

Securehealth Limited
Financial Statements
for the year ended 29th February 2000



Davis Grant
Chartered Certified Accountants
And Registered Auditors
Treviot House
186-192 High Road
Ilford
Essex IG1 1LR

Securehealth Limited

Company Information

Directors	A Keeble S Rose C Hopper
Secretary	A Keeble
Company Number	3039521
Registered Office	Treviot House 186-192 High Road Ilford Essex IG1 1LR
Auditors	Davis Grant Treviot House 186-192 High Road Ilford Essex IG1 1LR
Business Address	84a High Street Billericay Essex CM12 9BT
Bankers	Midland Bank Plc 126 High Road Ilford Essex IG1 1DA

Securehealth Limited

Contents

	Page
Directors' Report	1 - 2
Auditors' Report	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6 - 11

Securehealth Limited

Directors' Report for the year ended 29th February 2000

The directors present their report and the financial statements for the year ended 29th February 2000.

Principal Activity and Review of the Business

The principal activity of the company, which has remained unchanged during the year, was that of commission agents. During the year the company took over the trade of a related party Securehealth (UK) Limited.

1999/2000 was another year of success for the Securehealth group of companies. The market for our products continues to grow as the NHS is perceived to be unable to deliver an acceptable level of service.

Our new business results continued the consistent pattern by doubling in size.

We estimate that we now write up to ten percent of all new personal health insurance policies sold in the UK, as well as substantial amounts of corporate business.

Over the year new business sales were up to £7 million pounds of annual premium income, with our total renewing book heading towards twenty million pounds.

We opened our new administration offices in August which we estimate will enable us to process over £25 million a year in new business. We expect to outgrow this office within three years.

Active sales agents increased to 120 and are expected to exceed 250 within two years.

We made our products available to specialist pmi brokers for the first time and early indications are that we are seen to be the most competitive provider in the market.

Our internet site continues to develop and now enables clients to fill in an application form direct from the screen.

The financial strength of the group is reflected in the growing book of business, the cash in hand and the absence of overdraft, loans or uncovered debt.

As befits a private company the gross profits after investments were distributed among the shareholders by way of salary and bonus.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	2000	1999
A Keeble	300	300
S Rose	300	300
C Hopper	300	300

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;

Securehealth Limited

**Directors' Report
for the year ended 29th February 2000**

- make judgements and estimates that are reasonable and prudent;
- 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. 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Davis Grant be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on ~~x~~ 23/5/00 ~~x~~ and signed on its behalf by

A Keeble ~~x~~
Secretary

 ~~x~~

Securehealth Limited

Auditors' Report to the Shareholders of Securehealth Limited

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of 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 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 state of the company's affairs as at 29th February 2000 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 relating to small companies.



Davis Grant
Chartered Certified Accountants and
Registered Auditors
Treviot House
186-192 High Road
Ilford
Essex IG1 1LR

Dated: 23 MAY 2000

Securehealth Limited

**Profit and Loss Account
for the year ended 29th February 2000**

		2000	1999
	Notes	£	£
Turnover	2	4,897,291	2,556,331
Cost of sales		(3,046,873)	(1,746,129)
Gross profit		1,850,418	810,202
Administrative expenses		(1,764,982)	(756,451)
Operating profit	3	85,436	53,751
Interest receivable and similar income		1,441	638
Interest payable and similar charges	4	(40)	(2,144)
Profit on ordinary activities before taxation		86,837	52,245
Tax on profit on ordinary activities	6	(29,017)	(14,954)
Retained profit for the year		57,820	37,291
Retained profit brought forward		47,298	10,007
Retained profit carried forward		<u>105,118</u>	<u>47,298</u>

The notes on pages 6 to 11 form an integral part of these financial statements.

Securehealth Limited

Balance Sheet as at 29th February 2000

	Notes	2000 £	1999 £
Fixed Assets			
Tangible assets	7	66,729	30,191
Investments	8	100	100
		<u>66,829</u>	<u>30,291</u>
Current Assets			
Debtors	9	383,826	118,043
Cash at bank and in hand		67,430	41,999
		<u>451,256</u>	<u>160,042</u>
Creditors: amounts falling due within one year	10	<u>(412,067)</u>	<u>(142,135)</u>
Net Current Assets		<u>39,189</u>	<u>17,907</u>
Total Assets Less Current Liabilities		<u>106,018</u>	<u>48,198</u>
Capital and Reserves			
Called up share capital	11	900	900
Profit and loss account		105,118	47,298
Shareholders' Funds		<u>106,018</u>	<u>48,198</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 1999).

The financial statements were approved by the Board on 23/1/00 and signed on its behalf by

A Keeble
Director

S Rose
Director

C Hopper
Director

The notes on pages 6 to 11 form an integral part of these financial statements.

Securehealth Limited

Notes to the Financial Statements for the year ended 29th February 2000

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention.

1.2. Turnover

Turnover represents amounts invoiced by the company in respect of goods and services rendered during the year stated net of value added tax.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight Line over years
Leasehold properties	-	Straight Line over the life of the lease
Fixtures, fittings and equipment	-	25% Written down value
Computer equipment	-	50% straight line

1.4. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5. Consolidated accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

	2000	1999
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	53,440	15,997
Loss on disposal of tangible fixed assets	-	10,640
Auditors' remuneration	6,620	6,300

Securehealth Limited

Notes to the Financial Statements for the year ended 29th February 2000

..... continued

4. Interest payable and similar charges	2000	1999
	£	£
Included in this category is the following:		
On loans and overdrafts	-	889
Hire purchase interest	-	1,255
	<u>-</u>	<u>1,255</u>
5. Directors' emoluments		
	2000	1999
	£	£
Remuneration and other benefits	892,500	251,050
	<u>892,500</u>	<u>251,050</u>
6. Taxation	2000	1999
	£	£
UK current year taxation		
UK Corporation Tax	29,017	14,976
Prior years		
UK Corporation Tax	-	(22)
	<u>29,017</u>	<u>14,954</u>

Securehealth Limited

**Notes to the Financial Statements
for the year ended 29th February 2000**

..... continued

7. Tangible fixed assets

	Land and buildings	Other tangible assets	Total
	£	£	£
Cost			
At 1st March 1999	2,111	56,892	59,003
Additions	7,415	82,563	89,978
At 29th February 2000	<u>9,526</u>	<u>139,455</u>	<u>148,981</u>
Depreciation			
At 1st March 1999	774	28,038	28,812
Charge for the year	2,044	51,396	53,440
At 29th February 2000	<u>2,818</u>	<u>79,434</u>	<u>82,252</u>
Net book values			
At 29th February 2000	<u>6,708</u>	<u>60,021</u>	<u>66,729</u>
At 28th February 1999	<u>1,337</u>	<u>28,854</u>	<u>30,191</u>

8. Fixed Asset Investments

	Group Undertakings and Participating Interests	Total
	£	£
Cost		
At 1st March 1999		
At 29th February 2000	<u>100</u>	<u>100</u>
Net book values		
At 29th February 2000	<u>100</u>	<u>100</u>
At 28th February 1999	<u>100</u>	<u>100</u>

Securehealth Limited

Notes to the Financial Statements for the year ended 29th February 2000

..... continued

8.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following company:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertaking			
First Medical Health Plans Limited	Great Britain	Ordinary	100

The aggregate amount of capital and reserves and the results of this undertaking for the last relevant financial year was as follows:

	Capital and reserves	Profit for the year
	£	£
First Medical Health Plans Limited	(41,137)	9,634

The principal activity of the above subsidiary undertaking is that of commission agents.

9. Debtors

	2000	1999
	£	£
Trade debtors	274,990	103,371
Amounts owed by group undertakings	86,646	-
Amount owed by connected companies	14,904	506
Other debtors	291	11,572
Prepayments and accrued income	6,995	2,594
	<u>383,826</u>	<u>118,043</u>

10. Creditors: amounts falling due within one year

	2000	1999
	£	£
Bank overdraft	-	26,580
Trade creditors	197,963	82,153
Amounts owed to group undertaking	-	7,915
Amounts owed to connected companies	690	-
Corporation tax	29,017	14,976
Other taxes and social security costs	-	655
Directors' accounts	179,548	8,952
Accruals and deferred income	4,849	904
	<u>412,067</u>	<u>142,135</u>

Securehealth Limited

Notes to the Financial Statements for the year ended 29th February 2000

..... continued

11. Share capital	2000 £	1999 £
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
900 Ordinary shares of £1 each	<u>900</u>	<u>900</u>

12. Financial commitments

At 29th February 2000 the company had annual commitments under non-cancellable operating leases as follows:

	2000 £	1999 £
Expiry date:		
Between one and five years	<u>62,293</u>	<u>24,500</u>

13. Contingent liabilities

The company has given an unlimited bank guarantee, dated 1st May 1997, in favour of its wholly owned subsidiary, First Medical Health Plans Limited. The bank overdraft of First Medical Health Plans Limited as at 29th February 2000 was £nil (1999 £40,635).

The company has also given on-going support to its subsidiary, First Medical Health Plans Limited, for its operational needs.

Securehealth Limited

Notes to the Financial Statements for the year ended 29th February 2000

..... continued

14. Related party transactions

During the year ended 29th February 2000 Securehealth Limited had transactions with the following related parties:

	<i>Sales to related party</i>	<i>Expenses charged by related party</i>	<i>Purchases from related party</i>	<i>Amounts owed to related party</i>	<i>Amounts owed from related party</i>
First Medical Health Plans Limited	-	-	2,811,259	187,023	86,646
Securehealth (UK) Limited	1,591,499	-	-	690	-
Securehealth Dental Insurance Services Limited	-	13,895	-	-	14,904

The relationships between the related parties are:

	%	Common Directors
First Medical Health Plans Limited	100	Yes
Securehealth (UK) Limited	Nil	Yes
Securehealth Dental Insurance Services Limited	Nil	Yes