CO'S HSE

Registration number 3039521

Securehealth Limited

Financial statements

for the year ended 28th February 2003



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	HSBC 126 High Road Ilford Essex IG1 1DA

Securehealth Limited

Contents

	Page
Directors' report	1
Auditors' report	2
Profit and loss account	3
Balance sheet	4
Notes to the financial statements	5 - 9

Securehealth Limited

Directors' report
for the year ended 28th February 2003

The directors present their report and the financial statements for the year ended 28th February 2003.

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.

2002/2003 was another year of success for the Securehealth group of companies. The market for our products continues to grow as the perception that the NHS is unable to deliver an acceptable level of service has continued.

Directors and their interests

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

	Ordinary shares	
	2003	**2002**
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;
- 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 13/5/03 and signed on its behalf by

A Keeble
Secretary

Securehealth Limited

Independent auditors' report to the shareholders of Securehealth Limited

We have audited the financial statements of Securehealth Limited for the year ended 28th February 2003 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 state of the company's affairs as at 28th February 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Davis Grant

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

Dated: 19 AUG 2003

Profit and loss account
for the year ended 28th February 2003

	Notes	2003 £	2002 £
Turnover	2	7,038,910	6,714,946
Cost of sales		(4,049,879)	(3,912,512)
Gross profit		2,989,031	2,802,434
Administrative expenses		(2,865,093)	(4,666,473)
Other operating income		-	1,955,123
Operating profit	3	123,938	91,084
Other interest receivable and similar income		8,338	17,709
Interest payable and similar charges		(17)	(287)
Profit on ordinary activities before taxation		132,259	108,506
Tax on profit on ordinary activities	6	(28,126)	(28,314)
Profit on ordinary activities after taxation		104,133	80,192
Dividends		(150,000)	-
Retained (loss)/profit for the year		(45,867)	80,192
Retained profit brought forward		221,778	141,586
Retained profit carried forward		175,911	221,778

The notes on pages 5 to 9 form an integral part of these financial statements.

Securehealth Limited

Balance sheet
as at 28th February 2003

	Notes	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	7		29,683		31,106
Investments	8		103		103
			29,786		31,209
Current assets					
Debtors	9	496,221		442,482	
Cash at bank and in hand		637,682		585,366	
		1,133,903		1,027,848	
Creditors: amounts falling due within one year	10	(986,878)		(836,379)	
Net current assets			147,025		191,469
Net assets			176,811		222,678
Capital and reserves					
Called up share capital	11		900		900
Profit and loss account			175,911		221,778
Shareholders' funds			176,811		222,678

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 13/6/03 and signed on its behalf by

A Keeble
Director

S Rose
Director

The notes on pages 5 to 9 form an integral part of these financial statements.

Notes to the financial statements for the year ended 28th February 2003

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2. Turnover

Turnover represents commissions received by the company in respect of medical policies sold during the year.

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 the life of the lease
Leasehold properties	-	Straight line over the life of the lease
Fixtures, fittings and equipment	-	25% written down value
Computers	-	50% straight line

1.4. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5. Investments

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

1.6. Pensions

The company operates a defined contribution scheme covering the employees. The employees also contribute to the scheme. The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.7. Group 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

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	21,484	40,103
Auditors' remuneration	10,825	8,813

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4. Directors' emoluments

	2003	2002
	£	£
Remuneration and other benefits	1,059,120	2,866,110

Highest paid director	£	£
Amounts included above:		
Emoluments and other benefits	323,040	955,370
	323,040	955,370

5. Pension costs

The company operates a defined contribution scheme covering the employees. The employees also contribute to the scheme. The pension costs charged in the financial statements represent the contribution payable by the company during the year. The pension costs amount to £41,604 (2001 £30,789).

6. Tax on profit on ordinary activities

Analysis of charge in period	2003	2002
	£	£
UK corporation tax	28,126	28,314
Total current tax charge	28,126	28,314
Tax on profit on ordinary activities	28,126	28,314

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7. Tangible fixed assets	Land and buildings £	Other tangible assets £	Total £
Cost			
At 1st March 2002	13,591	210,985	224,576
Additions	1,019	19,042	20,061
At 28th February 2003	14,610	230,027	244,637
Depreciation			
At 1st March 2002	9,442	184,028	193,470
Charge for the year	3,073	18,411	21,484
At 28th February 2003	12,515	202,439	214,954
Net book values			
At 28th February 2003	2,095	27,588	29,683
At 28th February 2002	4,149	26,957	31,106

8. Fixed asset investments	Undertakings and participating interests £	Total £
Cost		
At 1st March 2002		
At 28th February 2003	103	103
Net book values		
At 28th February 2003	103	103
At 28th February 2002	103	103

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8.1. Holdings of 20% or more

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

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
Subsidiary undertaking				
Securehealth (Sales) Limited	Great Britain	Commission agents	Ordinary £1 Shares	100%
Securehealth (UK) Limited	Great Britain	Dormant company	Ordinary £1 shares	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit for the year £
Securehealth (Sales) Limited	2,411	-
Securehealth (UK) Limited	(852)	-

9. Debtors	2003 £	2002 £
Trade debtors	449,167	377,238
Amounts owed by group undertakings	10,186	21,996
Amount owed by connected companies	851	1,265
Other debtors	-	2,232
Prepayments and accrued income	36,017	39,751
	496,221	442,482

10. Creditors: amounts falling due within one year	2003 £	2002 £
Bank overdraft (secured)	29,388	281,392
Trade creditors	424,102	344,103
Corporation tax	28,126	28,314
Other taxes and social security costs	287,412	80,052
Directors' accounts	203,100	-
Other creditors	-	90,000
Accruals and deferred income	14,750	12,518
	986,878	836,379

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11. Share capital

	2003 £	2002 £
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
900 Ordinary shares of £1 each	900	900

12. Financial commitments

At 28th February 2003 the company had annual commitments under non-cancellable operating leases as follows:

	2003 £	2002 £
Expiry date:		
Within one year	6,779	-
Between one and five years	98,732	96,521
	105,511	96,521

13. Related party transactions

During the year ended 28th February 2003 Securehealth Limited had transactions with Securehealth (Sales) Limited, Securehealth (UK) Limited and Securehealth Dental Insurance Services Limited.

The directors A Keeble, S Rose and C Hopper are also directors of the above named related parties.

During the year ended 28th February 2003 commissions amounting to £3,556,836 were paid to the above named related parties. These commissions payable have been disclosed under cost of sales within these financial statements.

As at the year end there is a balance owed to the above named related parties amounting to £342,943. This balance has been disclosed under Trade Creditors.

As at the year end there is a balance owed from the above named related parties amounting to £11,037. This balance has been disclosed under Amounts due from group undertakings within Debtors in these financial statements.

During the year the loan to Securehealth Dental Insurance Services Limited was written off. The value of the loan was £414.