

Registered number: 02421641

GENERAL & MEDICAL FINANCE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



GENERAL & MEDICAL FINANCE LIMITED

COMPANY INFORMATION

Directors	Mr D A Wildman Mrs G Wildman
Company secretary	Mrs G Wildman
Registered number	02421641
Registered office	General & Medical House Napier Place Peterborough PE2 6XN
Independent auditors	MHA MacIntyre Hudson Statutory Auditors Peterborough United Kingdom

GENERAL & MEDICAL FINANCE LIMITED

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GENERAL & MEDICAL FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020.

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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 to 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.

Principal activity

The principal activities of the Company are administering the:

- i) Provision of private health insurance for individuals, associations and companies
- ii) Provision of accident & health insurance
- iii) Provision of commercial insurances
- iv) Sport related insurances
- v) Worldwide travel insurance
- vi) Procurement of healthcare & medical services

Directors

The directors who served during the year were:

Mr D A Wildman
Mrs G Wildman

GENERAL & MEDICAL FINANCE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Financial instruments

The Company uses financial instruments such as cash, trade receivables and trade payables in order to raise finance for the Company's operations. The existence of these instruments exposes the Company to financial risks which are detailed below;

Liquidity risk

The Company manages its cash requirements to optimise interest income and minimise expense, whilst ensuring that the Company has sufficient liquid resources to meet the operating needs of its business.

Interest rate risk

The Company is exposed to cash flow interest rate risk on floating rate and fixed term deposits.

Credit risk

Investments of cash surpluses are made through banks and companies which must fulfil a high credit rating as declared by a range of International rating agencies and then approved by a director.

Receivable balances are monitored on an on-going basis and provision is made for doubtful debts where necessary.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

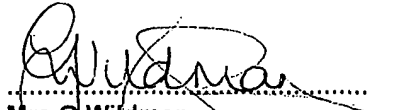
Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

GENERAL & MEDICAL FINANCE LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

This report was approved by the board and signed on its behalf.


.....
Mrs G Wildman
Company secretary

Date: 31.08.21

General & Medical House
Napier Place
Peterborough
PE2 6XN

GENERAL & MEDICAL FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENERAL & MEDICAL FINANCE LIMITED

Opinion

We have audited the financial statements of General & Medical Finance Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

GENERAL & MEDICAL FINANCE LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENERAL & MEDICAL FINANCE LIMITED
(CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

GENERAL & MEDICAL FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENERAL & MEDICAL FINANCE LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

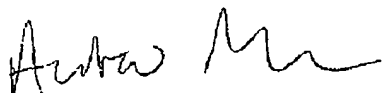
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

GENERAL & MEDICAL FINANCE LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENERAL & MEDICAL FINANCE LIMITED
(CONTINUED)**

Use of our report

This report is made solely to the Company's members, 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 members those matters we are required to state to them in an Auditors' 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Moyser FCCA FCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Statutory Auditors

Peterborough
United Kingdom

Date: 20 September 2021

GENERAL & MEDICAL FINANCE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	As restated 2019 £
Gross transactional value		10,505,369	9,275,737
Commissions received	4	2,378,977	2,204,598
Cost of sales		(453,548)	(290,420)
Gross profit		1,925,429	1,914,178
Administrative expenses		(1,322,961)	(1,506,764)
Other operating income	5	3,577	-
Operating profit	6	606,045	407,414
Interest receivable and similar income	9	583	729
Profit before tax		606,628	408,143
Tax on profit	10	(43,004)	25,287
Profit for the financial year		563,624	433,430

All amounts relate to continuing operations.

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019: £NIL).


The notes on pages 11 to 26 form part of these financial statements.

GENERAL & MEDICAL FINANCE LIMITED
REGISTERED NUMBER: 02421641

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	As restated 2019 £
Fixed assets			
Intangible assets	12	666,872	508,598
Tangible assets	13	55,807	65,302
		<u>722,679</u>	<u>573,900</u>
Current assets			
Debtors: amounts falling due within one year	14	4,254,049	3,772,446
Cash at bank and in hand	15	329,593	173,466
		<u>4,583,642</u>	<u>3,945,912</u>
Creditors: amounts falling due within one year	16	(3,971,420)	(3,510,826)
Net current assets		<u>612,222</u>	<u>435,086</u>
Total assets less current liabilities		<u>1,334,901</u>	<u>1,008,986</u>
Provisions for liabilities			
Deferred tax		(134,409)	(105,118)
Net assets		<u>1,200,492</u>	<u>903,868</u>
Capital and reserves			
Called up share capital	18	50,000	50,000
Profit and loss account	19	1,150,492	853,868
		<u>1,200,492</u>	<u>903,868</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....
Mr D A Wildman
 Director

Date: 31-8-2021

The notes on pages 11 to 26 form part of these financial statements.

GENERAL & MEDICAL FINANCE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019 (as previously stated)	50,000	732,144	782,144
Prior year adjustment	-	(34,706)	(34,706)
At 1 January 2019 (as restated)	50,000	697,438	747,438
Comprehensive income for the year			
Profit for the year	-	433,430	433,430
Total comprehensive income for the year	-	433,430	433,430
Dividends: Equity capital	-	(277,000)	(277,000)
At 1 January 2020 (as previously stated)	50,000	903,390	953,390
Prior year adjustment	-	(49,522)	(49,522)
At 1 January 2020 (as restated)	50,000	853,868	903,868
Comprehensive income for the year			
Profit for the year	-	563,624	563,624
Total comprehensive income for the year	-	563,624	563,624
Dividends: Equity capital	-	(267,000)	(267,000)
At 31 December 2020	50,000	1,150,492	1,200,492

The notes on pages 11 to 26 form part of these financial statements.

GENERAL & MEDICAL FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

General & Medical Finance Limited ("the Company") is a private company limited by shares incorporated in England and Wales under the Companies Act.

The registered number and address of the registered office is given in the Company information.

The nature of the Company's operations and its principal activities are set out in the Directors' report on page 1.

The functional and presentational currency of the Company is pounds sterling (£) and rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of General And Medical Securities Limited as at 31 December 2020 and these financial statements may be obtained from Companies House.

2.3 Gross transactional value

Gross transactional value relates to the full revenue charged to customers in respect of insurance prior to any amounts paid to the underwriter.

GENERAL & MEDICAL FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Revenue

Revenue represents net retained brokerage and profit commission arising on the placement of insurance contracts by the Company.

Brokerage is recognised when the Company's contractual right to such income is established, and to the extent that the Company's relevant obligation under the contracts concerned have been performed. For most of the Company's broking activities, this means that brokerage is recognised at the inception of the underlying contract of insurance concerned. To the extent that the Company is contractually obliged to provide services after this date, a proportion of income is deferred and recognised over the life of the relevant contracts to ensure that revenue appropriately reflects the cost of fulfilling those obligations.

Profit commission is a commission paid by an insurer based on the overall profitability of the business placed during a particular period and is determined after this period. Where it is possible to reasonably estimate the profit commission revenue, the revenue is recognised on an earned basis after making allowances for future and ongoing claims based on the terms of the profit commission arrangements, net of any associated profit commission paid by the Company to a third party.

Due to the fact that the Company's role is that of an agent, included within insurance debtors and accruals and deferred income represents the full transaction values of insurance which will be collected by the Company post year end of which the relevant amounts will be paid over to the insurer. This is further explained in accounting policy 2.18.

2.5 Cost of sales

Commissions payable are included in cost of sales. Commissions and other acquisition expenses relating to unearned premiums are deferred and charged to the Statement of comprehensive income based on the average customer retention period.

2.6 Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including projected income and expenses over the next 12 months, the size of the net assets held, that the Company is not dependant on any external finance, that the Company is expected to continue to operate profitably in the foreseeable future and the impact of subsequent events in making their assessment. The Directors have taken into account the continuing COVID 19 pandemic which is anticipated to have a minimal impact on the performance of the Company over the next 12 months. The Directors have also taken into account the effectiveness of available measures to assist in mitigating the impact of COVID 19.

Based on these assessments and having regard to the resources available to the Company, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

GENERAL & MEDICAL FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Fixtures and fittings	-	15% reducing balance per annum
Office equipment	-	15% reducing balance per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

GENERAL & MEDICAL FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.10 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research is recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives which if a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

GENERAL & MEDICAL FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.16 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

GENERAL & MEDICAL FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Research and development tax credits are recognised in the year in which they are incurred and are matched against the related claim.

2.18 Insurance intermediary assets and liabilities

Insurance brokers usually act as an agent in placing the insurable risks of their clients with insurers and as such, generally, are not liable as principals for the amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities. This recognises that the insurance broker is entitled to retain the investment income on any cash flows arising from these transactions and is included as fiduciary investment income in the Statement of comprehensive income.

Debtors and creditors arising from a transaction between a client and insurers (e.g. a premium or a claim) are recorded simultaneously. Consequently, there is a high level of correlation between the totals reported in respect of insurance broking debtors and insurance broking creditors.

The position of the insurance broker as an agent means that generally the credit risk is borne by the principals. There can be circumstances where the insurance broker acquires credit risk – through statute, or through the act or omission of the insurance broker or one of the principals. There is much legal uncertainty surrounding the circumstances and the extent of such exposure and consequently they cannot be evaluated. Therefore, the total of the insurance broking debtors appearing in the balance sheet is not an indication of credit risk.

It is normal practice for insurance brokers to settle accounts with other intermediaries, clients, insurers and market settlement bureaux on a net basis. Thus, large changes in both insurance broking debtors and creditors can result from comparatively small cash settlements. For this reason, the totals of insurance broking debtors give no indication of future cash flows.

GENERAL & MEDICAL FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.19 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	10	years
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2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The following are the critical estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty - Determining residual values and useful economic lives of property, plant and equipment

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgment is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value, management aim to assess the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

Key source of estimation uncertainty - Recoverability of receivables

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability, the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

GENERAL & MEDICAL FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Commissions received

An analysis of commissions received by class of business is as follows:

	2020 £	As restated 2019 £
Commissions receivable	2,205,922	2,139,161
Procurement of healthcare services	18,346	15,155
Other income	154,709	50,282
	<u>2,378,977</u>	<u>2,204,598</u>

All commissions received arose within the United Kingdom.

All commissions received relates to the rendering of services.

5. Other operating income

	2020 £	2019 £
Government grants receivable	3,577	-
	<u>3,577</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging:

	2020 £	As restated 2019 £
Depreciation of tangible fixed assets	9,495	11,156
Operating lease rentals - Other	-	2,524
Operating lease rentals - Property	-	54,000
Defined contribution pension cost	23,425	23,656
Exchange differences	4,520	1,787
Amortisation of intangible assets	70,856	48,519

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**NOTES TO THE FINANCIAL STATEMENTS
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7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>6,650</u>	<u>4,767</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

Staff costs were as follows:

	2020 £	As restated 2019 £
Wages and salaries	812,775	897,251
Social security costs	71,923	79,215
Cost of defined contribution scheme	23,425	23,656
	<u>908,123</u>	<u>1,000,122</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Operational staff	34	35
Management staff	2	2
	<u>36</u>	<u>37</u>

9. Interest receivable

	2020 £	2019 £
Other interest receivable	<u>583</u>	<u>729</u>

GENERAL & MEDICAL FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Taxation

	2020 £	As restated 2019 £
Corporation tax		
Current tax on profits for the year	-	(7,344)
Adjustments in respect of previous periods	13,713	(48,854)
Total current tax	<u>13,713</u>	<u>(56,198)</u>
Deferred tax		
Origination and reversal of timing differences	29,291	30,911
Taxation on profit/(loss) on ordinary activities	<u>43,004</u>	<u>(25,287)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	As restated 2019 £
Profit on ordinary activities before tax	606,628	408,143
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	115,259	77,547
Effects of:		
Amortisation of intangibles	13,463	10,369
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,055	1,960
Depreciation in excess of capital allowances	1,615	1,547
Adjustments to tax charge in respect of prior periods	13,713	(48,854)
Increase in pension fund creditor leading to an increase in tax	164	1,214
Other differences leading to an increase in taxation	-	2,279
Adjustment in research and development tax credit leading to a decrease in the tax charge	(104,411)	(105,736)
Origination and reversal of timing differences	29,291	30,911
Group relief	(28,145)	-
Affect of prior year adjustment	-	3,476
Total tax charge for the year	<u>43,004</u>	<u>(25,287)</u>

GENERAL & MEDICAL FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Taxation (continued)**Factors that may affect future tax charges**

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for UK GAAP purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. As a result, the rate of 19% has been applied in the measurement of the Company's deferred tax liabilities as at 31 December 2020.

11. Dividends

	2020 £	2019 £
Ordinary dividends	<u>267,000</u>	<u>277,000</u>

12. Intangible assets

	Computer software £
Cost	
At 1 January 2020 (as previously stated)	666,741
Prior Year Adjustment	(72,746)
At 1 January 2020 (as restated)	<u>593,995</u>
Additions	<u>229,130</u>
At 31 December 2020	<u>823,125</u>
Amortisation	
At 1 January 2020 (as previously stated)	97,003
Prior Year Adjustment	(11,606)
At 1 January 2020 (as restated)	<u>85,397</u>
Charge for the year on owned assets	<u>70,856</u>
At 31 December 2020	<u>156,253</u>
Net book value	
At 31 December 2020	<u>666,872</u>
At 31 December 2019 (as restated)	<u>508,598</u>

GENERAL & MEDICAL FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Intangible assets (continued)

The individual intangible assets which are material to the financial statements are as follows:

	Net book value		Remaining amortisation period (years)	
	2020 £	As restated 2019 £	2020	As restated 2019
Computer software				
Enhancement of business and client systems - 2017	117,380	135,349	6.5	7.5
Enhancement of business and client systems - 2018	146,850	166,430	7.5	8.5
Enhancement of business and client systems - 2019	184,968	206,729	8.5	9.5
Enhancement of business and client systems - 2020	217,674	-	9.5	
Total	666,872	508,598		

13. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Total £
Cost			
At 1 January 2020	171,185	277,747	448,932
At 31 December 2020	171,185	277,747	448,932
Depreciation			
At 1 January 2020	155,236	228,394	383,630
Charge for the year on owned assets	2,358	7,137	9,495
At 31 December 2020	157,594	235,531	393,125
Net book value			
At 31 December 2020	13,591	42,216	55,807
At 31 December 2019	15,949	49,353	65,302

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Debtors

	2020 £	As restated 2019 £
Insurance debtors	3,000,149	2,667,708
Amounts owed by group undertakings	460,211	468,212
Other debtors	-	56,569
Prepayments and accrued income	793,689	579,957
	<u>4,254,049</u>	<u>3,772,446</u>

Amounts owed by group undertakings are unsecured, are interest free and are repayable on demand.

15. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	329,593	173,466
Less: bank overdrafts	(628,464)	(529,033)
	<u>(298,871)</u>	<u>(355,567)</u>

16. Creditors: Amounts falling due within one year

	2020 £	As restated 2019 £
Bank overdrafts	628,464	529,033
Amounts owed to group undertakings	202,845	166,556
Corporation tax	13,712	-
Other taxation and social security	27,057	29,514
Other creditors	7,253	6,389
Accruals and deferred income	3,092,089	2,779,334
	<u>3,971,420</u>	<u>3,510,826</u>

Amounts owed to group undertakings are unsecured, are interest free and are repayable on demand.

GENERAL & MEDICAL FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Deferred taxation

	2020 £	As restated 2019 £
At beginning of year	105,118	74,207
Charged to profit or loss	29,291	30,911
At end of year	134,409	105,118

The provision for deferred taxation is made up as follows:

	2020 £	As restated 2019 £
Accelerated capital allowances	9,082	9,571
Short term timing differences	(1,378)	(1,086)
Intangible assets timing differences	126,705	96,633
	134,409	105,118

18. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

19. Reserves**Profit and loss account**

The profit and loss account represents cumulative profit or losses, net of dividends paid and other adjustments.

GENERAL & MEDICAL FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

20. Prior year adjustment

The directors have considered that the Company is acting as agent in respect of insurance contracts, and this had led them to undertake a more detailed analysis of revenue and trade debtors resulting in revenue now being recognised on a commission basis and a correction to the trade debtor's position.

This has resulted in the commissions received on the Statement of Comprehensive Income reducing from £9,275,737 to £2,204,598 and cost of sales reducing from £7,361,559 to £290,420. Gross profit remains unchanged at £1,914,178, with the change being purely presentational with regards to income now being shown 'net' as opposed to showing as 'gross' previously.

With regards to insurance debtors, these along with accruals and deferred income have equally been reduced by £443,216 each to £2,667,708 and £2,779,334 respectively within notes 14 and 16 following the review and correction thereof.

Neither of these adjustments has had an impact on the profit and loss account brought forward.

Furthermore, during the year it was identified that some of the historical analysis in respect of capitalised development expenditure (computer software) contained some errors resulting in a decrease in the intangible assets value previously recognised. As a result, the intangible assets cost brought forward at note 12 has been reduced by £72,746 to £593,995 and its related accumulated amortisation charge brought forward has been reduced by £11,606 to £85,397. The overall net book value of other intangibles brought forward has therefore decreased by £61,140. Furthermore, the deferred tax liability brought forward has been decreased by £11,618 to £105,118 at note 17 because of this adjustment. This has resulted in an overall decrease in the profit and loss account brought forward on 1 January 2020 of £49,522 to £853,868.

21. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £23,425 (2019 restated: £23,656).

Contributions totalling £7,253 (2019: £6,389) were payable to the fund at the Balance Sheet date and are included within other creditors falling due within one year.

22. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	-	17,286
Later than 1 year and not later than 5 years	-	1,262
	<u>-</u>	<u>18,548</u>

GENERAL & MEDICAL FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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23. Related party transactions

As the Company is a wholly owned subsidiary of General And Medical Securities Limited, the Company has taken advantage of the exemption contained in FRS 102 section 33.1A Related Party Disclosures, and has therefore not disclosed transactions or balances with wholly owned entities which form part of its Group.

The consolidated financial statements of General And Medical Securities Limited, within which the Company is included, are publicly available at Companies House.

The directors who are also the key management personnel of the Company, only received remuneration from the immediate and ultimate parent company, General And Medical Securities Limited.

24. Ultimate parent undertaking and controlling party

The Company's immediate and ultimate parent company is General And Medical Securities Limited, a company registered in England and Wales which holds all of the issued ordinary shares in this Company.

The registered office of the ultimate parent company General And Medical Securities Limited is General & Medical House, Napier Place, Peterborough, PE2 6XN.

The ultimate controlling parties are Mr D A Wildman and Mrs G Wildman.