

GENERAL AND MEDICAL FINANCE PLC
FINANCIAL STATEMENTS
31ST DECEMBER 1998

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 1998

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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 1998

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 1998.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities during 1998 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 1999.

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:

	1998	1997
	£	£
Dividends paid on ordinary shares	<u>36,000</u>	<u>47,000</u>

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 £1.00 each	
	At 31 Dec 98	At 1 Jan 98
D Wildman	25,000	25,000
G Wildman	<u>25,000</u>	<u>25,000</u>

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 1998 and 1997 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 1998

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 on behalf of the directors

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

D Wildman
Company secretary

Approved by the directors on 5th February 1999

GENERAL AND MEDICAL FINANCE PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 31ST DECEMBER 1998

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, as described on page 10, 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 1998

We have audited the financial statements on pages 6 to 16 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

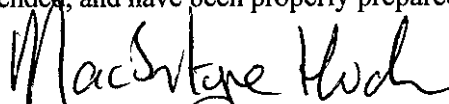
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 1998 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

5th February 1999

GENERAL AND MEDICAL FINANCE PLC**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST DECEMBER 1998**

	Note	1998 £	1997 £
TURNOVER	1	1,256,781	970,443
Cost of sales		(839,686)	(610,044)
GROSS PROFIT		417,095	360,399
Administrative expenses		(149,480)	(156,990)
Other operating income		17,613	8,849
OPERATING PROFIT	2	285,228	212,258
Interest receivable	5	20,117	10,811
Interest payable	6	(350)	(306)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		304,995	222,763
Tax on profit on ordinary activities	7	(82,489)	(50,231)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		222,506	172,532
Dividends	8	(36,000)	(47,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR		186,506	125,532

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 1998

		1998	1997
	Note	£	£
FIXED ASSETS			
Intangible assets	9	17,500	20,000
Tangible assets	10	50,267	56,188
		<u>67,767</u>	<u>76,188</u>
CURRENT ASSETS			
Debtors-falling due within one year	11	118,483	91,691
Debtors-falling due after one year	11	59,315	79,975
Cash at bank and in hand		384,565	164,785
		<u>562,363</u>	<u>336,451</u>
CREDITORS: Amounts falling due			
within one year	12	<u>(89,992)</u>	<u>(59,007)</u>
NET CURRENT ASSETS		<u>472,371</u>	<u>277,444</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>540,138</u>	<u>353,632</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	50,000	50,000
Revaluation reserve	15	17,500	20,000
Profit and loss account	16	472,638	283,632
SHAREHOLDERS' FUNDS	17	<u>540,138</u>	<u>353,632</u>

These financial statements were approved by the directors on the 5th February 1999 and are signed on their behalf by:



D WILDMAN

GENERAL AND MEDICAL FINANCE PLC**CASH FLOW STATEMENT****YEAR ENDED 31ST DECEMBER 1998**

	1998		1997	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		298,309		83,473
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	20,117		10,811	
Interest element of finance lease rental payments	(350)		(306)	
	<hr/>		<hr/>	
Net cash inflow from returns on investments and servicing of finance		19,767		10,505
TAXATION		(47,483)		(41,694)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets	(9,480)		(38,786)	
Receipts from sale of fixed assets	-		13,629	
	<hr/>		<hr/>	
Net cash outflow from capital expenditure		(9,480)		(25,157)
EQUITY DIVIDENDS PAID		(36,000)		(47,000)
Cash inflow/(outflow) before financing		<hr/> 225,113		<hr/> (19,873)
FINANCING				
Net (outflow)/inflow in respect of finance leases	(5,333)		5,333	
	<hr/>		<hr/>	
Net cash (outflow)/inflow from financing		(5,333)		5,333
INCREASE/(DECREASE) IN CASH		<hr/> 219,780		<hr/> (14,540)

GENERAL AND MEDICAL FINANCE PLC

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST DECEMBER 1998

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1998 £	1997 £
Operating profit	285,228	212,258
Amortisation	2,500	2,500
Depreciation	13,945	15,828
Loss/(Profit) on disposal of fixed assets	1,456	(6,843)
Increase in debtors	(6,132)	(152,594)
Increase in creditors	1,312	12,324
Net cash inflow from operating activities	<u>298,309</u>	<u>83,473</u>

RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET FUNDS

	1998		1997	
	£	£	£	£
Increase/Decrease in cash in the period	219,780		(14,540)	
Net outflow/inflow in respect of finance leases	5,333		(5,333)	
Change in net funds	<u>225,113</u>		<u>(19,873)</u>	
Net funds at 1st January 1998		159,452		179,325
Net funds at 31st December 1998		<u>384,565</u>		<u>159,452</u>

ANALYSIS OF CHANGES IN NET FUNDS

	1 Jan 98 £	Cash flows £	31 Dec 98 £
Cash in hand, at bank	164,785	<u>219,780</u>	384,565
Debt due within 1 year	<u>(5,333)</u>	<u>5,333</u>	-
	<u>159,452</u>	<u>225,113</u>	<u>384,565</u>

GENERAL AND MEDICAL FINANCE PLC

ACCOUNTING POLICIES

YEAR ENDED 31ST DECEMBER 1998

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

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, less its estimated residual value, 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 with 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 1998

1. 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:

	1998 £	1997 £
Finance lease - Interest	17,613	8,849
Finance lease - Capital	129,228	69,693
Group Scheme	1,109,940	900,750
	<u>1,256,781</u>	<u>979,292</u>

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	1998 £	1997 £
Amortisation	2,500	2,500
Depreciation	13,945	15,828
Loss/(Profit) on disposal of fixed assets	1,456	(6,843)
Auditors' remuneration		
- as auditors	<u>3,000</u>	<u>4,175</u>

3. PARTICULARS OF EMPLOYEES

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

	1998 No.	1997 No.
Number of management staff	2	2
Number of other staff	3	3
	<u>5</u>	<u>5</u>

The aggregate payroll costs of the above were:

	1998 £	1997 £
Wages and salaries	64,008	55,734
Social security costs	2,642	3,535
Other pension costs	7,400	7,400
	<u>74,050</u>	<u>66,669</u>

GENERAL AND MEDICAL FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1998

4. DIRECTORS' EMOLUMENTS

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

	1998 £	1997 £
Emoluments receivable	37,622	33,431

5. INTEREST RECEIVABLE

	1998 £	1997 £
Bank interest receivable	20,117	10,811

6. INTEREST PAYABLE

	1998 £	1997 £
Other similar charges payable	350	306

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
Corporation tax based on the results for the year at 24% (1997 - 24%)	82,489	50,231

8. DIVIDENDS

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

	1998 £	1997 £
Dividends paid on equity shares	36,000	47,000

GENERAL AND MEDICAL FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1998

9. 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 1998 and 31st December 1998	<u>25,000</u>
AMORTISATION	
At 1st January 1998	5,000
Charge for the year	<u>2,500</u>
At 31st December 1998	<u>7,500</u>
NET BOOK VALUE	
At 31st December 1998	<u>17,500</u>
At 31st December 1997	<u>20,000</u>

10. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Motor Vehicles £	Office Equipment £	Total £
COST OR VALUATION				
At 1st January 1998	1,812	28,484	64,146	94,442
Additions	1,257	-	8,223	9,480
Disposals	-	-	(3,520)	(3,520)
At 31st December 1998	<u>3,069</u>	<u>28,484</u>	<u>68,849</u>	<u>100,402</u>
DEPRECIATION				
At 1st January 1998	772	7,121	30,361	38,254
Charge for the year	435	5,341	8,169	13,945
On disposals	-	-	(2,064)	(2,064)
At 31st December 1998	<u>1,207</u>	<u>12,462</u>	<u>36,466</u>	<u>50,135</u>
NET BOOK VALUE				
At 31st December 1998	<u>1,862</u>	<u>16,022</u>	<u>32,383</u>	<u>50,267</u>
At 31st December 1997	<u>1,040</u>	<u>21,363</u>	<u>33,785</u>	<u>56,188</u>

GENERAL AND MEDICAL FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1998

10. TANGIBLE FIXED ASSETS *(continued)*

Hire purchase agreements

Included within the net book value of £50,267 is £Nil (1997 - £21,363) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £Nil (1997 - £7,121).

11. DEBTORS

	1998 £	1997 £
Investment in finance leases	162,808	162,844
Other debtors	13,390	8,822
Prepayments and accrued income	1,600	-
	<u>177,798</u>	<u>171,666</u>

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

Investment in finance leases	<u>59,315</u>	<u>79,975</u>
Costs of assets acquired in the year for letting under finance leases	<u>129,192</u>	<u>213,749</u>
Finance lease rentals receivable	<u>146,841</u>	<u>78,542</u>

12. CREDITORS: Amounts falling due within one year

	1998 £	1997 £
Other creditors including taxation and social security:		
Corporation Tax	73,489	38,483
Hire purchase agreements	-	5,333
Directors' loan accounts	<u>2,808</u>	<u>12,541</u>
	76,297	56,357
Accruals and deferred income	<u>13,695</u>	<u>2,650</u>
	<u>89,992</u>	<u>59,007</u>

GENERAL AND MEDICAL FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1998

13. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	1998 £	1997 £
Amounts payable within 1 year	-	5,333
	<u>-</u>	<u>5,333</u>

14. SHARE CAPITAL

Authorised share capital:

	1998 £	1997 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	1998 £	1997 £
Ordinary share capital	<u>50,000</u>	<u>50,000</u>

15. REVALUATION RESERVE

	1998 £	1997 £
Balance brought forward	20,000	22,500
Transfer to the profit and loss account on realisation	(2,500)	(2,500)
	<u>17,500</u>	<u>20,000</u>

16. PROFIT AND LOSS ACCOUNT

	1998 £	1997 £
Balance brought forward	283,632	155,600
Retained profit for the financial year	186,506	125,532
Transfer from revaluation reserve	2,500	2,500
Balance carried forward	<u>472,638</u>	<u>283,632</u>

GENERAL AND MEDICAL FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1998

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial year	222,506	172,532
Dividends	(36,000)	(47,000)
	<hr/> 186,506	<hr/> 125,532
Opening shareholders' equity funds	353,632	228,100
	<hr/> 540,138	<hr/> 353,632
Closing shareholders' equity funds		

18. ULTIMATE CONTROL

This company is controlled by its directors, Mr D Wildman and Mrs G Wildman.