET	10
COMPANY BALANCE SHEET	11
RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	12
CONSOLIDATED CASH FLOW STATEMENT	13
ACCOUNTING POLICIES	15
NOTES TO THE FINANCIAL STATEMENTS	17

PMI Health Group Limited

DIRECTORS AND ADVISORS

DIRECTORS

CP Baldwin
RDH Munro
MI Davis
M Baldwin (appointed on 7 June 2007)

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 2007

PRINCIPAL ACTIVITIES

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

REVIEW OF BUSINESS

PMI Health Group Limited continues to operate as a Holding Company

The group continues to successfully provide an employee healthcare service, working closely to assist clients in improving their performance by managing the health of their employees and reducing sickness absence

The group has invested heavily in the development of services available to our clients during the year. We have further invested in our general insurance team and also continued to develop the absence management services that we offer

The increase in group sales was in line with expectations. Expenditure was tightly controlled and included investment in expanding our range of services and products

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

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

KEY PERFORMANCE INDICATORS

The group set 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 group manage the risks and uncertainties facing the group 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

PMI Health Group Limited

DIRECTORS' REPORT (continued)

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 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 trading profit for the year after taxation was £703,460 (2006 £654,450). The directors propose the payment of a final dividend on the 'C' ordinary shares of £nil (2006 £nil) which, after dividends paid of £1,004,930 (2006 £nil) and £255,405 (2006 £nil) purchase of own shares, leaves a deficit of £556,875 (2006 surplus of £654,450) 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 (appointed on 7 June 2007)

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

PMI Health Group Limited

DIRECTORS' REPORT (continued)

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.

By order of the board



RDH Munro
Secretary

24 April 2008

PMI Health Group 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 PMI HEALTH GROUP LIMITED

We have audited the financial statements on pages 8 to 27

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 group's and 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 PMI HEALTH GROUP 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 and group affairs at 30 June 2007 and of the company and group's 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

PMI Health Group Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2007

	Notes	2007 £	2006 £
TURNOVER		7,295,443	7,202,630
Administrative expenses		(6,358,367)	(6,333,611)
OPERATING PROFIT		937,076	869,019
Interest receivable and similar income	1	100,986	88,717
Interest payable and similar charges	4	(2,520)	(2,126)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,035,542	955,610
Taxation	6	(332,082)	(301,160)
PROFIT FOR THE FINANCIAL YEAR		703,460	654,450

The 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
COMPANY PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2007

	2007	2006
	£	£
Administrative (expenses)/income	(1,324)	105
Income from shares in group undertakings	1,300,000	4,000
	<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	1,298,676	4,105
	<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

PMI Health Group Limited
 CONSOLIDATED BALANCE SHEET
 at 30 June 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	8	426,366	500,328
CURRENT ASSETS			
Debtors	10	1,741,690	1,588,200
Cash at bank and in hand		1,605,055	2,149,254
		3,346,745	3,737,454
CREDITORS Amounts falling due within one year	12	(868,888)	(729,829)
NET CURRENT ASSETS		2,477,857	3,007,625
TOTAL ASSETS LESS CURRENT LIABILITIES		2,904,223	3,507,953
DEFERRED INCOME		(602,354)	(649,209)
NET ASSETS		2,301,869	2,858,744
CAPITAL AND RESERVES			
Called up share capital	14	839,973	891,054
Capital redemption reserve	15	91,081	40,000
Share premium	15	24,451	24,451
Profit and loss account	15	1,346,364	1,903,239
EQUITY SHAREHOLDERS' FUNDS		2,301,869	2,858,744

The financial statements on pages 8 to 27 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



PMI Health Group Limited
COMPANY BALANCE SHEET
at 30 June 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Investments	9	<u>939,108</u>	<u>939,108</u>
CURRENT ASSETS			
Debtors (£20,000 due after more than one year (2006 £20,000))	10	54,855	20,000
CREDITORS Amounts falling due within one year	12	-	(3,486)
NET CURRENT ASSETS		<u>54,855</u>	<u>16,514</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>993,963</u></u>	<u><u>955,622</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	839,973	891,054
Capital redemption reserve	15	91,081	40,000
Share premium	15	24,451	24,451
Profit and loss account	15	38,458	117
EQUITY SHAREHOLDERS' FUNDS		<u><u>993,963</u></u>	<u><u>955,622</u></u>

The financial statements on pages 8 to 27 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



PMI Health Group Limited

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS for the year ended 30 June 2007

	GROUP		COMPANY	
	2007	2006	2007	2006
	£	£	£	£
PROFIT FOR THE FINANCIAL YEAR	703,460	654,450	1,298,676	4,105
Dividends	(1,004,930)	-	(1,004,930)	-
Purchase of own shares	(255,405)	-	(255,405)	-
	<hr/>	<hr/>	<hr/>	<hr/>
NET (REDUCTION IN)/ADDITION TO SHAREHOLDERS' FUNDS	(556,875)	654,450	38,341	4,105
Opening shareholders' funds	2,858,744	2,204,294	955,622	951,517
	<hr/>	<hr/>	<hr/>	<hr/>
CLOSING SHAREHOLDERS' FUNDS	2,301,869	2,858,744	993,963	955,622
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

PMI Health Group Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2007

	Note	2007 £	2006 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	18(a)	984,098	1,096,625
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		100,986	88,717
Interest on hire purchase and finance lease contracts		(188)	(2,126)
Other interest		(2,332)	-
		98,466	86,591
TAXATION			
Corporation tax paid		(227,721)	(363,702)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(179,569)	(339,846)
Receipts from sale of tangible fixed assets		45,361	65,442
		(134,208)	(274,404)
EQUITY DIVIDENDS PAID		(1,004,930)	-
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(284,295)	545,110
FINANCING			
Capital repayments of finance leases and hire purchase contracts		(4,499)	(35,395)
Purchase of own shares		(255,405)	-
(DECREASE)/INCREASE IN CASH IN THE YEAR	18(b)	(544,199)	509,715

PMI Health Group Limited
CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 30 June 2007

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Note	2007 £	2006 £
(Decrease)/increase in cash in the year		(544,199)	509,715
Cash outflow from lease financing		4,499	35,395
		<hr/>	<hr/>
Change in net funds arising from cash flows	18(b)	(539,700)	545,110
		<hr/>	<hr/>
MOVEMENT IN NET FUNDS IN YEAR		(539,700)	545,110
NET FUNDS AT START OF YEAR		2,144,755	1,599,645
		<hr/>	<hr/>
NET FUNDS AT END OF YEAR	18(b)	1,605,055	2,144,755
		<hr/> <hr/>	<hr/> <hr/>

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 accounting standards

BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of PMI Health Group Limited and all its subsidiary undertakings. These financial statements are made up to 30 June 2007

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

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 office 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 Group'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

PMI Health Group Limited

ACCOUNTING POLICIES (continued)

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. All commission and fee income is recognised at the date the policy commences.

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.

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

1	OPERATING PROFIT	GROUP		COMPANY	
		2007	2006	2007	2006
		£	£	£	
	Operating profit is stated after charging				
	Baker Tilly				
	Auditors' remuneration – audit services	-	18,765	-	-
	– other services	-	3,395	-	-
	Baker Tilly UK Audit LLP				
	Auditors' remuneration – audit services	16,085	-	-	-
	Baker Tilly Tax and Advisory Services LLP				
	Auditors' remuneration – other services	7,345	-	1,278	-
	Operating leases – land and buildings	140,000	140,000	-	-
	Depreciation of owned assets	193,735	211,887	-	-
	Depreciation of assets held under hire purchase and finance leases	-	3,748	-	-
	Loss on sale of tangible fixed assets	14,435	11,141	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
2	DIRECTORS' REMUNERATION			GROUP	
				2007	2006
				£	£
	Emoluments			152,356	142,395
	Emoluments paid to third parties			246,396	249,733
	Pension fund contributions			15,469	15,125
				<u> </u>	<u> </u>
				414,221	407,253
				<u> </u>	<u> </u>
				GROUP	
				2007	2006
				Number	Number
	Members of defined contribution pension scheme			2	2
				<u> </u>	<u> </u>
				GROUP	
				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>
	COMPANY				
	There were no directors' emoluments paid by the company (2006 £nil)				

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

3	STAFF COSTS	GROUP	
		2007	2006
		£	£
	Aggregate staff costs were as follows		
	Wages and salaries	3,543,685	3,584,254
	Social security costs	385,950	395,039
	Other pension costs	163,961	156,247
		<u>4,093,596</u>	<u>4,135,540</u>

Included in wages and salaries are redundancy and termination costs of £45,000 (2006 £114,000)

COMPANY

There were no staff costs incurred by the company

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

	GROUP		COMPANY	
	2007	2006	2007	2006
	Number	Number	Number	Number
Management and administration	89	85	3	3
Sales staff	23	23	-	-
Medical staff	15	17	-	-
	<u>127</u>	<u>125</u>	<u>3</u>	<u>3</u>

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

5	INTEREST PAYABLE AND SIMILAR CHARGES	GROUP	
		2007	2006
		£	£
	Hire purchase and finance lease contracts	188	2,126
	Other interest payable	2,332	-
		<u>2,520</u>	<u>2,126</u>

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

6	TAXATION	GROUP	
		2007 £	2006 £
	Current tax		
	UK corporation tax on profits for the year	343,420	296,454
	Adjustments in respect of previous years	-	316
		<hr/>	<hr/>
	Total current tax (see below)	343,420	296,770
		<hr/>	<hr/>
	Deferred taxation		
	Origination and reversal of timing differences	(11,338)	4,390
		<hr/>	<hr/>
	Total deferred tax	(11,338)	4,390
		<hr/>	<hr/>
	Tax on profit on ordinary activities	332,082	301,160
		<hr/> <hr/>	<hr/> <hr/>

	GROUP	
	2007 £	2006 £
Factors affecting tax charge for year		
The tax assessed for the period 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	1,035,542	955,610
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2006 30%)	310,663	286,683
Effects of		
Expenses not deductible for tax purposes	22,482	14,107
Capital allowances less than depreciation/(in excess of)	11,530	(4,429)
Short term timing differences	(223)	125
Under provision in prior years	-	316
Other differences	(1,032)	(32)
	<hr/>	<hr/>
Tax charge for year	343,420	296,770
	<hr/> <hr/>	<hr/> <hr/>

COMPANY

There is no tax payable by the company

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

7	DIVIDENDS	GROUP AND COMPANY	
		2007	2006
		£	£
	Equity dividends		
	Interim paid	1,004,930	-

8 TANGIBLE FIXED ASSETS

GROUP	Computer equipment	Motor vehicles	Fixtures, fittings and equipment	Total
	£	£	£	£
<i>Cost</i>				
At beginning of year	879,524	284,887	368,092	1,532,503
Additions	56,394	110,164	13,011	179,569
Disposals	(30,722)	(82,182)	(6,477)	(119,381)
At end of year	905,196	312,869	374,626	1,592,691
<i>Depreciation</i>				
At beginning of year	693,863	44,088	294,224	1,032,175
Charged in the year	98,034	61,431	34,270	193,735
Disposals	(22,483)	(31,276)	(5,826)	(59,585)
At end of year	769,414	74,243	322,668	1,166,325
<i>Net book value</i>				
At 30 June 2007	135,782	238,626	51,958	426,366
At 30 June 2006	185,661	240,799	73,868	500,328

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 £nil (2006 £10,305)
 Depreciation charged on these assets was £nil (2006 £3,748)

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

9 INVESTMENTS

COMPANY

Investments in subsidiary undertakings

Cost
 At 1 July 2006 and 30 June 2007 £
 939,108

Subsidiary undertakings (both included in the consolidation)

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

The subsidiary companies are registered in England and Wales

10 DEBTORS

	GROUP		COMPANY	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	1,442,916	1,418,093	-	-
Amounts due from subsidiary company	-	-	54,855	20,000
Deferred taxation (see note 13)	36,535	25,197	-	-
Prepayments and accrued income	212,239	132,287	-	-
Other debtors	50,000	12,623	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,741,690	1,588,200	54,855	20,000
	<hr/>	<hr/>	<hr/>	<hr/>

An amount of £20,000 (2006 £20,000) due from Corporate Medical Management Limited is due after more than one year

11 INSURANCE MONIES HELD

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

PMI Health Group Limited
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2007

12 CREDITORS Amounts falling due within one year	GROUP		COMPANY	
	2007 £	2006 £	2007 £	2006 £
Amounts owed to parent undertaking	31,733	-	-	-
Amounts owed to subsidiary	-	-	-	3,486
Trade creditors	48,262	63,047	-	-
Obligations under hire purchase contracts	-	4,499	-	-
Corporation tax	244,007	128,308	-	-
Other taxes and social security costs	130,938	149,575	-	-
Accruals and other creditors	413,948	384,400	-	-
	<u>868,888</u>	<u>729,829</u>	<u>-</u>	<u>3,486</u>

13 DEFERRED TAXATION	GROUP £
Deferred tax asset	
At beginning of year	(25,197)
Credit for the year	(11,338)
At end of year	<u>(36,535)</u>

The elements of deferred taxation are as follows

	GROUP	
	2007 £	2006 £
Difference between accumulated depreciation and amortisation and capital allowances	(31,963)	(20,402)
Other timing differences	(4,572)	(4,795)
Deferred tax asset	<u>(36,535)</u>	<u>(25,197)</u>

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

14	SHARE CAPITAL	2007	2006
		£	£
	Authorised		
	Equity 250,000 'A' ordinary shares of £0.02 each	5,000	5,000
	Equity 1,000,000 'B' ordinary shares of £1 each	1,000,000	1,000,000
	Equity 200,000 'C' ordinary shares of £1 each	200,000	200,000
		<u>1,205,000</u>	<u>1,205,000</u>
		2007	2006
		£	£
	Allotted, called up and fully paid		
	Equity 2,550 'A' ordinary shares of £0.02 each	51	51
	Equity 639,922 'B' ordinary shares of £1 each (2006 691,003 'B' ordinary shares of £1 each)	639,922	691,003
	Equity 200,000 'C' ordinary shares of £1 each	200,000	200,000
		<u>839,973</u>	<u>891,054</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.

During the year the company purchased 51,081 ordinary £1 'B' shares for £255,405. This represents 7.4% of the 'B' ordinary £1 shares in issue prior to the transaction.

PMI Health Group Limited
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2007

15 RESERVES	Capital redemption reserve £	Share premium £	Profit and loss account £
GROUP			
Balance at beginning of year	40,000	24,451	1,903,239
Profit for the year	-	-	703,460
Purchase of own shares	51,081	-	(255,405)
Dividend	-	-	(1,004,930)
Balance at end of year	91,081	24,451	1,346,364
COMPANY			
Balance at beginning of year	40,000	24,451	117
Profit for the year	-	-	1,298,676
Dividend	-	-	(1,004,930)
Purchase of own shares	51,081	-	(255,405)
Balance at end of year	91,081	24,451	38,458

16 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 2005. Contributions outstanding at the year end totalled £15,241 (2006 £15,190).

17 COMMITMENTS UNDER OPERATING LEASES

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

	2007 £	2006 £
Land and buildings expiring over five years	140,000	140,000

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

18 CASH FLOW WORKINGS

a	RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2007 £	2006 £
	Operating profit	937,076	869,019
	Depreciation	193,735	215,635
	Loss on disposal of tangible fixed assets	14,435	11,141
	(Increase)/decrease in debtors	(142,152)	78,185
	Increase/(decrease) in creditors	27,859	(87,573)
	(Decrease)/increase in deferred income	(46,855)	10,218
	Net cash inflow from operating activities	<u>984,098</u>	<u>1,096,625</u>

b ANALYSIS OF NET FUNDS

	At 1 July 2006 £	Cash Flow £	At 30 June 2007 £
Cash at bank and in hand	2,149,254	(544,199)	1,605,055
Hire purchase and finance lease contracts	(4,499)	4,499	-
	<u>2,144,755</u>	<u>(539,700)</u>	<u>1,605,055</u>

19 CONTINGENT LIABILITIES

All group companies are members of a VAT group together with the following companies which are all under the common control of Mr CP Baldwin

- Baldwin 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 £202,888)

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

20 RELATED PARTY TRANSACTIONS

Baldwin Industries Limited

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

The following transactions were entered into during the year

	Private Medicine Intermediaries Limited		Corporate Medical Management Limited	
	2007	2006	2007	2006
	£	£	£	£
Purchases				
Other recharges	190,112	174,894	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following balances existed in the year end

	Private Medicine Intermediaries Limited		Corporate Medical Management Limited	
	2007	2006	2007	2006
	£	£	£	£
Baldwin Industries Limited				
- current account	(5,651)	(19,725)	-	365
- loan account	35,000	12,474	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
(Creditor)/debtor	29,349	(7,251)	-	365
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 £140,000 (2006 £140,000)

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

	2007	2006
	£	£
Purchases		
Professional and advisory services	54,839	54,839
	<u> </u>	<u> </u>

At the year end there is an accrual of £13,000 (2006 £12,186) owing by Private Medicine Intermediaries Limited

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

21 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 Mr CP Baldwin is the ultimate controlling party