

Registration number 1768840

PCT Healthcare Limited

Directors' report and financial statements

for the year ended 31 July 2002



PCT Healthcare Limited

Company information

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

PCT Healthcare Limited

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PCT Healthcare Limited

Directors' report for the year ended 31 July 2002

The directors present their report and the financial statements for the year ended 31 July 2002.

Change of name

The company passed a special resolution on 17 April 2002 changing its name from P & A J Cattee (Chemists) Limited to PCT Healthcare Limited.

Principal activity and review of the business

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

The company has traded profitably in line with directors expectations.

Results and dividends

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

The directors do not recommend payment of a final dividend.

Post balance sheet events

Tims and Parker Limited and its subsidiary, Haslingden Health Centre Pharmacy Limited, ceased trading on 31 July 2002 and transferred their trade, and also their assets and liabilities at their net book values, to PCT Healthcare Limited.

Since the year end the company has sold its current asset investments for £697,511 and continued to make further acquisitions of retail pharmacies.

Future developments

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

Directors and their interests

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

	Ordinary shares	
	31/07/02	01/08/01
G A Tims	-	-
A D Parker	-	-
P Cattee	-	-
Mrs A J Cattee	-	-

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

PCT Healthcare Limited

**Directors' report
for the year ended 31 July 2002**

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

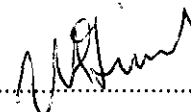
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

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.

The directors recommend that Abrams Ashton remain in office until further notice.

This report was approved by the Board on29/5/03..... and signed on its behalf by

.....
Director

G A T I M S

PCT Healthcare Limited

Independent auditors' report to the shareholders of PCT Healthcare Limited

We have audited the financial statements of PCT Healthcare Limited for the year ended 31 July 2002 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain current assets and the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

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

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

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

Basis of audit opinion

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

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

PCT Healthcare Limited

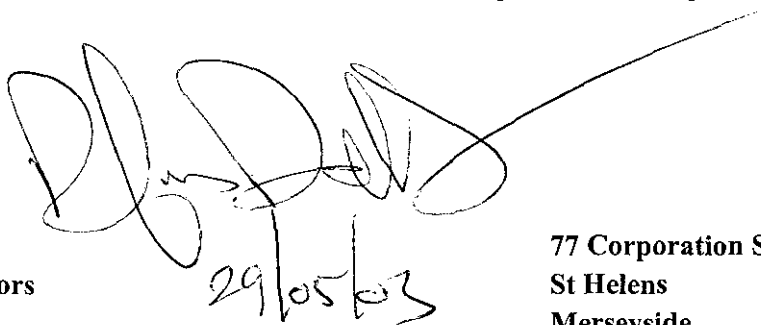
Independent auditors' report to the shareholders of PCT Healthcare Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

This report is made solely to the company's members, 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 members those matters that 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.

Abrams Ashton
Registered auditors



29/05/03

77 Corporation Street
St Helens
Merseyside
WA10 1SX

PCT Healthcare Limited

**Profit and loss account
for the year ended 31 July 2002**

		Continuing operations	
			(9 Months)
		2002	2001
	Notes	£	£
Turnover	2	26,554,145	16,146,737
Cost of sales		<u>(19,754,549)</u>	<u>(11,428,080)</u>
Gross profit		6,799,596	4,718,657
Administrative expenses		<u>(4,858,808)</u>	<u>(2,900,598)</u>
Operating profit	3	1,940,788	1,818,059
Investment income	4	20,636	18,431
Other interest receivable and similar income		11,095	74,171
Amount written off investments	5	565	-
Interest payable and similar charges	7	<u>(416,702)</u>	<u>(258,905)</u>
Profit on ordinary activities before taxation		1,556,382	1,651,756
Tax on profit on ordinary activities	10	<u>(652,702)</u>	<u>(587,993)</u>
Retained profit for the year		903,680	1,063,763
Retained profit brought forward		<u>3,475,208</u>	<u>2,411,445</u>
Retained profit carried forward		<u>4,378,888</u>	<u>3,475,208</u>
Statement of total recognised gains and losses			
Profit on ordinary activities after taxation		903,680	1,063,763
Unrealised deficit on current asset investments		<u>(54,619)</u>	<u>(24,900)</u>
Total recognised gains relating to the year		<u>849,061</u>	<u>1,038,863</u>

The notes on pages 8 to 21 form an integral part of these financial statements.

PCT Healthcare Limited

**Balance sheet
as at 31 July 2002**

		2002		2001	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		10,183,708		5,191,803
Tangible assets	12		1,651,493		1,349,509
Investments	13		11		34,680
			<u>11,835,212</u>		<u>6,575,992</u>
Current assets					
Stocks	14	2,011,111		2,397,172	
Debtors	15	5,547,327		4,620,637	
Investments	16	757,263		831,246	
Cash at bank and in hand		287,635		1,293,570	
		<u>8,603,336</u>		<u>9,142,625</u>	
Creditors: amounts falling due within one year	17	<u>(7,493,838)</u>		<u>(7,628,481)</u>	
Net current assets			<u>1,109,498</u>		<u>1,514,144</u>
Total assets less current liabilities			<u>12,944,710</u>		<u>8,090,136</u>
Creditors: amounts falling due after more than one year	18		<u>(7,747,070)</u>		<u>(3,784,156)</u>
Provisions for liabilities and charges	19		<u>(61,099)</u>		<u>(18,500)</u>
Net assets			<u><u>5,136,541</u></u>		<u><u>4,287,480</u></u>
Capital and reserves					
Called up share capital	21		263,006		263,006
Revaluation reserve	22		494,647		549,266
Profit and loss account	22		4,378,888		3,475,208
Equity shareholders' funds	23		<u><u>5,136,541</u></u>		<u><u>4,287,480</u></u>

The financial statements were approved by the Board on 27/8/03 and signed on its behalf by

Director

P CATTEE

The notes on pages 8 to 21 form an integral part of these financial statements.

PCT Healthcare Limited

**Cash flow statement
for the year ended 31 July 2002**

	Notes	2002 £	2001 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		1,940,788	1,818,059
Depreciation		657,217	380,240
Decrease in stocks		386,061	(380,808)
(Increase) in debtors		(926,690)	(2,280,901)
(Decrease) in creditors		(1,233,900)	608,794
Decrease in revaluation of investments		-	24,900
Increase in provision against fixed asset investments		(35,234)	-
Net cash inflow from operating activities		858,710	120,484

Cash flow statement

Net cash inflow from operating activities		858,710	120,484
Returns on investments and servicing of finance	30	(384,971)	(166,303)
Taxation	30	(505,734)	(911,406)
Capital expenditure	30	(5,951,106)	(561,535)
Acquisitions and disposals	30	-	(1,000)
		(5,983,101)	(1,519,760)
Management of liquid resources	30	(20,636)	(18,432)
Financing	30	4,890,751	1,909
Decrease in cash in the year		(1,112,986)	(1,536,283)

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

Decrease in cash in the year	(1,112,986)	(1,536,283)
Cash inflow from decrease in debts and lease financing	(4,890,751)	(1,909)
Cash outflow from increase in liquid resources	20,636	18,432
Change in net debt resulting from cash flows	(5,983,101)	(1,519,760)
New finance leases and hire purchase contracts	(44,461)	-
Movement in net debt in the year	(6,027,562)	(1,519,760)
Net debt at 1 August 2001	(4,360,978)	2,841,218
Net debt at 31 July 2002	(10,388,540)	(4,360,978)

PCT Healthcare Limited

Notes to the financial statements for the year ended 31 July 2002

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain current assets .

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 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:

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

It is the group policy to maintain its freehold properties 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.

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.

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2002**

..... continued

1.6. Investments

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

Current asset investments are stated at current cost, in accordance with the alternative accounting rules.

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 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 overall loss to the Group. Schedule 4 to the Companies Act 1985 requires that, where such an overvaluation is expected to be permanent, the investments should be written down accordingly. The directors consider that as the substance of the transaction was merely to organise the Group's operations, such a treatment would fail to give a true and fair view and the value of investments has instead been allocated to goodwill. The effect on the Company's balance sheet has been to recognise goodwill of £2,970,439 (2001 £669,703)

1.7. Stock

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

1.8. Pensions

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

1.9. Deferred taxation

Deferred taxation 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 year has been derived from its principal activity wholly undertaken in the UK.

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2002**

..... continued

3. Operating profit	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off intangible assets	550,244	289,004
Depreciation and other amounts written off tangible assets	107,052	90,279
Operating lease rentals		
- Land and buildings	204,692	135,997
Auditors' remuneration	16,500	13,100
	<u><u>79</u></u>	<u><u>(957)</u></u>
and after crediting:		
Profit on disposal of tangible fixed assets		
	<u><u>79</u></u>	<u><u>(957)</u></u>
4. Income from investments	2002	2001
	£	£
Income from investments	20,636	18,431
	<u><u>20,636</u></u>	<u><u>18,431</u></u>
5. Amounts written off investments	2002	2001
	£	£
Amounts written off investments in		
prior years written back:		
- fixed assets	(565)	-
	<u><u>(565)</u></u>	<u><u>-</u></u>
6. Interest receivable and similar income	2002	2001
	£	£
Bank interest	11,095	74,171
	<u><u>11,095</u></u>	<u><u>74,171</u></u>
7. Interest payable and similar charges	2002	2001
	£	£
On bank loans and overdrafts	8,323	-
On loans repayable in five years or more	406,742	230,401
Hire purchase interest	1,145	1,699
Other interest	492	26,805
	<u><u>416,702</u></u>	<u><u>258,905</u></u>

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2002**

..... continued

8. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2002	2001
Management and administration	12	12
Pharmacists, counter staff and drivers	216	188
	<u>228</u>	<u>200</u>

Employment costs

	2002	2001
	£	£
Wages and salaries	3,268,655	1,881,967
Social security costs	228,749	120,912
Other pension costs	42,289	30,424
	<u>3,539,693</u>	<u>2,033,303</u>

8.1. Directors' emoluments

	2002	2001
	£	£
Remuneration and other emoluments	<u>400,000</u>	<u>128,271</u>

Highest paid director

	£	£
Amounts included above:		
Emoluments and other benefits	<u>200,000</u>	<u>64,108</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 £42,289 (2001 - £30,424).

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2002**

..... continued

10. Tax on profit on ordinary activities

Analysis of charge in year	2002 £	2001 £
Current tax		
UK corporation tax at 30.00% (2001 - 30.00%)	584,853	465,243
Prior period adjustments	3,250	(1,615)
	588,103	463,628
Total current tax charge	588,103	463,628
Deferred tax		
Timing differences, origination and reversal	64,599	124,365
Total deferred tax	64,599	124,365
Tax on profit on ordinary activities	652,702	587,993

Factors affecting tax charge for year

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

	2002 £	2001 £
Profit on ordinary activities before taxation	1,556,382	1,651,756
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 July 2001 : 30%)	466,915	495,527
Expenses not deductible for tax purposes (primarily goodwill amortisation)	166,063	90,264
Capital allowances for year in excess of depreciation	(11,217)	(7,012)
Adjustments to tax charge in respect of previous periods	3,250	(1,615)
Other short term timing differences	(52,291)	(113,536)
Difference on book values of acquisitions	15,383	-
Current tax charge for year	588,103	463,628

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2002**

..... continued

11. Intangible fixed assets

	Goodwill	Total
	£	£
Cost		
At 1 August 2001	7,153,391	7,153,391
Additions	5,542,149	5,542,149
At 31 July 2002	<u>12,695,540</u>	<u>12,695,540</u>
Provision for diminution in value		
At 1 August 2001	1,961,588	1,961,588
Charge for year	550,244	550,244
At 31 July 2002	<u>2,511,832</u>	<u>2,511,832</u>
Net book values		
At 31 July 2002	<u>10,183,708</u>	<u>10,183,708</u>
At 31 July 2001	<u>5,191,803</u>	<u>5,191,803</u>

12. Tangible fixed assets	Land and buildings freehold	Short leasehold property	Long leasehold property	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost/revaluation						
At 1 August 2001	880,940	-	175,940	763,468	108,279	1,928,627
Additions	281,250	7,201	-	144,546	25,376	458,373
Disposals	-	-	-	-	(73,359)	(73,359)
At 31 July 2002	<u>1,162,190</u>	<u>7,201</u>	<u>175,940</u>	<u>908,014</u>	<u>60,296</u>	<u>2,313,641</u>
Depreciation						
At 1 August 2001	-	-	42,625	496,170	40,323	579,118
On disposals	-	-	-	-	(24,022)	(24,022)
Charge for the year	-	720	-	95,333	10,999	107,052
At 31 July 2002	<u>-</u>	<u>720</u>	<u>42,625</u>	<u>591,503</u>	<u>27,300</u>	<u>662,148</u>
Net book values						
At 31 July 2002	<u>1,162,190</u>	<u>6,481</u>	<u>133,315</u>	<u>316,511</u>	<u>32,996</u>	<u>1,651,493</u>
At 31 July 2001	<u>880,940</u>	<u>-</u>	<u>133,315</u>	<u>267,298</u>	<u>67,956</u>	<u>1,349,509</u>

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2002**

..... continued

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

Asset description	2002		2001	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Equipment	<u>45,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>

13. Fixed asset investments	Subsidiary undertakings shares £	Total £
Cost		
At 1 August 2001 and		
At 31 July 2002	<u>34,680</u>	<u>34,680</u>
Provisions for diminution in value:		
At 1 August 2001	-	-
Movement	<u>34,669</u>	<u>34,669</u>
At 31 July 2002	<u>34,669</u>	<u>34,669</u>
Net book values		
At 31 July 2002	<u>11</u>	<u>11</u>
At 31 July 2001	<u>34,680</u>	<u>34,680</u>

14. Stocks	2002 £	2001 £
Finished goods and goods for resale	<u>2,011,111</u>	<u>2,397,172</u>

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2002**

..... continued

15. Debtors	2002	2001
	£	£
Trade debtors	4,604,651	3,850,171
Other debtors	745,522	475,813
Prepayments and accrued income	197,154	294,653
	<u>5,547,327</u>	<u>4,620,637</u>
 16. Current asset investments	 2002	 2001
	£	£
Listed investments	<u>757,263</u>	<u>831,246</u>
Market valuation of listed investments	<u>757,263</u>	<u>831,246</u>
 17. Creditors: amounts falling due within one year	 2002	 2001
	£	£
Bank overdraft	2,039,372	1,932,321
Bank loans	1,102,906	728,108
Other loans	629,109	41,209
Net obligations under finance leases and hire purchase contracts	9,600	-
Trade creditors	1,319,565	2,833,529
Amounts due to group undertakings	1,040,425	-
Corporation tax	359,420	273,222
Other taxes and social security costs	86,191	364,253
Directors' current accounts	748,752	939,101
Other creditors	36,977	365,550
Accruals and deferred income	121,521	151,188
	<u>7,493,838</u>	<u>7,628,481</u>

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

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2002**

..... continued

18. Creditors: amounts falling due after more than one year	2002 £	2001 £
Bank loans	7,626,070	3,669,017
Other loans	90,139	115,139
Net obligations under finance leases and hire purchase contracts	<u>30,861</u>	-
	<u><u>7,747,070</u></u>	<u><u>3,784,156</u></u>
 Loans		
Repayable in one year or less, or on demand (Note 17)	1,732,015	769,317
Repayable between one and two years	1,223,150	873,067
Repayable between two and five years	3,224,671	2,336,275
Repayable in five years or more	<u>3,268,388</u>	<u>574,814</u>
	<u><u>9,448,224</u></u>	<u><u>4,553,473</u></u>
 Repayable in five years or more:		
Bank loans	<u>3,268,388</u>	<u>574,814</u>
	<u><u>3,268,388</u></u>	<u><u>574,814</u></u>
 Net obligations under finance leases and hire purchase contracts		
Repayable within one year	9,600	-
Repayable between one and five years	<u>30,861</u>	-
	<u><u>40,461</u></u>	<u><u>-</u></u>

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

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2002**

..... continued

19 Provisions for liabilities and charges

	Deferred taxation (Note 20) £	Total £
At 1 August 2001	18,500	18,500
Movements in the year	42,599	42,599
At 31 July 2002	<u>61,099</u>	<u>61,099</u>

20. Provision for deferred taxation

	2002 £	2001 £
Accelerated capital allowances	21,099	9,000
Revaluation of investments	40,000	80,000
Other short-term timing differences	-	(70,500)
Undiscounted provision for deferred tax	<u>61,099</u>	<u>18,500</u>
Provision at 1 August 2001	18,500	
Deferred tax charge in profit and loss account	64,599	
Release to investment revaluation reserve	(40,000)	
Reduce corporation tax provision on bonuses	18,000	
Provision at 31 July 2002	<u>61,099</u>	

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2002**

..... continued

21. Share capital		2002	2001
		£	£
Authorised equity			
263,006 Ordinary shares of 1.00 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>
22. Equity Reserves	Revaluation reserve	Profit and loss account	Total
	£	£	£
At 1 August 2001	549,266	3,475,208	4,024,474
Deferred tax on revaluation of current asset investments	40,000	-	40,000
Retained profit for the year	-	903,680	903,680
Decrease in value of current asset investments	(94,619)	-	(94,619)
At 31 July 2002	<u>494,647</u>	<u>4,378,888</u>	<u>4,873,535</u>
23. Reconciliation of movements in shareholders' funds		2002	2001
		£	£
Profit for the year		903,680	1,063,763
Other recognised gains or losses		(54,619)	(24,900)
Net addition to shareholders' funds		<u>849,061</u>	<u>1,038,863</u>
Opening shareholders' funds		<u>4,287,480</u>	<u>3,248,617</u>
Closing shareholders' funds		<u><u>5,136,541</u></u>	<u><u>4,287,480</u></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 year ended 31 July 2002**

..... 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 year in respect of this property amounted to £15,375.

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

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

	£
Mr and Mrs P Cattee	748,752
G A Tims	-
A D Parker	-
	<hr/>
	748,752
	<hr/>

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

28. Controlling interest

The ultimate controlling party is Mr P Cattee, who together with his wife, owns 55% of the ordinary share capital of the ultimate parent company.

29. Post balance sheet events

Tims and Parker Limited and its subsidiary, Haslingden Health Centre Pharmacy Limited, ceased trading on 31 July 2002 and transferred their trade, and also their assets and liabilities at their net book values, to PCT Healthcare Limited.

Since the year end the company has sold its current asset investments for £697,511 and continued to make further acquisitions of retail pharmacies.

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2002**

..... continued

30. Gross cash flows

	2002	2001
	£	£
Returns on investments and servicing of finance		
Interest received	11,095	74,171
Interest paid	(416,702)	(258,905)
Dividends received	20,636	18,431
	<u>(384,971)</u>	<u>(166,303)</u>
Taxation		
Corporation tax paid	<u>(505,734)</u>	<u>(911,406)</u>
Capital expenditure		
Payments to acquire intangible assets	(5,542,149)	(558,891)
Payments to acquire tangible assets	(458,373)	(72,088)
Receipts from sales of tangible assets	49,416	69,444
	<u>(5,951,106)</u>	<u>(561,535)</u>
Acquisitions and disposals		
Payments on acquisition of group interests	<u>-</u>	<u>(1,000)</u>
Management of Liquid Resources		
Payments to acquire short term investments	<u>(20,636)</u>	<u>(18,432)</u>
Financing		
New long term bank loan	5,555,000	700,000
Other new short term loans	615,000	20,149
Repayment of long term bank loan	(1,223,149)	(668,461)
Repayment of other long term loans	(25,000)	-
Repayment of other short term loans	(27,100)	(18,000)
Capital element of finance leases and hire purchase contracts	(4,000)	(31,779)
	<u>4,890,751</u>	<u>1,909</u>

PCT Healthcare Limited

**Notes to the financial statements
for the year ended 31 July 2002**

..... continued

31. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	1,293,570	(1,005,935)		287,635
Overdrafts	(1,932,321)	(107,051)		(2,039,372)
	<u>(638,751)</u>	<u>(1,112,986)</u>		<u>(1,751,737)</u>
Liquid resources	<u>831,246</u>	<u>20,636</u>		<u>851,882</u>
Debt due within one year	(769,317)	660,249	(1,622,947)	(1,732,015)
Debt due after one year	(3,784,156)	(5,555,000)	1,622,947	(7,716,209)
Finance leases and hire purchase contracts	-	4,000	(44,461)	(40,461)
	<u>(4,553,473)</u>	<u>(4,890,751)</u>	<u>(44,461)</u>	<u>(9,488,685)</u>
Net funds	<u><u>(4,360,978)</u></u>	<u><u>(5,983,101)</u></u>	<u><u>(44,461)</u></u>	<u><u>(10,388,540)</u></u>

PCT Healthcare Limited

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

PCT Healthcare Limited

**Detailed trading and profit and loss account
for the year ended 31 July 2002**

	2002		(9 Months) 2001	
	£	£	£	£
Sales		26,554,145		16,146,737
Cost of sales				
Opening stock	2,397,172		2,016,364	
Purchases	19,368,488		11,808,888	
	<u>21,765,660</u>		<u>13,825,252</u>	
Closing stock	(2,011,111)		(2,397,172)	
		<u>(19,754,549)</u>		<u>(11,428,080)</u>
Gross profit		6,799,596		4,718,657
Administrative expenses	4,858,808		2,900,598	
		<u>(4,858,808)</u>		<u>(2,900,598)</u>
Operating profit		1,940,788		1,818,059
Other income and expenses				
Income from investments				
Listed investment income	20,636		18,431	
		20,636		18,431
Interest receivable				
Bank deposit interest	11,095		74,171	
		11,095		74,171
Amount written off investments		565		-
Interest payable				
Bank interest	2,118		-	
Interest on loans repayable in less than 5 years	6,205		-	
Interest on loans repayable in more than 5 years	406,742		230,401	
HP interest and fin. lease charges	1,145		1,699	
Other interest	492		26,805	
		<u>(416,702)</u>		<u>(258,905)</u>
Net profit for the year		<u>1,556,382</u>		<u>1,651,756</u>

PCT Healthcare Limited

**Administrative expenses
for the year ended 31 July 2002**

	2002	(9 Months) 2001
	£	£
Administrative expenses		
Wages and salaries	2,552,893	1,527,329
Directors' remuneration	400,000	116,279
Employer's NI contributions	228,749	120,912
Staff money purchase pension costs	42,289	30,424
Locums	315,762	238,359
Rent, rates and insurance	349,012	239,115
Light and heat	40,403	13,466
Repairs and maintenance	31,378	31,416
Printing, postage and stationery	15,192	11,481
Telephone	18,548	11,634
Motor expenses	36,944	32,095
Legal and professional fees	45,301	17,689
Stocktaking fees	11,455	10,446
Accountancy	-	38,253
Auditors' remuneration	16,500	13,100
Bank charges	31,603	18,642
Trade expenses	65,562	49,718
Amortisation of goodwill	550,244	289,004
Amortisation on short leasehold	720	-
Depreciation on fixtures and fittings	95,333	64,127
Depreciation on motor vehicles	10,999	26,152
Profits/losses on disposal of tangible assets	(79)	957
	<u><u>4,858,808</u></u>	<u><u>2,900,598</u></u>