

PCT Healthcare Limited

Financial Statements
for the Year Ended 30 November 2021

Abrams Ashton Ltd
Chartered Accountants and Statutory Auditors
7 Waterside Court
St. Helens
Merseyside
WA9 1UA

PCT Healthcare Limited

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PCT Healthcare Limited

Company Information

Directors	Mr J Cattee Mr G A Tims Mrs A J Cattee Mr P Cattee
Company secretary	Mrs A J Cattee
Registered office	11 Manchester Road Worsley Manchester M28 3NS
Auditors	Abrams Ashton Ltd Chartered Accountants and Statutory Auditors 7 Waterside Court St. Helens Merseyside WA9 1UA

PCT Healthcare Limited

Strategic Report for the Year Ended 30 November 2021

The directors present their strategic report for the year ended 30 November 2021.

Principal activity

The principal activity of the company is retail pharmacy.

Fair review of the business

During the current year the company has expanded organically with consideration to the communities in which it operates. There were four external branch acquisitions and two retail pharmacy branch disposals during the year together with the acquisition of subsidiary undertakings that own a further 25 pharmacy branches.

The company is committed to actively work in partnership with local clinical commissioning groups in the promotion of additional healthcare services.

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 was 31% in both 2020 and 2021.

Staff remain the greatest asset, but also the largest cost to the company, amounting to £23m in 2020 and 2021. Staff costs as a percentage of turnover were 19% in 2020 and 18% in 2021.

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

Company shareholders will note that the company made a profit before tax of £4,043,515 and earnings before interest, tax and depreciation (EBITDA) was £9,624,987. In the forthcoming year the company expects continued pressure on profitability due to the reduction in the overall level of government funding to pharmacies.

The company has maintained an adequate liquidity position as the company had a net bank surplus of £4m and net assets of £40m at the year end, whilst the group had a net bank surplus, before bank loans, of £23m.

Section 172(1) statement

Our planning is designed to have a long-term beneficial impact on the company and contribute to its future success through improving quality, operating within budgetary controls and in line with our regulatory targets. This requires us to consider the long term in all of our strategic decisions at board level.

Our employees are fundamental to the success of our company. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in how we operate.

PCT Healthcare Limited

Strategic Report for the Year Ended 30 November 2021

We aim to act responsibly and fairly in how we engage with suppliers. The company has oversight of the procurement processes and receives regular updates on any matter of significance. The company is very much focused on its customers, and the directors commit considerable time, effort and resources into understanding and responding to the needs of customers. The directors also seek to build strong relationships with other stakeholders in the areas where we operate.

As an independent pharmacy chain, the directors understand the impact of the company's operations on the communities it serves and the environment, and attribute performance to behaving as a responsible business.

The director's intention is to behave responsibly and ensure that management operates in a responsible manner, operating within the high standards of conduct and good governance required for a business in our sector. All of our people are expected to act within the regulatory framework dictated by our sector. Our reputation is important and the reputational impact of decisions made by the directors are always considered.

As a company, our intention is to behave responsibly toward our shareholders and to treat them fairly and equally, so they too may benefit from the company's success.

Section 172 (1) of the Companies act 2006 requires directors of the company to act in a way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to the interests of the stakeholders, including customers, suppliers and the wider community in which it operates. In doing this, Section 172 requires each director to have regard to the above matters.

Engagement with employees

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, internal bulletins and the company website. Employees are consulted regularly on a wide range of matters likely to affect their interests.

Engagement with suppliers, customers and other relationships

The company aims to act responsibly and fairly in how it engages with suppliers and customers and has policies in place for entering and maintaining relationships to ensure that it treats all suppliers and customers fairly.

Approved and authorised by the Board on 30 November 2022 and signed on its behalf by:

.....
Mr P Cattee
Director

PCT Healthcare Limited

Directors' Report for the Year Ended 30 November 2021

The directors present their report and the financial statements for the year ended 30 November 2021.

Directors of the company

The directors who held office during the year were as follows:

Mr J Cattee

Mr G A Tims

Mrs A J Cattee - Company secretary and director

Mr P Cattee

Financial instruments

Objectives and policies

The company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors and loans to the company. The main purpose of these instruments is to raise funds for the company's operations and to finance them.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Employment of disabled persons

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.

Employee involvement

Information on matters of concern to employees is given through internal bulletins and a website which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance. Arrangements exist to consult and discuss with employees on matters likely to affect their interests.

Future developments

The company expects to consolidate its trading in the following year.

Important non adjusting events after the financial period

Since the year end the company has hived up 25 retail pharmacy branches from its subsidiary undertaking C G Murray & Son Ltd at their book values, acquired 3 retail pharmacy branches for £4.2m and sold one pharmacy branch for £0.3m.

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Directors' Report for the Year Ended 30 November 2021

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors Abrams Ashton Ltd are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved and authorised by the Board on 30 November 2022 and signed on its behalf by:

.....
Mr P Cattee
Director

PCT Healthcare Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of 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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

PCT Healthcare Limited

Independent Auditor's Report to the Members of PCT Healthcare Limited

Opinion

We have audited the financial statements of PCT Healthcare Limited (the 'company') for the year ended 30 November 2021, which comprise the Profit and Loss Account and Statement of Retained Earnings, Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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Independent Auditor's Report to the Members of PCT Healthcare Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 6], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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Independent Auditor's Report to the Members of PCT Healthcare Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the retail pharmacy sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by;

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

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Independent Auditor's Report to the Members of PCT Healthcare Limited

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including Health and Safety Executive, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. the more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Darren Leigh FCCA (Senior Statutory Auditor)
For and on behalf of Abrams Ashton Ltd, Statutory Auditor
7 Waterside Court
St. Helens
Merseyside
WA9 1UA

30 November 2022

PCT Healthcare Limited

Profit and Loss Account and Statement of Retained Earnings for the Year Ended 30 November 2021

	Note	2021 £	2020 £
Turnover	<u>3</u>	130,862,038	125,498,759
Cost of sales		<u>(89,852,000)</u>	<u>(86,609,022)</u>
Gross profit		41,010,038	38,889,737
Administrative expenses		(38,094,918)	(36,756,443)
Other operating income	<u>4</u>	<u>1,130,594</u>	<u>3,181,856</u>
Operating profit	<u>5</u>	4,045,714	5,315,150
Other interest receivable and similar income	<u>6</u>	2,311	2,177
Interest payable and similar charges	<u>7</u>	<u>(4,510)</u>	<u>(2,379)</u>
Profit before tax		4,043,515	5,314,948
Taxation	<u>10</u>	<u>(1,582,834)</u>	<u>(1,664,184)</u>
Profit for the financial year		2,460,681	3,650,764
Retained earnings brought forward		<u>27,197,097</u>	<u>23,546,333</u>
Retained earnings carried forward		<u><u>29,657,778</u></u>	<u><u>27,197,097</u></u>

PCT Healthcare Limited

(Registration number: 01768840) Balance Sheet as at 30 November 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	<u>11</u>	20,163,826	22,600,781
Tangible assets	<u>12</u>	6,493,082	6,562,942
Investments	<u>13</u>	14,151,666	15
Other financial assets	<u>14</u>	891,710	891,710
		<u>41,700,284</u>	<u>30,055,448</u>
Current assets			
Stocks	<u>15</u>	7,214,460	7,578,104
Debtors	<u>16</u>	48,130,957	28,717,753
Cash at bank and in hand	<u>17</u>	6,593,166	18,326,020
		61,938,583	54,621,877
Creditors: Amounts falling due within one year	<u>18</u>	<u>(60,383,479)</u>	<u>(55,201,188)</u>
Net current assets/(liabilities)		<u>1,555,104</u>	<u>(579,311)</u>
Total assets less current liabilities		43,255,388	29,476,137
Creditors: Amounts falling due after more than one year	<u>18</u>	(248,438)	-
Provisions for liabilities	<u>19</u>	<u>(2,586,166)</u>	<u>(2,016,034)</u>
Net assets		<u>40,420,784</u>	<u>27,460,103</u>
Capital and reserves			
Called up share capital	<u>21</u>	285,876	263,006
Other reserves	<u>22</u>	10,477,130	-
Profit and loss account	<u>22</u>	<u>29,657,778</u>	<u>27,197,097</u>
Shareholders' funds		<u>40,420,784</u>	<u>27,460,103</u>

Approved and authorised by the Board on 30 November 2022 and signed on its behalf by:

.....
Mr P Cattee
Director

PCT Healthcare Limited

Notes to the Financial Statements for the Year Ended 30 November 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

11 Manchester Road
Worsley
Manchester
M28 3NS
England

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

The financial statements are prepared in sterling as this is the base currency of the company.

Summary of disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented
- (b) No cash flow statement has been presented for this company
- (c) Disclosures in respect of financial instruments have not been presented
- (d) Disclosures in respect of share based payments have not been presented
- (e) No disclosure has been given for the aggregate remuneration of key management personnel.

Exemption from preparing group accounts

The financial statements contain information about PCT Healthcare Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, PCT Healthcare (Holdings) Limited.

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Notes to the Financial Statements for the Year Ended 30 November 2021

Revenue recognition

Turnover comprises the fair value of the sale of goods and services. Turnover is shown net of value added tax, returns, rebates and discounts.

The company recognises revenue either at the point of sale or when the company has delivered the goods to the customer.

Government grants

Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Deferred tax

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are initially recorded at cost, and subsequent stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Short leasehold property	Straight line over the lease
Fixtures, fittings and equipment	10% and 25% straight line
Motor vehicles	25% reducing balance
Improvements to property	10% straight line

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

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Notes to the Financial Statements for the Year Ended 30 November 2021

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	10% straight line

Investments

Investments in equity shares which are not publicly traded are measured at cost less impairment.

As part of the rationalisation of the group, the trades and net assets of subsidiary undertakings were transferred into the company in this and 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 investment's held in the company's books, though there has been no loss to the company and group. Schedule 4 to the Companies Act 2006 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 re-organise the company's and group's operations, such 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 £1,623,055 (2020 £1,579,203).

Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by transfer of an economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss in the year that the company becomes aware of the obligation, and are measured at the best estimate as at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

PCT Healthcare Limited

Notes to the Financial Statements for the Year Ended 30 November 2021

Defined contribution pension obligation

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

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Notes to the Financial Statements for the Year Ended 30 November 2021

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021 £	2020 £
Sale of goods	130,862,038	125,498,759

The analysis of the company's turnover for the year by class of business is as follows:

	2021 £	2020 £
Pharmacy	130,862,038	125,498,759

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £	2020 £
Government grants receivable	1,118,114	3,150,876
Management charges receivable	12,480	30,980
	1,130,594	3,181,856

5 Operating profit

Arrived at after charging/(crediting)

	2021 £	2020 £
Depreciation expense	947,872	1,018,490
Amortisation expense	4,631,401	4,704,425
(Profit)/loss on disposal of property, plant and equipment	(1,611)	628
Group company loan written off	-	(164,901)

6 Other interest receivable and similar income

	2021 £	2020 £
Interest income on bank deposits	2,311	2,177

7 Interest payable and similar expenses

	2021 £	2020 £
Interest expense on other finance liabilities	4,510	2,379

PCT Healthcare Limited

Notes to the Financial Statements for the Year Ended 30 November 2021

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021	2020
	£	£
Wages and salaries	21,702,132	21,337,288
Social security costs	1,600,050	1,578,382
Pension costs, defined contribution scheme	398,027	396,610
	<u>23,700,209</u>	<u>23,312,280</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021	2020
	No.	No.
Pharmacists, counter staff and drivers	1,147	1,132
Administrative staff	42	39
Management staff	4	4
	<u>1,193</u>	<u>1,175</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£	£
Remuneration	<u>208,330</u>	<u>428,294</u>

In respect of the highest paid director:

	2021	2020
	£	£
Remuneration	<u>83,290</u>	<u>150,522</u>

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Notes to the Financial Statements for the Year Ended 30 November 2021

10 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	1,299,853	1,633,335
UK corporation tax adjustment to prior periods	363	-
	<u>1,300,216</u>	<u>1,633,335</u>
Deferred taxation		
Arising from origination and reversal of timing differences	282,618	30,849
	<u>1,582,834</u>	<u>1,664,184</u>
Tax expense in the income statement		

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	<u>4,043,515</u>	<u>5,314,948</u>
Corporation tax at standard rate	768,268	1,009,840
Effect of expense not deductible in determining taxable profit (tax loss)	1,023,360	874,963
Tax decrease arising from group relief	<u>(208,794)</u>	<u>(220,619)</u>
Total tax charge	<u>1,582,834</u>	<u>1,664,184</u>

Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £
2021		
Accelerated capital allowances	-	558,722
	<u>-</u>	<u>558,722</u>
2020		
Accelerated capital allowances	-	329,151
	<u>-</u>	<u>329,151</u>

PCT Healthcare Limited

Notes to the Financial Statements for the Year Ended 30 November 2021

11 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 December 2020	76,034,086	76,034,086
Additions acquired separately	626,391	626,391
Transfers	1,623,055	1,623,055
Disposals	(1,426,012)	(1,426,012)
At 30 November 2021	<u>76,857,520</u>	<u>76,857,520</u>
Amortisation		
At 1 December 2020	53,433,305	53,433,305
Amortisation charge	4,631,401	4,631,401
Amortisation eliminated on disposals	(1,371,012)	(1,371,012)
At 30 November 2021	<u>56,693,694</u>	<u>56,693,694</u>
Carrying amount		
At 30 November 2021	<u>20,163,826</u>	<u>20,163,826</u>
At 30 November 2020	<u>22,600,781</u>	<u>22,600,781</u>

PCT Healthcare Limited

Notes to the Financial Statements for the Year Ended 30 November 2021

12 Tangible assets

	Short leasehold property £	Fixtures, fittings & equipment £	Improvements to property £	Motor vehicles £	Total £
Cost or valuation					
At 1 December 2020	6,095,898	11,865,869	2,091,359	150,966	20,204,092
Additions	-	924,901	-	-	924,901
Disposals	-	(45,000)	-	(5,969)	(50,969)
At 30 November 2021	6,095,898	12,745,770	2,091,359	144,997	21,078,024
Depreciation					
At 1 December 2020	3,215,641	8,744,905	1,557,320	123,284	13,641,150
Charge for the year	233,731	652,562	55,131	6,448	947,872
Eliminated on disposal	-	-	-	(4,080)	(4,080)
At 30 November 2021	3,449,372	9,397,467	1,612,451	125,652	14,584,942
Carrying amount					
At 30 November 2021	2,646,526	3,348,303	478,908	19,345	6,493,082
At 30 November 2020	2,880,257	3,120,964	534,039	27,682	6,562,942

13 Investments in subsidiaries, joint ventures and associates

	2021 £	2020 £
Investments in subsidiaries	14,151,666	15
Subsidiaries		£
Cost or valuation		
At 1 December 2020		15
Additions		15,774,706
Transfers		(1,623,055)
At 30 November 2021		14,151,666
Provision		
Carrying amount		
At 30 November 2021		14,151,666

PCT Healthcare Limited

Notes to the Financial Statements for the Year Ended 30 November 2021

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Holding	Proportion of voting rights and shares held		
		2021	2020	
Subsidiary undertakings				
Grasmere Leigh Ltd	Ordinary	100%	100%	
TV Pharmacy Ltd	Ordinary	100%	100%	
Television Pharmacy Ltd	Ordinary	100%	100%	
Telepharm Ltd	Ordinary	100%	100%	
Freephone Pharmacy Ltd	Ordinary	100%	100%	
Roy Lamb Ltd	Ordinary	100%	100%	
The Concourse Pharmacy Ltd	Ordinary	100%	100%	
Andersons Investments Ltd	Ordinary	100%	100%	
St Pauls (HCC) Ltd	Ordinary	100%	100%	
R H Swinn Ltd	Ordinary	100%	100%	
Richard G Hardy Ltd	Ordinary	100%	100%	
Jayne A Hibbard Ltd	Ordinary	100%	100%	
Swift Chemists Ltd	Ordinary	100%	100%	
Medex Health Ltd	Ordinary	100%	100%	
K M Brennan (Chemist) Ltd	Ordinary	100%	100%	
DFM Newco Ltd	Ordinary	100%	0%	
Notmy Holdings Ltd	Ordinary	100%	0%	
C.G.Murray & Son Ltd	Ordinary	100%	0%	
B. Payne & Son Ltd	Ordinary	100%	0%	

DFM Newco Ltd and Notmy Holdings Ltd were acquired during the year and are non-trading holding companies. The principal activity of C.G. Murray & Son Ltd is retail pharmacy and all other companies remain dormant.

PCT Healthcare Limited

Notes to the Financial Statements for the Year Ended 30 November 2021

14 Other financial assets (current and non-current)

	Financial assets at cost less impairment £	Total £
Non-current financial assets		
Cost or valuation		
At 1 December 2020	891,710	891,710
At 30 November 2021	891,710	891,710
Impairment		
Carrying amount		
At 30 November 2021	891,710	891,710

15 Stocks

	2021 £	2020 £
Finished goods and goods for resale	7,214,460	7,578,104

PCT Healthcare Limited

Notes to the Financial Statements for the Year Ended 30 November 2021

16 Debtors

Current	Note	2021 £	2020 £
Trade debtors		7,608,716	2,342,807
Amounts owed by group undertakings	<u>25</u>	35,716,532	20,739,149
Other debtors		3,168,076	3,007,076
Prepayments and accrued income		620,440	2,296,336
Corporation tax	<u>10</u>	1,017,193	332,385
		<u>48,130,957</u>	<u>28,717,753</u>

17 Cash and cash equivalents

	2021 £	2020 £
Cash on hand	32,363	32,194
Cash at bank	<u>6,560,803</u>	<u>18,293,826</u>
	6,593,166	18,326,020
Bank overdrafts	<u>(2,539,323)</u>	<u>(654,166)</u>
	<u>4,053,843</u>	<u>17,671,854</u>

PCT Healthcare Limited

Notes to the Financial Statements for the Year Ended 30 November 2021

18 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	<u>23</u>	2,539,323	654,166
Trade creditors		13,510,517	15,211,638
Amounts owed to group undertakings		18,540,947	15,870,854
Social security and other taxes		495,264	460,889
Other creditors		7,724,807	4,942,556
Accruals and deferred income		331,045	327,465
Directors loan accounts		17,241,576	17,733,620
		<u>60,383,479</u>	<u>55,201,188</u>
Due after one year			
Other non-current financial liabilities		<u>248,438</u>	<u>-</u>

19 Provisions for liabilities

	Deferred tax £	NHS reimbursement £	Total £
At 1 December 2020	329,151	1,686,883	2,016,034
Increase (decrease) in existing provisions	282,618	340,561	623,179
Increase (decrease) through business combinations	<u>(53,047)</u>	<u>-</u>	<u>(53,047)</u>
At 30 November 2021	<u>558,722</u>	<u>2,027,444</u>	<u>2,586,166</u>

The NHS Reimbursement provision is to cover clawback of potential over-reimbursement received in the current financial year.

20 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £398,027 (2020 - £396,610).

PCT Healthcare Limited

Notes to the Financial Statements for the Year Ended 30 November 2021

21 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary share of £1 each	-	-	263,006	263,006
Ordinary A shares of £1 (2020 - £0) each	263,006	263,006	-	-
Ordinary B shares of £1 (2020 - £0) each	22,870	22,870	-	-
	<u>285,876</u>	<u>285,876</u>	<u>263,006</u>	<u>263,006</u>

The ordinary B shares totalling £22,870 were issued during the year as part consideration for the purchase of 6,670 ordinary shares of £0.10 each in the capital of wholly owned subsidiary undertaking DFM Newco Limited.

22 Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

Merger reserve

This reserve represents the premium arising on each share issued as part of a reorganisation on 15 March 2021.

23 Loans and borrowings

	2021 £	2020 £
Current loans and borrowings		
Bank overdrafts	<u>2,539,323</u>	<u>654,166</u>

24 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

PCT Healthcare Limited

Notes to the Financial Statements for the Year Ended 30 November 2021

	2021 £	2020 £
Not later than one year	1,911,585	1,821,051
Later than one year and not later than five years	6,434,667	6,198,044
Later than five years	6,356,540	6,582,151
	<u>14,702,792</u>	<u>14,601,246</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £2,416,802 (2020 - £2,298,116).

25 Related party transactions

The company is controlled by Mr P Cattee and members of his close family.

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

The amounts due to Mr G A Tims and Mr P Cattee at the balance sheet date were £2,325,256 and £14,916,320, respectively (2020 £2,616,244 and £15,117,376). The loans are interest free.

The company occupied premises owned by Mr P and Mrs A J Cattee. Rent paid during the year in respect of these properties amounted to £18,250 (2020 £18,250).

Loans to related parties

	Parent £	Subsidiary £	Total £
2021			
At start of period	10,732,767	10,006,382	20,739,149
Advanced	5,068,917	9,908,466	14,977,383
	<u>15,801,684</u>	<u>19,914,848</u>	<u>35,716,532</u>
At end of period			
	<u>15,801,684</u>	<u>19,914,848</u>	<u>35,716,532</u>
2020			
At start of period	3,424,876	11,289,312	14,714,188
Advanced	7,307,891	-	7,307,891
Repaid	-	(1,282,930)	(1,282,930)
	<u>10,732,767</u>	<u>10,006,382</u>	<u>20,739,149</u>
At end of period			
	<u>10,732,767</u>	<u>10,006,382</u>	<u>20,739,149</u>

PCT Healthcare Limited

Notes to the Financial Statements for the Year Ended 30 November 2021

Loans from related parties

	Subsidiary £	Total £
2021		
At start of period	15,870,854	15,870,854
Advanced	2,670,093	2,670,093
	<hr/>	<hr/>
At end of period	18,540,947	18,540,947
	<hr/>	<hr/>
	Subsidiary £	Total £
2020		
At start of period	13,089,039	13,089,039
Advanced	2,781,815	2,781,815
	<hr/>	<hr/>
At end of period	15,870,854	15,870,854
	<hr/>	<hr/>

Terms of loans from related parties

The loans are interest free and repayable on demand.

26 Parent and ultimate parent undertaking

The company's immediate parent is PCT Healthcare (Holdings) Limited, incorporated in England and Wales.

27 Non adjusting events after the financial period

Since the year end the company has hived up 25 retail pharmacy branches from its subsidiary undertaking C G Murray & Son Ltd at their book values, acquired 3 retail pharmacy branches for £4.2m and sold one pharmacy branch for £0.3m.

28 Contingent liabilities

The company is party to a cross guarantee arrangement. The company is potentially liable for £33,461,733. The directors do not consider it likely that this guarantee will be called upon.

The company is party to a debenture including fixed charge over all present freehold leasehold property: first fixed charge over book and other debtors, chattels, goodwill and uncalled capital, both present and future, and first floating charge over all assets and undertakings both present and future.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.