

COMPANY NUMBER: 4474925

MAXCHOICE SERVICES LIMITED
DIRECTORS REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2005

ASHCROFTS

CHARTERED ACCOUNTANTS



MAXCHOICE SERVICES LIMITED

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YEAR ENDED 31 DECEMBER 2005

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COMPANY INFORMATION**31 DECEMBER 2005**

Country of incorporation	England
Date of incorporation	2 July 2002
Company number	4474925
Directors	B Bains
Secretary	H Dodhia
Registered office	34 Hartsbourne Drive Halesowen West Midlands B62 8ST
Bankers	The Royal Bank of Scotland plc Manchester St. Ann Street Office St. Ann Street Manchester M60 2SS
Accountants	Ashcrofts Chartered Accountants 34 Hartsbourne Drive Halesowen West Midlands B62 8ST

REPORT OF THE DIRECTORS

YEAR ENDED 31 DECEMBER 2005

Principal activity

The principal activities of the company comprise the operation of retail pharmacies.

Directors

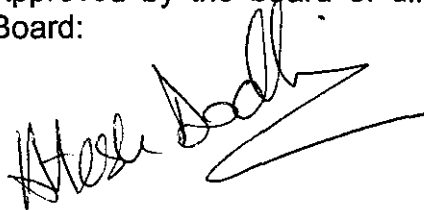
The directors of the company during the year and their interests in the shares of the company were as follows:

	Ordinary shares of £1 each	
	31.12.05	1.1.05
B Bains	40	40

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Approved by the board of directors on 20 April 2006 and signed by order of the Board:



H Dodhia
Secretary

REPORT OF THE ACCOUNTANTS

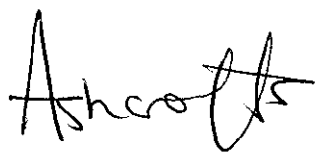
YEAR ENDED 31 DECEMBER 2005

**Accountants' Report on the Unaudited Financial Statements to the Directors of
Maxchoice Services Limited**

As described on the balance sheet on pages 5 and 6 you are responsible for the compilation of the accounts for the year ended 31 December 2005, set out on pages 4 to 12, and you consider that the company is exempt from an audit.

In accordance with your instructions, we have compiled the unaudited accounts from the accounting records and information and explanations supplied to us.

We have not conducted an audit on the accounts in accordance with Auditing Standards and accordingly we express no opinion thereon. Our work does not provide any assurance that the accounting records are free from material misstatement.



**Ashcrofts
Halesowen
Chartered Accountants**

20 April 2006

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2005	NOTE	2005	2004
Turnover	2	538,027	481,566
Cost of turnover		(390,040)	(368,597)
Gross profit		147,987	112,969
Administrative expenses		(104,951)	(96,373)
Operating profit	3	43,036	16,596
Interest receivable and similar income	5	241	161
Interest payable and similar charges	6	(9,405)	(9,367)
Profit on ordinary activities before taxation		33,872	7,390
Taxation	7	(3,382)	-
Retained profit for the year	16	30,490	7,390

There are no recognised gains or losses other than those reported above.

BALANCE SHEET

31 DECEMBER 2005	NOTE	2005	2004
<hr/>			
Fixed assets			
Intangible assets	8	112,136	121,228
Tangible assets	9	10,242	11,901
		<hr/>	<hr/>
		122,378	133,129
		<hr/>	<hr/>
Current assets			
Stocks	10	33,159	36,318
Debtors	11	118,560	108,774
Cash at bank and in hand		51,015	31,516
		<hr/>	<hr/>
		202,734	176,608
		<hr/>	<hr/>
Creditors due within one year	12	(171,043)	(169,933)
		<hr/>	<hr/>
Net current assets		31,691	6,675
		<hr/>	<hr/>
Total assets less current liabilities		154,069	139,804
		<hr/>	<hr/>
Creditors due after one year	13	(136,748)	(153,529)
Provisions for liabilities and charges	14	(556)	-
		<hr/>	<hr/>
Net assets (liabilities)		16,765	(13,725)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account	16	16,665	(13,825)
		<hr/>	<hr/>
Shareholders funds	16	16,765	(13,725)
		<hr/>	<hr/>

The directors are satisfied that the company was entitled to exemption under subsection(1) of section 249A of the Companies Act 1985 and that no member or members have requested an audit pursuant to subsection(2) of Section 249B in relation to the accounts for the financial year.

BALANCE SHEET

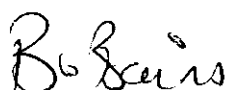
31 DECEMBER 2005

The directors acknowledges their responsibilities for :

- i) ensuring that the company keeps accounting records which comply with section 221; and
- ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities.

These financial statements were approved by the board of directors on 20 April 2006 and signed on its behalf by:



B Bains
Director

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

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.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts and VAT.

Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 15 years.

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives as follows:

Short leasehold property	over the term of the lease of 10 years
Fixtures, fittings and equipment	15% reducing balance
Motor vehicles	25% reducing balance

Stock and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing the product to its present location and condition. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

2005

2004

2 Segment Information

The company's turnover and results were derived wholly from the company's principal activity which is based solely in the United Kingdom.

3 Operating profit

Operating profit is stated after charging:

Depreciation of intangible assets	9,092	9,092
Depreciation of tangible assets	1,659	2,144

4 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

Aggregate emoluments	-	-
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5 Interest receivable and similar income

Bank interest receivable	241	161
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6 Interest payable and similar charges

Bank interest	9,405	9,367
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7 Taxation

Analysis of tax charge for the year:

Current tax

UK corporation tax charge on profits of the year at 19% (2004: Nil%)	2,826	-
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Deferred tax

Origination of timing differences	556	-
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Tax on profit on ordinary activities

3,382	-
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

8 Intangible fixed assets - Goodwill

	Total
Cost	
1 January 2005	136,380
	<hr/>
31 December 2005	136,380
	<hr/>
Amortisation	
1 January 2005	15,152
Charge for the year	9,092
	<hr/>
31 December 2005	24,244
	<hr/>
Net book value	
31 December 2005	112,136
	<hr/> <hr/>
31 December 2004	121,228
	<hr/> <hr/>

9 Tangible fixed assets

	Short Leasehold Property	Fixtures, Fittings & Equipment	Motor Vehicles	Total
Cost				
1 January 2005	2,328	12,812	200	15,340
Additions	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2005	2,328	12,812	200	15,340
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
1 January 2005	369	2,995	75	3,439
Charge for the year	155	1,473	31	1,659
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2005	524	4,468	106	5,098
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
31 December 2005	1,804	8,344	94	10,242
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
31 December 2004	1,959	9,817	125	11,901
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

2005

2004

10 Stocks and work in progress

Goods held for resale	33,159	36,318
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11 Debtors

Trade debtors	44,093	44,691
Amounts due from related undertakings	47,031	42,031
Other debtors	23,223	20,870
Prepayments and accrued income	4,213	1,182
	<u>118,560</u>	<u>108,774</u>

12 Creditors: amounts falling due within one year

Bank loans (secured)	16,187	14,287
Trade creditors	81,541	85,162
Corporation tax	2,826	-
Other taxation and social security	-	440
Directors loan accounts	47,856	43,356
Participators' loan accounts	20,931	20,931
Accruals and deferred income	1,702	5,296
Other creditors	-	461
	<u>171,043</u>	<u>169,933</u>

13 Creditors: amounts falling due after more than one year

Bank loans (secured)	136,748	153,529
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Included within the above are amounts falling due as follows:

Between one and two years	16,987	14,687
Between two and five years	55,760	46,460
Over five years	64,001	92,382

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

2005

2004

14 Provisions for liabilities and charges - Deferred taxation

At 1 January 2005	-	-
Charged during the year	556	-
	<u>556</u>	<u>-</u>
At 31 December 2005	<u>556</u>	<u>-</u>

15 Called up share capital

Authorised:		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

16 Reconciliation of movements in shareholders funds

	Share Capital	Profit & Loss Account	Total	Total
1 January 2005	100	(13,825)	(13,725)	(21,214)
Retained profit for the year	-	30,490	30,490	7,390
Shares issued	-	-	-	99
	<u>100</u>	<u>16,665</u>	<u>16,765</u>	<u>(13,725)</u>
31 December 2005	<u>100</u>	<u>16,665</u>	<u>16,765</u>	<u>(13,725)</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

17 Operating lease commitments

At 31 December 2005 the company has annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2005	2004
Over 5 years	11,500	11,500

18 Transactions with directors

During the year the company paid £Nil (2004: £15,100) to the director who is a qualified pharmacist for locum services on normal commercial terms.

19 Related party transactions

The company secretary who is a 40% shareholder of the company was paid £1,075 (2004: £Nil) for locum services during the year on normal commercial terms. The company secretary is a qualified pharmacist.