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# financial statements

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## **General and Medical Finance plc**

For the year ended 31 December 2007

Company registration number 02421641

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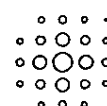
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**MacIntyre Hudson**

THE FUTURE IS WHAT YOU MAKE IT •

# **General & Medical Finance plc**

## **Financial Statements**

**Year ended 31 December 2007**

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# **General & Medical Finance plc**

## **Officers and Professional Advisers**

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### **The Board of Directors**

D Wildman  
G Wildman

### **Company Secretary**

G Wildman

### **Registered Office**

General & Medical House  
Napier Place  
Orton Wistow  
Peterborough  
PE2 6XN

### **Auditor**

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

# General & Medical Finance plc

## The Directors' Report

Year ended 31 December 2007

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The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2007

### Principal activities and business review

The principal activities during 2007 were those of

- i) Providing private health insurance for individuals, associations and companies in the UK
- ii) Personal Accident Insurance
- iii) Critical illness insurance
- iv) Term Life Insurance
- v) Temporary Disablement Insurance
- vi) Worldwide Travel Insurance
- vii) Providing finance and leasing facilities

The directors use the following key financial performance indicators to evaluate the company's performance

	2007 £	2006 £
Turnover	2,929,634	2,975,557
Operating Profit	84,046	181,871

The company has performed in line with the directors expectations

### Results and dividends

The profit for the year, after taxation, amounted to £73,534. Particulars of dividends paid are detailed in note 6 to the financial statements

### Financial risk management objectives and policies

The Directors are aware of the risks of a fiercely competitive UK market for medical insurance. This risk is being actively managed by the following measures

- i) Full compliance with all rules and regulations which apply to the sector
- ii) Aggregate risk insurance is active and underwritten by outside agencies
- iii) Capital adequacy exceeds minimum statutory requirements
- iv) Full programmes of staff training
- v) Regular meetings of the Quality Council (set up to review company processes)
- vi) Full programmes of market intelligence and information gathering

### Directors

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

D Wildman  
G Wildman

# General & Medical Finance plc

## The Directors' Report *(continued)*

Year ended 31 December 2007

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### 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 the company's policy to abide by these terms. At 31st December 2007 and 2006 all amounts due to trade creditors had been settled, therefore time taken to settle credit accounts per these financial statements was nil.

### Staff

We actively recruit individuals with a positive "can do" attitude, people who have the potential to become tomorrow's high performers, people who grasp the opportunities that are offered to them with both hands and make the difference that the company needs to deliver its Mission Statement, Objectives and Values.

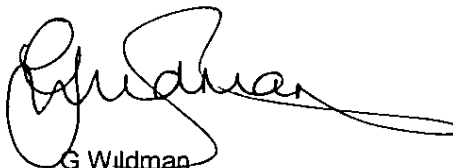
In return for high performance, commitment and drive we reward our employees with good salaries and benefits to match along with training and development opportunities to ensure that they have a stimulating environment in which to grow. This has resulted in high levels of staff retention for 2007.

### Auditor

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

Registered office  
General & Medical House  
Napier Place  
Orton Wistow  
Peterborough  
PE2 6XN

Signed by order of the directors



G Wildman  
Company Secretary

Approved by the directors on 12 March 2008

# **General & Medical Finance plc**

## **Statement of Directors' Responsibilities**

**Year ended 31 December 2007**

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The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 these financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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.

In so far as the directors are aware

there is no relevant audit information of which the company's auditor is unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

# **General & Medical Finance plc**

## **Independent Auditor's Report to the Shareholders of General & Medical Finance plc**

**Year ended 31 December 2007**

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We have audited the financial statements of General & Medical Finance plc for the year ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing 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. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **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.

# General & Medical Finance plc

Independent Auditor's Report to the Shareholders of General & Medical Finance plc *(continued)*

Year ended 31 December 2007

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## 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 as at 31 December 2007 and of its profit for the year then ended,

the financial statements 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



MACINTYRE HUDSON LLP  
Chartered Accountants  
& Registered Auditors

8-12 Priestgate  
Peterborough  
PE1 1JA

12 March 2008



# General & Medical Finance plc

## Profit and Loss Account

Year ended 31 December 2007

	Note	2007 £	2006 £
Turnover	2	2,929,634	2,975,557
Cost of sales		2,214,394	2,185,806
Gross profit		715,240	789,751
Administrative expenses		631,444	608,130
Other operating income		(250)	(250)
Operating profit	3	84,046	181,871
Interest receivable		14,511	10,935
Profit on ordinary activities before taxation		98,557	192,806
Tax on profit on ordinary activities	5	25,023	62,931
Profit for the financial year		<u>£73,534</u>	<u>£129,875</u>

All of the activities of the company are classed as continuing

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

The notes on pages 9 to 16 form part of these financial statements

# General & Medical Finance plc

## Balance Sheet

31 December 2007

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	7	146,255	140,312
		<u>146,255</u>	<u>140,312</u>
<b>Current assets</b>			
Debtors	8	131,191	98,909
Cash at bank		—	31,461
		<u>131,191</u>	<u>130,370</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>42,474</u>	<u>62,055</u>
<b>Net current assets</b>		<u>88,717</u>	<u>68,315</u>
<b>Total assets less current liabilities</b>		<u>234,972</u>	<u>208,627</u>
<b>Provisions for liabilities</b>			
Deferred taxation	10	12,110	14,299
		<u>£222,862</u>	<u>£194,328</u>
<b>Capital and reserves</b>			
Called-up equity share capital	13	50,000	50,000
Profit and loss account	14	172,862	144,328
<b>Shareholders' funds</b>	15	<u>£222,862</u>	<u>£194,328</u>

These financial statements were approved by the directors and authorised for issue on 12 March 2008, and are signed on their behalf by



D Wildman

The notes on pages 9 to 16 form part of these financial statements

# General & Medical Finance plc

## Notes to the Financial Statements

Year ended 31 December 2007

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### 1 Accounting policies

#### **Basis of accounting**

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

#### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

#### **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

#### **Fixed assets**

All fixed assets are initially recorded at cost

#### **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 15%
Motor Vehicles	- Reducing balance at 25%
Office Equipment	- Reducing balance at 15%

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

#### **Pension costs**

The company makes contributions to employees' personal defined contribution pension schemes. These contributions are charged to the Profit and Loss Account

# General & Medical Finance plc

## Notes to the Financial Statements

Year ended 31 December 2007

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### 1 Accounting policies *(continued)*

#### **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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

#### **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 & Medical Finance plc

## Notes to the Financial Statements

Year ended 31 December 2007

### 2. Turnover

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

	2007 £	2006 £
Finance lease - Interest	2,792	2,822
Finance lease – Purchase price	1,409	23,508
Group scheme	<u>2,925,433</u>	<u>2,949,227</u>
	<u>2,929,634</u>	<u>2,975,557</u>

### 3 Operating profit

Operating profit is stated after charging

	2007 £	2006 £
Depreciation of owned fixed assets	25,470	26,026
Operating lease costs Other	3,500	3,950
Auditor's remuneration - audit of the financial statements	5,000	4,000
Auditor's remuneration - other fees	<u>6,400</u>	<u>3,245</u>

### 4 Particulars of employees

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

	2007 No	2006 No
Number of other staff	<u>16</u>	<u>15</u>

The aggregate payroll costs of the above were

	2007 £	2006 £
Wages and salaries	288,100	229,686
Social security costs	26,718	20,773
Other pension costs	9,986	6,600
	<u>£324,804</u>	<u>£257,059</u>

# General & Medical Finance plc

## Notes to the Financial Statements

Year ended 31 December 2007

### 5 Taxation on ordinary activities

#### (a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	21,233	48,278
Over provision in prior year	5,979	8,054
Total current tax	<u>£27,212</u>	<u>£56,332</u>
Deferred tax		
Origination and reversal of timing differences (note 10)		
Capital allowances	(2,189)	6,599
Tax on profit on ordinary activities	<u>£25,023</u>	<u>£62,931</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>98,557</u>	<u>192,806</u>
Profit on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 30%	29,567	57,842
Capital allowances in excess of depreciation for the year	(2,276)	(1,923)
Expenses not deductible for tax purposes	4,072	900
Adjustments to tax in respect of previous periods	5,979	8,054
Small companies starting rates	(10,130)	(8,541)
Total current tax (note 5(a))	<u>£27,212</u>	<u>£56,332</u>

# General & Medical Finance plc

## Notes to the Financial Statements

Year ended 31 December 2007

### 6. Dividends

#### Equity dividends

	2007 £	2006 £
Paid		
Equity dividends on ordinary shares	<u>45,000</u>	<u>120,000</u>

### 7 Tangible fixed assets

	Fixtures & fittings £	Motor vehicles £	Office equipment £	Total £
<b>Cost</b>				
At 1 January 2007	143,858	10,685	165,038	319,581
Additions	<u>10,177</u>	<u>7,320</u>	<u>13,916</u>	<u>31,413</u>
<b>At 31 December 2007</b>	<u>154,035</u>	<u>18,005</u>	<u>178,954</u>	<u>350,994</u>
<b>Depreciation</b>				
At 1 January 2007	58,642	2,671	117,956	179,269
Charge for the year	<u>14,312</u>	<u>2,004</u>	<u>9,154</u>	<u>25,470</u>
<b>At 31 December 2007</b>	<u>72,954</u>	<u>4,675</u>	<u>127,110</u>	<u>204,739</u>
<b>Net book value</b>				
<b>At 31 December 2007</b>	<u>£81,081</u>	<u>£13,330</u>	<u>£51,844</u>	<u>£146,255</u>
At 31 December 2006	<u>£85,216</u>	<u>£8,014</u>	<u>£47,082</u>	<u>£140,312</u>

# General & Medical Finance plc

## Notes to the Financial Statements

Year ended 31 December 2007

### 8 Debtors

	2007 £	2006 £
Amounts owed by group undertakings	112,208	69,480
VAT recoverable	–	1,535
Investment in finance leases	13,270	21,456
Other debtors	–	2,185
Prepayments and accrued income	5,713	4,253
	<u>£131,191</u>	<u>£98,909</u>

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

Investment in finance leases	<u>4,151</u>	<u>11,269</u>
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The Company acts as a lessor and in respect of the above debtors figure the following transactions occurred

Costs of assets acquired in the year for letting under finance leases	<u>–</u>	<u>21,621</u>
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Finance lease rentals receivable	<u>9,595</u>	<u>14,252</u>
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### 9 Creditors amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	4,280	–
Corporation tax	21,233	48,278
VAT	628	–
Directors' loan accounts	8,713	8,713
Accruals and deferred income	7,620	5,064
	<u>£42,474</u>	<u>£62,055</u>

### 10 Deferred taxation

The movement in the deferred taxation provision during the year was

	2007 £	2006 £
Provision brought forward	14,299	7,700
Profit and loss account movement arising during the year	(2,189)	6,599
Provision carried forward	<u>£12,110</u>	<u>£14,299</u>



# General & Medical Finance plc

## Notes to the Financial Statements

Year ended 31 December 2007

### 10 Deferred taxation (continued)

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2007 £	2006 £
Excess of taxation allowances over depreciation on fixed assets	12,110	14,299
	<u>£12,110</u>	<u>£14,299</u>

### 11 Pensions

The company contributes to a defined contribution scheme for its directors and employees

The charge for the year is £9,986 (2006 £6,600)

There were no outstanding or prepaid contributions at the balance sheet date (2006 £nil)

### 12 Related party transactions

The company was under the control of the directors of its holding company, D Wildman and 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

### 13. Share capital

#### Authorised share capital.

	2007 £	2006 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

#### Allotted, called up and fully paid

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

### 14. Profit and loss account

	2007 £	2006 £
Balance brought forward	144,328	134,453
Profit for the financial year	73,534	129,875
Equity dividends paid	(45,000)	(120,000)
Balance carried forward	<u>£172,862</u>	<u>£144,328</u>

# General & Medical Finance plc

## Notes to the Financial Statements

Year ended 31 December 2007

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### 15 Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Profit for the financial year	73,534	129,875
Equity dividends paid	(45,000)	(120,000)
Net addition to shareholders' funds	£28,534	£9,875
Opening shareholders' funds	194,328	184,453
Closing shareholders' funds	<u>222,862</u>	<u>194,328</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