

GENERAL AND MEDICAL FINANCE PLC

FINANCIAL STATEMENTS

31st December 1996

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



GENERAL AND MEDICAL FINANCE PLC

FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 1996

CONTENTS	PAGE
Company information	1
The directors' report	2
Statement of directors' responsibilities	4
Auditors' report to the shareholders	5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Statement of accounting policies	10
Notes to the financial statements	11

The following pages do not form part of the statutory financial statements

Detailed trading and profit and loss account	18
Notes to the detailed profit and loss account	19

GENERAL AND MEDICAL FINANCE PLC

COMPANY INFORMATION

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 1996**

The directors have pleasure in presenting their report together with the audited financial statements of the company for the year ended 31st December 1996.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were those of arranging finance and leasing, acting as a lessor and the management of a professional group scheme that incorporates health cover and legal support.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The directors are again pleased by the growth of the General & Medical Professional Group which has significantly contributed to the continued success of the company.

RESULTS AND DIVIDENDS

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

The directors have recommended the following dividends:

	1996 £	1995 £
Dividends paid on ordinary shares	<u>41,500</u>	<u>39,540</u>

The balance of the profits for the year amounting to £84,165 will be added to reserves and carried forward to the following year.

DIRECTORS

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 Dec 96	At 1 Jan 96
D Wildman	25,000	25,000
G Wildman	<u>25,000</u>	<u>25,000</u>

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.

GENERAL AND MEDICAL FINANCE PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st DECEMBER 1996

FIXED ASSETS

The movements in fixed assets are recorded in the notes to the financial statements.

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:

Signed on behalf of the directors

Forest House
Pilton
PETERBOROUGH
PE8 5SN

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 20th February 1997

GENERAL AND MEDICAL FINANCE PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31st DECEMBER 1996

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 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 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 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 1996

We have audited the financial statements on pages 6 to 16.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on the previous page, the directors of the company 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 circumstances of the company, 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 state of affairs of the company as at 31st December 1996 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


MACINTYRE HUDSON
Chartered Accountants
& Registered Auditors

20th February 1997

GENERAL AND MEDICAL FINANCE PLC**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31st DECEMBER 1996**

	Note	1996 £	1995 £
TURNOVER	1	738,176	691,430
Cost of sales		452,446	485,715
GROSS PROFIT		285,730	205,715
Administrative expenses		129,915	108,046
Other operating income	2	2,052	6,673
OPERATING PROFIT	3	157,867	104,342
Interest receivable and similar income	6	8,119	3,521
Interest payable and similar charges	7	-	339
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		165,986	107,524
Tax on profit on ordinary activities	8	40,321	17,009
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		125,665	90,515
Dividends	9	41,500	39,540
RETAINED PROFIT FOR THE FINANCIAL YEAR		84,165	50,975

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 1996

		1996		1995	
	Note	£	£	£	£
FIXED ASSETS					
Intangible assets	10		22,500		25,000
Tangible assets	11		40,016		36,259
			<u>62,516</u>		<u>61,259</u>
CURRENT ASSETS					
Debtors	12	19,072		13,795	
Cash at bank and in hand		179,325		80,890	
		<u>198,397</u>		<u>94,685</u>	
CREDITORS: Amounts falling due within one year	13	<u>32,813</u>		<u>12,009</u>	
NET CURRENT ASSETS			165,584		82,676
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>228,100</u>		<u>143,935</u>
CAPITAL AND RESERVES					
Called up share capital	14		50,000		50,000
Revaluation reserve	15		22,500		25,000
Profit and loss account	15		155,600		68,935
SHAREHOLDERS' FUNDS (all equity interests)	16		<u>228,100</u>		<u>143,935</u>

Approved by the directors on the 20th February 1997



D WILDMAN

GENERAL AND MEDICAL FINANCE PLC

CASH FLOW STATEMENT

YEAR ENDED 31st DECEMBER 1996

	1996		1995	
	£	£	£	£
Net cash inflow from operating activities		159,983		108,246
Returns on investments and servicing of finance				
Interest received	8,119		3,521	
Interest element of finance lease rental payments	-		(339)	
Dividends paid	(41,500)		(39,540)	
Net cash outflow from returns on investments and servicing of finance		(33,381)		(36,358)
Taxation				
Corporation tax paid	(13,939)		(9,885)	
Taxes paid		(13,939)		(9,885)
Investing activities				
Payments to acquire tangible fixed assets	(14,688)		(19,228)	
Receipts from sale of fixed assets	460		-	
Net cash outflow from investing activities		(14,228)		(19,228)
Net cash inflow before financing		98,435		42,775
Financing				
Net outflow in respect of finance leases	-		(3,167)	
Net cash outflow from financing		-		(3,167)
Increase in cash and cash equivalents		98,435		39,608

The notes on pages 10 to 16 form part of these financial statements.

GENERAL AND MEDICAL FINANCE PLC

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31st DECEMBER 1996

Reconciliation of operating profit to
net cash inflow from operating activities

	1996 £	1995 £
Operating profit	157,867	104,342
Amortisation	2,500	-
Depreciation	10,641	9,452
(Profit)/Loss on disposal of fixed assets	(170)	1,037
(Increase)/Decrease in debtors	(6,439)	3,470
Decrease in creditors	(4,416)	(10,055)
Net cash inflow from operating activities	<u>159,983</u>	<u>108,246</u>

Analysis of the balances of cash and cash
equivalents as shown in the balance sheet

	1996 £	1995 £	Change £
Cash at bank and in hand	<u>179,325</u>	<u>80,890</u>	<u>98,435</u>

Analysis of changes in cash and cash
equivalents during the year

	£
Balance brought forward	80,890
Net cash inflow	98,435
Balance carried forward	<u>179,325</u>

Analysis of financing during the year.

	Finance lease Obligations
Balance at 1st January 1996	-
Repayments in year	-
Balance at 31st December 1996	<u>-</u>
Balance at 1st January 1995	3,167
Repayments in year	(3,167)
Balance at 31st December 1995	<u>-</u>

GENERAL AND MEDICAL FINANCE PLC

STATEMENT OF ACCOUNTING POLICIES

31st DECEMBER 1996

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention as modified by the revaluation of certain fixed assets, using the following accounting policies:

Turnover

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

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Brand names	- Over 10 years
-------------	-----------------

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%

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

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 associated with ownership, other than legal title, are classified as finance leases. The net investment in these 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 1996

1. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. All turnover derives from activities within the United Kingdom.

2. OTHER OPERATING INCOME

	1996 £	1995 £
Other operating income	<u>2,052</u>	<u>6,673</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	1996 £	1995 £
Amortisation	2,500	-
Depreciation	10,641	9,452
(Profit)/Loss on disposal of fixed assets	(170)	1,037
Auditors' remuneration - as auditors	<u>2,400</u>	<u>2,300</u>

4. STAFF

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

	1996 No.	1995 No.
Number of management staff	2	2
Number of other staff	<u>2</u>	<u>1</u>
	<u>4</u>	<u>3</u>

The aggregate payroll costs of the above were:

	1996 £	1995 £
Wages and salaries	40,183	14,037
Social security costs	3,537	333
Other pension costs	1,750	9,200
	<u>45,470</u>	<u>23,570</u>

GENERAL AND MEDICAL FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31st DECEMBER 1996****5. DIRECTORS' EMOLUMENTS**

The directors' emoluments were:

	1996 £	1995 £
Remuneration as directors	<u>29,478</u>	<u>18,235</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	1996 £	1995 £
Bank interest receivable	<u>8,119</u>	<u>3,521</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
HP/Finance lease charges	<u>-</u>	<u>339</u>

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
Corporation tax based on the results for the year at 25% (1995: - 25%)	40,321	18,171
Adjustment to provision in previous years	-	(1,162)
	<u>40,321</u>	<u>17,009</u>

9. DIVIDENDS

The following dividends have been paid during the year:

	1996 £	1995 £
Dividends paid on ordinary shares	<u>41,500</u>	<u>39,540</u>

GENERAL AND MEDICAL FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31st DECEMBER 1996****10. INTANGIBLE FIXED ASSETS**

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.

	Brand Value £
COST	
At 1st January 1996 and 31st December 1996	<u>25,000</u>
AMORTISATION	
At 1st January 1996	-
Charge for year	<u>2,500</u>
At 31st December 1996	<u>2,500</u>
NET BOOK VALUE	
At 31st December 1996	<u>22,500</u>
At 31st December 1995	<u>25,000</u>

GENERAL AND MEDICAL FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 1996

11. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Motor Vehicles £	Office Equipment £	Total £
COST OR VALUATION				
At 1st January 1996	647	21,450	41,090	63,187
Additions	-	-	14,688	14,688
Disposals	-	-	(769)	(769)
At 31st December 1996	<u>647</u>	<u>21,450</u>	<u>55,009</u>	<u>77,106</u>
DEPRECIATION				
At 1st January 1996	478	12,402	14,048	26,928
Charge for year	34	2,262	8,345	10,641
On disposals	-	-	(479)	(479)
At 31st December 1996	<u>512</u>	<u>14,664</u>	<u>21,914</u>	<u>37,090</u>
NET BOOK VALUE				
At 31st December 1996	<u>135</u>	<u>6,786</u>	<u>33,095</u>	<u>40,016</u>
At 31st December 1995	<u>169</u>	<u>9,048</u>	<u>27,042</u>	<u>36,259</u>

12. DEBTORS

	1996 £	1995 £
Trade debtors	284	400
Other debtors	18,788	12,233
ACT recoverable against future taxation	-	1,162
	<u>19,072</u>	<u>13,795</u>
Included in the above are the following debtors due after more than one year:		
Investment in finance leases	<u>£5,076</u>	<u>£4,557</u>
Costs of assets acquired in the year for letting under finance leases	£18,111	£12,343
Finance lease rentals receivable	£13,609	£22,468

GENERAL AND MEDICAL FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 1996

13. CREDITORS: Amounts falling due within one year

	1996 £	1995 £
Corporation tax	29,946	4,726
Other taxation & social security	-	676
Directors' loan accounts	287	4,137
Accruals and deferred income	2,580	2,470
	<u>32,813</u>	<u>12,009</u>

14. SHARE CAPITAL

Authorised share capital:

	1996 £	1995 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	1996 £	1995 £
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

15. RESERVES

	Other Reserve £	Profit and Loss Account £	Total £
At 1st January 1996	25,000	68,935	93,935
Transfer from other reserve	(2,500)	2,500	-
Profit for the year		84,165	84,165
At 31st December 1996	<u>22,500</u>	<u>155,600</u>	<u>178,100</u>

GENERAL AND MEDICAL FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 1996

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial period	125,665	90,515
Dividends	(41,500)	(39,540)
	<u>84,165</u>	<u>50,975</u>
Opening shareholders' equity funds	143,935	92,960
Closing shareholders' equity funds	<u>228,100</u>	<u>143,935</u>



MACINTYRE HUDSON

CHARTERED ACCOUNTANTS

BEDFORD

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HIGH WYCOMBE

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