

2009675

**Private Medicine Intermediaries
Limited**

Report and Accounts

30 June 1996

EY ERNST & YOUNG



Private Medicine Intermediaries Limited

Registered Number 2009675

DIRECTORS

C P Baldwin (Chairman)
R D H Munro
J G Pritchard
D R Tresidder

SECRETARY

E Hammond

AUDITORS

Ernst & Young
Commercial Union House
Albert Square
Manchester
M2 6LP

BANKERS

National Westminster Bank PLC
33 Stamford Road
Altrincham
Cheshire
WA14 1BN

SOLICITORS

Berg & Co
Byrom Court
7 Byrom Street
Manchester M3 4PF

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 1996.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation, was £29,518 (1995: Loss £136,328). 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 18% to £1,396,232 and profits of £29,518 compared with losses in the previous year of £136,328. This represents a success for the new Management team. Further improvements in turnover and profitability are expected in the current year, as the benefits of investment in new computer systems and a greater emphasis on training takes effect.

A capital injection by PMI's Holding Company of £412,320 in the year ending 30 June 1996 has strengthened the Balance Sheet. A further capital injection by the Holding Company in the current year of £182,800 has further strengthened the Balance Sheet.

The substantial improvement in performance would not have been possible without team work and the Board wishes to thank all the employees for their support and the contribution they have made to the Company's progress.

FIXED ASSETS

The changes in fixed assets in the period are disclosed in note 10 of the accounts.

DIRECTORS AND THEIR INTERESTS

None of the directors at 30 June 1996 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, were as follows:

	<i>Allotted nil paid</i>			<i>Allotted nil paid</i>		
	<i>"A" shares of 2p each At 30 June 1996 No.</i>	<i>"B" shares of £1 each At 30 June 1996 No.</i>	<i>"B" shares of £1 each At 30 June 1996 No.</i>	<i>"A" shares of 2p each At 30 June 1995 No.</i>	<i>"B" shares of £1 each At 30 June 1995 No.</i>	<i>"B" shares of £1 each At 30 June 1995 No.</i>
R D H Munro	-	-	10,000	-	-	8,000
C P Baldwin	2,501	-	-	51	-	-
J G Pritchard	-	1,300	9,000	-	1,300	9,000
D R Tresidder	-	4,100	60,000	-	4,100	60,000

Mrs E Wells ceased to be a director on 15 January 1996. Ian Moore was appointed as Marketing Director on 15 November 1996 and resigned on 6 January 1997.

Private Medicine Intermediaries Limited

DIRECTORS' REPORT

EVENTS SINCE THE BALANCE SHEET DATE

On 24 March 1997 182,800 ordinary shares of £1 each with an aggregate nominal value of £182,800 were issued fully paid for a cash consideration. The interests of the other directors in the parent are shown 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

E. Hamman

Secretary

Date: 22/4/97

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 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 7 to 16 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

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.

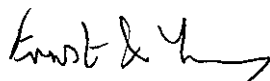
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error.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

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the accounts regarding their preparation under the going concern basis, the validity of which depends upon the continued support of the company's financiers. The accounts do not include any adjustments which would result from a failure to obtain continued funding. Our opinion is not qualified in respect of these matters.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 June 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditor
Manchester

Date 29/4/97

Private Medicine Intermediaries Limited

PROFIT AND LOSS ACCOUNT

for the year to 30 June 1996

	<i>Notes</i>	<i>1996</i> £	<i>1995</i> £
TURNOVER	3	1,396,236	1,184,886
Administrative expenses		(1,374,304)	(1,327,430)
OPERATING PROFIT/(LOSS)	4	21,932	(142,544)
Interest receivable	7	15,658	7,719
Interest payable	8	(8,072)	(1,503)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		29,518	(136,328)
Taxation	9	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	16	29,518	(136,328)

STATEMENT OF RECOGNISED GAINS AND LOSSES

There were no other gains or losses in the year ended 30 June 1996 or the year ended 30 June 1995, other than the results reported above.

Private Medicine Intermediaries Limited

BALANCE SHEET

at 30 June 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible fixed assets	10	160,078	130,421
CURRENT ASSETS			
Debtors	11	361,227	377,852
Cash at bank and in hand		208,957	316,973
CREDITORS: amounts falling due within one year	12	570,184 (834,151)	694,825 (1,041,161)
NET CURRENT LIABILITIES		(263,967)	(346,336)
TOTAL ASSETS LESS CURRENT LIABILITIES		(103,889)	(215,915)
CREDITORS: amounts falling due after more than one year	13	(27,740)	(357,552)
		(131,629)	(573,467)
CAPITAL AND RESERVES			
Called up share capital	15 & 16	505,990	93,670
Profit and loss account	16	(637,619)	(667,137)
		(131,629)	(573,467)

Approved by the board on 22 April 1997



Director



Director

NOTES TO THE ACCOUNTS

at 30 June 1996

1. **FUNDAMENTAL ACCOUNTING CONCEPT**

The accounts have been prepared on the going concern basis. The company has incurred trading losses during its development phase, which continued through 1994. The company has traded profitably from early 1996 and the directors believe the company will trade profitably in the future for the company to meet its liabilities as they fall due.

The company is dependent on continued finance required both to enable the company to meet its liabilities as they fall due and to continue to operate without the immediate realisation of all its assets. The directors believe that continuing finance will be made available and that it is therefore appropriate to prepare the accounts on a going concern basis.

2. **ACCOUNTING POLICIES**

Basis of preparation

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

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 asset at rates calculated to write off the cost or valuation, 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	-	10% straight line
Fixtures, fittings and office equipment	-	10% 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 accounts 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.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Pensions

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

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 1996

3. TURNOVER

Turnover represents commission earned via insurance premium contracts. Turnover and pre-tax profit derives entirely from operations within the United Kingdom.

4. OPERATING PROFIT/(LOSS)

(a) This is stated after charging/(crediting) the following:

	1996 £	1995 £
Auditors' remuneration - audit services	10,000	10,000
Depreciation of owned assets	23,323	23,468
Depreciation of assets owned under hire purchase contracts	13,516	3,779
Loss/(profit) on sale of tangible fixed assets	3,844	(994)
	<u> </u>	<u> </u>

The auditors remuneration for non audit services amounted to £17,475.

5. DIRECTORS' EMOLUMENTS

	1996 £	1995 £
Fees	9,000	-
Emoluments (including pension contributions)	135,126	213,920
	<u> </u>	<u> </u>
	144,126	213,920
	<u> </u>	<u> </u>

Emoluments of the chairman, excluding pension contributions, were £Nil (1995: £Nil). The emoluments of the highest paid director were £46,915 (1995: £54,814). Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1996 No.	1995 No.
£Nil - £5,000	1	-
£10,001 - £15,000	-	1
£40,001 - £45,000	1	2
£45,001 - £50,000	2	1
£55,001 - £60,000	-	1
	<u> </u>	<u> </u>

The company incurred charges in relation to the services of its Chairman, Mr C P Baldwin, totalling £8,052 (1995: £7,500) from a related company Baldwin Industries Limited.

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 1996

6. STAFF COSTS

	<i>1996</i> £	<i>1995</i> £
Wages and salaries	711,308	715,271
Social security costs	66,249	65,821
Other pension costs	(44)	12,950
	<u>777,513</u>	<u>794,042</u>

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

	<i>1996</i> <i>No.</i>	<i>1995</i> <i>No.</i>
Management and administration	31	29
Sales	14	13
	<u>45</u>	<u>42</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	<i>1996</i> £	<i>1995</i> £
Bank interest	15,658	7,719
	<u>15,658</u>	<u>7,719</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>1996</i> £	<i>1995</i> £
Finance charges payable under hire purchase contracts	7,384	1,503
Other loans	688	-
	<u>8,072</u>	<u>1,503</u>

9. TAXATION

The company has tax losses of approximately £952,000 to carry forward for offset against future profit, arising from the same trade.

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 1996

10. 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 or valuation:					
At 1 July 1995	-	41,085	126,045	33,976	201,106
Additions	5,514	9,373	48,846	22,168	85,901
Disposals	-	(274)	(51,240)	-	(51,514)
At 30 June 1996	5,514	50,184	123,651	56,144	235,493
Depreciation:					
At 1 July 1995	-	10,529	51,084	9,072	70,685
Charge for the year	148	4,458	27,596	4,637	36,839
Disposals	-	(28)	(32,081)	-	(32,109)
At 30 June 1996	148	14,959	46,599	13,709	75,415
Net book value:					
At 30 June 1996	5,366	35,225	77,052	42,435	160,078
At 30 June 1995	-	30,556	74,961	24,904	130,421

Included in the amounts for motor vehicles above are the following amounts relating to assets acquired under hire purchase contracts.

	1996 £	1995 £
Cost	86,221	46,375
Accumulated depreciation	18,645	5,129
Net book value	67,576	41,246

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 1996

11. DEBTORS

	1996 £	1995 £
Trade debtors	274,312	268,824
Amounts owed by holding company	30,478	10,478
Amounts owed by fellow subsidiary	45,169	86,218
Prepayments and accrued income	3,703	2,340
Other debtors	1,811	4,238
Directors loan account	5,754	5,754
	<u>361,227</u>	<u>377,852</u>

The amounts owed by fellow subsidiary of £45,169 is due after more than one year (1995: £86,218).

12. CREDITORS: amounts falling due within one year

	1996 £	1995 £
Obligations under hire purchase contracts (note 14)	22,946	12,557
Trade creditors	659,192	829,495
Other taxes and social security	20,017	28,105
Accruals and sundry creditors	131,996	114,819
Other creditors	-	8,670
Amounts due to related undertaking	-	47,515
	<u>834,151</u>	<u>1,041,161</u>

During this year the company operated from premises rented from a related company Baldwin Industries Limited which is owned by C P Baldwin, a director of the company. Rental charges incurred amounted to £50,000. In addition, the company incurred costs recharged from Baldwin Industries Limited in relation to management services and other costs incurred on behalf of the company totalling £42,904.

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

	1996 £	1995 £
Obligations under hire purchase contracts (Note 14)	27,740	19,732
Long term loan from parent company	-	337,820
	<u>27,740</u>	<u>357,552</u>

The loan from the parent company was capitalised into share capital during the year and no interest was charged on the outstanding balance.

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 1996

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

The analysis of these amounts is as follows:

	<i>1996</i>	<i>1995</i>
	£	£
Amounts payable:		
within one year	27,152	15,690
within two to five years	29,507	21,776
	<u>56,659</u>	<u>37,466</u>
Less: finance charges allocated to future periods	(5,973)	(5,177)
	<u>50,686</u>	<u>32,289</u>
Hire purchase contracts are analysed as follows:		
Current obligations (note 12)	22,946	12,557
Non-current obligations (note 13)	27,740	19,732
	<u>50,686</u>	<u>32,289</u>

Analysis of changes in hire purchase contracts during the period:

	<i>1996</i>	<i>1995</i>
	£	£
At 1 July	32,289	5,291
Inception of finance lease contracts	48,845	37,376
Capital element of hire purchase contract rental payments	(30,448)	(10,378)
	<u>50,686</u>	<u>32,289</u>

15. CALLED UP SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
	<i>No.</i>	<i>No.</i>	£	£
Ordinary shares of £1 each	1,000,000	93,670	505,990	93,670

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 1996

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share Capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 1 July 1994	93,670	(530,809)	(437,139)
Loss for the year	-	(136,328)	(136,328)
At 30 June 1995	93,670	(667,137)	(573,467)
Profit for the year	-	29,518	29,518
Issue of shares	412,320	-	412,320
At 30 June 1996	505,990	(637,619)	(131,629)

On 16 April 1996, 412,320 ordinary shares were issued to the parent company for the consideration of £412,320.

17. PENSION COMMITMENTS

The company pays pension contributions to personal pensions of selected employees. The personal pensions are arranged with an insurance company separate to the business.

18. COMMITMENTS

Operating lease commitments

At 30 June 1996 the company had annual commitments under non-cancellable operating leases as set out below.

	<i>1996</i> £	<i>Land and buildings</i> <i>1995</i> £
Operating leases which expire in over 5 years	50,000	73,958

During the year, the company transferred its annual commitment for the premises onto a group basis. The above reflects the company's share of the commitment which for 1996, in total, was £75,000.

19. TRANSACTIONS WITH DIRECTORS

Included in other debtors is a loan to a director, S L Browne.

Amount outstanding at end of period	£ 5,754
Amounts outstanding at beginning of period	5,754
Maximum amount outstanding during the year	5,754

Private Medicine Intermediaries Limited

NOTES TO THE ACCOUNTS

at 30 June 1996

20. ULTIMATE HOLDING COMPANY

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