

P & A J CATTEE
(CHEMISTS) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 1997

Company Number: 1768840

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P & A J CATTEE (CHEMISTS) LIMITED

Directors

P Cattee
Mrs A J Cattee

Secretary and Registered Office

Mrs A J Cattee

Sycamore House
Smeckley Wood Close
Sheepbridge Trading Estate
CHESTERFIELD
S41 9PZ

Bankers

National Westminster Bank plc
Giro Bank plc

Auditors

Barber Harrison & Platt
Chartered Accountants and Registered Auditors
57/59 Saltergate
CHESTERFIELD
S40 1UL

P & A J CATTEE (CHEMISTS) LIMITED

DIRECTORS' REPORT

The directors present their report with the audited financial statements for the year ended 31 October 1997.

Review of Activities and Future Developments

The principal activity of the company is that of retail pharmacists.

The directors consider both the level of business and the year end financial position to be satisfactory and expect that profitability will be maintained in the future.

On 3 June 1997 the company acquired the whole of the issued share capital of Clinichem Ltd, thereby acquiring an additional 7 chemists shops:

The trade of this business was transferred to the company upon acquisition. Further details are set out in note 13.

One further chemist shop was also purchased by the company during the year.

Results and Dividends

The trading results are disclosed in the profit and loss account on page 5.

Dividends of £Nil were paid in the year (1996: £Nil). Retained profits for the financial year of £499,023 will be transferred to reserves.

Fixed Assets

Movements during the year in fixed assets are reflected in notes 11 and 12 to the accounts on page 10.

Directors and Directors' Interests

The directors of the company during the year, together with their shareholdings at the beginning and end of the year, were as follows:-

	<u>Ordinary shares of £1 each</u>	
	<u>1997</u>	<u>1996</u>
P Cattee	131,503	131,503
Mrs A J Cattee	131,503	131,503

Mr P Cattee retires and being eligible offers himself for re-election.

P & A J CATTEE (CHEMISTS) LIMITED**DIRECTORS' REPORT - continued****Directors' Responsibility for the Financial Statements**

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Barber Harrison & Platt have expressed their willingness to continue in office, subject to the approval of members in general meeting.

By Order Of The Board



P CATTEE
Director

Chesterfield
4 November 1998

AUDITORS' REPORT

To the members of P & A J CATTEE (CHEMISTS) LIMITED.

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

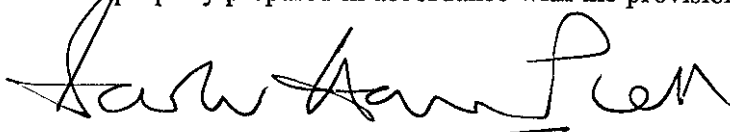
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and group's affairs at 31 October 1997 and of its profit and cashflows for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



BARBER HARRISON & PLATT
Chartered Accountants and
Registered Auditors

Chesterfield
4 November 1998

P & A J CATTEE (CHEMISTS) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 OCTOBER 1997**

	<u>Note</u>	<u>Group</u> <u>1997</u>	<u>Company</u> <u>1996</u>
		£	£
Turnover - continuing activities		13,175,893	8,775,587
Acquisitions		1,455,500	2,434,509
Total turnover	(1)	14,631,393	11,210,096
Cost of sales	(2)	12,573,173	9,740,733
Gross profit		2,058,220	1,469,363
Administrative expenses	(2)	815,278	740,247
Operating profit	(3)		
Continuing operations		1,092,621	570,737
Acquisitions		150,321	158,379
Total operating profit		1,242,942	729,116
Interest payable and similar charges	(4)	502,040	297,292
		740,902	431,824
Investment income	(5)	11,346	12,191
Profit on ordinary activities before taxation		752,248	444,015
Tax on profit on ordinary activities	(9)	253,225	163,820
Profit for the financial year		499,023	280,195
Dealt with as follows:-			
Retained in the business	(20)	499,023	280,195

There are no recognised gains or losses in 1997 or 1996 other than the profit for the year.

P & A J CATTEE (CHEMISTS) LIMITED**BALANCE SHEET****AS AT 31 OCTOBER 1997**

	Note	<u>1997</u>		<u>1996</u>
		<u>£</u>	<u>£</u>	<u>£</u>
		<u>Group</u>	<u>Company</u>	
Assets employed:				
Fixed assets				
Tangible assets	(11)	1,228,935	1,228,935	821,207
Intangible assets	(12)	6,334,431	6,334,431	4,694,024
Investment in subsidiary undertakings	(13)	-	33,680	18,680
		<u>7,563,366</u>	<u>7,597,046</u>	<u>5,533,911</u>
Current assets				
Stock	(14)	1,649,630	1,649,630	1,140,256
Debtors	(15)	2,024,961	2,786,146	3,842,889
Investments	(16)	139,694	139,694	128,348
Cash at bank and in hand		307,967	306,592	6,506
		<u>4,122,252</u>	<u>4,882,062</u>	<u>5,117,999</u>
Creditors: Amounts falling due within one year	(17a)	3,997,175	4,934,402	5,204,924
Net current assets/(liabilities)		<u>125,077</u>	<u>(152,340)</u>	<u>(86,925)</u>
Total assets less current liabilities		<u>7,688,443</u>	<u>7,544,706</u>	<u>5,446,986</u>
Creditors: Amounts falling due after more than one year	(17b)	6,052,684	6,052,684	4,290,476
		<u>1,635,759</u>	<u>1,492,022</u>	<u>1,156,510</u>
Provision for liabilities and charges				
Deferred taxation	(18)	-	-	20,000
Net assets		<u>1,635,759</u>	<u>1,492,022</u>	<u>1,136,510</u>
Capital and reserves				
Called up share capital	(19)	263,006	263,006	263,006
Profit and loss account	(20)	1,372,753	1,229,016	873,504
Equity shareholders' funds	(20)	<u>1,635,759</u>	<u>1,492,022</u>	<u>1,136,510</u>

The accounts on pages 5 to 20 were approved by the Board of Directors on 4 November 1998 and are signed on its behalf by:-



P CATTEE

Director

P & A J CATTEE (CHEMISTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 1997

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost accounting rules.

(b) Basis of consolidation

The group financial statements consolidate the financial statements of P & A J Cattee (Chemists) Ltd and all its subsidiary undertakings drawn up to 31 October 1997.

No profit and loss account is presented for P & A J Cattee (Chemists) Ltd as permitted by S.230 of the Companies Act 1985.

In previous periods the group has not been required to prepare consolidated financial statements and therefore no comparatives are available in respect of the current year.

(c) Turnover

Turnover represents the value of goods sold and services provided after deducting value added tax and discounts allowed. The turnover and pre-tax profit are all attributable to the principal activity.

The turnover was achieved in the United Kingdom.

(d) Depreciation

Depreciation of fixed assets is provided at rates estimated to write off each asset over the term of its useful life.

The annual rates used are:-

Leases	over the period of lease
Goodwill	over 30 years
Motor vehicles	25% reducing balance
Fixtures and fittings	10% of cost

It is the group's policy to maintain its freehold and long leasehold properties in good repair. Consequently, the directors consider the lives of the properties to be so long that there is no significant annual depreciation. No provision for depreciation on freehold and long leasehold properties has therefore been made in the accounts.

(e) Stock

Stock is valued consistently at the lower of cost and net realisable value.

P & A J CATTEE (CHEMISTS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 OCTOBER 1997****1. Accounting policies - continued****(f) Deferred taxation**

Deferred taxation is provided on the liability method except where no liability is expected to arise in the foreseeable future. The provision takes account of the differing treatment of depreciation for accounting and taxation purposes.

(g) Defined contributions pension schemes

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds.

(h) Leasing and hire purchase commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

2. Analysis of costs

Costs charged in the accounts in arriving at operating profit include the following amounts relating to acquisitions:-

	<u>Group</u> <u>1997</u> £	<u>Company</u> <u>1996</u> £
Cost of sales	1,242,072	2,113,839
Administrative expenses	63,107	162,291

3. Operating profit is after charging:

Directors' emoluments (including pension contributions)	68,356	121,643
Auditors' remuneration	8,500	6,500
Depreciation and amortisation	256,361	196,814

4. Interest payable

On bank loans, overdrafts and hire purchase accounts	471,157	272,029
On other loans	30,883	25,263
	502,040	297,292

P & A J CATTEE (CHEMISTS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 OCTOBER 1997**

	<u>Group</u> <u>1997</u> £	<u>Company</u> <u>1996</u> £
5. Investment income		
Dividends on current asset investments	11,346	12,191
6. Directors' remuneration		
Directors' emoluments	68,356	71,643
Contributions to money purchase pension scheme	-	50,000
	68,356	121,643

The two directors were in a defined contribution pension scheme operated by the group.

7. Employees

(i) The average number of employees during the year was:	<u>No.</u>	<u>No.</u>
Dispensing and retailing	154	110
Administration	6	3
	160	113
(ii) Staff costs during the year amounted to:	£	£
Wages and salaries	1,457,959	1,117,966
Social security costs	104,001	85,634
Other pension costs	19,346	63,799
	1,581,306	1,267,399

8. Pension contributions

The group operates defined contribution pension schemes, the assets of which are held separately from those of the group in independently administered funds.

The pension charge for the year was **£9,655** (1996: £63,799).

The amount owed to the schemes at 31 October 1997 was **£1,360** (1996: £3,171).

9. Taxation

	<u>1997</u> £	<u>1996</u> £
Corporation tax based on the results for the year at 33% (1996: 33%)	264,959	143,500
Tax on franked investment income	-	2,032
Deferred taxation movement	(20,000)	19,000
Over/under provision re previous year	8,266	(712)
	253,225	163,820

P & A J CATTEE (CHEMISTS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 OCTOBER 1997****10. Profit attributable to the parent undertaking**

The profit dealt with in the financial statements of P & A J Cattee (Chemists) Ltd was £355,512.

11. Fixed assets - Tangible - Group and Company

	<u>Freehold Property</u> £	<u>Long Leasehold Property</u> £	<u>Short Leasehold Property</u> £	<u>Fixtures and Fittings</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
Cost						
At 1.11.96	515,659	64,000	45,190	414,737	66,675	1,106,261
Additions during year	254,339	-	-	51,620	13,975	319,934
Assets taken over	60,000	60,000	-	4,000	18,250	142,250
At 31.10.97	829,998	124,000	45,190	470,357	98,900	1,568,445
Depreciation						
At 1.11.96	-	-	40,677	203,383	40,994	285,054
Provided during year	-	-	487	44,055	9,914	54,456
At 31.10.97	-	-	41,164	247,438	50,908	339,510
Net book value						
At 31.10.97	829,998	124,000	4,026	222,919	47,992	1,228,935
At 31.10.96	515,659	64,000	4,513	211,354	25,681	821,207

12. Fixed assets - Intangible - Group and Company

	<u>Goodwill</u> £
Cost	
At 1.11.96	5,316,138
Additions during year	1,842,312
At 31.10.97	7,158,450
Amortisation	
At 1.11.96	622,114
Amortised during year	201,905
At 31.10.97	824,019
Net book value	
At 31.10.97	6,334,431
At 31.10.96	4,694,024

P & A J CATTEE (CHEMISTS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 OCTOBER 1997****13. Investments - shares in subsidiary undertakings - Company**

	<u>Cost of shares</u> £	<u>Dividends from subsidiary undertakings</u> £	<u>Total</u> £
At 1 November 1996	4,348,009	(4,329,329)	18,680
Acquisitions	844,596	-	844,596
Dividends proposed in year	-	(829,596)	(829,596)
	<u>5,192,605</u>	<u>(5,158,925)</u>	<u>33,680</u>

The subsidiaries of the company at 31 October 1997 were as follows:-

<u>Name of company, country of incorporation and operation, and nature of business</u>	<u>Class of share</u>	<u>% held</u>
Duncan Ross Limited England (Provision of staff services)	Ordinary	100
A Greaves & Son Limited England Non-trading	Ordinary	100
B G Glover Limited England Non-trading	Ordinary	100
Margaret Broome Limited England Non trading	Ordinary	100
Parks Pharmacy Limited England Non trading	Ordinary	100
Malin Bridge Limited England Non trading	Ordinary	100
A Steeples Limited England Non trading	Ordinary	100
Clinichem Ltd England Pharmacists	Ordinary	100

P & A J CATTEE (CHEMISTS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 OCTOBER 1997****13. Investments - shares in subsidiary undertakings - Company - continued**

All of the company's subsidiaries are included in the consolidated financial statements.

The company acquired the whole of the issued share capital of Clinichem Ltd on 3 June 1997 for cash consideration of **£844,596**.

The assets and liabilities of Clinichem Ltd are set out below.

<u>Book values and fair values on acquisition</u>	<u>Book Value</u>	<u>Revaluation</u>	<u>Fair Value</u>
Tangible fixed assets	247,652	(105,402)	142,250
Stock	269,238	-	269,238
Debtors	772,765	-	772,765
Cash at bank	14,097	-	14,097
Bank overdraft	(445,329)	-	(445,329)
Bank loans	(814,770)	-	(814,770)
Other creditors	(673,655)	-	(673,655)
	<u>(630,002)</u>	<u>(105,402)</u>	<u>(735,404)</u>
Goodwill	503,375	1,094,265	1,597,640
	<u>(126,627)</u>	<u>988,863</u>	<u>862,236</u>
Satisfied by:			
Cash			844,596
Acquisition costs			17,640
			<u>862,236</u>

Dividends totalling **£829,596** were proposed in the financial statements of Clinichem Ltd for the period ended 31 October 1997 which related to the net assets of the subsidiary on acquisition. These have therefore been deducted from the cost of the investments.

The summarised profit and loss accounts from the start of the last financial accounting period to the effective date of acquisition together with comparative figures for the last financial accounting periods are as follows:-

P & A J CATTEE (CHEMISTS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 OCTOBER 1997****13. Investments - shares in subsidiary undertakings continued**

	<u>Clinichem Ltd</u>	
	<u>Period</u>	<u>Year</u>
	<u>1.8.96 to</u>	<u>Ended</u>
	<u>3.6.97</u>	<u>31.7.96</u>
	<u>£</u>	<u>£</u>
Turnover	3,971,953	4,312,970
Operating (loss)/profit	(49,118)	65,717
Exceptional items	285,632	(112,490)
Interest payable	(149,476)	(145,271)
Profit/(loss) before tax	87,038	(192,044)
Tax	(202)	-
Profit/(loss) after tax	86,836	(192,044)

14. Stock - Group and Company

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Goods for resale	1,649,630	1,140,256

15. Debtors - all due within one year

	<u>Group</u>	<u>Company</u>	
	<u>1997</u>	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Trade debtors	1,574,194	1,567,953	1,051,063
Prepayments	98,414	41,999	94,590
Other debtors	352,353	346,598	175,811
Proposed dividend from subsidiary undertakings	-	829,596	2,521,425
	2,024,961	2,786,146	3,842,889

16. Investments

	<u>Group and Company</u>	
	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Listed investments	139,694	128,348

The market value of listed investments was £360,422 (1996: £322,424).

P & A J CATTEE (CHEMISTS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 OCTOBER 1997**

17. Creditors: amounts falling due within one year	Group	Company	
	1997	1997	1996
	£	£	£
Bank overdraft	841,046	-	382,615
Bank loans	715,535	715,535	533,420
Hire purchase account	11,081	11,081	2,400
Other loans	36,595	36,595	38,298
Trade creditors	1,700,086	1,676,967	1,361,985
Current corporation tax	264,959	217,500	143,500
Other creditors	192,987	121,566	151,788
Other taxes and social security costs	44,965	44,965	42,528
Accruals	176,082	140,829	83,000
Directors current account	13,839	13,839	3,444
Amount due to subsidiary undertakings	-	1,955,525	2,461,946
	<u>3,997,175</u>	<u>4,934,402</u>	<u>5,204,924</u>

During the year the directors' joint current account was overdrawn, the maximum amount outstanding was £17,930. No interest was attached thereto. This amount was repaid by 31 October 1997.

17b. Creditors: amounts falling due after more than one year	Group and Company	
	1997	1996
	£	£
Bank loans	5,937,545	4,200,337
Other loans	115,139	90,139
	<u>6,052,684</u>	<u>4,290,476</u>

17c. Loans	Group and Company	
	1997	1996
	£	£
Bank and other loans outstanding are repayable as follows:-		
Within one year	715,535	533,420
Between one and two years	685,875	537,987
Between two and five years	2,184,932	1,748,412
Over five years	3,181,877	1,913,938
	<u>6,768,219</u>	<u>4,733,757</u>

Of the loans repayable in more than 5 years £3,066,738 are repayable by instalments. The monthly instalments for these loans total £84,354 including interest.

Bank borrowings are secured by fixed charges over the freehold properties, investments and book debts together with a floating charge over the other assets of the company.

P & A J CATTEE (CHEMISTS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 OCTOBER 1997**

18. Deferred taxation - Group and Company	1997		1996	
	<u>Provision</u>	<u>Balance Unprovided</u>	<u>Provision</u>	<u>Balance Unprovided</u>
	£	£	£	£
Accelerated capital allowances	-	-	20,000	-
Less: Short term timing differences	-	-	-	-
	-	-	20,000	-

19. Share capital	1997 and 1996	
	<u>Authorised</u>	<u>Issued, called up and fully paid</u>
	£	£
Ordinary shares of £1 each	263,006	263,006

20. Equity shareholders' funds

Company	1997			1996
	<u>Share Capital</u>	<u>Profit & Loss A/c</u>	<u>Total</u>	<u>Total</u>
	£	£	£	£
At 1 November 1996	263,006	873,504	1,136,510	856,315
Profit for the year	-	355,512	355,512	280,195
At 31 October 1997	263,006	1,229,016	1,492,022	1,136,510

Group	1997		
	<u>Share Capital</u>	<u>Profit & Loss A/c</u>	<u>Total</u>
	£	£	£
At 1 November 1996	263,006	873,730	1,136,736
Profit for the year	-	499,023	499,023
At 31 October 1997	263,006	1,372,753	1,635,759

21. Capital commitments

Capital expenditure contracted for but not provided in the financial statements amounted to £Nil (1996: £Nil).

P & A J CATTEE (CHEMISTS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 OCTOBER 1997****22. Contingent Liabilities**

As far as the directors are aware there are no contingent liabilities at 31 October 1997 (1996: £Nil).

23. Post balance sheet event

After the year end, a lease on one of the company's trading premises was not renewed resulting in the closure of this outlet. Goodwill included in the financial statements relating to these premises amounts to £167,984.

24. Related parties

The company is controlled by P and A J Cattee who together own 100% of the issued share capital.

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

Other related party information is given in Note 17 to the accounts.

P & A J CATTEE (CHEMISTS) LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 OCTOBER 1997**

	<u>Note</u>	<u>Group</u>		<u>Company</u>
		<u>1997</u>		<u>1996</u>
		<u>£</u>	<u>£</u>	<u>£</u>
Net cash inflow from operating activities	(1)		1,140,567	740,477
Returns on investments and servicing of finance				
Investment income received		(11,346)		(12,191)
Interest paid		502,040		297,292
Net cash outflow from returns on investments and servicing of finance			(490,694)	(285,101)
Taxation				
Corporation tax paid			(163,590)	(128,820)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(319,934)		(113,177)
Payments to acquire intangible fixed assets		(244,672)		(76,157)
Purchase of current asset investment		(11,346)		(10,160)
			(575,952)	(199,494)
Acquisitions	(2)		(2,108,238)	(2,531,531)
Financing				
Increase in debt	(3)		1,939,394	2,154,757
(Decrease)/increase in cash and cash equivalents	(4)		(258,513)	(249,712)

P & A J CATTEE (CHEMISTS) LIMITED**NOTES TO THE CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 OCTOBER 1997**

	<u>Group</u> <u>1997</u> £	<u>Company</u> <u>1996</u> £
1. Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	1,242,942	729,116
Depreciation charges and amortisation	256,361	197,301
Increase in stocks	(240,136)	(81,818)
Decrease/(increase) in debtors	100,895	(587,124)
Increase/(decrease) in creditors	(219,495)	483,002
Net cash inflow from operating activities	<u>1,140,567</u>	<u>740,477</u>
2. Purchase of subsidiary undertakings		
Net assets acquired		
Tangible fixed assets	142,250	
Stock	269,238	
Debtors	772,765	
Cash at bank and in hand	14,097	
Creditors	(661,748)	
Bank overdraft	(445,329)	
Loans and hire purchase	(826,677)	
	<u>(735,404)</u>	
Goodwill	1,597,640	
	<u>862,236</u>	
Satisfied by		
Cash	<u>862,236</u>	
Net cash outflow from acquisition		
Purchase of subsidiary undertaking	862,236	
Net overdrafts acquired with subsidiary	431,232	
Loan in subsidiary repaid on acquisition	814,770	
	<u>2,108,238</u>	

The trade of the acquired subsidiary was transferred to the holding company upon acquisition. Information relating to the cash flows of the acquired business are not separately available.

P & A J CATTEE (CHEMISTS) LIMITED**NOTES TO THE CASH FLOW STATEMENT - continued****FOR THE YEAR ENDED 31 OCTOBER 1997**

	<u>Group</u> <u>1997</u> £	<u>Company</u> <u>1996</u> £
3. Financing		
Debt due within a year:		
New bank loans - amount repayable within a year	170,767	206,255
Bank loan repayments	(626,380)	(460,743)
Debt due beyond a year:		
New bank loans - amount repayable after more than one year	2,398,233	2,413,745
Capital element of hire purchase repayments	(3,226)	(4,500)
Net cash inflow from financing	<u>1,939,394</u>	<u>2,154,757</u>

4. Analysis of changes in net debt

	At <u>1/10/96</u> £	Cash (inflows)/ <u>outflows</u> £	<u>Acquisitions</u> £	Other <u>Charges</u> £	At <u>31/10/97</u> £
Cash at bank and in hand	108,049	199,918	-	-	307,967
Overdrafts	(382,615)	(458,431)	-	-	(841,046)
		(258,513)			
Debt due within one year	(571,718)	455,613	-	(636,025)	(752,130)
Debt due after one year	(4,290,476)	(2,398,233)	-	636,025	(6,052,684)
Hire purchase	(2,400)	3,226	(11,907)	-	(11,081)
		(1,939,394)			
Total	<u>(5,139,160)</u>	<u>(2,197,907)</u>	<u>(11,907)</u>	<u>-</u>	<u>(7,348,974)</u>

P & A J CATTEE (CHEMISTS) LIMITED**NOTES TO THE CASH FLOW STATEMENT - continued****FOR THE YEAR ENDED 31 OCTOBER 1997**

	<u>Group</u> <u>1997</u> £	<u>Company</u> <u>1996</u> £
5. Reconciliation of net cash flow to movement in net debt		
Decrease in cash in the year	(258,513)	(249,712)
Cash inflow from increase in debt	(1,939,394)	(2,154,757)
	<hr/>	<hr/>
Change in net debt resulting from cash flow	(2,197,907)	(2,404,469)
Hire purchase obligations acquired with subsidiary	(11,907)	-
	<hr/>	<hr/>
Net movement in debt	(2,209,814)	(2,404,469)
Net debt at 1 November 1996	(5,139,160)	(2,836,234)
	<hr/>	<hr/>
Net debt at 31 October 1997	(7,348,974)	(5,240,703)
	<hr/>	<hr/>