

Private Medicine Intermediaries Limited

Registered Number 2009675

DIRECTORS

C P Baldwin
R D H Munro
J G Pritchard
D R Tresidder
M I Davis (Chairman - appointed 4 November 1997)
E Hammond (appointed 13 July 1998)

SECRETARY

R D H Munro

AUDITORS

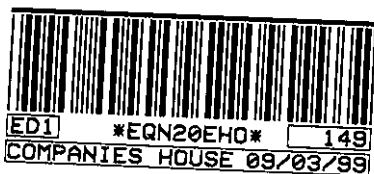
Ernst & Young
100 Barbirolli Square
Manchester
M2 3EY

BANKERS

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

REGISTERED OFFICE

The Courtyard
Hall Lane
Wincham
Cheshire
CW9 6DG



Private Medicine Intermediaries Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 June 1998.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation, was £206,065 (1997: £109,720). The directors do not recommend payment of a dividend.

PRINCIPAL ACTIVITY

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

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Board are able to report satisfactory progress in the year with an increase in turnover of 10% to £1,892,719 and profits of £206,065 compared with £109,720 for the previous year. Performance has improved in each of the last three years and the improvement is expected to continue in the current year.

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

YEAR 2000

The directors have taken steps to ensure that the matter of year 2000 compliance is considered. A programme to investigate and confirm compliance of in-house equipment is currently in progress.

DIRECTORS AND THEIR INTERESTS

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

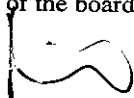
None of the directors at 30 June 1998 had any interests in the share capital of the company.

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

AUDITORS

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

By order of the board



R D H Munro
Secretary

Date: 3 March 1999

Private Medicine Intermediaries Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
 - make judgements and estimates that are reasonable and prudent; and
 - prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the accounts on pages 6 to 13 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.


Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 June 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Registered Auditor
Manchester

Date: 7/3/99

Private Medicine Intermediaries Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 June 1998

	<i>Notes</i>	<i>1998</i> £	<i>1997</i> £
TURNOVER			
Administrative expenses	2	1,892,719 (1,703,519)	1,722,331 (1,618,334)
OPERATING PROFIT			
Interest receivable	3	189,200	103,997
Interest payable	6	28,162	14,696
	7	(5,383)	(8,973)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		211,979	109,720
Tax on profit on ordinary activities	8	5,914	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	206,065	109,720

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no other gains or losses in the year ended 30 June 1998 or the year ended 30 June 1997, other than the results reported above.

Private Medicine Intermediaries Limited

BALANCE SHEET at 30 June 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible fixed assets	9	202,064	215,829
CURRENT ASSETS			
Debtors	10	635,641	593,001
Cash at bank and in hand		392,049	1,413,255
		1,027,690	2,006,256
CREDITORS: amounts falling due within one year	11	851,448	2,041,484
NET CURRENT ASSETS/(LIABILITIES)		176,242	(35,228)
TOTAL ASSETS LESS CURRENT LIABILITIES		378,306	180,601
CREDITORS: amounts falling due after more than one year	12	11,350	19,710
		366,956	160,891
CAPITAL AND RESERVES			
Called up share capital	14,15	688,790	688,790
Profit and loss account	15	(321,834)	(527,899)
Shareholders' funds		366,956	160,891

Approved by the Board on 3 March 1999



C Baldwin Director



R D H Munro Director

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 1998

1. ACCOUNTING POLICIES

Basis of preparation

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

Cashflow Statement

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

Commission and fees

Commission and fees are brought into account on the date when the business is written.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset based on prices prevailing at the date of acquisition, over its expected useful life as follows:

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

Leasing and hire purchase contracts

Assets held under hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the contract and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Deferred taxation

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

Pensions

The company makes contributions to individuals personal pensions. Contributions are charged to the profit and loss account as they become payable.

2. TURNOVER

Turnover represents commissions and fees earned via insurance premium contracts. Turnover and pre-tax profit is derived entirely from operations within the United Kingdom.

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS at 30 June 1998

3. OPERATING PROFIT

(a) This is stated after charging the following:

	1998 £	1997 £
Auditors' remuneration - audit services	11,300	11,000
Depreciation of owned assets	61,617	21,122
Depreciation of assets owned under hire purchase contracts	26,578	21,867
Loss on sale of tangible fixed assets	897	1,529
Operating leases - land and buildings	50,000	50,000
	<u>150,492</u>	<u>105,518</u>

4. DIRECTORS' EMOLUMENTS

	1998 £	1997 £
Total emoluments :		
Emoluments	151,335	159,164
Pension fund contributions	4,000	-
	<u>155,335</u>	<u>159,164</u>

Highest paid director:

	1998 £
Emoluments	54,649
Pension fund contributions	2,000
	<u>56,649</u>

5. STAFF COSTS

	1998 £	1997 £
Wages and salaries	866,526	799,409
Social security costs	85,517	70,406
Other pension costs	4,599	554
	<u>956,642</u>	<u>870,369</u>

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS at 30 June 1998

5. STAFF COSTS (continued)

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

	<i>1998</i> <i>No.</i>	<i>1997</i> <i>No.</i>
Management and administration	38	37
Sales	13	14
	<u>51</u>	<u>51</u>

6. INTEREST RECEIVABLE

	<i>1998</i> <i>£</i>	<i>1997</i> <i>£</i>
Bank interest	28,162	14,696

7. INTEREST PAYABLE

	<i>1998</i> <i>£</i>	<i>1997</i> <i>£</i>
Finance charges payable under hire purchase contracts	5,383	8,973

8. TAXATION

The company has tax losses of approximately £600,000 to carry forward for offset against future profits arising from the same trade.

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS at 30 June 1998

9. TANGIBLE FIXED ASSETS

	<i>Short lease property</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Fixtures, fittings and equipment</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 July 1997	5,514	103,246	147,337	63,094	319,191
Additions	2,162	34,090	19,998	27,175	83,425
Disposals	-	(50)	(35,221)	(465)	(35,736)
At 30 June 1998	7,676	137,286	132,114	89,804	366,880
At 1 July 1997	592	22,602	59,846	20,322	103,362
Charge for the year	532	38,847	26,578	22,238	88,195
Disposals	-	(2)	(26,739)	-	(26,741)
At 30 June 1998	1,124	61,447	59,685	42,560	164,816
Net book value:					
At 30 June 1998	6,552	75,839	72,429	47,244	202,064
At 30 June 1997	4,922	80,644	87,491	42,772	215,829

Included in the net book value for motor vehicles above is £72,429 (1997: £83,434) relating to assets acquired under hire purchase contracts.

10. DEBTORS

	1998 £	1997 £
Trade debtors	520,923	435,414
Amounts owed by holding company	96,009	105,953
Amounts owed by fellow subsidiary	5,246	20,163
Prepayments and accrued income	851	7,776
Other debtors	12,612	23,695
	635,641	593,001

The amounts owed by fellow subsidiary of £5,246 is due after more than one year (1997: £20,163).

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS
at 30 June 1998

11. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Obligations under hire purchase contracts (note 13)	22,471	36,383
Trade creditors	707,054	1,855,194
Other taxes and social security	26,387	24,363
Accruals and sundry creditors	89,622	125,544
Corporation tax	5,914	-
	<u>851,448</u>	<u>2,041,484</u>

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

	1998 £	1997 £
Obligations under hire purchase contracts (note 13)	<u>11,350</u>	<u>19,710</u>

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

The analysis of these amounts is as follows:

	1998 £	1997 £
Amounts payable:		
within one year	24,858	41,104
within two to five years	12,176	21,075
	<u>37,034</u>	<u>62,179</u>
Less: finance charges allocated to future periods	(3,213)	(6,086)
	<u>33,821</u>	<u>56,093</u>

Hire purchase contracts are analysed as follows:

Current obligations (note 11)	22,471	36,383
Non-current obligations (note 12)	11,350	19,710
	<u>33,821</u>	<u>56,093</u>

14. CALLED UP SHARE CAPITAL

	1998 No.	Authorised 1997 No.	1998 £	Allotted, called up and fully paid 1997 £
Ordinary shares of £1 each	1,000,000	1,000,000	688,790	688,790

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS
at 30 June 1998

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share Capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 1 July 1996	505,990	(637,619)	(131,629)
Profit for the year	-	109,720	109,720
Issue of shares	182,800	-	182,800
At 30 June 1997	688,790	(527,899)	160,891
Profit for the year	-	206,065	206,065
At 30 June 1998	688,790	(321,834)	366,956

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.

17. COMMITMENTS

Operating lease commitments

At 30 June 1998 the company had annual commitments under non-cancellable operating leases as set out below.

	<i>Land and buildings</i> 1998 £	<i>1997</i> £
Operating leases which expire in over five years	50,000	50,000

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 1998

18. RELATED PARTY TRANSACTIONS

The following companies are considered, by the directors, to be related parties with whom transactions have occurred during the year:

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

The following transactions were entered into during the year:

	<i>Rental charges</i>	<i>Other recharges</i>
	£	£
Baldwin Industries Limited	50,000	122,565

The following balances existed at the year end:

	<i>Debtor</i>	<i>Creditor</i>
	£	£
Anderton Concrete Products Limited	-	166
Baldwin Industries Limited	62	28,436

The balances with group companies are disclosed in note 10.

19. ULTIMATE HOLDING COMPANY AND CONTROLLING PARTY

The company's ultimate holding company and controlling party is Astorhold Limited, a company incorporated in the United Kingdom.