

Private Medicine Intermediaries Limited

REPORT AND FINANCIAL STATEMENTS

30 June 2006



Company Registration No 02009675

Private Medicine Intermediaries Limited

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Private Medicine Intermediaries Limited

DIRECTORS AND ADVISORS

DIRECTORS

CP Baldwin
RDH Munro
MI Davis
E Hammond
SM Hackett (resigned 30 September 2005)
SJ Langan
RE Floyd
P Forster (appointed 22 September 2006)

SECRETARY

RDH Munro

REGISTERED OFFICE

The Courtyard
Hall Lane
Wincham
Cheshire
CW9 6DG

AUDITORS

Baker Tilly
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 financial statements of Private Medicine Intermediaries Limited for the year ended 30 June 2006

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. The company works closely to assist clients in improving their performance by managing the health of their employees and reducing sickness absence.

The company has invested heavily in the development of services available to our clients during the year. We have set up a general insurance team and also developed absence management services. This has placed us in a strong position to meet our client's different requirements.

The increase in group sales was in line with expectations. The increase in expenditure was also in line with expectations and reflects the investment in expanding our range of services and products.

Private Medicine Intermediaries Limited has continued to expand the services that we offer, with the introduction of our general insurance team and the increased number of products being available.

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 are now in a stronger position to fulfil our client needs and move the group 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 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

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 recommend the payment of final dividends of £nil (2005 £nil) and have paid dividends of £4,000 (2005 £650,000) which leaves a profit of £453,353 (2005 £8,686) which has been taken to reserves.

PROPOSED DIVIDEND

Financial Reporting Standard ('FRS') 21 has been adopted in these financial statements. FRS 21 requires final dividends to be recognised when they have been approved by the shareholders and interim dividends to be recognised when paid

The final proposed dividend for 2004 of £404,000 in the 2004 financial statements was approved by the shareholders and £400,000 paid during 2005 and £4,000 in 2006. Therefore a prior year adjustment has been made in these financial statements, in accordance with FRS 21. See note 7 for details

No final dividends have been proposed for 2006

Private Medicine Intermediaries Limited

DIRECTORS' REPORT

DIRECTORS

The directors who held office during the year were as follows

CP Baldwin
RDH Munro
MI Davis
E Hammond
SM Hackett (resigned 30 September 2005)
SJ Langan
RE Floyd
P Forster (appointed 22 September 2006)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the directors at 30 June 2006 had any interests in the share capital of the company

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any director or their immediate family, or exercised by them, during the financial year

The interests of the directors in the issued share capital of the holding company, PMI Health Group Limited, and the ultimate holding company, Baldwin Ventures Limited, are shown in the financial statements of those companies

POLITICAL AND CHARITABLE DONATIONS

Contributions during the year to United Kingdom charitable organisations amounted to £5,000 (2005 £nil)

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

AUDITORS

On 2 April 2007 the Baker Tilly partnership was restructured to operate through a group of limited liability partnerships. From this date the company's auditors are Baker Tilly UK Audit LLP

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

26 April 2007

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 United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements 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 year. 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,
- 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 7 to 20

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, and whether the information given in the Directors' Report is consistent with the financial statements. We also 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

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

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 2006 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
Registered Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

Baker Tilly UK Audit LLP

26 April 2007

Private Medicine Intermediaries Limited
PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2006

	Note	2006 £	2005 £
TURNOVER		4,890,473	4,778,616
Administrative expenses		(4,304,143)	(3,909,483)
OPERATING PROFIT	1	586,330	869,133
Interest receivable and similar income	4	88,717	93,188
Interest payable and similar charges	5	(1,349)	(6,134)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		673,698	956,187
Taxation	6	(216,345)	(297,501)
PROFIT FOR THE FINANCIAL YEAR	15	457,353	658,686

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. There is no cumulative effect of the prior year adjustment in relation to the dividends proposed in 2004.

Private Medicine Intermediaries Limited

BALANCE SHEET

at 30 June 2006

	Note	2006 £	2005 (As restated see note 7) £
FIXED ASSETS			
Tangible assets	8	<u>374,792</u>	<u>341,576</u>
CURRENT ASSETS			
Debtors	9	<u>1,461,907</u>	<u>1,322,546</u>
Cash at bank and in hand		<u>880,838</u>	<u>647,136</u>
		<u>2,342,745</u>	<u>1,969,682</u>
CREDITORS Amounts falling due within one year	11	<u>(527,872)</u>	<u>(568,577)</u>
NET CURRENT ASSETS		<u>1,814,873</u>	<u>1,401,105</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,189,665</u>	<u>1,742,681</u>
CREDITORS Amounts falling due after more than one year	12	<u>-</u>	<u>(6,369)</u>
NET ASSETS		<u>2,189,665</u>	<u>1,736,312</u>
CAPITAL AND RESERVES			
Called up share capital	14	<u>688,790</u>	<u>688,790</u>
Profit and Loss Account	15	<u>1,500,875</u>	<u>1,047,522</u>
EQUITY SHAREHOLDERS' FUNDS		<u>2,189,665</u>	<u>1,736,312</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 7 to 20 were approved by the board of directors and authorised for issue on 26 April 2007 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 2006

	Note	2006		2005 (As restated see note 7)	
		£	£	£	£
PROFIT FOR THE FINANCIAL YEAR			457,353		658,686
Dividends	7		(4,000)		(650,000)
			<hr/>		<hr/>
NET ADDITION TO SHAREHOLDERS' FUNDS			453,353		8,686
Opening shareholders' funds – as previously stated		1,736,312		1,323,626	
Prior year adjustment		-		404,000	
As restated			<hr/>	<hr/>	
			1,736,312		1,727,626
			<hr/>		<hr/>
CLOSING SHAREHOLDERS' FUNDS			2,189,665		1,736,312
			<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

CHANGES IN ACCOUNTING POLICIES AND ESTIMATION TECHNIQUE

The following new FRSs have been adopted, for the first time, in these financial statements

- FRS 21 – Events after the balance sheet date
- FRS 25 – Financial instruments Disclosure and presentation (presentation requirements only)
- FRS 28 – Corresponding amounts

FRS 21 requires final dividends only to be included in the Profit and Loss Account when they have been approved by the shareholders and interim dividends only when they have been paid. The impact on these financial statements is that a prior year adjustment has been made for the dividends of £404,000 proposed at 30 June 2004, with the dividend creditor being removed and the dividends being shown as paid in the Profit and Loss Account at 30 June 2005 of £400,000, the remaining £4,000 at 30 June 2006

The presentation requirements of FRS 25 require dividends to be shown as a movement on reserves. The accounts at 30 June 2005 have been restated to show this as a reserves movement on the Profit and Loss Account in note 15

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

Private Medicine Intermediaries Limited

ACCOUNTING POLICIES

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.

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 2006

1	OPERATING PROFIT	2006 £	2005 £
	Operating profit is stated after charging		
	Auditors' remuneration – audit services	8,350	8,100
	Depreciation of owned fixed assets	161,047	149,271
	Depreciation of assets held under hire purchase contracts	3,748	22,856
	Loss on disposal of fixed assets	5,263	6,352
	Operating leases – land and buildings	93,336	93,336
		<u> </u>	<u> </u>
2	DIRECTORS' EMOLUMENTS	2006 £	2005 £
	Emoluments	325,815	375,577
	Compensation for loss of office	65,000	-
	Emoluments paid to third parties	249,733	186,107
	Pension fund contributions	21,150	20,627
		<u> </u>	<u> </u>
		661,698	582,311
		<u> </u>	<u> </u>
		2006 Number	2005 Number
	Members of defined contributions pension scheme	4	4
		<u> </u>	<u> </u>
		2006 £	2005 £
	Highest paid director:		
	Emoluments	142,395	133,701
	Pension fund contributions	15,125	12,177
		<u> </u>	<u> </u>
		157,520	145,878
		<u> </u>	<u> </u>

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

3	STAFF COSTS	2006 £	2005 £
	Wages and salaries	2,502,030	2,254,699
	Social security costs	281,445	250,773
	Other pension costs	98,736	100,074
		<u>2,882,211</u>	<u>2,605,546</u>

Included in wages and salaries are redundancy and termination costs of £65,000 (2005 £7,500)

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

	2006 Number	2005 Number
Management and administration	61	63
Sales	23	23
	<u>84</u>	<u>86</u>

4	INTEREST RECEIVABLE AND SIMILAR INCOME	2006 £	2005 £
	Bank interest	88,717	93,188

5	INTEREST PAYABLE AND SIMILAR CHARGES	2006 £	2005 £
	Finance charges payable under hire purchase contracts	1,349	5,623
	Interest paid on corporation tax	-	511
		<u>1,349</u>	<u>6,134</u>

Private Medicine Intermediaries Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

6	TAXATION	2006	2005
		£	£
	Current tax		
	UK corporation tax on profits for the year	214,138	311,272
	Adjustments in respect of previous years	362	1,124
		<hr/>	<hr/>
	Total current tax (see below)	214,500	312,396
		<hr/>	<hr/>
	Deferred taxation		
	Origination and reversal of timing differences	1,845	(14,414)
	Deferred tax under provided in previous years	-	(481)
		<hr/>	<hr/>
		1,845	(14,895)
		<hr/>	<hr/>
	Tax on profit on ordinary activities	216,345	297,501
		<hr/> <hr/>	<hr/> <hr/>
	Factors affecting tax charge for year	2006	2005
		£	£
	The tax assessed for the year is higher than the standard rate of corporation tax in the UK 30% (2005 30%) The differences are explained below		
	Profit on ordinary activities before tax	673,698	956,187
		<hr/>	<hr/>
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2005 30%)	202,109	286,856
	Effects of.		
	Expenses not allowable for tax purposes	13,788	9,849
	Capital allowances in excess of depreciation	(1,997)	12,608
	Other timing differences	238	1,959
	Overprovision in prior years	362	1,124
		<hr/>	<hr/>
	Tax charge for year	214,500	312,396
		<hr/> <hr/>	<hr/> <hr/>

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

7	DIVIDENDS	2006	2005 (As restated see below)
		£	£
	Equity		
	Proposed ordinary dividend at 30 June 2004	-	400,000
	Interim dividend	4,000	250,000
		<u>4,000</u>	<u>650,000</u>

As stated in the directors' report, FRS 21 does not allow the inclusion of proposed dividends. Accordingly dividends proposed of £404,000 at 30 June 2004 have been restated and included within dividends paid in 2005 of £400,000, and 2006 of £4,000.

8	TANGIBLE FIXED ASSETS	Computer equipment	Motor vehicles	Fixtures, fittings and equipment	Total
		£	£	£	£
	<i>Cost</i>				
	At beginning of year	460,855	216,651	215,441	892,947
	Additions	58,419	190,017	9,279	257,715
	Disposals	(7,134)	(163,034)	(2,965)	(173,133)
	At end of year	<u>512,140</u>	<u>243,634</u>	<u>221,755</u>	<u>977,529</u>
	<i>Depreciation</i>				
	At beginning of year	313,709	88,132	149,530	551,371
	Charged in the year	79,537	48,990	36,268	164,795
	Disposals	(8,542)	(102,785)	(2,102)	(113,429)
	At end of year	<u>384,704</u>	<u>34,337</u>	<u>183,696</u>	<u>602,737</u>
	<i>Net book value</i>				
	At 30 June 2006	<u>127,436</u>	<u>209,297</u>	<u>38,059</u>	<u>374,792</u>
	At 30 June 2005	<u>147,146</u>	<u>128,519</u>	<u>65,911</u>	<u>341,576</u>

Included in the net book value for motor vehicles above is £10,305 (2005 £61,480) relating to assets acquired under hire purchase contracts. Depreciation charged on these assets was £3,748 (2005 £22,856).

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

9	DEBTORS	2006	2005
		£	£
	Trade debtors	1,027,319	1,010,626
	Amounts owed by parent undertaking	3,486	7,591
	Amounts owed by fellow subsidiary	329,903	181,935
	Prepayments and accrued income	74,179	94,768
	Deferred taxation (see note 13)	14,546	16,391
	Other debtors	12,474	11,235
		<u>1,461,907</u>	<u>1,322,546</u>

The amount owed by a fellow subsidiary at 30 June 2006 of £329,903 was due after more than one year

10 INSURANCE MONIES HELD

The company holds monies on behalf of it's clients in statutory trust accounts in respect of insurance premiums of £398,964 (2005 £406,725)

11	CREDITORS Amounts falling due within one year	2006	2005
		£	(As restated see note 7) £
	Obligations under hire purchase contracts (note 12)	4,499	20,818
	Trade creditors	53,542	27,209
	Corporation tax	85,438	160,024
	Other taxes and social security costs	70,735	85,837
	Accruals and sundry creditors	313,658	274,689
		<u>527,872</u>	<u>568,577</u>

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

12	CREDITORS Amounts falling due after more than one year	2006 £	2005 £
	Obligations under hire purchase contracts (see below)	-	6,369
		<u> </u>	<u> </u>
	The maturity of obligations under finance leases and hire purchase contracts is as follows	2006 £	2005 £
	Amounts payable:		
	Within one year	5,830	30,904
	Within two to five years	-	7,812
		<u> </u>	<u> </u>
	Less. finance charges allocated to future periods	5,830 (1,331)	38,716 (11,529)
		<u> </u>	<u> </u>
		4,499	27,187
		<u> </u>	<u> </u>
	Hire purchase contracts are analysed as follows		
	Current obligations (note 11)	4,499	20,818
	Non-current obligations (see above)	-	6,369
		<u> </u>	<u> </u>
		4,499	27,187
		<u> </u>	<u> </u>
13	DEFERRED TAXATION		£
	Deferred taxation		
	At beginning of year		(16,391)
	Charge for the year		1,845
			<u> </u>
	At end of year		(14,546)
			<u> </u>
	The elements of deferred taxation are as follows:		
		2006 £	2005 £
	Difference between accumulated depreciation and amortisation and capital allowances	(11,352)	(13,436)
	Other timing differences	(3,194)	(2,955)
		<u> </u>	<u> </u>
	Deferred tax asset	(14,546)	(16,391)
		<u> </u>	<u> </u>

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

14	SHARE CAPITAL	2006 £	2005 £
	Authorised Equity 1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
	Allotted, called up and fully paid Equity 688,790 ordinary shares of £1 each	<u>688,790</u>	<u>688,790</u>
15	PROFIT AND LOSS ACCOUNT	2006 £	2005 (As restated see note 7) £
	Balance at beginning of year	1,047,522	634,836
	Prior year adjustment	-	404,000
	As restated	<u>1,047,522</u>	<u>1,038,836</u>
	Profit for financial year	457,353	658,686
	Dividends paid	(4,000)	(650,000)
	At end of year	<u>1,500,875</u>	<u>1,047,522</u>

16 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 £10,646 (2005 £9,852).

17 COMMITMENTS

At 30 June 2006 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2006	2005
	£	£
Operating leases which expire in over five years	<u>93,336</u>	<u>95,022</u>

There were no capital commitments outstanding at the balance sheet date (2005 £nil)

Private Medicine Intermediaries Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

18 RELATED PARTY TRANSACTIONS

Baldwin Industries Limited

Baldwin Industries Limited is considered, due to common ownership, to be a related party with whom transactions have occurred during the year

The following transactions were entered into during the year

	2006 £	2005 £
Baldwin Industries Limited – other recharges	174,894	118,355
	<u>174,894</u>	<u>118,355</u>

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

	2006 £	2005 £
Baldwin Industries Limited		
- current account	(19,725)	(5,826)
- loan account	12,474	11,344
- accruals	(3,668)	-
	<u>(10,919)</u>	<u>5,518</u>

The group also rented certain properties from CP Baldwin's pension trust, rental for the year amounted to £93,336 (2005 £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

	2006 £	2005 £
Professional and advisory services	54,839	48,177
	<u>54,839</u>	<u>48,177</u>

At the year end there is an accrual of £13,574 (2005 £9,773) owing by the company to Hurlstone Management Ltd

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

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 Industries Limited and its subsidiaries
 - Anderton Concrete Products Limited
 - Baldwin Landscaping Limited
 - Baldwin Enterprises Limited
 - Baldwin Investments Limited
 - Baldwin Estates Limited
 - Argosy Systems Limited

At 30 June 2006 the VAT liability of the VAT group excluding that of the company was £250,115 (2005 £111,242)

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

20 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

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