

financial statements

General & Medical Finance Plc

For the year ended 31 December 2009

Company registration number 02421641



General & Medical Finance plc

Financial Statements

Year ended 31 December 2009

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General & Medical Finance plc

Officers and Professional Advisers

The Board of Directors

Mr D Wildman
Mrs G Wildman

Company Secretary

Mrs G Wildman

Registered Office

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

Auditor

MacIntyre Hudson LLP
Chartered Accountants
& Statutory Auditor
8-12 Priestgate
Peterborough
PE1 1JA

General & Medical Finance plc

The Directors' Report

Year ended 31 December 2009

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2009

Principal activities and business review

The principal activities during 2009 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

	2009	2008
	£	£
Turnover	3,283,576	2,845,689
Operating Profit	65,887	(1,337)

The company has performed in line with the directors' expectations

Results and dividends

The profit for the year, after taxation, amounted to £49,643. 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

General & Medical Finance plc

The Directors' Report *(continued)*

Year ended 31 December 2009

Directors

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

Mr D Wildman
Mrs G Wildman

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 2009 and 2008 all amounts due to trade creditors had been settled, therefore time taken to settle credit accounts per these financial statements was nil.

Auditor

MacIntyre Hudson LLP have been re-appointed as auditor for the ensuing year in accordance with section 485 of the Companies Act 2006.

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

Signed by order of the directors


Mrs G Wildman
Company Secretary

Approved by the directors on 24/6/10

General & Medical Finance plc

Statement of Directors' Responsibilities

Year ended 31 December 2009

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 2009

We have audited the financial statements of General & Medical Finance plc for the year ended 31 December 2009 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

General & Medical Finance plc

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

Year ended 31 December 2009

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

MacIntyre Hudson LLP

Stuart Manning FCA (Senior Statutory Auditor)
MacIntyre Hudson LLP
Chartered Accountants
& Statutory Auditor

8-12 Priestgate
Peterborough
PE1 1JA

28th June 2010

General & Medical Finance plc

Profit and Loss Account

Year ended 31 December 2009

	Note	2009 £	2008 £
Turnover	2	3,283,576	2,845,689
Cost of sales		<u>2,298,080</u>	<u>2,111,167</u>
Gross profit		985,496	734,522
Administrative expenses		919,609	736,009
Other operating income		<u>—</u>	<u>(150)</u>
Operating profit/(loss)	3	65,887	(1,337)
Interest receivable		673	10,586
Profit on ordinary activities before taxation		66,560	9,249
Tax on profit on ordinary activities	6	16,917	(1,064)
Profit for the financial year		<u>£49,643</u>	<u>£10,313</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 2009

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	7	<u>145,895</u>	<u>148,419</u>
Current assets			
Debtors	8	1,919,352	1,490,955
Creditors: amounts falling due within one year	9	<u>1,769,022</u>	<u>1,395,406</u>
Net current assets		<u>150,330</u>	<u>95,549</u>
Total assets less current liabilities		<u>296,225</u>	<u>243,968</u>
Provisions for liabilities			
Deferred taxation	11	<u>13,407</u>	<u>10,793</u>
		<u>£282,818</u>	<u>£233,175</u>
Capital and reserves			
Called-up equity share capital	13	50,000	50,000
Profit and loss account	14	<u>232,818</u>	<u>183,175</u>
Shareholders' funds	15	<u>£282,818</u>	<u>£233,175</u>

These financial statements were approved by the directors and authorised for issue on 24/6/10 and are signed on their behalf by



Mr 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 2009

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 receivable 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

In accordance with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers, the amount to which policies, inception as at the balance sheet date, provide cover in future periods, has now been included as both a debtor and deferred income. At the 31 December 2009 this amounts to £1,619,615 and a change was made to the 2008 debtors and creditors totalling £1,321,180. This adjustment has no effect on the reported profits

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%

Pension costs

The company makes contributions to employee's and directors 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

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

General & Medical Finance plc

Notes to the Financial Statements

Year ended 31 December 2009

1 Accounting policies *(continued)*

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

	2009 £	2008 £
Finance lease - Interest	1,740	2,521
Finance lease -- Purchase price	-	2,490
Group scheme	3,281,836	2,840,678
	<u>£3,283,576</u>	<u>£2,845,689</u>

General & Medical Finance plc

Notes to the Financial Statements

Year ended 31 December 2009

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging

	2009 £	2008 £
Depreciation of owned fixed assets	24,671	24,699
Loss on disposal of fixed assets	630	—
Auditor's remuneration	<u>4,750</u>	<u>5,000</u>

	2009 £	2008 £
Auditor's remuneration - audit of the financial statements	<u>4,750</u>	<u>5,000</u>

4 Particulars of employees

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

	2009 No	2008 No
Number of other staff	<u>28</u>	<u>20</u>

The aggregate payroll costs of the above were

	2009 £	2008 £
Wages and salaries	460,184	351,789
Social security costs	40,280	31,981
Pension costs	<u>22,450</u>	<u>18,398</u>
	<u>£522,914</u>	<u>£402,168</u>

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2009 £	2008 £
Remuneration receivable	—	—
Value of company pension contributions to money purchase schemes	<u>14,400</u>	<u>12,600</u>
	<u>£14,400</u>	<u>£12,600</u>

General & Medical Finance plc

Notes to the Financial Statements

Year ended 31 December 2009

5. Directors' remuneration (continued)

The number of directors who accrued benefits under company pension schemes was as follows

	2009 No	2008 No
Money purchase schemes	<u>2</u>	<u>2</u>

6. Taxation on ordinary activities

(a) Analysis of charge in the year

	2009 £	2008 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 21% (2008 – 20.75%)	13,519	689
Under/(over) provision in prior year	<u>784</u>	<u>(436)</u>
Total current tax	<u>14,303</u>	<u>253</u>
Deferred tax		
Origination and reversal of timing differences (note 11)		
Capital allowances	<u>2,614</u>	<u>(1,317)</u>
Tax on profit on ordinary activities	<u>£16,917</u>	<u>£(1,064)</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 21% (2008 - 20.75%)

	2009 £	2008 £
Profit on ordinary activities before taxation	<u>66,560</u>	<u>9,249</u>
Profit on ordinary activities by rate of tax	13,978	1,919
Capital allowances in excess of depreciation for the year	<u>(2,777)</u>	<u>(2,162)</u>
Expenses not deductible for tax purposes	2,339	932
Adjustments to tax in respect of previous periods	784	(436)
Other adjustments	<u>(21)</u>	<u>-</u>
Total current tax (note 6(a))	<u>£14,303</u>	<u>£253</u>

General & Medical Finance plc

Notes to the Financial Statements

Year ended 31 December 2009

7. Tangible fixed assets

	Fixtures & fittings £	Motor vehicles £	Office equipment £	Total £
Cost				
At 1 January 2009	159,215	23,105	195,537	377,857
Additions	4,435	–	21,092	25,527
Disposals	–	(10,685)	–	(10,685)
At 31 December 2009	163,650	12,420	216,629	392,699
Depreciation				
At 1 January 2009	85,892	6,178	137,368	229,438
Charge for the year	11,668	1,127	11,876	24,671
On disposals	–	(7,305)	–	(7,305)
At 31 December 2009	97,560	–	149,244	246,804
Net book value				
At 31 December 2009	£66,090	£12,420	£67,385	£145,895
At 31 December 2008	£73,323	£16,927	£58,169	£148,419

8 Debtors

	2009 £	2008 £
Trade debtors	1,619,615	1,321,180
Amounts owed by group undertakings	189,913	154,127
Investment in finance leases	293	6,201
Other debtors	13,209	–
Prepayments and accrued income	96,322	9,447
	£1,919,352	£1,490,955

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

Investment in finance leases	nil	5,535
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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	nil	2,490
Finance lease rentals receivable	6,098	8,413

General & Medical Finance plc

Notes to the Financial Statements

Year ended 31 December 2009

9. Creditors: amounts falling due within one year

	2009 £	2008 £
Overdrafts	45,587	6,300
Amounts owed to group undertakings	25,439	33,675
Corporation tax	13,519	689
PAYE and social security	12,091	8,788
VAT	1,766	185
Directors' loan accounts	8,713	8,713
Accruals and deferred income	1,661,907	1,337,056
	<u>£1,769,022</u>	<u>£1,395,406</u>

10. Pensions

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

The charge for the year is £22,450 (2008 £18,398)

There were no outstanding or prepaid contributions at the balance sheet date (2008 £nil)

11. Deferred taxation

The movement in the deferred taxation provision during the year was

	2009 £	2008 £
Provision brought forward	10,793	12,110
Profit and loss account movement arising during the year	2,614	(1,317)
Provision carried forward	<u>£13,407</u>	<u>£10,793</u>

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

	2009 £	2008 £
Excess of taxation allowances over depreciation on fixed assets	13,407	10,793
	<u>£13,407</u>	<u>£10,793</u>

General & Medical Finance plc

Notes to the Financial Statements

Year ended 31 December 2009

12. 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 and previous 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:

	2009 £	2008 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	No	2009 £	No	2008 £
50,000 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

	2009 £	2008 £
Balance brought forward	183,175	172,862
Profit for the financial year	<u>49,643</u>	<u>10,313</u>
Balance carried forward	<u>£232,818</u>	<u>£183,175</u>

15. Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial year	49,643	10,313
Opening shareholders' funds	<u>233,175</u>	<u>222,862</u>
Closing shareholders' funds	<u>£282,818</u>	<u>£233,175</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