

Registration number 1768840

PCT Healthcare Limited
Directors' report and financial statements
for the year ended 31 July 2004



PCT Healthcare Limited

Company information

Directors	G A Tims A D Parker P Cattee Mrs A J Cattee
Secretary	Mrs A J Cattee
Company number	1768840
Registered office	716a Bolton Road Pendlebury Manchester M27 6EW
Auditors	Abrams Ashton 77 Corporation Street St Helens Merseyside WA10 1SX

PCT Healthcare Limited

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PCT Healthcare Limited

Directors' report for the year ended 31 July 2004

The directors present their report and the financial statements for the year ended 31 July 2004.

Principal activity and review of the business

The principal activity of the company during the year was that of retail pharmacists.

The company has traded profitably in line with the directors expectations.

Results and dividends

The results for the year are set out on page 5 - 6.

The directors have paid interim dividends amounting to £871,740 and they do not recommend payment of a final dividend.

Post balance sheet events

Since the year end the company has acquired a number of pharmacies.

Future developments

The directors expect the company to remain profitable for the foreseeable future.

Employment policy

The company's employment policies are fair and equitable and consistent with the skills and abilities of the employees and the needs of the company's business. If any employee becomes disabled, the objective is the continued provision of suitable employment either in the same or an alternative position with appropriate training if necessary.

Directors and their interests

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

	Ordinary shares	
	31/07/04	01/08/03
G A Tims	-	-
A D Parker	-	-
P Cattee	-	-
Mrs A J Cattee	-	-

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;
- 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.

PCT Healthcare Limited

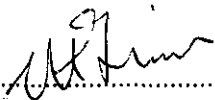
**Directors' report
for the year ended 31 July 2004**

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 Abrams Ashton be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on27.5.05..... and signed on its behalf by

.....
Director
G A T I M S

PCT Healthcare Limited

Independent auditors' report to the shareholders of PCT Healthcare Limited

We have audited the financial statements of PCT Healthcare Limited for the year ended 31 July 2004 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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.

PCT Healthcare Limited

Independent auditors' report to the shareholders of PCT Healthcare Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Abrams Ashton
Chartered Accountants and
Registered Auditors

24/05/05

77 Corporation Street
St Helens
Merseyside
WA10 1SX

PCT Healthcare Limited

**Profit and loss account
for the year ended 31 July 2004**

		Continuing operations	
		2004	2003
	Notes	£	£
Turnover	2	76,321,799	69,833,308
Cost of sales		(57,244,388)	(54,595,815)
Gross profit		19,077,411	15,237,493
Administrative expenses		(15,655,725)	(12,089,166)
Other operating income		27,451	59,300
Operating profit	3	3,449,137	3,207,627
Investment income	4	134,991	115,533
Other interest receivable and similar income	6	4,822	5,583
Loss on disposal of investments	5	(6)	(56,559)
Interest payable and similar charges	7	(1,254,033)	(1,386,145)
Amounts due from group companies written off		-	4,413,359
Profit on ordinary activities before taxation		2,334,911	6,299,398
Tax on profit on ordinary activities	10	(1,855,520)	(995,539)
Profit on ordinary activities after taxation		479,391	5,303,859
Dividends	11	(871,740)	(123,961)
(Loss)/retained profit for the year		(392,349)	5,179,898
Retained profit brought forward		10,093,433	4,378,888
Transfer from revaluation reserve account		-	534,647
Retained profit carried forward		9,701,084	10,093,433

The notes on pages 9 to 25 form an integral part of these financial statements.

PCT Healthcare Limited

**Statement of total recognised gains and losses
for the year ended 31 July 2004**

	2004	2003
	£	£
Profit on ordinary activities after taxation	479,391	5,303,859
Unrealised deferred tax on current asset investments	-	40,000
Total recognised gains relating to the year	<u>479,391</u>	<u>5,343,859</u>

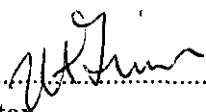
The notes on pages 9 to 25 form an integral part of these financial statements.

PCT Healthcare Limited

**Balance sheet
as at 31 July 2004**

		2004		2003	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	12		21,829,295		26,098,338
Tangible assets	13		4,238,687		4,007,457
Investments	14		1,080,301		121,514
			<u>27,148,283</u>		<u>30,227,309</u>
Current assets					
Stocks	15	4,529,129		4,217,476	
Debtors	16	9,195,827		13,206,505	
Cash at bank and in hand		916,251		2,449,520	
		<u>14,641,207</u>		<u>19,873,501</u>	
Creditors: amounts falling due within one year	17	<u>(15,430,049)</u>		<u>(21,065,133)</u>	
Net current liabilities			<u>(788,842)</u>		<u>(1,191,632)</u>
Total assets less current liabilities			<u>26,359,441</u>		<u>29,035,677</u>
Creditors: amounts falling due after more than one year	18		<u>(16,323,942)</u>		<u>(18,619,230)</u>
Provisions for liabilities and charges	19		<u>(71,409)</u>		<u>(60,008)</u>
Net assets			<u><u>9,964,090</u></u>		<u><u>10,356,439</u></u>
Capital and reserves					
Called up share capital	21		263,006		263,006
Profit and loss account			9,701,084		10,093,433
Equity shareholders' funds	22		<u><u>9,964,090</u></u>		<u><u>10,356,439</u></u>

The financial statements were approved by the Board on ...27.5.05..... and signed on its behalf by

.....

 Director
 G A T I M S

The notes on pages 9 to 25 form an integral part of these financial statements.

PCT Healthcare Limited

**Cash flow statement
for the year ended 31 July 2004**

	Notes	2004 £	2003 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		3,449,137	3,207,627
Depreciation		4,550,591	1,754,191
(Increase) in stocks		(311,653)	113,409
Decrease in debtors		4,010,678	(1,740,601)
(Decrease) in creditors		(5,668,861)	9,836,667
Net cash inflow from operating activities		6,029,892	13,171,293

Cash flow statement

Net cash inflow from operating activities		6,029,892	13,171,293
Returns on investments and servicing of finance	29	(1,114,220)	(1,265,029)
Taxation	29	(1,202,874)	(1,418,831)
Capital expenditure	29	(506,778)	(4,384,125)
Acquisitions and disposals	29	(958,793)	-
		2,247,227	6,103,308
Equity dividends paid		(871,740)	(123,961)
		1,375,487	5,979,347
Management of liquid resources	29	-	700,704
Financing	29	(2,908,756)	840,641
Decrease in cash in the year		(1,533,269)	7,520,692

Reconciliation of net cash flow to movement in net funds (Note 30)

Decrease in cash in the year		(1,533,269)	7,520,692
Cash outflow from increase in debts and lease financing		2,908,756	(840,641)
Cash inflow from decrease in liquid resources		-	(700,704)
		1,375,487	5,979,347
Change in net funds resulting from cash flows		(6,000)	-
New finance leases and hire purchase contracts		-	(15,679,602)
Transfer of group overdrafts and loans		-	(56,559)
Disposal of current asset investments		-	-
Movement in net funds in the year		1,369,487	(9,756,814)
Net debt at 1 August 2003		(20,239,973)	(10,483,159)
Net debt at 31 July 2004		(18,870,486)	(20,239,973)

PCT Healthcare Limited

Notes to the financial statements for the year ended 31 July 2004

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total value of cash and credit sales made during the year, excluding value added tax.

1.3. Goodwill

Acquired goodwill is amortised over its revised estimated useful economic life of 10 years.

Previously, acquired goodwill was amortised over 20 years. The financial effect of this change in estimate of the useful economic life of goodwill has been to increase the amortisation charge by £2,684,937 and consequently reduce the profit for the year by this amount.

1.4. 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:

Freehold properties	-	Nil
Long leasehold properties	-	Nil
Short leasehold properties	-	Straight line over the life of the lease
Fixtures, fittings and equipment	-	10% and 25% straight line
Motor vehicles	-	25% reducing balance
Improvements to properties	-	10% straight line

No depreciation charge is made on freehold and long leasehold properties on the grounds that it would be immaterial because the estimated residual value of the tangible fixed asset is not materially different from the carrying amount of the asset. The company undertakes regular impairment reviews and writes down properties where applicable to their open market values.

1.5. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

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

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2004**

..... continued

1.6. Investments

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

As part of the rationalisation of the group, the trades and net assets of subsidiary undertakings were transferred into the company in previous years. The consideration for this was based upon the book values and took no account of the goodwill inherent in those businesses. This has resulted in an apparent overvaluation of investments held in the company's books, though there has been no loss to the group. Schedule 4 to the Companies Act 1985 requires that, where such an overvaluation is expected to be permanent, the investments should be written down accordingly. The directors consider that as the substance of the transaction was merely to reorganise the group's operations, such a treatment would fail to give a true and fair view and the value of investments has instead been allocated to goodwill. The effect on the company's balance sheet of this departure has been to recognise goodwill of £Nil (2003 £2,234,721).

1.7. Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.8. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.9. Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax has not been discounted.

1.10. Group accounts

The accounts present information about the individual undertaking and not about its group on the grounds that the company is included in the accounts of a larger EEC group.

2. Turnover

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

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2004**

..... continued

3. Operating profit	2004	2003
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off intangible assets	4,269,043	1,549,491
Depreciation and other amounts written off tangible assets	281,928	218,178
Operating lease rentals		
- Land and buildings	452,542	432,012
Auditors' remuneration	29,500	26,000
	<u> </u>	<u> </u>
and after crediting:		
Profit on disposal of tangible fixed assets	380	13,478
Government grants	8,451	-
	<u> </u>	<u> </u>
 4. Income from investments	 2004	 2003
	£	£
Income from investments	-	69
Income from subsidiary undertakings	134,991	115,464
	<u> </u>	<u> </u>
	<u>134,991</u>	<u>115,533</u>
 5. Disposal of investments	 2004	 2003
	£	£
Amounts written off fixed asset investments	6	-
Loss on disposal of current asset investments	-	56,559
	<u> </u>	<u> </u>
	<u>6</u>	<u>56,559</u>
 6. Interest receivable and similar income	 2004	 2003
	£	£
Bank interest	24	5,544
Other interest	4,798	39
	<u> </u>	<u> </u>
	<u>4,822</u>	<u>5,583</u>

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2004**

..... continued

7. Interest payable and similar charges	2004	2003
	£	£
On bank loans and overdrafts	1,114,491	1,222,054
Lease finance charges and hire purchase interest	3,878	3,217
Other interest	135,664	150,670
On overdue tax	-	10,204
	<u>1,254,033</u>	<u>1,386,145</u>
 8. Employees		
Number of employees	2004	2003
The average monthly numbers of employees (including the directors) during the year were:		
Management and administration	22	24
Pharmacists, counter staff and drivers	554	507
	<u>576</u>	<u>531</u>
 Employment costs	2004	2003
	£	£
Wages and salaries	8,712,726	8,088,702
Social security costs	620,629	565,932
Other pension costs	137,135	121,420
	<u>9,470,490</u>	<u>8,776,054</u>

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2004**

..... continued

8.1. Directors' emoluments

	2004	2003
	£	£
Remuneration and other emoluments	824,246	792,365
Pension contributions	-	500
	<u>824,246</u>	<u>792,865</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	-	1

Highest paid director

Amounts included above:

	£	£
Emoluments and other benefits	212,158	203,789
Pension contributions	-	500
	<u>212,158</u>	<u>204,289</u>

9. Pension costs

The company operates a defined contribution pension scheme in respect of the directors and employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £137,135 (2003 - £121,420).

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2004**

..... continued

10. Tax on profit on ordinary activities

Analysis of charge in year	2004	2003
	£	£
Current tax		
UK corporation tax at 30.00% (2003 - 30.00%)	1,846,254	978,283
Adjustments in respect of previous periods	(2,135)	(525)
	<u>1,844,119</u>	<u>977,758</u>
Total current tax charge	<u>1,844,119</u>	<u>977,758</u>
Deferred tax		
Timing differences, origination and reversal	11,401	38,909
Prior period adjustments	-	(21,128)
Total deferred tax	<u>11,401</u>	<u>17,781</u>
Tax on profit on ordinary activities	<u><u>1,855,520</u></u>	<u><u>995,539</u></u>

Factors affecting tax charge for year

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2004	2003
	£	£
Profit on ordinary activities before taxation	<u>2,334,911</u>	<u>6,299,398</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 July 2003 : 30%)	700,473	1,889,819
Effects of:		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	1,157,182	459,129
Capital allowances for period in excess of depreciation	(11,401)	(49,139)
Amounts due from group companies written off	-	(1,324,008)
Adjustments to tax charge in respect of previous periods	(2,135)	(525)
Difference on book values of acquisitions	-	(32,128)
Chargeable gain on sale of investments	-	34,610
Current tax charge for year	<u><u>1,844,119</u></u>	<u><u>977,758</u></u>

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2004**

..... continued

11. Dividends	2004	2003
	£	£
Dividends on equity shares:		
Ordinary shares - interim paid	<u>871,740</u>	<u>123,961</u>
 12. Intangible fixed assets		
	Goodwill	Total
	£	£
Cost		
At 1 August 2003	<u>30,159,661</u>	<u>30,159,661</u>
At 31 July 2004	<u>30,159,661</u>	<u>30,159,661</u>
Provision for diminution in value		
At 1 August 2003	<u>4,061,323</u>	<u>4,061,323</u>
Charge for year	<u>4,269,043</u>	<u>4,269,043</u>
At 31 July 2004	<u>8,330,366</u>	<u>8,330,366</u>
Net book values		
At 31 July 2004	<u>21,829,295</u>	<u>21,829,295</u>
At 31 July 2003	<u>26,098,338</u>	<u>26,098,338</u>

PCT Healthcare Limited

Notes to the financial statements
for the year ended 31 July 2004

..... continued

13. Tangible fixed assets	Freehold properties £	Short leasehold properties £	Long leasehold properties £	Fixtures, fittings and equipment £	Motor vehicles £	Improvements to properties £	Total £
Cost							
At 1 August 2003	2,275,857	505,981	420,000	1,571,218	79,592	18,338	4,870,986
Additions	-	50,000	-	434,615	11,995	17,368	513,978
Disposals	-	-	-	-	(4,250)	-	(4,250)
At 31 July 2004	2,275,857	555,981	420,000	2,005,833	87,337	35,706	5,380,714
Depreciation							
At 1 August 2003	-	79,402	-	753,782	27,776	2,569	863,529
On disposals	-	-	-	-	(3,430)	-	(3,430)
Charge for the year	-	37,282	-	224,592	15,748	4,306	281,928
At 31 July 2004	-	116,684	-	978,374	40,094	6,875	1,142,027
Net book values							
At 31 July 2004	2,275,857	439,297	420,000	1,027,459	47,243	28,831	4,238,687
At 31 July 2003	2,275,857	426,579	420,000	817,436	51,816	15,769	4,007,457

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2004**

..... continued

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2004		2003	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Equipment	35,000	5,000	40,000	5,000
Motor vehicles	8,087	2,695	4,782	1,594
	<u>43,087</u>	<u>7,695</u>	<u>44,782</u>	<u>6,594</u>

14. Fixed asset investments	Subsidiary undertakings shares £	Participating interests shares £	Total £
Cost			
At 1 August 2003	121,514	-	121,514
Additions	-	958,793	958,793
Disposals	(6)	-	(6)
At 31 July 2004	<u>121,508</u>	<u>958,793</u>	<u>1,080,301</u>
Net book values			
At 31 July 2004	<u>121,508</u>	<u>958,793</u>	<u>1,080,301</u>
At 31 July 2003	<u>121,514</u>	<u>-</u>	<u>121,514</u>

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2004**

..... continued

14.1. 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				
Grasmere Leigh Ltd	England	Retail pharmacists	Ordinary	85%
Participating interests				
Paul Benson Ltd	England	Retail pharmacists	Ordinary B	49%

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
	£	£
Grasmere Leigh Ltd	12,731	159,150
Paul Benson Ltd	440,814	128,378
15. Stocks		2004 2003
		£ £
Finished goods and goods for resale		<u>4,529,129 4,217,476</u>
16. Debtors		2004 2003
		£ £
Trade debtors		7,063,277 11,949,614
Amount owed by participating interest		70,015 -
Other debtors		1,691,999 919,537
Prepayments and accrued income		370,536 337,354
		<u>9,195,827 13,206,505</u>

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2004**

..... continued

17. Creditors: amounts falling due within one year	2004 £	2003 £
Bank loans	3,221,722	3,563,830
Other loans	229,000	494,000
Net obligations under finance leases and hire purchase contracts	12,073	12,433
Trade creditors	5,339,824	5,545,337
Amounts owed to group undertakings	5,199,739	10,393,895
Corporation tax	732,944	91,699
Other taxes and social security costs	205,193	184,573
Directors' current accounts	51,189	473,974
Other creditors	196,384	41,830
Accruals and deferred income	241,981	263,562
	<u>15,430,049</u>	<u>21,065,133</u>

Bank borrowings are secured by fixed charges over the properties, investments and book debts together with a floating charge over the other assets of the company. The hire purchase liability is secured over the relevant fixed asset.

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2004**

..... continued

18. Creditors: amounts falling due after more than one year	2004 £	2003 £
Bank loans	16,277,870	18,541,251
Other loans	32,248	56,248
Net obligations under finance leases and hire purchase contracts	13,824	21,731
	<u>16,323,942</u>	<u>18,619,230</u>
Loans		
Repayable in one year or less, or on demand (Note 17)	3,450,722	4,057,830
Repayable between one and two years	2,868,993	3,326,993
Repayable between two and five years	7,893,599	8,011,837
Repayable in five years or more	5,547,526	7,258,669
	<u>19,760,840</u>	<u>22,655,329</u>
Repayable in five years or more:		
Bank loans	5,547,526	7,258,669
	<u>5,547,526</u>	<u>7,258,669</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	12,073	12,433
Repayable between one and five years	13,824	21,731
	<u>25,897</u>	<u>34,164</u>

The company has a number of bank loans ranging from 3 to 10 years with interest being payable at LIBOR or 1% above bank base rate.

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2004**

..... continued

19. Provisions for liabilities and charges

	Deferred taxation (Note 20) £	Total £
At 1 August 2003	60,008	60,008
Movements in the year	11,401	11,401
At 31 July 2004	<u>71,409</u>	<u>71,409</u>

20. Provision for deferred taxation

	2004 £	2003 £
Accelerated capital allowances	74,016	60,008
Undiscounted provision for deferred tax	<u>74,016</u>	<u>60,008</u>
Provision at 1 August 2003	60,008	
Deferred tax charge in profit and loss account	11,401	
Provision at 31 July 2004	<u>71,409</u>	

21. Share capital

	2004 £	2003 £
Authorised		
263,006 Ordinary shares of £1 each	<u>263,006</u>	<u>263,006</u>
Allotted, called up and fully paid		
263,006 Ordinary shares of £1 each	<u>263,006</u>	<u>263,006</u>

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2004**

..... continued

22. Reconciliation of movements in shareholders' funds	2004	2003
	£	£
Profit for the year	479,391	5,303,859
Dividends	(871,740)	(123,961)
	<u>(392,349)</u>	<u>5,179,898</u>
Other recognised gains or losses	-	40,000
	<u>(392,349)</u>	<u>5,219,898</u>
Net addition to shareholders' funds	10,356,439	5,136,541
Opening shareholders' funds	<u>10,356,439</u>	<u>5,136,541</u>
Closing shareholders' funds	<u><u>9,964,090</u></u>	<u><u>10,356,439</u></u>

23. Contingent liabilities

The company's bankers hold a composite guarantee dated 21 August 2001 between the company and its fellow subsidiary undertakings, Tims and Parker Limited, P & A J Cattee (Wholesale) Limited and Haslingden Health Centre Pharmacy Limited.

24. Transactions with directors

The company occupies premises owned by P and A J Cattee (Directors) Pension Scheme under a sub-lease from an unconnected third party. Rent paid during the year in respect of this property amounted to £14,250.

The company also occupies premises owned by P and A J Cattee. Rent paid during the year in respect of these properties amounted to £15,000.

The amount due to the directors at the balance sheet date was as follows:

	£
Mr and Mrs P Cattee	51,135
G A Tims	54
A D Parker	-
	<u>51,189</u>

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2004**

..... continued

25. Related party transactions

The company does not disclose details of transactions with other group companies on the grounds that consolidated accounts are publicly available.

Trading transactions with associated undertakings were:

	Management charges		Balance
	Received	Paid	at
	£	£	year end
			£
Paul Benson Limited	7,600	32,293	70,015

26. Ultimate parent undertaking

The company is a wholly owned subsidiary of PCT Healthcare (Holdings) Ltd.

27. Controlling interest

The company has no single ultimate controlling party, as disclosed in the directors' report of the ultimate parent company.

28. Post balance sheet events

Since the year end the company has acquired a number of pharmacies.

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2004**

..... continued

29. Gross cash flows

	2004 £	2003 £
Returns on investments and servicing of finance		
Interest received	4,822	5,583
Interest paid	(1,254,033)	(1,386,145)
Dividends received	134,991	115,533
	<u>(1,114,220)</u>	<u>(1,265,029)</u>
Taxation		
Corporation tax paid	<u>(1,202,874)</u>	<u>(1,418,831)</u>
Capital expenditure		
Payments to acquire intangible assets	-	(3,425,690)
Payments to acquire tangible assets	(507,978)	(1,014,659)
Receipts from sales of tangible assets	1,200	56,224
	<u>(506,778)</u>	<u>(4,384,125)</u>
Acquisitions and disposals		
Payments on acquisition of group interests	<u>(958,793)</u>	<u>-</u>
Management of Liquid Resources		
Receipts from sales of short term investments	-	700,954
Payments to acquire short term investments	-	(250)
	<u>-</u>	<u>700,704</u>
Financing		
New long term bank loans	1,180,000	4,408,253
Repayment of long term bank loans	(3,785,489)	(3,392,315)
Repayment of other short term loans	(289,000)	(169,000)
Capital element of finance leases and hire purchase contracts	(14,267)	(6,297)
	<u>(2,908,756)</u>	<u>840,641</u>

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2004**

..... continued

30. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	2,449,520	(1,533,269)		916,251
	<u>2,449,520</u>	<u>(1,533,269)</u>		<u>916,251</u>
Debt due within one year	(4,057,830)	4,074,489	(3,467,381)	(3,450,722)
Debt due after one year	(18,597,499)	(1,180,000)	3,467,381	(16,310,118)
Finance leases and hire purchase contracts	(34,164)	14,267	(6,000)	(25,897)
	<u>(22,689,493)</u>	<u>2,908,756</u>	<u>(6,000)</u>	<u>(19,786,737)</u>
Net funds	<u><u>(20,239,973)</u></u>	<u><u>1,375,487</u></u>	<u><u>(6,000)</u></u>	<u><u>(18,870,486)</u></u>

PCT Healthcare Limited

The following pages do not form part of the statutory accounts.

PCT Healthcare Limited

**Detailed trading profit and loss account
and expenses schedule
for the year ended 31 July 2004**

	2004		2003	
	£	£	£	£
Sales		76,321,799		69,833,308
Cost of sales				
Opening stock	4,217,476		2,011,111	
Purchases	57,556,041		56,802,180	
	<u>61,773,517</u>		<u>58,813,291</u>	
Closing stock	<u>(4,529,129)</u>		<u>(4,217,476)</u>	
		(57,244,388)		(54,595,815)
Gross profit		19,077,411		15,237,493
Administrative expenses				
Wages and salaries	6,900,490		6,409,328	
Directors' remuneration	820,886		790,504	
Employer's NI contributions	620,629		565,932	
Directors' money purchase pension costs	-		500	
Staff money purchase pension costs	137,135		120,920	
Management charges	32,293		-	
Locums	991,350		888,870	
Rent, rates and insurance	790,506		739,605	
Light and heat	97,069		86,373	
Repairs and maintenance	168,972		183,205	
Postage, stationery and advertising	45,622		44,883	
Telephone	68,077		61,679	
Motor and travel expenses	100,832		107,658	
Legal and professional fees	58,947		64,614	
Stocktaking fees	30,546		53,185	
Auditors' remuneration	29,500		26,000	
Bank charges	64,996		68,016	
Trade expenses	86,883		76,418	
Subscriptions	60,401		47,285	
Amortisation of goodwill	4,269,043		1,549,491	
Amortisation on short leasehold	37,282		36,057	
Depreciation on fixtures and fittings	224,592		162,279	
Depreciation on motor vehicles	15,748		17,273	
Profits/losses on disposal of tangible assets	(380)		(13,478)	
Depreciation on improvements to property	<u>4,306</u>		<u>2,569</u>	
		15,655,725		12,089,166
		3,421,686		3,148,327

PCT Healthcare Limited

**Detailed trading profit and loss account
and expenses schedule
for the year ended 31 July 2004**

	2004		2003	
	£	£	£	£
Other operating income				
Government grants receivable	8,451		-	
Management charges receivable	19,000		10,800	
Insurance claims receivable	-		48,500	
		<u>27,451</u>		<u>59,300</u>
Operating profit		3,449,137		3,207,627
Income from investments				
Group income	134,991		115,464	
Listed investment income	-		69	
		<u>134,991</u>		<u>115,533</u>
Interest receivable				
Bank deposit interest	24		5,544	
Other interest	4,798		39	
		<u>4,822</u>		<u>5,583</u>
Loss on disposal of investments		(6)		(56,559)
Interest payable				
Interest on bank loans and overdrafts	1,114,491		1,222,054	
Other interest	135,664		150,670	
HP interest and fin. lease charges	3,878		3,217	
Interest on overdue tax	-		10,204	
		<u>(1,254,033)</u>		<u>(1,386,145)</u>
Amounts due from group companies written off		-		4,413,359
Net profit for the year		<u>2,334,911</u>		<u>6,299,398</u>