

Registration number 1768840

PCT Healthcare Limited
Directors' report and financial statements
for the period ended 30 November 2007

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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	11 Manchester Road Walkden Manchester M28 3NS
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 period ended 30 November 2007

The directors present their report and the financial statements for the period ended 30 November 2007

Principal activity

The principal activity of the company during the period under review was that of retail pharmacy

Review of the Business and Future Developments

The company has sought to expand organically and with consideration to the communities in which it operates. Recent expansion continued in 2006/7 with acquisitions and the company has seen the branch network increase from 91 branches to 96 branches in the South Yorkshire, Derbyshire, Lancashire and Greater Manchester areas.

The company is committed to actively work in partnership with local PCT's in the promotion of additional healthcare services.

Qualitative measures relating to "improvements in service" are important measures of performance to the company and the community, however these are difficult to measure. Quantitative measures in terms of business performance and profitability are important to shareholders and provide assurances as to the continuing stability of the organisation.

Basic KPI's (Key Performance Indicators) which the company bases financial evaluations upon are gross profit, net profit and staff cost based. There is a direct link between profitability and branch staffing levels, which is reflected in the budgeting process.

Gross profit percentage increased from 30.9% in the year to July 2006 to 31.3% in the period to November 2007. The margin for the year to July 2007 was 31.5% compared to 29.4% for the four months to November 2007, reflecting a reduced remuneration pay structure from the Department of Health.

Staff remain the greatest asset, but also the largest cost to the company, amounting to £17.2m in 2007 and £11.1m in 2006, the increase represented by increased branch numbers and annual pay reviews, along with a prolonged accounting period. Staff costs as a percentage of turnover were 14.3% in 2007, compared to 13.4% in 2006.

Other costs are not significant to the profitability of the company and so are not deemed sufficient KPI's.

Net profit before tax is a KPI. In 2006 PBIT cover, (being Profit before interest and tax over net interest costs) was 7.9 as compared to 6.1 in 2007. Company shareholders will note that profit after tax as a percentage of turnover has decreased from 5.2% in 2006 to 3.7% in 2007. Profit is expected to fall over the forthcoming year, as will the margin, as result of category M, government re-appraisal of government products (change in drug tariff prices) and the reduction in branch numbers.

PCT Healthcare Limited
Directors' report
for the period ended 30 November 2007

continued

At the year end date the company has transferred 51 retail pharmacy branches and 1 other retail branch to fellow group company PCTA Healthcare Limited With effect from 30 November 2007 PCTA Healthcare Limited is no longer part of the same group and therefore the branch network decreased accordingly

Results and dividends

The loss for the period, after taxation, amounted to £16,225,679 Particulars of dividends paid and proposed are detailed in the notes to the financial statements

Post balance sheet events

Since the balance sheet date the company has acquired a further 2 retail pharmacy branches

The company has also transferred it's portfolio of freehold and long leasehold properties to fellow group company PCT Healthcare (Properties) Limited

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

The directors who served during the period are as stated below

G A Tims

A D Parker

P Cattee

Mrs A J Cattee

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 period In preparing these financial statements 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

PCT Healthcare Limited

**Directors' report
for the period ended 30 November 2007**

continued

- 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.

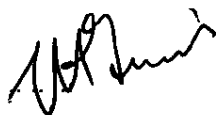
In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 on 28/10/08 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 period ended 30 November 2007 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 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 the auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

PCT Healthcare Limited

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

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Abrams Ashton

Abrams Ashton
Chartered Accountants and
Registered Auditors

77 Corporation Street
St Helens
Merseyside
WA10 1SX

Date: *28/10/08*

PCT Healthcare Limited

**Profit and loss account
for the period ended 30 November 2007**

Continuing operations

		Period ended 30/11/07	Year ended 31/07/06
	Notes	£	£
Turnover	2	119,968,167	82,490,406
Cost of sales		(82,427,433)	(56,970,755)
Gross profit		37,540,734	25,519,651
Administrative expenses		(27,768,058)	(17,378,943)
Other operating income		230,796	179,783
Operating profit	3	10,003,472	8,320,491
Loss on transfer of group assets		(3,499,321)	-
Investment income	4	157,065	-
Other interest receivable and similar income	6	317,842	140,210
Amounts due from connected company written off	5	(17,166,538)	-
Amount written off investments	5	-	117,484
Interest payable and similar charges	7	(1,950,619)	(1,195,519)
(Loss)/profit on ordinary activities before taxation		(12,138,099)	7,382,666
Tax on (loss)/profit on ordinary activities	10	(4,087,580)	(3,078,666)
(Loss)/profit on ordinary activities after taxation being the (loss)/ profit for the financial period / year	22	(16,225,679)	4,304,000

The notes on pages 10 to 27 form an integral part of these financial statements.

PCT Healthcare Limited

**Statement of total recognised gains and losses
for the period ended 30 November 2007**

	Period ended 30/11/07 £	Year ended 31/07/06 £
(Loss)/profit on ordinary activities after taxation	(16,225,679)	4,304,000
Unrealised movement on revaluation of properties	2,507,723	-
Unrealised movement on transfer of trade from group company	-	74,376
Total recognised losses/gains since last annual report	<u>(13,717,956)</u>	<u>4,378,376</u>

The notes on pages 10 to 27 form an integral part of these financial statements.

PCT Healthcare Limited

**Balance sheet
as at 30 November 2007**

		30/11/07		31/07/06	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	12		16,160,623		25,981,175
Tangible assets	13		8,893,157		6,082,149
Investments	14		1,824,602		4,896,350
			<u>26,878,382</u>		<u>36,959,674</u>
Current assets					
Stocks	15	2,773,724		4,924,611	
Debtors	16	13,181,165		16,583,881	
Cash at bank and in hand		4,271,703		4,045,838	
		<u>20,226,592</u>		<u>25,554,330</u>	
Creditors: amounts falling due within one year	17	<u>(28,611,479)</u>		<u>(26,676,798)</u>	
Net current			<u>(8,384,887)</u>		<u>(1,122,468)</u>
Total assets less current liabilities			18,493,495		35,837,206
Creditors: amounts falling due after more than one year	18		(18,037,482)		(20,097,612)
Provisions for liabilities	19		<u>(213,815)</u>		<u>(216,820)</u>
Net assets			<u>242,198</u>		<u>15,522,774</u>
Capital and reserves					
Called up share capital	21		263,006		263,006
Revaluation reserve	22		2,507,723		-
Profit and loss account	22		<u>(2,528,531)</u>		<u>15,259,768</u>
Shareholders' funds	23		<u>242,198</u>		<u>15,522,774</u>

The financial statements were approved by the Board on 28/10/08 and signed on its behalf by


G A Tims
Director

The notes on pages 10 to 27 form an integral part of these financial statements.

PCT Healthcare Limited

**Cash flow statement
for the period ended 30 November 2007**

	Notes	Period ended 30/11/07 £	Year ended 31/07/06 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		10,003,472	8,320,491
Depreciation		6,940,014	4,152,008
Decrease in stocks		2,452,046	(373,568)
Decrease in debtors		6,166,191	(2,221,830)
Increase in creditors		3,202,954	5,154,577
Other non-cash changes		173	228,140
Transfer of stock to group company		(2,918,081)	-
Net cash inflow from operating activities		25,846,769	15,259,818

Cash flow statement

Net cash inflow from operating activities		25,846,769	15,259,818
Returns on investments and servicing of finance	30	(1,475,712)	(1,055,309)
Taxation	30	(6,570,157)	(2,625,379)
Capital expenditure	30	(3,646,551)	(10,137,468)
Acquisitions and disposals	30	(8,628,583)	(2,674,841)
		5,525,766	(1,233,179)
Equity dividends paid		(1,562,620)	-
		3,963,146	(1,233,179)
Financing	30	(2,526,160)	5,069,976
Increase in cash in the period		1,436,986	3,836,797

Reconciliation of net cash flow to movement in net funds (Note 31)

Increase in cash in the period	1,436,986	3,836,797
Cash inflow from increase in debts and lease financing	2,526,160	(5,069,976)
Change in net funds resulting from cash flows	3,963,146	(1,233,179)
New finance leases and hire purchase contracts	-	(6,778)
Movement in net funds in the period	3,963,146	(1,239,957)
Net debt at 1 August 2006	(21,100,773)	(19,860,816)
Net debt at 30 November 2007	(17,137,627)	(21,100,773)

PCT Healthcare Limited

Notes to the financial statements for the period ended 30 November 2007

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets and comply with financial reporting standards of the Accounting Standards Board

The company has consistently applied all relevant accounting standards

1.2. Turnover

Revenue comprises the fair value of the sale of goods and services net of value added tax, rebates and discounts. Sales of goods are recognised either at point of sale or when the company has delivered the goods to the customer

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation 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 period ended 30 November 2007

continued

1.6 Investments

Fixed asset investments are stated at cost less provision for permanent 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 this and 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 company and 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 company's and 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 £11,154,437 (2006 £7,040,265).

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 period.

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.

2. Turnover

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

PCT Healthcare Limited

**Notes to the financial statements
for the period ended 30 November 2007**

continued

	Period ended 30/11/07 £	Year ended 31/07/06 £
3. Operating profit		
Operating profit is stated after charging		
Depreciation and other amounts written off intangible assets	6,295,261	3,877,376
Depreciation and other amounts written off tangible assets	666,368	350,187
Operating lease rentals		
- Land and buildings	897,927	567,253
Auditors' remuneration	29,500	29,500
and after crediting		
Profit on disposal of tangible fixed assets	21,615	75,555
	Period ended 30/11/07 £	Year ended 31/07/06 £
4. Income from investments		
Income from subsidiary undertakings	157,065	-
	Period ended 30/11/07 £	Year ended 31/07/06 £
5. Amounts written off		
Amounts written off fixed asset investments		
- permanent diminution in value	-	117,484
Amounts due from connected company written off	(17,166,538)	-
	(17,166,538)	117,484
	Period ended 30/11/07 £	Year ended 31/07/06 £
6. Interest receivable and similar income		
Bank interest	290,546	138,606
Other interest	27,296	1,604
	317,842	140,210

PCT Healthcare Limited

**Notes to the financial statements
for the period ended 30 November 2007**

continued

	Period ended 30/11/07 £	Year ended 31/07/06 £
7. Interest payable and similar charges		
On bank overdrafts	8,986	5,409
On bank loans	1,939,684	1,168,219
Lease finance charges and hire purchase interest	509	2,110
Other interest	1,440	19,781
	<u>1,950,619</u>	<u>1,195,519</u>
8. Employees		
	Period ended 30/11/07	Year ended 31/07/06
Number of employees		
The average monthly numbers of employees (including the directors) during the period were		
Management and administration	22	22
Pharmacists, counter staff and drivers	701	633
	<u>723</u>	<u>655</u>
Employment costs	30/11/07 £	31/07/06 £
Wages and salaries	15,924,224	10,201,698
Social security costs	1,086,150	710,822
Pension costs	189,974	144,019
	<u>17,200,348</u>	<u>11,056,539</u>

PCT Healthcare Limited

**Notes to the financial statements
for the period ended 30 November 2007**

continued

	Period ended 30/11/07 £	Year ended 31/07/06 £
8.1. Directors' emoluments		
Remuneration and other emoluments	<u>1,183,187</u>	<u>901,857</u>
Highest paid director	£	£
Amounts included above		
Emoluments and other benefits	<u>323,374</u>	<u>258,515</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 £189,974 (31 July 2006 - £144,019).

PCT Healthcare Limited

**Notes to the financial statements
for the period ended 30 November 2007**

continued

10. Tax on (loss)/profit on ordinary activities

	Period ended 30/11/07 £	Year ended 31/07/06 £
Analysis of charge in period		
Current tax		
UK corporation tax at 30.00% (2006 - 30.00%)	4,100,000	2,949,931
Adjustments in respect of previous periods	-	(145)
Total current tax charge	<u>4,100,000</u>	<u>2,949,786</u>
Deferred tax		
Timing differences, origination and reversal	(12,420)	128,880
Total deferred tax	<u>(12,420)</u>	<u>128,880</u>
Tax on (loss)/profit on ordinary activities	<u><u>4,087,580</u></u>	<u><u>3,078,666</u></u>

Factors affecting tax charge for period

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

	2007 £	2006 £
(Loss)/profit on ordinary activities before taxation	<u>(12,138,099)</u>	<u>7,382,666</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 July 2006 - 30%)	(3,641,430)	2,214,800
Effects of:		
Expenses not deductible for tax purposes	7,796,423	800,925
Capital allowances for period in excess of depreciation	(73,945)	(53,255)
Utilisation of tax losses	-	(9,606)
Property disposals	4,342	(6,839)
Fixed asset acquisitions from subsidiaries	14,610	3,906
Adjustments to tax charge in respect of previous periods	-	(145)
Current tax charge for period	<u><u>4,100,000</u></u>	<u><u>2,949,786</u></u>

PCT Healthcare Limited

**Notes to the financial statements
for the period ended 30 November 2007**

continued

11. Dividends

Dividends paid and proposed on equity shares

	Period ended 30/11/07 £	Year ended 31/07/06 £
Paid during the year		
Equity dividends on Ordinary shares	1,562,620	-
	<u>1,562,620</u>	<u>-</u>

12. Intangible fixed assets

	Goodwill £	Total £
Cost		
At 1 August 2006	42,314,582	42,314,582
Additions	1,672,250	1,672,250
Additions re-classified from fixed asset investments	11,154,437	11,154,437
Disposals	(27,618,921)	(27,618,921)
At 30 November 2007	<u>27,522,348</u>	<u>27,522,348</u>
Provision for diminution in value		
At 1 August 2006	16,333,407	16,333,407
On disposals	(11,266,943)	(11,266,943)
Charge for period	6,295,261	6,295,261
At 30 November 2007	<u>11,361,725</u>	<u>11,361,725</u>
Net book values		
At 30 November 2007	<u>16,160,623</u>	<u>16,160,623</u>
At 31 July 2006	<u>25,981,175</u>	<u>25,981,175</u>

PCT Healthcare Limited

**Notes to the financial statements
for the period ended 30 November 2007**

continued

13. Tangible fixed assets	Freehold land and properties £	Short leasehold properties £	Long leasehold properties £	Fixtures, fittings and equipment £	Motor vehicles £	Improvements to properties £	Total £
Cost or valuation							
At 1 August 2006	3,316,482	657,051	420,000	3,190,824	136,214	112,958	7,833,529
Additions	874,489	40,071	-	1,539,925	37,946	1,487	2,493,918
Revaluation	1,842,723	-	665,000	-	-	-	2,507,723
Disposals	(126,063)	-	-	(2,237,500)	(7,595)	-	(2,371,158)
At 30 November 2007	5,907,631	697,122	1,085,000	2,493,249	166,565	114,445	10,464,012
Depreciation							
At 1 August 2006	-	193,123	-	1,476,442	59,050	22,765	1,751,380
On disposals	-	-	-	(841,700)	(5,193)	-	(846,893)
Charge for the period	-	57,999	-	568,747	28,177	11,445	666,368
At 30 November 2007	-	251,122	-	1,203,489	82,034	34,210	1,570,855
Net book values							
At 30 November 2007	5,907,631	446,000	1,085,000	1,289,760	84,531	80,235	8,893,157
At 31 July 2006	3,316,482	463,928	420,000	1,714,382	77,164	90,193	6,082,149

The company's freehold and long leasehold properties were revalued to market value during the period by Mr D Comer MRICS

PCT Healthcare Limited

**Notes to the financial statements
for the period ended 30 November 2007**

continued

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

Asset description	30/11/07		31/07/06	
	Net	Depreciation	Net	Depreciation
	book value £	charge £	book value £	charge £
Motor vehicles	<u>3,812</u>	<u>1,271</u>	<u>7,615</u>	<u>2,539</u>

Freehold and long leasehold properties included at a valuation would have been included on a historical cost basis at

	30/11/07 £	31/07/06 £
Cost	4,484,908	3,736,482
Depreciation	-	-
Net book value	<u>4,484,908</u>	<u>3,736,482</u>

14. Fixed asset investments	Subsidiary undertakings shares £	Total £
Cost		
At 1 August 2006	4,896,350	4,896,350
Additions	10,005,805	10,005,805
Re-classification of goodwill	(11,154,437)	(11,154,437)
Re-classification of other assets	(1,923,116)	(1,923,116)
At 30 November 2007	<u>1,824,602</u>	<u>1,824,602</u>
Net book values		
At 30 November 2007	<u>1,824,602</u>	<u>1,824,602</u>
At 31 July 2006	<u>4,896,350</u>	<u>4,896,350</u>

PCT Healthcare Limited

**Notes to the financial statements
for the period ended 30 November 2007**

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 pharmacy	Ordinary	85%
C & C Familycare Limited	England	Retail pharmacy	Ordinary	100%
Wickersley and Ravenfield Consortium Ltd	England	Dormant	Ordinary	100%
Macclesfield Consortium Pharmacy Ltd	England	Dormant	Ordinary	100%
TV Pharmacy Ltd	England	Dormant	Ordinary	100%
Parks Pharmacy Ltd	England	Dormant	Ordinary	100%
Television Pharmacy Ltd	England	Dormant	Ordinary	100%
Telepharm Ltd	England	Dormant	Ordinary	100%
Freephone Pharmacy Ltd	England	Dormant	Ordinary	100%
Watsons Pharmacy Ltd	England	Dormant	Ordinary	100%
KT590 Ltd	England	Dormant	Ordinary	100%
Haslingden Health Centre Pharmacy Ltd	England	Dormant	Ordinary	100%
A D Parker and Company Ltd	England	Dormant	Ordinary	100%
H G Pilling (Chemists) Ltd	England	Dormant	Ordinary	100%
Marketbook Ltd	England	Dormant	Ordinary	100%
Assadim Ltd	England	Dormant	Ordinary	100%
Richard J Wakefield Pharmacy Ltd	England	Dormant	Ordinary	100%
Staveley Pharmacy Ltd	England	Dormant	Ordinary	100%
Paul Benson Ltd	England	Dormant	Ordinary	100%
Peter Marks Chemists Ltd	England	Dormant	Ordinary	100%
Rhodes Chemist Ltd	England	Dormant	Ordinary	100%
Goldstone and Watson Ltd	England	Dormant	Ordinary	100%

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

	Capital and reserves	Profit for the period
	£	£
Grasmere Leigh Ltd	329,859	311,158
C & C Familycare Limited	181,778	107,786

PCT Healthcare Limited

**Notes to the financial statements
for the period ended 30 November 2007**

continued

15. Stocks	30/11/07	31/07/06
	£	£
Finished goods and goods for resale	<u>2,773,724</u>	<u>4,924,611</u>
16. Debtors	30/11/07	31/07/06
	£	£
Trade debtors	8,053,725	14,200,472
Amounts owed by group undertakings	-	1,029,161
Other debtors	4,238,241	993,671
Prepayments and accrued income	889,199	360,577
	<u>13,181,165</u>	<u>16,583,881</u>
17. Creditors: amounts falling due within one year	30/11/07	31/07/06
	£	£
Bank overdraft	-	1,211,121
Bank loans	3,038,654	3,744,556
Other loans	331,500	91,123
Net obligations under finance leases and hire purchase contracts	1,694	2,199
Trade creditors	8,400,622	5,469,224
Amounts owed to group undertakings	15,465,199	14,501,532
Corporation tax	-	905,703
Other taxes and social security costs	335,856	246,082
Directors' current accounts	-	7,499
Other creditors	630,381	173,383
Accruals and deferred income	407,573	324,376
	<u>28,611,479</u>	<u>26,676,798</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 period ended 30 November 2007**

continued

18 Creditors: amounts falling due after more than one year	30/11/07 £	31/07/06 £
Bank loans	18,037,482	19,763,642
Other loans	-	331,500
Net obligations under finance leases and hire purchase contracts	-	2,470
	<u>18,037,482</u>	<u>20,097,612</u>
Loans		
Repayable in one year or less, or on demand (Note 17)	3,370,154	3,835,679
Repayable between one and two years	3,006,500	3,579,875
Repayable between two and five years	9,019,500	7,242,625
Repayable in five years or more	6,011,482	9,272,642
	<u>21,407,636</u>	<u>23,930,821</u>
 Repayable in five years or more		
 Bank loans	<u>6,011,482</u>	<u>9,272,642</u>
	<u>6,011,482</u>	<u>9,272,642</u>
 Net obligations under finance leases and hire purchase contracts		
Repayable within one year	1,694	2,199
Repayable between one and five years	-	2,470
	<u>1,694</u>	<u>4,669</u>

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

PCT Healthcare Limited

**Notes to the financial statements
for the period ended 30 November 2007**

continued

19. Provisions for liabilities

	Deferred taxation (Note 20) £	Total £
At 1 August 2006	216,820	216,820
Movements in the year	(3,005)	(3,005)
At 30 November 2007	<u>213,815</u>	<u>213,815</u>

20. Provision for deferred taxation

	30/11/07 £	31/07/06 £
Accelerated capital allowances	213,815	212,021
Subsidiary acquisitions	-	4,799
Provision for deferred tax	<u>213,815</u>	<u>216,820</u>
Provision at 1 August 2006	216,820	
Subsidiary acquisitions	9,415	
Deferred tax credit in profit and loss account	(12,420)	
Provision at 30 November 2007	<u>213,815</u>	

21. Share capital

	30/11/07 £	31/07/06 £
Authorised equity		
263,006 Ordinary shares of £1 each	<u>263,006</u>	<u>263,006</u>
Allotted, called up and fully paid equity		
263,006 Ordinary shares of £1 each	<u>263,006</u>	<u>263,006</u>
Equity Shares		
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 period ended 30 November 2007**

continued

22. Equity Reserves	Revaluation reserve £	Profit and loss account £	Total £
At 1 August 2006	-	15,259,768	15,259,768
Revaluation of properties	2,507,723	-	2,507,723
Loss for the period	-	(16,225,679)	(16,225,679)
Equity dividends paid during the period	-	(1,562,620)	(1,562,620)
At 30 November 2007	<u>2,507,723</u>	<u>(2,528,531)</u>	<u>(20,808)</u>

23. Reconciliation of movements in shareholders' funds	30/11/07 £	31/07/06 £
(Loss)/profit for the period	(16,225,679)	4,304,000
Dividends paid during the period	(1,562,620)	-
	<u>(17,788,299)</u>	<u>4,304,000</u>
Other recognised gains or losses	2,507,723	74,376
Net addition to shareholders' funds	<u>(15,280,576)</u>	<u>4,378,376</u>
Opening shareholders' funds	15,522,774	11,144,398
Closing shareholders' funds	<u>242,198</u>	<u>15,522,774</u>

24. 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

PCT Healthcare Limited

Notes to the financial statements for the period ended 30 November 2007

continued

25 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 period/year in respect of this property amounted to £25,688 (2006 £14,250).

The company also occupies premises owned by P & A J Cattee. Rent paid during the period/year in respect of these properties amounted to £27,375 (2006 £15,000).

The following directors had interest free loans during the period. The movements on these loans are as follows:

	Amount owing		Maximum in period
	30/11/07	31/07/06	
	£	£	£
A D Parker	618,000	-	728,000
P Cattee	1,123,937	-	1,925,048

Since the balance sheet date the directors have repaid the above loans together with interest charged at 6.75%.

26. Related party transactions

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

27. Ultimate parent undertaking

The company's ultimate parent company is PCT Healthcare (Holdings) Limited, registered in England.

28. Controlling interest

The ultimate controlling parties are Mr and Mrs P Cattee and members of their close family.

PCT Healthcare Limited

**Notes to the financial statements
for the period ended 30 November 2007**

continued

29. Post balance sheet events

Since the balance sheet date the company has acquired a further 2 retail pharmacy branches

The company has also transferred it's portfolio of freehold and long leasehold properties to fellow group company PCT Healthcare (Properties) Limited

PCT Healthcare Limited

**Notes to the financial statements
for the period ended 30 November 2007**

continued

30. Gross cash flows

	30/11/07	31/07/06
	£	£
Returns on investments and servicing of finance		
Interest received	317,842	140,210
Interest paid	(1,950,619)	(1,195,519)
Dividends received	157,065	-
	<u>(1,475,712)</u>	<u>(1,055,309)</u>
Taxation		
Corporation tax paid	<u>(6,570,157)</u>	<u>(2,625,379)</u>
Capital expenditure		
Payments to acquire intangible assets	(1,672,250)	(8,624,260)
Payments to acquire tangible assets	(2,124,381)	(1,668,474)
Receipts from sales of tangible assets	150,080	155,266
	<u>(3,646,551)</u>	<u>(10,137,468)</u>
Acquisitions and disposals		
Payments on acquisition of group interests	<u>(8,628,583)</u>	<u>(2,674,841)</u>
Financing		
New long term bank loans	5,145,000	12,016,782
Other new long term loans	-	414,375
Repayment of long term bank loans	(7,577,062)	(7,321,249)
Repayment of other short term loans	(91,123)	(24,000)
Capital element of finance leases and hire purchase contracts	(2,975)	(15,932)
	<u>(2,526,160)</u>	<u>5,069,976</u>

PCT Healthcare Limited

**Notes to the financial statements
for the period ended 30 November 2007**

continued

31. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	4,045,838	225,865		4,271,703
Overdrafts	(1,211,121)	1,211,121		-
	<u>2,834,717</u>	<u>1,436,986</u>		<u>4,271,703</u>
Debt due within one year	(3,835,679)	7,668,185	(7,202,660)	(3,370,154)
Debt due after one year	(20,095,142)	(5,145,000)	7,202,660	(18,037,482)
Finance leases and hire purchase contracts	(4,669)	2,975	-	(1,694)
	<u>(23,935,490)</u>	<u>2,526,160</u>	<u>-</u>	<u>(21,409,330)</u>
Net funds	<u>(21,100,773)</u>	<u>3,963,146</u>	<u>-</u>	<u>(17,137,627)</u>

PCT Healthcare Limited

**Detailed trading profit and loss account
and expenses schedule
for the period ended 30 November 2007**

	Period ended 30/11/07		Year ended 31/07/06	
	£	£	£	£
Sales		119,968,167		82,490,406
Cost of sales				
Opening stock	4,924,611		4,551,043	
Group stock transfer	(2,918,081)		-	
Purchases	83,194,627		57,344,323	
	<u>85,201,157</u>		<u>61,895,366</u>	
Closing stock	(2,773,724)		(4,924,611)	
		<u>(82,427,433)</u>		<u>(56,970,755)</u>
Gross profit		37,540,734		25,519,651
Administrative expenses				
Wages and salaries	12,640,883		8,000,448	
Directors' remuneration	1,176,514		897,243	
Employer's NI contributions	1,086,150		710,822	
Staff money purchase pension costs	189,974		144,019	
Staff training	42,045		51,443	
Staff uniforms	39,814		19,992	
Management charges	-		32,487	
Locums	2,067,013		1,284,015	
Rent, rates and insurance	1,556,928		1,013,532	
Light and heat	184,398		106,434	
Repairs and maintenance	394,090		234,745	
Postage, stationery and advertising	60,188		51,476	
Telephone	129,482		89,162	
Motor and travel expenses	276,860		179,413	
Legal and professional fees	530,216		85,064	
Stocktaking fees	43,628		27,614	
Auditors' remuneration	29,500		29,500	
Bank charges	112,915		83,052	
Trade expenses	159,215		105,234	
Subscriptions	108,231		81,240	
Amortisation of goodwill	6,295,261		3,877,376	
Amortisation on short leasehold properties	57,999		41,179	
Depreciation on fixtures and fittings	568,747		271,702	
Depreciation on motor vehicles	28,177		25,722	
Profits/losses on disposal of tangible assets	(21,615)		(75,555)	
Depreciation on improvements to property	11,445		11,584	
		<u>27,768,058</u>		<u>17,378,943</u>

PCT Healthcare Limited

**Detailed trading profit and loss account
and expenses schedule
for the period ended 30 November 2007**

	Period ended 30/11/07		Year ended 31/07/06	
	£	£	£	£
Other operating income				
Rent receivable	92,664		44,743	
Management charges receivable	33,132		30,040	
Directors fees receivable	105,000		105,000	
Loss on transfer of group assets	(3,499,321)		-	
		<u>(3,268,525)</u>		<u>179,783</u>
Operating profit		6,504,151		8,320,491
 Income from investments				
Group income	157,065		-	
		<u>157,065</u>		<u>-</u>
 Interest receivable				
Bank deposit interest	290,546		138,606	
Other interest	27,296		1,604	
		<u>317,842</u>		<u>140,210</u>
 Amounts due from connected company written off		(17,166,538)		-
Amount written off investments		-		117,484
 Interest payable				
Bank interest	8,986		5,409	
Interest on loans repayable in more than 5 years	1,939,684		1,168,219	
Other interest	1,440		19,781	
HP interest and fin lease charges	509		2,110	
		<u>(1,950,619)</u>		<u>(1,195,519)</u>
 Net (loss)/profit for the period / year		<u>(12,138,099)</u>		<u>7,382,666</u>