

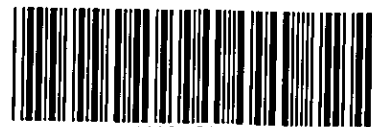
financial statements

General & Medical Finance Plc

For the year ended: 31 December 2008

Company registration number: 02421641

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General & Medical Finance plc

Financial Statements

Year ended 31 December 2008

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General & Medical Finance plc

Officers and Professional Advisers

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 2008

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2008.

Principal activities and business review

The principal activities during 2008 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 assurance
- 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

	2008 £	2007 £
Turnover	2,845,689	2,929,634
Operating Profit	(1,337)	84,046

The company has performed in line with the directors' expectations.

Results and dividends

The profit for the year amounted to £10,313. The directors have not recommended a dividend.

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 2008

Policy on the payment of creditors

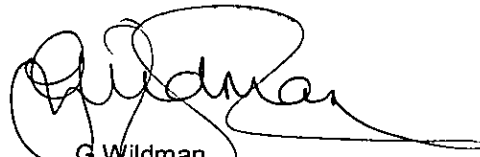
It is the company's policy to accept suppliers' terms without negotiation. Suppliers therefore know the terms upon which payment will be made when business is agreed. It is the company's policy to abide by these terms. At 31st December 2008 and 2007 all amounts due to trade creditors had been settled, therefore time taken to settle credit accounts per these financial statements was nil.

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 6/5/09.....

General & Medical Finance plc

Statement of Directors' Responsibilities

Year ended 31 December 2008

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 2008

We have audited the financial statements of General & Medical Finance plc for the year ended 31 December 2008 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 2008

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 2008 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

MACINTYRE HUDSON LLP
Chartered Accountants
& Registered Auditors

8-12 Priestgate
Peterborough
PE1 1JA

12th May 2009

General & Medical Finance plc

Profit and Loss Account

Year ended 31 December 2008

	Note	2008 £	2007 £
Turnover	2	2,845,689	2,929,634
Cost of sales		<u>2,111,167</u>	<u>2,214,394</u>
Gross profit		734,522	715,240
Administrative expenses		736,009	631,444
Other operating income		<u>(150)</u>	<u>(250)</u>
Operating (loss)/profit	3	(1,337)	84,046
Interest receivable		10,586	14,511
Profit on ordinary activities before taxation		<u>9,249</u>	<u>98,557</u>
Tax on profit on ordinary activities	5	(1,064)	25,023
Profit for the financial year		<u>£10,313</u>	<u>£73,534</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 15 form part of these financial statements.

General & Medical Finance plc

Balance Sheet

31 December 2008

	Note	£	2008 £	2007 £
Fixed assets				
Tangible assets	7		<u>148,419</u>	<u>146,255</u>
Current assets				
Debtors	8	136,100		131,191
Creditors: amounts falling due within one year	9	<u>40,551</u>		<u>42,474</u>
Net current assets			<u>95,549</u>	<u>88,717</u>
Total assets less current liabilities			<u>243,968</u>	<u>234,972</u>
Provisions for liabilities				
Deferred taxation	11		<u>10,793</u>	<u>12,110</u>
			<u>£233,175</u>	<u>£222,862</u>
Capital and reserves				
Called-up equity share capital	13		<u>50,000</u>	<u>50,000</u>
Profit and loss account	14		<u>183,175</u>	<u>172,862</u>
Shareholders' funds	15		<u>£233,175</u>	<u>£222,862</u>

These financial statements were approved by the directors and authorised for issue on 6/5/09, and are signed on their behalf by:



D Wildman

The notes on pages 9 to 15 form part of these financial statements.

General & Medical Finance plc

Notes to the Financial Statements

Year ended 31 December 2008

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.

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:

General & Medical Finance plc

Notes to the Financial Statements

Year ended 31 December 2008

1. Accounting policies *(continued)*

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.

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:

	2008	2007
	£	£
Finance lease - Interest	2,521	2,792
Finance lease – Purchase price	2,490	1,409
Group scheme	2,840,678	2,925,433
	<u>2,845,689</u>	<u>2,929,634</u>

General & Medical Finance plc

Notes to the Financial Statements

Year ended 31 December 2008

3. Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2008 £	2007 £
Depreciation of owned fixed assets	24,699	25,470
Auditor's remuneration		
- as auditor	5,000	5,000
Operating lease costs:		
- Other	<u>—</u>	<u>3,500</u>

4. Particulars of employees

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

	2008 No	2007 No
Number of other staff	<u>20</u>	<u>16</u>

The aggregate payroll costs of the above were:

	2008 £	2007 £
Wages and salaries	351,789	288,100
Social security costs	31,981	26,718
Other pension costs	18,398	9,986
	<u>£402,168</u>	<u>£324,804</u>

General & Medical Finance plc

Notes to the Financial Statements

Year ended 31 December 2008

5. Taxation on ordinary activities

(a) Analysis of charge in the year

	2008 £	2007 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 20.75% (2007 - 30%)	689	21,233
(Over)/under provision in prior year	(436)	5,979
Total current tax	<u>£253</u>	<u>£27,212</u>
Deferred tax:		
Origination and reversal of timing differences (note 11)		
Capital allowances	(1,317)	(2,189)
Tax on profit on ordinary activities	<u>£(1,064)</u>	<u>£25,023</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20.75% (2007 - 30%).

	2008 £	2007 £
Profit on ordinary activities before taxation	<u>9,249</u>	<u>98,557</u>
Profit on ordinary activities by rate of tax	1,919	29,567
Capital allowances in excess of depreciation for the year	(2,162)	(2,276)
Expenses not deductible for tax purposes	932	4,072
Adjustments to tax in respect of previous periods	(436)	5,979
Small companies starting rates	-	(10,130)
Total current tax (note 5(a))	<u>£253</u>	<u>£27,212</u>

6. Dividends

Equity dividends

	2008 £	2007 £
Paid		
Equity dividends on ordinary shares	<u>-</u>	<u>45,000</u>

General & Medical Finance plc

Notes to the Financial Statements

Year ended 31 December 2008

7. Tangible fixed assets

	Fixtures & fittings £	Motor vehicles £	Office equipment £	Total £
Cost				
At 1 January 2008	154,035	18,005	178,954	350,994
Additions	5,180	5,100	16,583	26,863
At 31 December 2008	159,215	23,105	195,537	377,857
Depreciation				
At 1 January 2008	72,954	4,675	127,110	204,739
Charge for the year	12,938	1,503	10,258	24,699
At 31 December 2008	85,892	6,178	137,368	229,438
Net book value				
At 31 December 2008	£73,323	£16,927	£58,169	£148,419
At 31 December 2007	£81,081	£13,330	£51,844	£146,255

8. Debtors

	2008 £	2007 £
Amounts owed by group undertakings	120,452	112,208
Investment in finance leases	6,201	13,270
Prepayments and accrued income	9,447	5,713
	£136,100	£131,191

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

Investment in finance leases	5,535	4,121
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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	2,490	0
Finance lease rentals receivable	8,413	9,595

General & Medical Finance plc

Notes to the Financial Statements

Year ended 31 December 2008

9. Creditors: amounts falling due within one year

	2008	2007
	£	£
Overdrafts	6,300	4,280
Corporation tax	689	21,233
PAYE and social security	8,788	–
VAT	185	628
Directors' loan accounts	8,713	8,713
Accruals and deferred income	15,876	7,620
	<u>£40,551</u>	<u>£42,474</u>

10. Pensions

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

The charge for the year is £18,389 (2007: £9,986).

There were no outstanding or prepaid contributions at the balance sheet date (2007: £nil)

11. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2008	2007
	£	£
Provision brought forward	12,110	14,299
Profit and loss account movement arising during the year	(1,317)	(2,189)
Provision carried forward	<u>£10,793</u>	<u>£12,110</u>

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

	2008	2007
	£	£
Excess of taxation allowances over depreciation on fixed assets	10,793	12,110
	<u>£10,793</u>	<u>£12,110</u>

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 and previous year. At the balance sheet date the company owed £8,713 (2007: £8,713) to D Wildman and G Wildman, this amount is included within other creditors.

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

General & Medical Finance plc

Notes to the Financial Statements

Year ended 31 December 2008

13. Share capital

Authorised share capital:

	2008 £	2007 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2008		2007	
	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

	2008 £	2007 £
Balance brought forward	172,862	144,328
Profit for the financial year	10,313	73,534
Equity dividends	—	(45,000)
Balance carried forward	<u>£183,175</u>	<u>£172,862</u>

15. Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	10,313	73,534
Equity dividends	—	(45,000)
Net addition to shareholders' funds	10,313	28,534
Opening shareholders' funds	222,862	194,328
Closing shareholders' funds	<u>£233,175</u>	<u>£222,862</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.