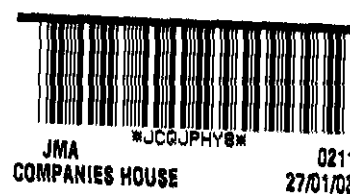


**Companion Care (Portsmouth) Limited (Formerly  
Broomco (2558) Limited**

**Directors' report and financial  
statements**

Registered number 4220621

28 March 2002



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## Directors' report

The directors present their annual report and the audited financial statements for the period ended 28 March 2002.

### Principal activities

The principal activity is the operation of the veterinary surgery at Burrfields Retail Park, Portsmouth.

### Business review

The company began trading on 20 July 2001 having purchased the practice from Companion Care (Services) Limited on 20 July 2001. The company was formed on 21 May 2001 by DLA Secretarial Services Limited, and changed its name on 14 June 2001.

### Directors and directors' interests

The directors shown below were appointed on 19 June 2001, and held office for the remainder of the period. Prior to this date the directors were DLA Secretarial Services Ltd.

J Balmain  
HML Cottle  
A Bielovich  
M Hobson

Jane Balmain and HML Cottle are non-executive directors and have been appointed to the board as representatives of Companion Care (Services) Ltd.

The directors who held office at the end of the financial period had the following beneficial interests in the ordinary shares of the company, according to the register of directors' interests:

|             | Class of share | Interest<br>at end of<br>period | Interest at<br>start of<br>period or date<br>of appointment |
|-------------|----------------|---------------------------------|-------------------------------------------------------------|
| A Bielovich | 'A' Ordinary   | 30                              | 30                                                          |
| M Hobson    | 'A' Ordinary   | 30                              | 30                                                          |

### Companion Care (Services) Limited

At the date of this report, Companion Care (Services) Ltd held 60 'B' Ordinary shares in the company.

Under the terms of the joint venture agreement date 20 July 2001 these shares are not entitled to any profits or dividends, or any surplus on winding up or disposal. B shareholders have a preferential right to management fees in return for services rendered.

### Political and charitable contributions

The company made no contributions during the year.

## **Directors' report** *(continued)*

### **Policy and practice on payment of creditors**

Payment of creditors is administered by a service company, Companion Care (Services) Ltd. All reasonable efforts are made by them to ensure that payments are made in accordance with agreed terms.

### **Going concern**

After making enquiries, the directors have a reasonable expectancy that the company, with its support from Companion Care (Services) Ltd, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in the financial statements.

### **Auditors**

KPMG were appointed auditors during the period. However, since their appointment, KPMG have indicated to the directors that their business has transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors, and KPMG LLP were appointed to fill the casual vacancy arising. A special resolution to re-appoint KPMG LLP as auditors is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**HML Cottle**  
*Director*

Epsom Avenue  
Stanley Green Trading Estate  
Handforth  
Cheshire  
SK9 3RN

## Statement of 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 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.



St James' Square  
Manchester  
M2 6DS  
United Kingdom

## **Independent auditors report to the members of Companion Care (Portsmouth) Limited (Formerly Broomco (2558) Limited)**

We have audited the financial statements on pages 5 to 15.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

### **Basis of audit 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 the company's affairs as at 28 March 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG LLP**  
Chartered Accountants  
Registered Auditors

22 January 2003

**Profit and loss account**  
*for the 10 month period ended 28 March 2002*

|                                                                         | <i>Note</i> | <b>2002<br/>£</b> |
|-------------------------------------------------------------------------|-------------|-------------------|
| <b>Turnover</b>                                                         | <i>1</i>    | <b>334,354</b>    |
| Cost of sales                                                           |             | <b>(87,419)</b>   |
| <b>Gross profit</b>                                                     |             | <b>246,935</b>    |
| Administrative expenses                                                 |             | <b>(189,439)</b>  |
| Other operating income                                                  |             | <b>-</b>          |
| <b>Operating profit</b>                                                 | <i>2</i>    | <b>57,496</b>     |
| Other interest receivable and similar income                            | <i>5</i>    | <b>130</b>        |
| Interest payable and similar charges                                    | <i>6</i>    | <b>(1,115)</b>    |
| Other finance costs                                                     |             | <b>-</b>          |
| <b>Profit on ordinary activities before tax</b>                         |             | <b>56,511</b>     |
| Tax on profit on ordinary activities                                    | <i>7</i>    | <b>(18,233)</b>   |
| <b>Profit on ordinary activities after tax for the financial period</b> |             | <b>38,278</b>     |
| Dividends on equity shares                                              |             | <b>-</b>          |
| <b>Retained profit for the financial period</b>                         |             | <b>38,278</b>     |

The company began trading on 20 July 2001, and as a consequence there are no comparative figures.

There is no difference between the result on ordinary activities before taxation and the retained profit for the period above, and their historical cost equivalents.

**Balance sheet**  
*at 28 March 2002*

|                                                                | <i>Note</i> | <b>2002</b><br>£ | <b>2002</b><br>£ |
|----------------------------------------------------------------|-------------|------------------|------------------|
| <b>Fixed assets</b>                                            |             |                  |                  |
| Intangible assets                                              | 8           |                  | 79,575           |
| Tangible assets                                                | 9           |                  | 54,393           |
|                                                                |             |                  | <hr/>            |
|                                                                |             |                  | 133,968          |
| <b>Current assets</b>                                          |             |                  |                  |
| Stocks                                                         | 10          | 14,087           |                  |
| Debtors                                                        | 11          | 5,034            |                  |
| Cash at bank and in hand                                       |             | 29,997           |                  |
|                                                                |             | <hr/>            |                  |
|                                                                |             | 49,118           |                  |
| <b>Creditors: amounts falling due within one year</b>          | 12          | (59,923)         |                  |
|                                                                |             | <hr/>            |                  |
| <b>Net current liabilities</b>                                 |             |                  | (10,805)         |
| <b>Creditors: amounts falling due after more than one year</b> | 13          |                  | (84,765)         |
|                                                                |             |                  | <hr/>            |
| <b>Net assets</b>                                              |             |                  | 38,398           |
|                                                                |             |                  | <hr/>            |
| <b>Capital and reserves</b>                                    |             |                  |                  |
| Share capital                                                  | 16          |                  | 120              |
| Profit and loss account                                        | 17          |                  | 38,278           |
|                                                                |             |                  | <hr/>            |
| <b>Shareholders' funds</b>                                     |             |                  |                  |
| Equity                                                         |             | 38,338           |                  |
| Non-equity                                                     |             | 60               |                  |
|                                                                |             | <hr/>            |                  |
|                                                                |             |                  | 38,398           |
|                                                                |             |                  | <hr/>            |

These financial statements were approved by the board of directors on 17 Jan 2003 and were signed on its behalf by:



**H M L Cottle**  
Director

**Reconciliation of movements in shareholders' funds**  
*for 10 month period ended 28 March 2002*

|                                                 | 2002<br>£     |
|-------------------------------------------------|---------------|
| <b>Profit for the financial period</b>          | <b>38,278</b> |
| New share capital subscribed                    | 120           |
| <b>Net increase in shareholders' funds</b>      | <b>38,398</b> |
| Opening shareholders' funds                     | -             |
| <b>Closing shareholders' funds – net assets</b> | <b>38,398</b> |

## 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.

#### *Basis of preparation*

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

The financial statements have been prepared under the going concern basis notwithstanding the deficiency of net assets. Companion Care (Services) Limited has confirmed that it will provide support for at least 12 months following the approval of these financial statements. If the company were unable to continue to trade, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, and to provide for any further liabilities that may arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

#### *Goodwill and negative goodwill*

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

|                        |   |               |
|------------------------|---|---------------|
| Leasehold buildings    | - | life of lease |
| Plant and equipment    | - | 4 years       |
| Motor vehicles         | - | 5 years       |
| Computer equipment     | - | 3 years       |
| Fixtures and equipment | - | 7 years       |

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used.

#### *Taxation*

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to clients.

## Notes (continued)

### 2 Profit on ordinary activities before taxation

|                                                                               | 2002<br>£   |
|-------------------------------------------------------------------------------|-------------|
| <i>Profit on ordinary activities before taxation is stated after charging</i> |             |
| Auditors' remuneration:                                                       |             |
| Audit                                                                         | 500         |
| Other services - fees paid to the auditor and its associates                  | 600         |
| Depreciation and other amounts written off tangible fixed assets:             |             |
| Owned                                                                         | 2,269       |
| Leased                                                                        | 4,212       |
| Amortisation of goodwill                                                      | 5,919       |
| Hire of plant and machinery - rentals payable under operating leases          | -           |
| Hire of other assets - operating leases                                       | -           |
|                                                                               | <hr/> <hr/> |

### 3 Remuneration of directors

Total emoluments received by directors in respect of services to the company amounted to £48,866. No payments were made to the directors in respect of a long term incentive scheme. No contributions were made by the company in respect of pension schemes contributions.

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

|                          | Number of employees<br>2002 |
|--------------------------|-----------------------------|
| Management               | 2                           |
| Sales and administration | 4                           |
|                          | <hr/> <hr/> 6               |

The aggregate payroll costs of these persons were as follows:

|                       | 2002<br>£          |
|-----------------------|--------------------|
| Wages and salaries    | 80,833             |
| Social security costs | 9,538              |
| Other pension costs   | 465                |
|                       | <hr/> <hr/> 90,836 |

**Notes (continued)**

**5 Interest receivable and similar income**

|                  | 2002<br>£  |
|------------------|------------|
| On bank deposits | 130        |
|                  | <u>130</u> |

**6 Interest payable and similar charges**

|                              | 2002<br>£    |
|------------------------------|--------------|
| On bank loans and overdrafts | 1,115        |
|                              | <u>1,115</u> |

**7 Taxation**

*Analysis of charge in period*

|                                                     | 2002<br>£     |
|-----------------------------------------------------|---------------|
| Current UK corporation tax on income for the period | 18,233        |
| Deferred taxation                                   | -             |
|                                                     | <u>18,233</u> |
| Tax on profit on ordinary activities                | <u>18,233</u> |

*Factors affecting the tax charge for the current period*

The current tax charge for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below.

|                                                                    | 2002<br>£     |
|--------------------------------------------------------------------|---------------|
| <i>Current tax reconciliation</i>                                  |               |
| Profit on ordinary activities before tax                           | 56,511        |
|                                                                    | <u>56,511</u> |
| Current tax at 30%                                                 | 16,953        |
| <i>Effects of:</i>                                                 |               |
| Utilisation of tax losses                                          | -             |
| Difference between depreciation and accelerated capital allowances | (496)         |
| Expenses not deductible for taxation purposes                      | 1,776         |
|                                                                    | <u>1,280</u>  |
| Total current tax charge (see above)                               | <u>18,233</u> |

## Notes (continued)

### 8 Intangible fixed assets

|                             | Goodwill<br>£ |
|-----------------------------|---------------|
| <i>Cost</i>                 |               |
| Additions during the period | 85,494        |
|                             | <hr/>         |
| At end of period            | 85,494        |
|                             | <hr/>         |
| <i>Amortisation</i>         |               |
| Charged in period           | 5,919         |
|                             | <hr/>         |
| At end of period            | 5,919         |
|                             | <hr/>         |
| <i>Net book value</i>       |               |
| At 28 March 2002            | 79,575        |
|                             | <hr/>         |

The goodwill acquired relates to the acquisition of the veterinary surgery from Companion Care (Services) Limited in Portsmouth. The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. The goodwill arising on the acquisition of the Portsmouth surgery is being amortised over 10 years, being the directors assessment of the useful economic life of the goodwill acquired.

### 9 Tangible fixed assets

|                        | Plant and<br>Machinery<br>£ |
|------------------------|-----------------------------|
| <i>Cost</i>            |                             |
| At beginning of period | -                           |
| Additions              | 60,874                      |
| Disposals              | -                           |
|                        | <hr/>                       |
| At end of period       | 60,874                      |
|                        | <hr/>                       |
| <i>Depreciation</i>    |                             |
| At beginning of period | -                           |
| Charge for period      | 6,481                       |
| On disposals           | -                           |
|                        | <hr/>                       |
| At end of period       | 6,481                       |
|                        | <hr/>                       |
| <i>Net book value</i>  |                             |
| At 28 March 2002       | 54,393                      |
|                        | <hr/>                       |

Included in the total net book value of plant and machinery is £35,788 in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the period on these assets was £4,212.

**Notes** *(continued)*

**10 Stocks**

|                               | 2002<br>£     |
|-------------------------------|---------------|
| Raw materials and consumables | 14,087        |
|                               | <u>14,087</u> |

**11 Debtors**

|                                | 2002<br>£    |
|--------------------------------|--------------|
| Trade debtors                  | -            |
| Other debtors                  | 5,034        |
| Prepayments and accrued income | -            |
|                                | <u>5,034</u> |

**12 Creditors: amounts falling due within one year**

|                                                                                   | 2002<br>£     |
|-----------------------------------------------------------------------------------|---------------|
| Bank loans and overdrafts <i>(see note 14)</i>                                    | 520           |
| Obligations under finance leases and hire purchase contracts <i>(see note 15)</i> | 9,700         |
| Trade creditors                                                                   | -             |
| Taxation and social security                                                      | 30,485        |
| Other creditors                                                                   | 18,118        |
| Accruals                                                                          | 1,100         |
|                                                                                   | <u>59,923</u> |

**13 Creditors: amounts falling due after more than one year**

|                                                       | 2002<br>£     |
|-------------------------------------------------------|---------------|
| Bank loans and overdrafts <i>(see note 14)</i>        | -             |
| Loans from directors                                  | 30,000        |
| Loans from Companion Care (Services) Limited          | 30,000        |
| Obligations under finance leases <i>(see note 15)</i> | 24,765        |
|                                                       | <u>84,765</u> |

## Notes (continued)

### 14 Loans

|                                                | 2002<br>£ |
|------------------------------------------------|-----------|
| Analysis of bank loan and overdraft repayments |           |
| Due in less than one year, or on demand        | 520       |
| Due in 1-2 years                               | -         |
| Due in 2-5 years                               | -         |
|                                                | <hr/>     |
|                                                | 520       |
|                                                | <hr/>     |

Loans due to the Directors and Companion Care (Services) Limited are repayable out of retained profits and available cash balances.

### 15 Obligations under finance leases

The maturity of obligations under finance leases and hire purchase obligations is as follows:

|                              | 2002<br>£ |
|------------------------------|-----------|
| Within 1 year                | 9,700     |
| In the second to fifth years | 24,765    |
|                              | <hr/>     |
|                              | 34,465    |
|                              | <hr/>     |

### 16 Called up share capital

|                                            | 2002<br>£ |
|--------------------------------------------|-----------|
| <i>Authorised</i>                          |           |
| Equity: 'A' Ordinary shares of £1 each     | 500       |
| Non-equity: 'B' Ordinary shares of £1 each | 500       |
|                                            | <hr/>     |
|                                            | 1,000     |
|                                            | <hr/>     |
| <i>Allotted, called up and fully paid</i>  |           |
| Equity: 'A' Ordinary shares of £1 each     | 60        |
| Non-equity: 'B' Ordinary shares of £1 each | 60        |
|                                            | <hr/>     |
|                                            | 120       |
|                                            | <hr/>     |

The 'B' ordinary shares do not carry any right to participate in dividends or other distribution of profit. The right to participate in a surplus on a winding up is limited to the amount of debt due to Companion Care (Services) Limited. The B shareholders are entitled to vote in meetings and appoint Directors to the Board.

**Notes** (continued)

**17 Profit and loss account reserves**

|                                | Profit<br>and loss<br>account<br>£ |
|--------------------------------|------------------------------------|
| At beginning of period         | -                                  |
| Retained profit for the period | 38,278                             |
|                                | <hr/>                              |
| At end of period               | 38,278                             |
|                                | <hr/>                              |

**18 Commitments**

- a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

|            | 2002<br>£ |
|------------|-----------|
| Contracted | -         |
|            | <hr/>     |

- (b) Annual commitments under non-cancellable finance leases are as follows:

|                                        | 2002<br>Land and<br>buildings<br>£ | Other<br>£ |
|----------------------------------------|------------------------------------|------------|
| Finance leases which are repayable     |                                    |            |
| Within one year                        | -                                  | -          |
| In the second to fifth years inclusive | -                                  | -          |
| Over five years                        | -                                  | -          |
|                                        | <hr/>                              | <hr/>      |
|                                        | -                                  | -          |
|                                        | <hr/>                              | <hr/>      |

## Notes (continued)

### 19 Related party transactions

Companion Care (Services) Limited and Pets at Home Limited, its parent company, are considered to be related parties by virtue of the ownership of the 'B' ordinary shares. No rights to participate in the company's profits or dividends accrue to 'B' shareholders, although they are entitled to appoint directors to the board and carry the same voting rights as 'A' shareholders.

The transactions entered into during the period, and the balances outstanding at the end of the period are as follows:

#### *Transactions*

|                                |   |          |
|--------------------------------|---|----------|
| ■ Purchase of trade and assets | - | £146,113 |
| ■ Management services fees     | - | £39,541  |
| ■ Rent                         | - | £11,871  |

#### *Balances*

|                                                                |   |         |
|----------------------------------------------------------------|---|---------|
| ■ Amounts due to Companion Care (Service) Ltd at 28 March 2002 | - | £59,431 |
|----------------------------------------------------------------|---|---------|