

PMI Health Group Limited

REPORT AND FINANCIAL STATEMENTS

30 June 2010



Company Registration No 2660256

PMI Health Group Limited

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PMI Health Group Limited

DIRECTORS AND ADVISORS

DIRECTORS

CP Baldwin
RDH Munro
MI Davis
M Baldwin

SECRETARY

RDH Munro

REGISTERED OFFICE

The Courtyard
Hall Lane
Wincham
Cheshire
CW9 6DG

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

BANKERS

National Westminster Bank PLC
23 Stamford New Road
Altrincham
Cheshire
WA14 1DB

SOLICITORS

Chandler Harris
25 Byrom Street
Manchester
M3 4PF

PMI Health Group Limited

DIRECTORS' REPORT

The Directors submit their report and the financial statements of PMI Health Group Limited for the year ended 30 June 2010

PRINCIPAL ACTIVITIES

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

REVIEW OF BUSINESS

PMI Health Group Limited continues to operate as a Holding Company

The group reported an increase in turnover of 2.45% during the year, which was due mainly to an increase in sales of occupational health services. This was aided by tightly controlled expenditure, which increased by 1.65% during the year as additional resource was recruited to service the new contracts. Interest rates were significantly lower in 2010 than in previous years and, as a consequence, interest earned fell by 86%

Operating profit increased by 6% and the directors are satisfied with the group's performance

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

RISKS AND UNCERTAINTIES

The board and management of the group manage the risks and uncertainties facing the group on a continuous basis. We consider the principal risks and uncertainties to be areas effecting FSA regulations and political changes which may have an effect on the products and services we provide

Future risks faced by the group are price fluctuations in the market, supplier availability in respect of insurance companies and retention of certain key staff

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

FINANCIAL INSTRUMENTS

The board 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

PMI Health Group Limited

DIRECTORS' REPORT

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

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

FUTURE DEVELOPMENTS

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

RESULTS AND DIVIDENDS

The group profit for the year after taxation was £1,102,663 (2009 £1,057,665). The directors do not recommend a final dividend (2009 £1,430,227). During the year no interim dividends for 2010 were paid (2009 £717,412) leaving a profit of £1,102,663 (2009 surplus of £340,253) to be transferred from reserves.

DIRECTORS

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

CP Baldwin
RDH Munro
MI Davis
M Baldwin

POLITICAL AND CHARITABLE DONATIONS

During the year, a subsidiary undertaking of the group made donations of £43,820 (2009 £28,149) to various registered UK charities. These donations include £23,212 (2009 £22,212) to the Duke of Edinburgh Award Scheme, £8,623 to children's charities, £5,000 to the Red Cross, £1,500 (2009 £1,400) to Barnados and £5,485 (2009 £4,537) to a number of other charities.

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 has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

PMI Health Group Limited

DIRECTORS' REPORT

AUDITORS

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

By order of the board



RDH Munro
Director

9 March 2011

PMI Health Group Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business,

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

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

We have audited the group and parent company financial statements (the "financial statements") on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

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

30 March

2011

PMI Health Group Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2010

	Note	2010 £	2009 £
TURNOVER		8,700,799	8,492,791
Administrative expenses		(7,177,976)	(7,061,147)
OPERATING PROFIT		1,522,823	1,431,644
Interest receivable and similar income	4	8,808	62,510
Interest payable and similar charges	5	-	(7,226)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1-5	1,531,631	1,486,928
Taxation	6	(428,968)	(429,263)
PROFIT FOR THE FINANCIAL YEAR	15	1,102,663	1,057,665

The turnover and operating profit for the year arises from the group's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account

PMI Health Group Limited
CONSOLIDATED BALANCE SHEET
at 30 June 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	8	592,276	482,679
CURRENT ASSETS			
Debtors	10	2,987,382	2,607,882
Cash at bank and in hand	11	831,018	1,709,864
		3,818,400	4,317,746
CREDITORS Amounts falling due within one year	12	(1,022,201)	(1,092,483)
NET CURRENT ASSETS		2,796,199	3,225,263
TOTAL ASSETS LESS CURRENT LIABILITIES		3,388,475	3,707,942
DEFERRED INCOME		(709,627)	(701,530)
NET ASSETS		2,678,848	3,006,412
CAPITAL AND RESERVES			
Called up share capital	14	838,029	838,029
Capital redemption reserve	15	93,025	93,025
Share premium	15	24,451	24,451
Profit and loss account	15	1,723,343	2,050,907
SHAREHOLDERS' FUNDS		2,678,848	3,006,412

The financial statements on pages 7 to 24 were approved by the board of directors and authorised for issue on 9 March 2011 and are signed on its behalf by



M Baldwin
Director

PMI Health Group Limited
COMPANY BALANCE SHEET
at 30 June 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Investments	9	939,108	939,108
CURRENT ASSETS			
Debtors (£nil due after more than one year (2009 £20,000))	10	142,148	73,154
NET CURRENT ASSETS		142,148	73,154
NET ASSETS		1,081,256	1,012,262
CAPITAL AND RESERVES			
Called up share capital	14	838,029	838,029
Capital redemption reserve	15	93,025	93,025
Share premium	15	24,451	24,451
Profit and loss account	15	125,751	56,757
SHAREHOLDERS' FUNDS		1,081,256	1,012,262

The financial statements on pages 7 to 24 were approved by the board of directors and authorised for issue on *9 March* 2011 and are signed on its behalf by


M Baldwin
Director

PMI Health Group Limited

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS for the year ended 30 June 2010

	Note	GROUP		COMPANY	
		2010	2009	2010	2009
		£	£	£	£
PROFIT FOR THE FINANCIAL YEAR		1,102,663	1,057,665	1,499,221	748,882
Dividends	7	(1,430,227)	(717,412)	(1,430,227)	(717,412)
		<hr/>	<hr/>	<hr/>	<hr/>
NET (REDUCTION IN)/ADDITION TO SHAREHOLDERS' FUNDS		(327,564)	340,253	68,994	31,470
Opening shareholders' funds		3,006,412	2,666,159	1,012,262	980,792
		<hr/>	<hr/>	<hr/>	<hr/>
CLOSING SHAREHOLDERS' FUNDS		2,678,848	3,006,412	1,081,256	1,012,262
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

PMI Health Group Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2010

	Note	2010		2009	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	19(a)		1,258,969		1,292,043
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		8,808		62,510	
Other interest		-		(7,226)	
			8,808		55,284
TAXATION					
Corporation tax paid			(421,803)		(426,154)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(329,713)		(255,061)	
Receipts from sale of tangible fixed assets		35,120		37,840	
			(294,593)		(217,221)
DIVIDENDS PAID			(1,430,227)		(717,412)
DECREASE IN CASH IN THE YEAR	19(b)		(878,846)		(13,460)

PMI Health Group Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2010

RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS

	Note	£
Decrease in cash in the year		(878,846)
MOVEMENT IN NET FUNDS IN YEAR		(878,846)
NET FUNDS AT BEGINNING OF YEAR		1,709,864
NET FUNDS AT END OF YEAR	19(b)	831,018

PMI Health Group Limited

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements

BASIS OF ACCOUNTING

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

GOING CONCERN

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

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

BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of PMI Health Group Limited and all of its subsidiary undertakings. These financial statements are made up to 30 June 2010.

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

The consolidated financial statements are based on financial statements of subsidiary undertakings which have coterminous year ends.

RELATED PARTY TRANSACTIONS

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

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

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

DEFERRED TAXATION

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements.

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

INVESTMENTS

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

PMI Health Group Limited

ACCOUNTING POLICIES

LEASED ASSETS AND OBLIGATIONS

All leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term

RETIREMENT BENEFITS

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

INSURANCE CREDITORS AND CASH

The group acts as agent in broking the insurable risks of clients and normally is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the legal relationship with clients and underwriters, the group has followed generally accepted accounting practice for insurance brokers by showing creditors and cash balances relating to its insurance business as assets and liabilities of the group itself unless net settlement can be secured beyond doubt. This complies with the reporting requirements under FRS 5 where assets and liabilities may not be offset unless net settlement is legally enforceable

TURNOVER

Turnover for the subsidiary Private Medicine Intermediaries Limited represents commission and fees earned via insurance premium contracts. Commission and fee income is recognised at the date the policy commences. Any subsequent adjustments to policy income are recognised when confirmed

For the subsidiary Corporate Medical Management Limited turnover is recognised evenly over the life of a contract to ensure that the revenue recognised fairly matches the costs incurred in servicing those contracts and is stated net of value added tax. Income received in advance is disclosed as deferred income on the balance sheet

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

CASH

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

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

1 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010	2009
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Operating leases – land and buildings	167,221	166,251
Depreciation of owned assets	185,336	205,023
(Profit)/loss on sale of tangible fixed assets	(340)	2,491
Audit services		
- Statutory audit of accounts	18,025	17,700
Other services relating to taxation		
- Compliance services	5,515	5,515
(Profit) on disposal of commercial insurance business	(56,558)	-
	<u><u> </u></u>	<u><u> </u></u>

2 DIRECTORS' REMUNERATION

	2010	2009
	£	£
Emoluments	161,418	164,948
Emoluments paid to third parties	254,444	295,309
Pension fund contributions	15,076	15,098
	<u><u> </u></u>	<u><u> </u></u>
	430,938	475,355
	<u><u> </u></u>	<u><u> </u></u>

	2010	2009
	Number	Number
Members of defined contribution pension scheme	1	1
	<u><u> </u></u>	<u><u> </u></u>

	2010	2009
	£	£
Highest paid director		
Emoluments	161,418	164,948
Pension fund contributions	15,076	15,098
	<u><u> </u></u>	<u><u> </u></u>
	176,494	180,046
	<u><u> </u></u>	<u><u> </u></u>

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

3 STAFF COSTS

	2010	2009
	£	£
Aggregate staff costs were as follows		
Wages and salaries	3,946,474	4,001,333
Social security costs	405,658	415,978
Other pension costs	251,613	149,610
	4,603,745	4,566,921

Included in wages and salaries are redundancy and termination costs of £nil (2009 £45,000)

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

	2010	2009
	Number	Number
Management and administration	93	94
Sales staff	23	24
Medical staff	18	14
	134	132

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010	2009
	£	£
Bank interest	8,808	62,510

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Interest payable on corporation tax	-	7,226

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

6 TAXATION

	2010	2009
	£	£
Current tax		
UK corporation tax on profits for the year	417,855	430,514
Adjustments in respect of previous years	(11,633)	711
Payments for group relief	28,796	-
	<u>435,018</u>	<u>431,225</u>
Total current tax (see below)		
Deferred taxation		
Origination and reversal of timing differences	(6,050)	(3,446)
Adjustment in respect of previous year	-	1,484
	<u>(6,050)</u>	<u>(1,962)</u>
Total deferred tax		
Tax on profit on ordinary activities	<u>428,968</u>	<u>429,263</u>
Factors affecting tax charge for year	2010	2009
	£	£
The tax assessed for the period is higher than (2009 higher than) the standard rate of corporation tax in the UK 28% (2009 28%) The differences are explained below		
Profit on ordinary activities before tax	1,531,631	1,486,928
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2009 28%)	428,857	416,339
Effects of		
Expenses not deductible for tax purposes	13,530	14,408
Fixed asset timing differences	(9,178)	3,582
Adjustments in respect of previous years	(11,633)	711
Other differences	15,228	(136)
Small companies relief	(1,786)	(3,679)
	<u>435,018</u>	<u>431,225</u>
Tax charge for year		

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

7 DIVIDENDS

	2010 £	2009 £
Dividends		
Interim paid on 'B' ordinary shares *	-	492,412
Interim paid on 'C' ordinary shares **	-	225,000
Proposed dividends 2009 – paid 2010		
'B' ordinary shares *	980,227	-
'C' ordinary shares **	450,000	-
	1,430,227	717,412

* Dividend per share 153.65 (2009 77.2p)

** Dividend per share 225.0p (2009 112.5p)

8 TANGIBLE FIXED ASSETS

GROUP	Computer equipment	Motor vehicles	Fixtures, fittings and equipment	Total
	£	£	£	£
<i>Cost</i>				
At beginning of year	959,026	414,775	450,038	1,823,839
Additions	154,017	151,058	24,638	329,713
Transfer	16,509	-	(16,509)	-
Disposals	(24,254)	(97,629)	(6,837)	(128,720)
At end of year	1,105,298	468,204	451,330	2,024,832
<i>Depreciation</i>				
At beginning of year	855,384	133,387	352,389	1,341,160
Charged in the year	60,195	84,667	40,474	185,336
Transfer	6,104	-	(6,104)	-
Disposals	(23,999)	(63,140)	(6,801)	(93,940)
At end of year	897,684	154,914	379,958	1,432,556
<i>Net book value</i>				
At 30 June 2010	207,614	313,290	71,372	592,276
At 30 June 2009	103,642	281,388	97,649	482,679

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

9 INVESTMENTS

COMPANY

Investments in subsidiary undertakings	£
Cost	
At 1 July 2009 and 30 June 2010	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%	Private medical insurance broker
Corporate Medical Management Limited	100%	Private medical screening and managing medical insurance contracts

The subsidiary companies are registered in England and Wales

10 DEBTORS

	GROUP		COMPANY	
	2010 £	2009 £	2010 £	2009 £
Trade debtors	2,649,587	2,300,120	-	-
Amounts due from subsidiary company	-	-	142,148	73,154
Deferred taxation (see note 13)	38,043	31,993	-	-
Other debtors	15,926	46,218	-	-
Prepayments and accrued income	283,826	229,551	-	-
	<u>2,987,382</u>	<u>2,607,882</u>	<u>142,148</u>	<u>73,154</u>

An amount of £nil (2009 £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 £647,720 (2009 £373,623)

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

12 CREDITORS Amounts falling due within one year

	GROUP		COMPANY	
	2010 £	2009 £	2010 £	2009 £
Amounts owed to group undertaking	92,285	70,999	-	-
Trade creditors	217,236	113,373	-	-
Corporation tax	229,393	222,228	-	-
Other taxes and social security costs	145,696	174,239	-	-
Accruals and deferred income	337,591	511,644	-	-
	<u>1,022,201</u>	<u>1,092,483</u>	<u>-</u>	<u>-</u>

13 DEFERRED TAXATION

	GROUP £
Asset at beginning of year	31,993
Credit for the year	6,050
Asset at end of year	<u>38,043</u>

The elements of deferred taxation are as follows

	GROUP	
	2010 £	2009 £
Difference between accumulated depreciation and capital allowances	(18,538)	(27,716)
Other timing differences	(19,505)	(4,277)
Deferred tax asset	<u>(38,043)</u>	<u>(31,993)</u>

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

14	SHARE CAPITAL	2010	2009
		£	£
	Allotted, called up and fully paid		
	2,550 'A' ordinary shares of £0.02 each	51	51
	637,978 'B' ordinary shares of £1 each	637,978	637,978
	200,000 'C' ordinary shares of £1 each	200,000	200,000
		<u>838,029</u>	<u>838,029</u>

In accordance with the company's Articles, the 'A' shares attract voting rights but have no rights to a distribution, either in the form of dividends or repayment of capital. The 'B' shares and 'C' shares have no voting rights but qualify for all dividends declared and any repayment of capital.

15	RESERVES	Capital redemption reserve	Share premium	Profit and loss account
		£	£	£
	GROUP			
	Balance at beginning of year	93,025	24,451	2,050,907
	Profit for the year	-	-	1,102,663
	Dividend	-	-	(1,430,227)
	Balance at end of year	<u>93,025</u>	<u>24,451</u>	<u>1,723,343</u>
	COMPANY			
	Balance at beginning of year	93,025	24,451	56,757
	Profit for the year	-	-	1,499,221
	Dividend	-	-	(1,430,227)
	Balance at end of year	<u>93,025</u>	<u>24,451</u>	<u>125,751</u>

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

16 PROFIT ATTRIBUTABLE TO THE MEMBERS OF THE PARENT COMPANY

The profit for the financial year before dividends dealt with in the accounts of the parent company, PMI Health Group Limited, was £1,499,221 (2009 £748,882)

17 PENSION COMMITMENTS

The group pays pension contributions to personal pensions of selected employees. The personal pensions are arranged with an insurance company separate to the business. The group also has a defined contribution pension scheme called the PMI Limited Group Personal Pension Scheme, which was established in 2004. Contributions outstanding at the year end totalled £23,268 (2009 £15,273)

18 COMMITMENTS UNDER OPERATING LEASES

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

	2010	2009
	£	£
Land and buildings expiring over five years	157,800	157,800
	<u> </u>	<u> </u>

19 CASH FLOW WORKINGS

a	2010	2009
	£	£
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating profit	1,522,823	1,431,644
Depreciation	185,336	205,023
(Profit)/loss on disposal of tangible fixed assets	(340)	2,491
Increase in debtors	(379,500)	(473,983)
(Decrease)/increase in creditors	(77,447)	116,613
Increase in deferred income	8,097	10,255
	<u> </u>	<u> </u>
Net cash inflow from operating activities	1,258,969	1,292,043
	<u> </u>	<u> </u>

b ANALYSIS OF NET FUNDS

	At 1 July 2009	Cash Flow	At 30 June 2010
	£	£	£
Cash at bank and in hand	1,709,864	(878,846)	831,018
	<u> </u>	<u> </u>	<u> </u>

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

20 CONTINGENT LIABILITIES

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

- Baldwin Ventures Limited
- Baldwin Enterprises Limited
- Baldwin Investments Limited
- Baldwin Estates Limited
- Argosy Systems Limited

At 30 June 2010 the VAT liability of the VAT group excluding that of the company was £29,712 (2009 £28,943)

21 RELATED PARTY TRANSACTIONS

CP Baldwin Pension Trust

The group rented certain properties from CP Baldwin's pension trust, rental for the year amounted to £167,221 (2009 £166,251)

The following creditor balances existed at the year end

	2010	2009
	£	£
CP Baldwin Pension Trust	8,900	8,900

Baldwin Ventures Limited

During the year the group was recharged expenses aggregating to £205,147 (2009 £264,308) from Baldwin Ventures Limited, parent company of PMI Health Group Limited. At the year end there is a balance owing to Baldwin Ventures Limited of £85,497 (2009 £70,999)

Baldwin Landscaping Limited

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

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

	2010	2009
	£	£
Gardening services	3,940	2,795

At the year end there is a creditor of £253 (2009 £nil) owing by the company to Baldwin Landscaping Limited

PMI Health Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

21 RELATED PARTY TRANSACTIONS (continued)

Hurlstone Management Limited

Mr MI Davis is a director and controlling shareholder of Hurlstone Management Limited

During the year Private Medicine Intermediaries Limited transacted with Hurlstone Management Limited. The nature of the trading activities and the relative values were as follows

	2010	2009
	£	£
Purchases		
Professional and advisory services	47,686	66,972

At the year end there is an accrual of £7,068 (2009 £36,907) owing by Private Medicine Intermediaries Limited and a creditor of £7,352 (2009 £nil)

Absence Manager (IPR) Limited Group

The ultimate parent company of Private Medicine Intermediaries Limited controls 50.1% (2009 31.5%) of Absence Manager (IPR) Limited which in turn owns 100% of Absence Manager Limited

Private Medicine Intermediaries Limited incurred £42,026 (2009 £20,701) of recharges from Absence Manager Limited. At the year end there is a creditor balance of £6,788 (2009 £nil)

All transactions are at a commercial arms length basis

Dividend payments

During the year the company paid dividends amounting to £1,344,073 (2009 £674,133) to Baldwin Ventures Limited, parent company of PMI Health Group Limited

During the year the company paid dividends amounting to £55,137 (2009 £27,697) to RDH Munro, who is a director of the company

During the year the company paid dividends amounting to £2,978 (2009 £1,496) to MI Davis, who is a director of the company

22 PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The company's ultimate parent company is Baldwin Ventures Limited, a company incorporated in the United Kingdom

The directors are of the opinion that there is no controlling party

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

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