

GENERAL AND MEDICAL FINANCE PLC
FINANCIAL STATEMENTS
31ST DECEMBER 1999

Company Registration Number 2421641

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



GENERAL AND MEDICAL FINANCE PLC

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1999

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GENERAL AND MEDICAL FINANCE PLC

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

D Wildman
G Wildman

Company Secretary

D Wildman

Registered Office

Forest House
Pilton
Peterborough
PE8 5SN

Auditors

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

GENERAL AND MEDICAL FINANCE PLC

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 1999

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities during 1999 were those of:

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

The directors are pleased with the developments in all areas of business and are looking forward to continuing growth in 2000.

RESULTS AND DIVIDENDS

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

The directors have recommended the following dividends:

	1999 £	1998 £
Dividends paid on ordinary shares	80,000	36,000

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 December 1999	At 1 January 1999
D Wildman	25,000	25,000
G Wildman	25,000	25,000

POLICY ON THE PAYMENT OF CREDITORS

It is the company's policy to accept suppliers' terms without negotiation. Suppliers therefore know the terms upon which payment will be made when business is agreed. It is our policy to abide by these terms. At 31st December 1999 and 1998 all amounts due to trade creditors had been settled, therefore time taken to settle credit accounts per these financial statements was nil.

GENERAL AND MEDICAL FINANCE PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 1999

AUDITORS

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

Registered office:

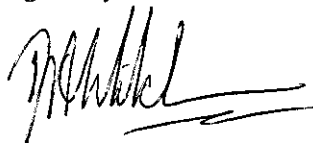
Forest House

Pilton

Peterborough

PE8 5SN

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'D Wildman', with a horizontal line extending to the right.

D WILDMAN

Company Secretary

Approved by the directors on 1st March 2000

GENERAL AND MEDICAL FINANCE PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 31ST DECEMBER 1999

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

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

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

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

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GENERAL AND MEDICAL FINANCE PLC

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31ST DECEMBER 1999

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

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

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

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

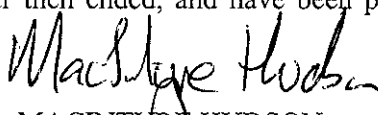
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the company's state of affairs as at 31st December 1999 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

8-12 Priestgate
Peterborough
PE1 1JA

1st March 2000


MACINTYRE HUDSON
Chartered Accountants
& Registered Auditors

GENERAL AND MEDICAL FINANCE PLC**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST DECEMBER 1999**

	Note	1999 £	1998 £
TURNOVER	1	1,669,867	1,274,393
Cost of sales		1,207,542	839,685
GROSS PROFIT		<u>462,325</u>	<u>434,708</u>
Administrative expenses		213,792	149,480
OPERATING PROFIT	2	248,533	285,228
Interest receivable		20,802	20,117
Interest payable	5	-	(350)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>269,335</u>	<u>304,995</u>
Tax on profit on ordinary activities	6	60,042	82,489
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>209,293</u>	<u>222,506</u>
Dividends	7	80,000	36,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>129,293</u>	<u>186,506</u>

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

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

GENERAL AND MEDICAL FINANCE PLC**BALANCE SHEET****31ST DECEMBER 1999**

	Note	1999 £	1998 £
FIXED ASSETS			
Intangible assets	8	15,000	17,500
Tangible assets	9	67,706	50,267
		<u>82,706</u>	<u>67,767</u>
CURRENT ASSETS			
Debtors	10	161,899	177,798
Cash at bank and in hand		487,300	384,565
		<u>649,199</u>	<u>562,363</u>
CREDITORS: Amounts falling due within one year	11	<u>(62,474)</u>	<u>(89,992)</u>
NET CURRENT ASSETS		<u>586,725</u>	<u>472,371</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>669,431</u>	<u>540,138</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	50,000	50,000
Revaluation reserve	14	15,000	17,500
Profit and loss account	15	604,431	472,638
SHAREHOLDERS' FUNDS	16	<u>669,431</u>	<u>540,138</u>

These financial statements were approved by the directors on the 1st March 2000 and are signed on their behalf by:



D WILDMAN

GENERAL AND MEDICAL FINANCE PLC**CASH FLOW STATEMENT****YEAR ENDED 31ST DECEMBER 1999**

	1999		1998	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		278,532		298,309
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	20,802		20,117	
Interest element of finance lease rental payments	-		(350)	
	—	20,802	—	19,767
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
TAXATION		(79,316)		(47,483)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets	(53,283)		(9,480)	
Receipts from sale of fixed assets	16,000		-	
	—	(37,283)	—	(9,480)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE				
EQUITY DIVIDENDS PAID		(80,000)		(36,000)
CASH INFLOW BEFORE FINANCING		102,735		225,113
FINANCING				
Capital element of finance lease rental payments	-		(5,333)	
	—	-	—	(5,333)
NET CASH OUTFLOW FROM FINANCING				
INCREASE IN CASH		102,735		219,780

GENERAL AND MEDICAL FINANCE PLC**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 31ST DECEMBER 1999****RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1999 £	1998 £
Operating profit	248,533	285,228
Amortisation	2,500	2,500
Depreciation	19,822	13,945
Loss on disposal of fixed assets	22	1,456
Decrease/(Increase) in debtors	15,899	(6,132)
(Decrease)/Increase in creditors	(8,244)	1,312
Net cash inflow from operating activities	<u>278,532</u>	<u>298,309</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	1999 £	1998 £
Increase in cash in the period	102,735	219,780
Net cash outflow in respect of finance leases	-	5,333
Change in net funds	<u>102,735</u>	<u>225,113</u>
Net funds at 1st January 1999	384,565	159,452
Net funds at 31st December 1999	<u>487,300</u>	<u>384,565</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 1999 £	Cash flows £	At 31 Dec 1999 £
Net cash:			
Cash in hand and at bank	384,565	102,735	487,300
Debt:			
Net funds	<u>384,565</u>	<u>102,735</u>	<u>487,300</u>

GENERAL AND MEDICAL FINANCE PLC

ACCOUNTING POLICIES

YEAR ENDED 31ST DECEMBER 1999

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Turnover

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

Turnover includes the interest element of finance lease repayments.

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

Amortisation

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

Brand names	- Over 10 years
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Depreciation

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

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

Pension costs

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

Deferred taxation

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

Leased assets as lessor

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

GENERAL AND MEDICAL FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1999

1. TURNOVER

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

An analysis of turnover is given below:

	1999 £	1998 £
United Kingdom	<u>1,669,867</u>	<u>1,274,393</u>

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

	1999 £	1998 £
Finance lease - Interest	23,028	17,613
Finance lease - Purchase price	127,567	129,228
Group scheme	1,519,272	1,127,552
	<u>1,669,867</u>	<u>1,274,393</u>

2. OPERATING PROFIT

Operating profit is stated after charging:

	1999 £	1998 £
Amortisation	2,500	2,500
Depreciation	19,822	13,945
Loss on disposal of fixed assets	22	1,456
Auditors' remuneration		
- as auditors	<u>3,600</u>	<u>3,000</u>

3. PARTICULARS OF EMPLOYEES

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

	1999 No.	1998 No.
Number of management staff	2	2
Number of other staff	4	3
	<u>6</u>	<u>5</u>

GENERAL AND MEDICAL FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 1999****3. PARTICULARS OF EMPLOYEES** *(continued)*

The aggregate payroll costs of the above were:

	1999 £	1998 £
Wages and salaries	97,190	64,008
Social security costs	8,028	2,642
Other pension costs	7,400	7,400
	<u>112,618</u>	<u>74,050</u>

4. DIRECTORS' EMOLUMENTS

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

	1999 £	1998 £
Emoluments receivable	<u>69,363</u>	<u>37,622</u>

5. INTEREST PAYABLE

	1999 £	1998 £
Finance charges	<u>-</u>	<u>350</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
In respect of the year:		
Corporation tax based on the results for the year at 20% (1998 - 24%)	59,215	82,489
Adjustment in respect of previous years:		
Corporation tax	827	-
	<u>60,042</u>	<u>82,489</u>

7. DIVIDENDS

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

	1999 £	1998 £
Dividends paid on equity shares	<u>80,000</u>	<u>36,000</u>

GENERAL AND MEDICAL FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1999

8. INTANGIBLE FIXED ASSETS

	Brand Value £
COST	
At 1st January 1999 and 31st December 1999	<u>25,000</u>
AMORTISATION	
At 1st January 1999	7,500
Charge for the year	<u>2,500</u>
At 31st December 1999	<u>10,000</u>
NET BOOK VALUE	
At 31st December 1999	<u>15,000</u>
At 31st December 1998	<u>17,500</u>

This represents the "Brand Value" of the company's name and is the amount which has been offered by a competitor for the use of it.

9. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Motor Vehicles £	Office Equipment £	Total £
COST OR VALUATION				
At 1st January 1999	3,069	28,484	68,849	100,402
Additions	2,754	41,232	9,297	53,283
Disposals	-	(28,484)	-	(28,484)
At 31st December 1999	<u>5,823</u>	<u>41,232</u>	<u>78,146</u>	<u>125,201</u>
DEPRECIATION				
At 1st January 1999	1,207	12,462	36,466	50,135
Charge for the year	899	10,308	8,615	19,822
On disposals	-	(12,462)	-	(12,462)
At 31st December 1999	<u>2,106</u>	<u>10,308</u>	<u>45,081</u>	<u>57,495</u>
NET BOOK VALUE				
At 31st December 1999	<u>3,717</u>	<u>30,924</u>	<u>33,065</u>	<u>67,706</u>
At 31st December 1998	<u>1,862</u>	<u>16,022</u>	<u>32,383</u>	<u>50,267</u>

GENERAL AND MEDICAL FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 1999****10. DEBTORS**

	1999 £	1998 £
Investment in finance leases	146,482	162,808
Other debtors	14,653	13,390
Prepayments and accrued income	764	1,600
	<u>161,899</u>	<u>177,798</u>

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

Investment in finance leases	59,921	59,315
Costs of assets acquired in the year for letting under finance leases	127,567	129,228
Finance lease rentals receivable	166,921	146,841

11. CREDITORS: Amounts falling due within one year

	1999 £	1998 £
Other creditors including taxation and social security:		
Corporation tax	54,215	73,489
Directors' loan accounts	<u>3,948</u>	<u>2,808</u>
	58,163	76,297
Accruals and deferred income	<u>4,311</u>	<u>13,695</u>
	<u>62,474</u>	<u>89,992</u>

12. RELATED PARTY TRANSACTIONS

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

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

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

	1999 £	1998 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

GENERAL AND MEDICAL FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1999

13. SHARE CAPITAL *(continued)*

Allotted, called up and fully paid:

	1999 £	1998 £
Ordinary share capital	<u>50,000</u>	<u>50,000</u>

14. REVALUATION RESERVE

	1999 £	1998 £
Balance brought forward	17,500	20,000
Transfer to the profit and loss account on realisation	(2,500)	(2,500)
	<u>15,000</u>	<u>17,500</u>

15. PROFIT AND LOSS ACCOUNT

	1999 £	1998 £
Balance brought forward	472,638	283,632
Retained profit for the financial year	129,293	186,506
Transfer from revaluation reserve	2,500	2,500
Balance carried forward	<u>604,431</u>	<u>472,638</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit for the financial year	209,293	222,506
Dividends	(80,000)	(36,000)
	<u>129,293</u>	<u>186,506</u>
Opening shareholders' equity funds	540,138	353,632
Closing shareholders' equity funds	<u>669,431</u>	<u>540,138</u>