

**Healthcall Optical Services
(Manchester) Limited**

Directors' report and financial statements

Period ended 31 December 1996

Registered number 3061665



Healthcall Optical Services (Manchester) Limited

Directors' report and financial statements

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Healthcall Optical Services (Manchester) Limited

Directors' report

The directors have pleasure in submitting their report and the audited financial statements for the 7 months ended 31 December 1996.

Principal activity

The principal activity of the company is the dispensing of domiciliary optical services.

Review of business and results for the period

The results for the period are shown in the profit and loss account on page 5.

The company ceased to trade on 30 November 1996 when, its trade, assets and liabilities were transferred at book value to its immediate holding company, Healthcall Services Limited.

Dividends

A dividend of £64,987 was paid in the period (*year ended 31 May 1996: £136,000*).

Directors and directors' interests

The directors who served during the period were as follows:

MD Henchey

NP Howard

P Bell

M Dummer (resigned 14 February 1997)

ME Maudsley (resigned 24 October 1996)

MC Maudsley (resigned 24 October 1996)

As at 31 December 1996 no directors had an interest in the shares of the company, however at the beginning of the period, both ME Maudsley and MC Maudsley held 25,000 shares.

Healthcall Optical Services (Manchester) Limited

Directors' report *(continued)*

Directors and directors' interests

Directors' interests in the shares of group companies was as follows:

	Healthcall Group PLC			
	Share options		Ordinary shares of £1	
	31 May 1996	31 December 1996	31 May 1996	31 December 1996
M Dummer	63,619	63,619	102,300	114,300
P Bell	<u>36,571</u>	<u>36,571</u>	<u>15,000</u>	<u>15,000</u>

MD Henchey and NP Howard are directors of the ultimate parent undertaking, Healthcall Group PLC and their interests in the shares of that company are shown in the financial statements of that company.

Statement of directors' responsibilities

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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

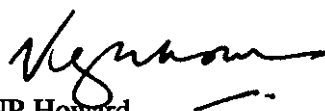
Healthcall Optical Services (Manchester) Limited

Directors' report *(continued)*

Auditor

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming annual general meeting.

Approved by the board of directors and signed on its behalf by:


NP Howard
Director

401 South Row
Central Milton Keynes
MK9 2PH

25 March 1997



2 Cornwall Street
Birmingham B3 2DL

Auditor's report to the members of Healthcall Optical Services (Manchester) Limited

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditor

As described on page 2 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1996 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

25.6 March 1997

25 March 1997



Healthcall Optical Services (Manchester) Limited

Profit and loss account

for the 7 month period ended 31 December 1996

		7 months ended 31 December 1996 £	Year ended 31 May 1996 £
	Note		
Turnover	2	369,461	822,313
Cost of sales		(206,697)	(472,460)
Gross profit		162,764	349,853
Administrative expenses		(69,194)	(98,851)
Distribution costs		(623)	(11,506)
Operating profit		92,947	239,496
Result on disposal of business	5	-	-
Net interest payable	7	-	(6,352)
Profit on ordinary activities before taxation	4	92,947	233,144
Tax on profit on ordinary activities	8	(28,058)	(78,846)
Profit on ordinary activities after taxation		64,889	154,298
Dividends		(64,987)	(136,000)
Retained (loss)/profit for the financial year	15	(98)	18,298

The results above derive from its discontinued activities. On 31 October 1996 the trade, assets and liabilities of the company were transferred to its immediate parent undertaking, Healthcall Services Limited.

A reconciliation of the movements in equity shareholders' funds is shown in note 17 to the financial statements.

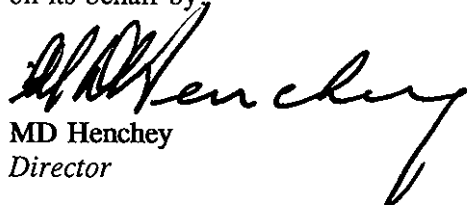
There are no recognised gains or losses other than those shown in the profit and loss account.

Healthcall Optical Services (Manchester) Limited

Balance sheet
at 31 December 1996

	Note	31 December 1996 £	31 May 1996 £
Fixed assets			
Tangible fixed assets	9	-	49,120
Current assets			
Stocks	10	-	1,259
Debtors: Amounts falling due within one year	11	-	194,382
Debtors: Amounts falling due after more than one year	11	200,000	-
Cash at bank and in hand		-	35,728
		<u>200,000</u>	<u>231,369</u>
Creditors: Amounts falling due within one year	12	-	(244,193)
Net current assets/(liabilities)		<u>200,000</u>	<u>(12,824)</u>
Net assets		<u>200,000</u>	<u>36,296</u>
Capital and reserves			
Called up share capital	13	200,000	200,000
Goodwill write off reserve	14	-	(163,802)
Profit and loss account	15	-	98
Equity shareholders' funds		<u>200,000</u>	<u>36,296</u>

The financial statements were approved by the board of directors on 25 March 1997 and signed on its behalf by:


MD Henchey
Director

Healthcall Optical Services (Manchester) Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

Basis of preparation

The financial statements have been prepared under the historical cost accounting convention and in accordance with applicable Accounting Standards.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

Operating leases

Rentals under operating leases are charged to the profit and loss account as they fall due.

Goodwill

Purchased goodwill is written off directly to reserves.

Tangible fixed assets

Fixed assets are stated at cost to the company and reduced by depreciation which is provided on a straight line basis to write off assets to their estimated residual value over their expected useful lives from the date they are brought into use. The average lives for each major asset category are:

Motor vehicles	2-3 years
Fixtures, fittings and computer equipment	3-7 years

Related party transactions

Under Financial Reporting Standard 8 the company is exempt from the disclosure of transactions with other group undertakings on the grounds that it is a wholly owned subsidiary of Healthcall Group PLC and its results are included in Healthcall Group PLC's consolidated financial statements.

2 Turnover

Turnover represents sales of goods and services exclusive of value added tax, to third party customers during the period. All the turnover is applicable to the UK market.

Healthcall Optical Services (Manchester) Limited

Notes (continued)

3 Staff numbers and costs

The average number of persons employed by the company, excluding directors, during the period was as follows:

	Number of employees	
	7 months ended 31 December 1996	Year ended 31 May 1996
Office and management	5	5
Operational	9	11
	<u>14</u>	<u>16</u>

The aggregate payroll costs of these persons were as follows:

	7 months ended 31 December 1996 £	Year ended 31 May 1996 £
Wages and salaries	92,394	181,831
Social security costs	7,744	15,371
	<u>100,138</u>	<u>197,202</u>

4 Profit on ordinary activities before taxation

	7 months ended 31 December 1996 £	Year ended 31 May 1996 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Depreciation	10,469	24,774
Auditor's remuneration - audit services	<u>1,800</u>	<u>3,250</u>

Amounts paid to the auditor and its associates in respect of other services amounted to £1,100 (31 May 1996: £1,100).

Healthcall Optical Services (Manchester) Limited

Notes (continued)

5 Result on disposal of business

	7 months ended 31 December 1996 £	Year ended 31 May 1995 £
Profit on disposal excluding goodwill	163,802	-
Goodwill previously written off to reserves	(163,802)	-
	<hr/>	<hr/>
Result on disposal of business	-	-
	<hr/>	<hr/>

6 Directors' emoluments

None of the directors received any emoluments during the year (31 May 1996: £Nil).

7 Net interest payable

	7 months ended 31 December 1996 £	Year ended 31 May 1996 £
Interest payable to holding company	-	6,352
	<hr/>	<hr/>

8 Tax on profit on ordinary activities

	7 months ended 31 December 1996 £	Year ended 31 May 1996 £
Based on the profit on ordinary activities for the year:		
Corporation tax payable at 33%	28,058	78,846
	<hr/>	<hr/>

Healthcall Optical Services (Manchester) Limited

Notes (continued)

9 Tangible fixed assets

	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
Cost			
At beginning of period	29,231	38,671	67,902
Additions	-	8,421	8,421
Disposals	-	(8,125)	(8,125)
Transferred to group companies	(29,231)	(38,967)	(68,198)
	<hr/>	<hr/>	<hr/>
At end of period	-	-	-
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of period	6,430	12,352	18,782
Charge for period	3,705	6,764	10,469
Disposals	-	(6,348)	(6,348)
Transferred to group companies	(10,135)	(12,768)	(22,903)
	<hr/>	<hr/>	<hr/>
At end of period	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 1996	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 May 1996	22,801	26,319	49,120
	<hr/>	<hr/>	<hr/>

10 Stocks

	31 December 1996 £	31 May 1996 £
Finished goods	-	1,259
	<hr/>	<hr/>

Healthcall Optical Services (Manchester) Limited

Notes (continued)

11 Debtors

	31 December 1996 £	31 May 1996 £
Trade debtors	-	140,126
Amounts owed by group undertakings	200,000	40,932
Other debtors	-	13,324
	<u>200,000</u>	<u>194,382</u>

Includes in amounts owed by group undertakings is £200,000 (31 May 1996: £Nil) falling due after more than one year.

12 Creditors: Amounts falling due within one year

	31 December 1996 £	31 May 1996 £
Trade creditors	-	11,384
Other creditors, including taxation and social security	-	87,346
Accruals and deferred income	-	9,463
Proposed dividend	-	136,000
	<u>-</u>	<u>244,193</u>
Other creditors including taxation and social security comprises:		
Corporation tax	-	78,846
Advanced corporation tax	-	8,500
	<u>-</u>	<u>87,346</u>

Healthcall Optical Services (Manchester) Limited

Notes (continued)

13 Called up share capital

	31 December 1996	31 May 1996
	£	£
<i>Authorised allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

14 Goodwill write off reserve

The goodwill arose on the acquisition of Maudsley's Ophthalmic Opticians and the Manchester branch of Healthcall Services Limited.

	31 December 1996	31 May 1996
	£	£
At beginning of period	163,802	-
Arising on acquisition	-	182,002
Transfer to profit and loss reserve	-	(18,200)
Goodwill realised	<u>(163,802)</u>	<u>-</u>
At end of period	<u>-</u>	<u>163,802</u>

15 Profit and loss reserves

	31 December 1996	31 May 1996
	£	£
At beginning of the period	98	-
Retained (loss)/profit for the period	(98)	18,298
Transfer from goodwill write off reserve (note 14)	-	(18,200)
At end of period	<u>-</u>	<u>98</u>

Healthcall Optical Services (Manchester) Limited

Notes (continued)

16 Obligations under operating leases

At 31 December 1996, the company had no annual commitments under non-cancellable operating leases (31 May 1996: £Nil).

17 Reconciliation of movements in equity shareholders' funds

	31 December 1996 £	31 May 1996 £
Profit for the financial period	64,889	154,298
Dividends	(64,987)	(136,000)
Issue of shares	-	200,000
Goodwill written off in the period	-	(182,002)
Goodwill realised	163,802	-
	<hr/>	<hr/>
	163,704	36,296
Equity shareholders' funds at beginning of period	36,296	-
	<hr/>	<hr/>
Equity shareholders' funds at the end of the period	200,000	36,296
	<hr/>	<hr/>

18 Contingent liabilities

The company has guaranteed the bank loans of certain other group companies. At 31 December 1996 the liability under these guarantees amounted to £750,000 (31 May 1996: £Nil).

19 Ultimate parent undertaking

The company's ultimate parent undertaking is Healthcall Group PLC, a company incorporated in Great Britain.

Copies of the financial statements of Healthcall Group PLC can be obtained from its registered office at 401 South Row, Central Milton Keynes, MK9 2PH.