

COMPANY REGISTRATION NUMBER: 06399469

**PCT Healthcare (Holdings) Limited**  
**Consolidated Financial Statements**  
**30 November 2016**



**ABRAMS ASHTON**  
Chartered Accountants & Statutory Auditors  
77 Corporation Street  
St Helens  
Merseyside  
WA10 1SX

# **PCT Healthcare (Holdings) Limited**

## **Consolidated Financial Statements**

**Year ended 30 November 2016**

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# **PCT Healthcare (Holdings) Limited**

## **Officers and Professional Advisers**

### **The board of directors**

Mr P Cattee  
Mrs A J Cattee  
Mr G A Tims

### **Company secretary**

Mrs A J Cattee

### **Registered office**

11 Manchester Road  
Walkden  
Manchester  
M28 3NS

### **Auditor**

Abrams Ashton  
Chartered Accountants & Statutory Auditors  
77 Corporation Street  
St Helens  
Merseyside  
WA10 1SX

# **PCT Healthcare (Holdings) Limited**

## **Strategic Report**

### **Year ended 30 November 2016**

The principal activity of the company during the year was that of a holding company.

The principal activities of the group during the year were those of retail pharmacy, pharmaceutical wholesale and property rental.

In the current year the company has sought to expand organically and with consideration to the communities in which it operates.

The branch network has increased from 64 to 125 branches in the South Yorkshire, Derbyshire, Milton Keynes, Lancashire, Merseyside, Greater Manchester and Midlands areas.

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

Qualitative measures relating to "improvements in service" are important measures of performance to the company and the community, however these are difficult to measure. 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 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 has decreased from 34.8% in 2015 to 33.2% in 2016.

Staffing remains the greatest asset, but also the largest cost to the company, amounting to £13.1m in 2015 and £25.2m in 2016. Staff costs as a percentage of turnover were 17% in 2015 and 2016 and as a percentage of gross profit 51% in 2015 and 53% 2016.

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

Net profit before tax is considered a KPI. In 2015 PBIT cover, (being Profit before interest, depreciation, exceptional items and tax over net interest costs) was 17 compared to 8 in 2016. Company shareholders will note that net profit before depreciation, exceptional items and tax as a percentage of turnover has decreased from 12.5% in 2015 to 8.2% in 2016. In the forthcoming year the company expects profitability to decrease primarily due to the overall reduction in government funding.

The company has a strong balance sheet with net assets of £7.7m and bank balances of £9m at the year end.

This report was approved by the board of directors on 17 August 2017 and signed on behalf of the board by:



Mr G A Tims  
Director

# **PCT Healthcare (Holdings) Limited**

## **Directors' Report**

### **Year ended 30 November 2016**

The directors present their report and the consolidated financial statements of the group for the year ended 30 November 2016.

#### **Directors**

The directors who served the company during the year were as follows:

Mr P Cattee  
Mrs A J Cattee  
Mr G A Tims

#### **Dividends**

Particulars of recommended dividends are detailed in note 13 to the consolidated financial statements.

#### **Future developments**

The company expects a period of consolidation during the coming year after a period of significant expansion in the number of branches held during the current year.

#### **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 alternative training if necessary.

#### **Employee involvement**

Information on matters of concern to employees is given through internal bulletins and 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.

# **PCT Healthcare (Holdings) Limited**

## **Directors' Report** *(continued)*

**Year ended 30 November 2016**

### **Financial instruments**

#### **Business risks**

The main risks to the business are namely the reliance on the government and NHS which provide both the majority of business and control the drug tariff prices paid, and activities of the major competitors within the locality.

The aim is to mitigate the risks of the business as much as possible through active involvement in policy making processes, and by ensuring good relations with the doctors' surgeries, proximity to the doctors' surgeries, developing and maintaining good customer relations and by monitoring purchasing costs constantly.

#### **Financial risks**

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

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

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.

In respect of loans these comprised loans from the directors and loans from financial institutions. The interest rate on the loans from financial institutions was variable but the repayments were fixed. The company managed the liquidity risk by ensuring there were sufficient funds to meet the payments. No interest is currently being charged by the directors on their loan accounts.

The majority of trade debtors represent amounts owed by the NHS. Other trade debtors are managed closely in respect of credit and cash flow risk.

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

### **Disclosure of information in the strategic report**

The company has complied with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the strategic report is on page 2 of these financial statements.

### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated 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 consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

# **PCT Healthcare (Holdings) Limited**

## **Directors' Report** *(continued)*

**Year ended 30 November 2016**

In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- prepare the consolidated 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 consolidated 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.

### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 17 August 2017 and signed on behalf of the board by:



Mr G A Tims  
Director

# **PCT Healthcare (Holdings) Limited**

## **Independent Auditor's Report to the Members of PCT Healthcare (Holdings) Limited**

**Year ended 30 November 2016**

We have audited the consolidated financial statements of PCT Healthcare (Holdings) Limited for the year ended 30 November 2016 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the consolidated financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the consolidated financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on consolidated financial statements**

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2016 and of the group's loss 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.



# **PCT Healthcare (Holdings) Limited**

## **Independent Auditor's Report to the Members of PCT Healthcare (Holdings) Limited** *(continued)*

**Year ended 30 November 2016**


### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and the directors' report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

### **Matters on which we are required to report by exception**

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company consolidated 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.



David Williams FCA (Senior Statutory Auditor)

For and on behalf of  
Abrams Ashton  
Chartered Accountants & Statutory Auditors  
77 Corporation Street  
St Helens  
Merseyside  
WA10 1SX

17 August 2017

**PCT Healthcare (Holdings) Limited**  
**Consolidated Statement of Comprehensive Income**  
**Year ended 30 November 2016**

	Note	2016 £	2015 £
<b>Turnover</b>	<b>4</b>	<b>143,940,966</b>	74,563,716
Cost of sales		<u>(96,218,657)</u>	(48,606,778)
<b>Gross profit</b>		<b>47,722,309</b>	25,956,938
Administrative expenses		<u>(45,085,934)</u>	(21,072,069)
Other operating income		<u>1,840,974</u>	1,214,546
Loss on disposal of pharmacy branches		<u>(7,627,672)</u>	—
<b>Operating (loss)/profit</b>	<b>5</b>	<b>(3,150,323)</b>	6,099,415
Other interest receivable and similar income	<b>9</b>	<u>17,731</u>	13,086
Interest payable and similar charges	<b>10</b>	<u>(1,660,742)</u>	(600,970)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(4,793,334)</b>	5,511,531
Tax on (loss)/profit on ordinary activities	<b>11</b>	<u>(1,911,319)</u>	(1,620,187)
<b>(Loss)/profit for the financial year</b>		<b><u>(6,704,653)</u></b>	<u>3,891,344</u>
Revaluation of tangible assets		<u>903,697</u>	—
<b>Total comprehensive income for the year</b>		<b><u>(5,800,956)</u></b>	<u>3,891,344</u>

All the activities of the group are from continuing operations.

The notes on pages 14 to 28 form part of these consolidated financial statements.

**PCT Healthcare (Holdings) Limited**  
**Consolidated Statement of Financial Position**  
**30 November 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	14	57,810,745	17,210,884
Tangible assets	15	33,847,562	22,020,405
Investments	16	891,710	891,710
		<u>92,550,017</u>	<u>40,122,999</u>
<b>Current assets</b>			
Stocks	17	15,210,898	9,173,663
Debtors	18	19,019,868	9,043,051
Cash at bank and in hand		9,057,063	7,953,711
		<u>43,287,829</u>	<u>26,170,425</u>
<b>Creditors: amounts falling due within one year</b>	19	<u>(49,830,706)</u>	<u>(31,559,483)</u>
<b>Net current liabilities</b>		<u>(6,542,877)</u>	<u>(5,389,058)</u>
<b>Total assets less current liabilities</b>		<u>86,007,140</u>	<u>34,733,941</u>
<b>Creditors: amounts falling due after more than one year</b>	20	(78,173,350)	(21,235,971)
<b>Provisions</b>			
Taxation including deferred tax	21	<u>(133,614)</u>	<u>—</u>
<b>Net assets</b>		<u>7,700,176</u>	<u>13,497,970</u>
<b>Capital and reserves</b>			
Called up share capital	24	3,875	3,875
Revaluation reserve	25	893,205	—
Capital redemption reserve	25	114,287	111,125
Profit and loss account	25	6,688,809	13,382,970
<b>Members funds</b>		<u>7,700,176</u>	<u>13,497,970</u>

These consolidated financial statements were approved by the board of directors and authorised for issue on 17 August 2017, and are signed on behalf of the board by:



Mr G A Tims  
Director

Company registration number: 06399469

The notes on pages 14 to 28 form part of these consolidated financial statements.

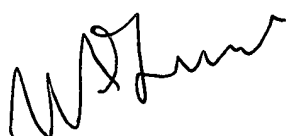
# PCT Healthcare (Holdings) Limited

## Company Statement of Financial Position

30 November 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Investments	16	69,202,321	17,801,000
<b>Current assets</b>			
Debtors	18	31,585,465	1,467,000
<b>Creditors: amounts falling due within one year</b>	19	<u>(6,141,002)</u>	<u>(1,000)</u>
<b>Net current assets</b>		<u>25,444,463</u>	<u>1,466,000</u>
<b>Total assets less current liabilities</b>		<u>94,646,784</u>	<u>19,267,000</u>
<b>Creditors: amounts falling due after more than one year</b>	20	<u>(78,173,350)</u>	<u>(1,352,000)</u>
<b>Net assets</b>		<u>16,473,434</u>	<u>17,915,000</u>
<b>Capital and reserves</b>			
Called up share capital	24	3,875	3,875
Capital redemption reserve	25	114,287	111,125
Profit and loss account	25	<u>16,355,272</u>	<u>17,800,000</u>
<b>Members funds</b>		<u>16,473,434</u>	<u>17,915,000</u>

These consolidated financial statements were approved by the board of directors and authorised for issue on 17 August 2017, and are signed on behalf of the board by:



Mr G A Tims  
Director

Company registration number: 06399469

**PCT Healthcare (Holdings) Limited**  
**Consolidated Statement of Changes in Equity**  
**Year ended 30 November 2016**

	Note	Called up share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
<b>At 1 December 2014</b>		3,875	–	111,125	9,491,626	9,606,626
Profit for the year		—	—	—	3,891,344	3,891,344
<b>Total comprehensive income for the year</b>		–	–	–	3,891,344	3,891,344
<b>At 30 November 2015</b>		3,875	–	111,125	13,382,970	<b>13,497,970</b>
Loss for the year					(6,704,653)	<b>(6,704,653)</b>
Other comprehensive income for the year:						
Revaluation of tangible assets	15	–	903,697	–	–	<b>903,697</b>
Reclassification from revaluation reserve to profit and loss account		–	(10,492)	–	10,492	–
<b>Total comprehensive income for the year</b>		–	893,205	–	(6,694,161)	<b>(5,800,956)</b>
Cancellation of subscribed capital		–	–	3,162	–	<b>3,162</b>
<b>Total investments by and distributions to owners</b>		–	–	3,162	–	<b>3,162</b>
<b>At 30 November 2016</b>		<u>3,875</u>	<u>893,205</u>	<u>114,287</u>	<u>6,688,809</u>	<u><b>7,700,176</b></u>

The notes on pages 14 to 28 form part of these consolidated financial statements.

**PCT Healthcare (Holdings) Limited**  
**Company Statement of Changes in Equity**  
**Year ended 30 November 2016**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	<b>Total £</b>
<b>At 1 December 2014</b>	3,875	111,125	17,800,000	17,915,000
Profit for the year			—	—
<b>At 30 November 2015</b>	3,875	111,125	17,800,000	<b>17,915,000</b>
Loss for the year			(1,444,728)	<b>(1,444,728)</b>
<b>Total comprehensive income for the year</b>	—	—	(1,444,728)	<b>(1,444,728)</b>
Cancellation of subscribed capital	—	3,162	—	<b>3,162</b>
<b>Total investments by and distributions to owners</b>	—	3,162	—	<b>3,162</b>
<b>At 30 November 2016</b>	<u>3,875</u>	<u>114,287</u>	<u>16,355,272</u>	<u><b>16,473,434</b></u>

The notes on pages 14 to 28 form part of these consolidated financial statements.

# PCT Healthcare (Holdings) Limited

## Consolidated Statement of Cash Flows

Year ended 30 November 2016

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(6,704,653)	3,891,344
<i>Adjustments for:</i>		
Depreciation of tangible assets	1,594,946	629,762
Amortisation of intangible assets	6,696,632	3,217,761
Amounts written back to investments	3,162	–
Fair value adjustment of investment property	629,964	–
Other interest receivable and similar income	(17,731)	(13,086)
Interest payable and similar charges	1,660,742	600,970
(Gains)/loss on disposal of tangible assets	(1,586)	1,456
Tax on (loss)/profit on ordinary activities	1,911,319	1,620,187
Accrued expenses/(income)	375,392	(6,812)
Loss on disposal of pharmacy branches	7,627,672	–
<i>Changes in:</i>		
Stocks	108,243	(2,103,154)
Trade and other debtors	4,636,431	(232,102)
Trade and other creditors	(3,191,990)	2,101,854
Cash generated from operations	15,328,543	9,708,180
Interest paid	(1,660,742)	(600,970)
Interest received	17,731	13,086
Tax paid	(2,285,977)	(1,335,264)
Net cash from operating activities	<u>11,399,555</u>	<u>7,785,032</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(640,878)	(1,540,584)
Proceeds from sale of tangible assets	14,820	59,814
Purchase of intangible assets	(100,000)	–
Acquisition of subsidiaries	(62,670,178)	(10,249,890)
Net cash used in investing activities	<u>(63,396,236)</u>	<u>(11,730,660)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares classed as financial liabilities	17,571,350	–
Proceeds from borrowings	75,850,000	7,662,186
Repayments of borrowings	(40,321,317)	(430,812)
Net cash from financing activities	<u>53,100,033</u>	<u>7,231,374</u>
<b>Net increase in cash and cash equivalents</b>	<u>1,103,352</u>	<u>3,285,746</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>7,953,711</u>	<u>4,667,965</u>
<b>Cash and cash equivalents at end of year</b>	<u>9,057,063</u>	<u>7,953,711</u>

The notes on pages 14 to 28 form part of these consolidated financial statements.

# **PCT Healthcare (Holdings) Limited**

## **Notes to the Consolidated Financial Statements**

**Year ended 30 November 2016**

### **1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 11 Manchester Road, Walkden, Manchester, M28 3NS.

### **2. Statement of compliance**

These consolidated financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. Accounting policies**

#### **3.1 Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The consolidated financial statements are prepared in sterling, which is the functional currency of the entity.

#### **3.2 Transition to FRS 102**

The entity transitioned from previous UK GAAP to FRS 102 as at 1 December 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 29.

#### **3.3 Disclosure exemptions**

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under 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 the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

#### **3.4 Consolidation**

The consolidated financial statements incorporate the consolidated financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over 10 years from the year of acquisition. The results of the companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group consolidated financial statements by virtue of section 408 of the Companies Act 2006.

#### **3.5 Revenue recognition**

Revenue comprises the fair value of the sale of goods and services net of value added tax, rebates and discounts. Sales of goods are recognised either at point of sale or when the company has delivered the goods to the customer.



# **PCT Healthcare (Holdings) Limited**

## **Notes to the Consolidated Financial Statements *(continued)***

**Year ended 30 November 2016**

### **3. Accounting policies *(continued)***

#### **3.6 Deferred tax**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **3.7 Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### **3.8 Goodwill**

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

#### **3.9 Intangible assets**

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

#### **3.10 Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - straight line over 10 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

# **PCT Healthcare (Holdings) Limited**

## **Notes to the Consolidated Financial Statements** *(continued)*

**Year ended 30 November 2016**

### **3. Accounting policies** *(continued)*

#### **3.11 Tangible assets**

Tangible assets are initially recorded at cost, and subsequently 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.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

#### **3.12 Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Land & buildings	-	2% straight line
Fixtures & equipment	-	10% & 25% straight line
Motor vehicles	-	25% straight line
Improvements to property	-	10% straight line

#### **3.13 Investment property**

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

#### **3.14 Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

#### **3.15 Stocks**

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

# PCT Healthcare (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 November 2016

### 3. Accounting policies *(continued)*

#### 3.16 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

#### 3.17 Defined contribution plans

The company operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year.

### 4. Turnover

Turnover arises from:

	2016 £	2015 £
Sale of goods	<u>143,940,966</u>	<u>74,563,716</u>

The whole of the turnover is derived from the United Kingdom. An analysis of turnover by business operation is given below:

	2016 £	2015 £
Pharmacy	<u>143,940,966</u>	<u>74,563,716</u>

# PCT Healthcare (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

**Year ended 30 November 2016**

### 5. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Amortisation of intangible assets	6,696,632	3,217,761
Depreciation of tangible assets	1,594,946	629,762
(Gains)/loss on disposal of tangible assets	(1,586)	1,456
Fair value adjustments to investment property	629,964	—
Cost of stocks recognised as an expense	96,218,657	48,606,778
Operating lease rentals - land and buildings	<u>1,698,252</u>	<u>966,436</u>

### 6. Auditor's remuneration

	2016 £	2015 £
Fees payable for the audit of the consolidated financial statements	<u>99,100</u>	<u>45,600</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>14,500</u>	<u>13,000</u>

### 7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2016 No.	2015 No.
Administrative staff	38	28
Management staff	3	3
Number of other staff	<u>1,511</u>	<u>635</u>
	<u>1,552</u>	<u>666</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016 £	2015 £
Wages and salaries	22,886,874	11,946,941
Social security costs	1,966,603	927,077
Other pension costs	360,626	177,216
	<u>25,214,103</u>	<u>13,051,234</u>

### 8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2016 £	2015 £
Remuneration	<u>473,313</u>	<u>432,912</u>

# PCT Healthcare (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 November 2016

### 8. Directors' remuneration *(continued)*

Remuneration of the highest paid director in respect of qualifying services:

	2016 £	2015 £
Aggregate remuneration	<u>165,902</u>	<u>151,467</u>

### 9. Other interest receivable and similar income

	2016 £	2015 £
Interest on cash and cash equivalents	15,989	11,417
Other interest receivable	<u>1,742</u>	<u>1,669</u>
	<u>17,731</u>	<u>13,086</u>

### 10. Interest payable and similar charges

	2016 £	2015 £
Interest on banks loans and overdrafts	1,546,387	491,692
Dividends paid on shares classed as debt	108,160	108,160
Other interest payable and similar charges	<u>6,195</u>	<u>1,118</u>
	<u>1,660,742</u>	<u>600,970</u>

### 11. Tax on (loss)/profit on ordinary activities

#### Major components of tax expense

	2016 £	2015 £
<b>Current tax:</b>		
UK current tax expense	2,092,356	1,547,596
Adjustments in respect of prior periods	(77,794)	–
Other adjustments	–	(30,775)
Total current tax	<u>2,014,562</u>	<u>1,516,821</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	<u>(103,243)</u>	<u>103,366</u>
Tax on (loss)/profit on ordinary activities	<u>1,911,319</u>	<u>1,620,187</u>

# PCT Healthcare (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 November 2016

### 11. Tax on (loss)/profit on ordinary activities *(continued)*

#### Reconciliation of tax expense

The tax assessed on the loss on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.33%).

	2016 £	2015 £
(Loss)/profit on ordinary activities before taxation	<u>(4,793,334)</u>	<u>5,511,531</u>
(Loss)/profit on ordinary activities by rate of tax	<u>(958,667)</u>	<u>1,120,494</u>
Adjustment to tax charge in respect of prior periods	<u>(77,794)</u>	<u>-</u>
Effect of expenses not deductible for tax purposes	<u>2,972,991</u>	<u>531,100</u>
Effect of capital allowances and depreciation	<u>(25,211)</u>	<u>9,637</u>
Other adjustments	<u>-</u>	<u>(41,044)</u>
Tax on (loss)/profit on ordinary activities	<u><u>1,911,319</u></u>	<u><u>1,620,187</u></u>

### 12. Loss for the year of the parent company

The loss for the financial year of the parent company was £1,444,728 (2015: £Nil).

### 13. Dividends

#### Dividends on shares classed as debt

	2016 £	2015 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year )	<u><u>108,160</u></u>	<u><u>108,160</u></u>

# PCT Healthcare (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 November 2016

### 14. Intangible assets

Group	Goodwill £	Patents, trademarks and licences £	Total £
<b>Cost</b>			
At 1 December 2015	41,926,887	–	<b>41,926,887</b>
Additions	100,000	–	<b>100,000</b>
Acquisitions through business combinations	51,454,757	15,000	<b>51,469,757</b>
Disposals of previously acquired businesses	(4,273,264)	–	<b>(4,273,264)</b>
<b>At 30 November 2016</b>	<b>89,208,380</b>	<b>15,000</b>	<b>89,223,380</b>
<b>Amortisation</b>			
At 1 December 2015	24,716,003	–	<b>24,716,003</b>
Charge for the year	6,696,632	–	<b>6,696,632</b>
<b>At 30 November 2016</b>	<b>31,412,635</b>	<b>–</b>	<b>31,412,635</b>
<b>Carrying amount</b>			
<b>At 30 November 2016</b>	<b>57,795,745</b>	<b>15,000</b>	<b>57,810,745</b>
At 30 November 2015	17,210,884	–	<b>17,210,884</b>

The company has no intangible assets.

During the year the company has acquired one un-incorporated business and two incorporated businesses for a total consideration of £62,670,178. The fair values of the identifiable net current liabilities acquired were £5,014,732 and tangible fixed assets £16,115,353 resulting in goodwill of £51,554,757 being recognised.

# PCT Healthcare (Holdings) Limited

## Notes to the Consolidated Financial Statements (continued)

Year ended 30 November 2016

### 15. Tangible assets

Group	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Other assets £	Total £
<b>Cost</b>					
At 1 December 2015	24,771,326	6,526,378	475,321	236,746	<b>32,009,771</b>
Additions	48,185	462,290	98,866	31,537	<b>640,878</b>
Disposals	—	—	(79,308)	—	<b>(79,308)</b>
Acquisitions through business combinations	12,451,461	3,186,649	37,615	439,628	<b>16,115,353</b>
Disposals through business combinations	(2,390,261)	(948,426)	(18,200)	—	<b>(3,356,887)</b>
<b>At 30 November 2016</b>	<b>34,880,711</b>	<b>9,226,891</b>	<b>514,294</b>	<b>707,911</b>	<b>45,329,807</b>
<b>Depreciation</b>					
At 1 December 2015	5,535,804	4,043,249	281,090	129,223	<b>9,989,366</b>
Charge for the year	456,848	990,317	80,436	67,345	<b>1,594,946</b>
Disposals	—	—	(66,074)	—	<b>(66,074)</b>
Disposals through business combinations	(998)	(648,460)	(16,499)	—	<b>(665,957)</b>
Impairment losses	629,964	—	—	—	<b>629,964</b>
<b>At 30 November 2016</b>	<b>6,621,618</b>	<b>4,385,106</b>	<b>278,953</b>	<b>196,568</b>	<b>11,482,245</b>
<b>Carrying amount</b>					
<b>At 30 November 2016</b>	<b>28,259,093</b>	<b>4,841,785</b>	<b>235,341</b>	<b>511,343</b>	<b>33,847,562</b>
At 30 November 2015	19,235,522	2,483,129	194,231	107,523	22,020,405

The company has no tangible assets.

Included within the above is investment property as follows:

	Group £	Company £
At 1 December 2015	<b>14,216,814</b>	—
Acquisitions through business combinations	<b>2,823,150</b>	—
Fair value adjustments	<b>(629,964)</b>	—
Disposals	<b>(1,100,000)</b>	—
<b>At 30 November 2016</b>	<b>15,310,000</b>	—

Investment properties have been written down to their market values based on valuations by W T Gunson Chartered Surveyors and Cushman and Wakefield as at 30 November 2016.



# PCT Healthcare (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 November 2016

### 16. Investments

Group	Other investments other than loans £
<b>Cost</b>	
At 1 Dec 2015 and 30 Nov 2016	<u>891,710</u>
<b>Impairment</b>	
At 1 Dec 2015 and 30 Nov 2016	<u>-</u>
<b>Carrying amount</b>	
At 1 Dec 2015 and 30 Nov 2016	<u>891,710</u>
<b>Company</b>	<b>Shares in group undertakings £</b>
<b>Cost</b>	
At 1 December 2015	17,801,000
Additions	65,438,159
Disposals	<u>(14,033,676)</u>
<b>At 30 November 2016</b>	<u>69,205,483</u>
<b>Impairment</b>	
Impairment losses	<u>3,162</u>
<b>At 30 November 2016</b>	<u>3,162</u>
<b>Carrying amount</b>	
<b>At 30 November 2016</b>	<u>69,202,321</u>
At 30 November 2015	<u>17,801,000</u>

### Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Country of incorporation	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>			
PCT Healthcare Ltd	England	Ordinary	100
P & A J Cattee (Wholesale) Ltd	England	Ordinary	100
PCT Healthcare (Properties) Ltd	England	Ordinary	100
Grasmere Leigh Ltd	England	Ordinary	100
W R Evans Healthcare Ltd	England	Ordinary	100
The Manor Drug Company (Nottingham) Ltd	England	Ordinary	100
Sawley Investments Ltd	England	Ordinary	100

# PCT Healthcare (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 November 2016

### 17. Stocks

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Finished goods and goods for resale	<u>15,210,898</u>	<u>9,173,663</u>	<u>—</u>	<u>—</u>

### 18. Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	15,367,622	6,555,391	—	—
Amounts owed by group undertakings	—	—	31,585,465	1,467,000
Deferred tax asset	—	68,029	—	—
Prepayments and accrued income	2,499,508	1,635,912	—	—
Other debtors	<u>1,152,738</u>	<u>783,719</u>	<u>—</u>	<u>—</u>
	<u>19,019,868</u>	<u>9,043,051</u>	<u>31,585,465</u>	<u>1,467,000</u>

### 19. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	6,000,000	2,774,352	6,000,000	—
Trade creditors	21,834,751	10,817,586	—	—
Amounts owed to group undertakings	—	—	1,000	1,000
Accruals and deferred income	892,247	516,855	140,002	—
Corporation tax	745,828	739,913	—	—
Social security and other taxes	554,198	289,433	—	—
Director loan accounts	18,986,312	13,644,184	—	—
Other loans	748,395	1,154,661	—	—
Other creditors	<u>68,975</u>	<u>1,622,499</u>	<u>—</u>	<u>—</u>
	<u>49,830,706</u>	<u>31,559,483</u>	<u>6,141,002</u>	<u>1,000</u>

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

### 20. Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	59,250,000	19,883,971	59,250,000	—
Shares classed as financial liabilities	<u>18,923,350</u>	<u>1,352,000</u>	<u>18,923,350</u>	<u>1,352,000</u>
	<u>78,173,350</u>	<u>21,235,971</u>	<u>78,173,350</u>	<u>1,352,000</u>

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

# PCT Healthcare (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

### Year ended 30 November 2016

The company has a bank loan with a term of 5 years from February 2016 with interest being payable at 2.15% above LIBOR.

#### 21. Provisions

Group	Deferred tax (note 22) £
At 1 December 2015	(68,029)
Additions	(103,243)
Transfers	304,886
<b>At 30 November 2016</b>	<b><u>133,614</u></b>

The company does not have any provisions.

#### 22. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Included in debtors (note 18)	–	68,029	–	–
Included in provisions (note 21)	(133,614)	–	–	–
	<b><u>(133,614)</u></b>	<b><u>68,029</u></b>	<b><u>–</u></b>	<b><u>–</u></b>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Accelerated capital allowances	<b><u>133,614</u></b>	<b><u>(68,029)</u></b>	<b><u>–</u></b>	<b><u>–</u></b>

#### 23. Employee benefits

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £360,626 (2015: £177,216).

# PCT Healthcare (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 November 2016

### 24. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
<b>Amounts presented in equity:</b>				
Ordinary A shares of £0.01 each	275,000	2,750	275,000	2,750
Ordinary B shares of £0.01 each	112,500	1,125	112,500	1,125
	<u>387,500</u>	<u>3,875</u>	<u>387,500</u>	<u>3,875</u>
<b>Amounts presented in liabilities:</b>				
Preference A shares of £1 each	1,352,000	1,352,000	1,352,000	1,352,000
Preference C shares of £1 each	17,571,350	17,571,350	—	—
	<u>18,923,350</u>	<u>18,923,350</u>	<u>1,352,000</u>	<u>1,352,000</u>

### Share movements

	No.	£
Preference C		
At 1 December 2015	—	—
Issue of shares	17,571,350	17,571,350
<b>At 30 November 2016</b>	<u>17,571,350</u>	<u>17,571,350</u>

The number of shares outstanding at the year end date for all other classes of shares is consistent with the prior year.

The Preference A shares have a right to a fixed cumulative preferential dividend at the rate of 8% per annum. They are non-voting and have no rights on winding up other than to be redeemed at par prior to any distribution to the ordinary shareholders.

The Preference C shares carry a fixed cumulative dividend (other than the payment of dividends in relation to the Preference A shares which shall have priority) at the rate of LIBOR plus 2.15% per annum on the capital for the time being paid up or credited as paid up. They are non-voting and have no rights on winding up other than to be redeemed at par prior to any distribution to the ordinary shareholders. No dividends have been voted during the year and no provision has been made for unpaid dividends.

### 25. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

# PCT Healthcare (Holdings) Limited

## Notes to the Consolidated Financial Statements *(continued)*

Year ended 30 November 2016

### 26. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Not later than 1 year	<b>1,737,321</b>	893,342	–	–
Later than 1 year and not later than 5 years	<b>6,286,335</b>	3,323,511	–	–
Later than 5 years	<b>9,487,763</b>	5,903,513	–	–
	<b><u>17,511,419</u></b>	<b><u>10,120,366</u></b>	<b><u>–</u></b>	<b><u>–</u></b>

### 27. Contingencies

The company is party to a intra group guarantee in respect of it's bank borrowings within the group.

### 28. Related party transactions

#### Company

The company is under the control of Mr P Cattee and members of his close family.

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

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Mr G A Tims	<b>3,652,193</b>	3,151,180
Mr P Cattee & Mrs A J Cattee	<b>15,334,119</b>	10,493,004
	<b><u>18,986,312</u></b>	<b><u>13,644,184</u></b>

The group occupied three properties owned by Mr P and Mrs A J Cattee and one property owned by the P & A J Cattee (Directors) Pension Scheme. Rent paid in respect of these properties amounted to £43,950 and £27,000, respectively (2015 £43,950 and £27,000).

During the year the company paid Preference A share dividends as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Mrs J A Tims	<b>52,000</b>	52,000
Mr P Cattee & Mrs A J Cattee	<b>56,160</b>	56,160
	<b><u>108,160</u></b>	<b><u>108,160</u></b>

### 29. Transition to FRS 102

These are the first consolidated financial statements that comply with FRS 102. The group and the company transitioned to FRS 102 on 1 December 2014.

# **PCT Healthcare (Holdings) Limited**

## **Notes to the Consolidated Financial Statements** *(continued)*

### **Year ended 30 November 2016**

No transitional adjustments were required in equity or profit or loss for the year.