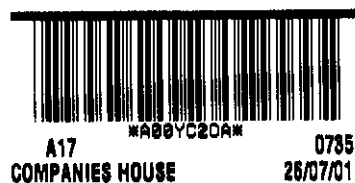


GENERAL AND MEDICAL FINANCE PLC
FINANCIAL STATEMENTS
FOR
31ST DECEMBER 2000

Company Registration Number 2421641



MACINTYRE HUDSON
Chartered Accountants & Registered Auditors
8-12 Priestgate
Peterborough
PE1 1JA

GENERAL AND MEDICAL FINANCE PLC

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

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GENERAL AND MEDICAL FINANCE PLC

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

D Wildman
G Wildman

Company secretary

D Wildman

Registered office

Forest House
Pilton
Peterborough
PE8 5SN

Auditors

MacIntyre Hudson
Chartered Accountants
& Registered Auditors
8-12 Priestgate
Peterborough
PE1 1JA

GENERAL AND MEDICAL FINANCE PLC

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities during 2000 were those of:

- i) Providing Private Health Insurance Cover through the General & Medical Professional Group scheme and Company Health Schemes.
- ii) Arranging finance and equipment leasing - acting as principal lender and lessor.
- iii) Providing General Insurance Products and Schemes.

The directors are pleased with the developments in all areas of business and are looking forward to continuing growth in 2001.

The company became a subsidiary of General and Medical Securities Limited on the 18th April 2000.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2000 £	1999 £
Dividends paid on ordinary shares	635,000	80,000

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE PARENT COMPANY

The directors who served the company during the year were as follows:

	Ordinary in the subsidiary company	
	At 31 December 2000	At 1 January 2000
D Wildman	-	25,000
G Wildman	-	25,000

The interests of the directors in the shares in the holding company have been disclosed in the consolidated financial statements.

POLICY ON THE PAYMENT OF CREDITORS

It is the company's policy to accept suppliers' terms without negotiation. Suppliers therefore know the terms upon which payment will be made when business is agreed. It is our policy to abide by these terms. At 31st December 2000 and 1999 all amounts due to trade creditors had been settled, therefore time taken to settle credit accounts per these financial statements was nil.

GENERAL AND MEDICAL FINANCE PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2000

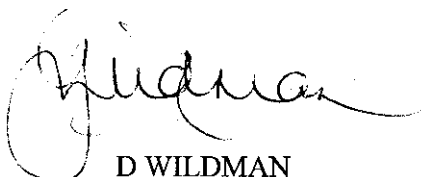
AUDITORS

A resolution to re-appoint MacIntyre Hudson as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:

Forest House
Pilton
Peterborough
PE8 5SN

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'D Wildman', written over a faint circular stamp.

D WILDMAN
Company Secretary

Approved by the directors on 15th May 2001

GENERAL AND MEDICAL FINANCE PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31ST DECEMBER 2000

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on page 10, and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- 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 Companies Act 1985. The directors 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.

GENERAL AND MEDICAL FINANCE PLC**AUDITORS' REPORT TO THE SHAREHOLDERS****YEAR ENDED 31ST DECEMBER 2000**

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on page 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

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

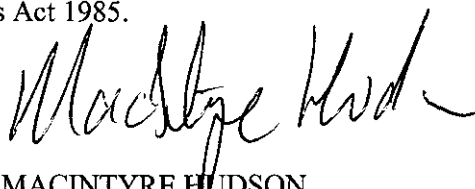
BASIS OF OPINION

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 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 of the state of the company's affairs as at 31st December 2000 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



MACINTYRE HUDSON
Chartered Accountants
& Registered Auditors

8-12 Priestgate
Peterborough
PE1 1JA

15th May 2001

GENERAL AND MEDICAL FINANCE PLC**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST DECEMBER 2000**

	Note	2000 £	1999 £
TURNOVER	1	1,752,118	1,669,867
Cost of sales		(1,286,653)	(1,207,542)
GROSS PROFIT		<u>465,465</u>	<u>462,325</u>
Administrative expenses		(269,312)	(213,792)
OPERATING PROFIT	2	196,153	248,533
Interest receivable		19,387	20,802
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>215,540</u>	<u>269,335</u>
Tax on profit on ordinary activities	5	(42,560)	(60,042)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		172,980	209,293
Dividends	6	(635,000)	(80,000)
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>(462,020)</u>	<u>129,293</u>

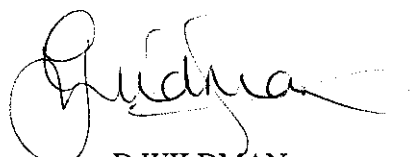
The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

GENERAL AND MEDICAL FINANCE PLC**BALANCE SHEET****31ST DECEMBER 2000**

	Note	2000	1999
		£	£
FIXED ASSETS			
Intangible assets	7	12,500	15,000
Tangible assets	8	64,951	67,706
		<u>77,451</u>	<u>82,706</u>
CURRENT ASSETS			
Debtors	9	112,165	161,899
Cash at bank		84,780	487,300
		<u>196,945</u>	<u>649,199</u>
CREDITORS: Amounts falling due within one year	10	<u>(66,985)</u>	<u>(62,474)</u>
NET CURRENT ASSETS		129,960	586,725
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>207,411</u>	<u>669,431</u>
CAPITAL AND RESERVES			
Called-up equity share capital	12	50,000	50,000
Revaluation reserve	13	12,500	15,000
Profit and loss account	14	144,911	604,431
SHAREHOLDERS' FUNDS	15	<u>207,411</u>	<u>669,431</u>

These financial statements were approved by the directors on the 15th May 2001 and are signed on their behalf by:



D WILDMAN
pp.

GENERAL AND MEDICAL FINANCE PLC**CASH FLOW STATEMENT****YEAR ENDED 31ST DECEMBER 2000**

	2000	1999
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	284,433	278,532
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	19,387	20,802
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	19,387	20,802
TAXATION	(54,217)	(79,316)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(17,123)	(53,283)
Receipts from sale of fixed assets	-	16,000
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(17,123)	(37,283)
EQUITY DIVIDENDS PAID	(635,000)	(80,000)
(DECREASE)/INCREASE IN CASH	<u>(402,520)</u>	<u>102,735</u>

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000	1999
	£	£
Operating profit	196,153	248,533
Amortisation	2,500	2,500
Depreciation	18,742	19,822
Loss on disposal of fixed assets	1,136	22
Decrease in debtors	49,734	15,899
Increase/(Decrease) in creditors	16,168	(8,244)
Net cash inflow from operating activities	<u>284,433</u>	<u>278,532</u>

GENERAL AND MEDICAL FINANCE PLC**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 31ST DECEMBER 2000****RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	2000	1999
	£	£
(Decrease)/Increase in cash in the period	(402,520)	102,735
	<hr/>	<hr/>
	(402,520)	102,735
Change in net funds	(402,520)	102,735
Net funds at 1st January 2000	487,300	384,565
Net funds at 31st December 2000	<u>84,780</u>	<u>487,300</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2000 £	Cash flows £	At 31 Dec 2000 £
Net cash:			
Cash in hand and at bank	<u>487,300</u>	<u>(402,520)</u>	<u>84,780</u>
Debt:			
Net funds	<u>487,300</u>	<u>(402,520)</u>	<u>84,780</u>

GENERAL AND MEDICAL FINANCE PLC

ACCOUNTING POLICIES

YEAR ENDED 31ST DECEMBER 2000

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Turnover includes the interest element of finance lease repayments.

Turnover and cost of sales both include the purchase cost of assets acquired in the year which are rented out under finance lease arrangements.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Brand names - Over 10 years

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	- Reducing balance at 20%
Motor Vehicles	- Reducing balance at 25%
Office Equipment	- Reducing balance at 15%

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Leased assets as lessor

Assets leased to customers under agreements which transfer substantially all the risks and rewards of ownership, other than the legal title, are classified as finance leases. The net investment in the finance leases is included under debtors and represents the total primary rentals outstanding less unearned income.

GENERAL AND MEDICAL FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2000****1. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2000 £	1999 £
United Kingdom	1,752,118	1,669,867

The turnover and profit before tax are attributable to the following principal activities of the company, all of which are within the United Kingdom:

	2000 £	1999 £
Finance lease - Interest	19,988	23,028
Finance lease - Purchase price	115,047	127,567
Group scheme	1,617,083	1,519,272
	<u>1,752,118</u>	<u>1,669,867</u>

2. OPERATING PROFIT

Operating profit is stated after charging:

	2000 £	1999 £
Amortisation	2,500	2,500
Depreciation	18,742	19,822
Loss on disposal of fixed assets	1,136	22
Auditors' remuneration		
- as auditors	2,900	3,600

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2000 No.	1999 No.
Number of management staff	2	2
Number of other staff	5	4
	<u>7</u>	<u>6</u>

GENERAL AND MEDICAL FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2000****3. PARTICULARS OF EMPLOYEES** *(continued)*

The aggregate payroll costs of the above were:

	2000	1999
	£	£
Wages and salaries	113,649	97,190
Social security costs	9,325	8,028
Other pension costs	3,600	7,400
	<u>126,574</u>	<u>112,618</u>

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Emoluments receivable	<u>65,137</u>	<u>69,363</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
In respect of the year:		
Corporation tax based on the results for the year at 20% (1999 - 20%)	42,560	59,215
Adjustment in respect of previous years:		
Corporation tax	-	827
	<u>42,560</u>	<u>60,042</u>

6. DIVIDENDS

The following dividends have been paid in respect of the year:

	2000	1999
	£	£
Dividends paid on equity shares	<u>635,000</u>	<u>80,000</u>

GENERAL AND MEDICAL FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2000****7. INTANGIBLE FIXED ASSETS**

	Brand Value £
COST	
At 1st January 2000 and 31st December 2000	25,000
AMORTISATION	
At 1st January 2000	10,000
Charge for the year	2,500
At 31st December 2000	12,500
NET BOOK VALUE	
At 31st December 2000	12,500
At 31st December 1999	15,000

8. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Motor Vehicles £	Office Equipment £	Total £
COST OR VALUATION				
At 1st January 2000	5,702	41,232	78,267	125,201
Additions	9,569	-	7,554	17,123
Disposals	-	-	(3,703)	(3,703)
At 31st December 2000	15,271	41,232	82,118	138,621
DEPRECIATION				
At 1st January 2000	2,106	10,308	45,081	57,495
Charge for the year	2,632	7,731	8,379	18,742
On disposals	-	-	(2,567)	(2,567)
At 31st December 2000	4,738	18,039	50,893	73,670
NET BOOK VALUE				
At 31st December 2000	10,533	23,193	31,225	64,951
At 31st December 1999	3,596	30,924	33,186	67,706

GENERAL AND MEDICAL FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2000****9. DEBTORS**

	2000	1999
	£	£
Amounts owed by group undertakings	1,205	-
Investment in finance leases	95,168	146,482
Other debtors	15,028	14,653
Prepayments and accrued income	764	764
	<u>112,165</u>	<u>161,899</u>

Included in the above are the following debtors due after more than one year:

Investment in finance leases	33,076	59,921
Costs of assets acquired in the year for letting under finance leases	63,734	127,567
Finance lease rentals receivable	135,035	166,921

10. CREDITORS: Amounts falling due within one year

	2000		1999
	£	£	£
Amounts owed to group undertakings		16,000	-
Other creditors including taxation and social security:			
Corporation tax	42,558		54,215
Directors' loan accounts	4,417		3,948
		<u>46,975</u>	58,163
Accruals and deferred income		4,010	4,311
		<u>66,985</u>	<u>62,474</u>

11. RELATED PARTY TRANSACTIONS

The company was under the control of the directors of its holding company, Mr D Wildman and Mrs G Wildman, throughout the current year.

Material transactions between this company and other group companies are not disclosed here because consolidated financial statements have been prepared.

12. SHARE CAPITAL**Authorised share capital:**

	2000	1999
	£	£
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

GENERAL AND MEDICAL FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2000****12. SHARE CAPITAL *(continued)*****Allotted, called up and fully paid:**

	2000	1999
	£	£
Ordinary share capital	<u>50,000</u>	<u>50,000</u>

13. REVALUATION RESERVE

	2000	1999
	£	£
Balance brought forward	15,000	17,500
Transfer to the profit and loss account on realisation	(2,500)	(2,500)
	<u>12,500</u>	<u>15,000</u>

14. PROFIT AND LOSS ACCOUNT

	2000	1999
	£	£
Balance brought forward	604,431	472,638
Retained (loss)/profit for the financial year	(462,020)	129,293
Transfer from revaluation reserve	2,500	2,500
Balance carried forward	<u>144,911</u>	<u>604,431</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit for the financial year	172,980	209,293
Dividends	(635,000)	(80,000)
	<u>(462,020)</u>	<u>129,293</u>
Opening shareholders' equity funds	669,431	540,138
Closing shareholders' equity funds	<u>207,411</u>	<u>669,431</u>

16. ULTIMATE PARENT COMPANY

This company is a subsidiary of General and Medical Securities Limited, a company registered in England and holding all of the issued ordinary shares in this company.