

**National Veterinary Services Limited**

**Directors' report and financial  
statements**

**Registered number 339801**

**For the year ended 30 June 2006**

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## Directors' report

The directors present their report and the audited financial statements for the year ended 30 June 2006.

### Principal activity and business review

The company did not trade during the year

### Results and dividends

The results for the year are set out on page 5 The directors do not recommend the payment of a final dividend (2005 £Nil)

### Directors and directors' interests

The directors who served during the year were as follows

SD Evans  
ID Page  
ETW Torr  
BJ Burston  
MD Roach (resigned 30 June 2006)

None of the directors had any interest in the share capital of the company during the year

At the year end, Mr BJ Burston held 15,500 shares in Dechra Pharmaceuticals PLC, the ultimate parent company

Mr BJ Burston also had the following share options in Dechra Pharmaceuticals PLC, under an unapproved share option scheme

BJ Burston outstanding options

Exercise dates	Expiry date	Number	Exercise price
2003	2010	55,000	120p
2005	2012	10,000	153 5p
2006	2013	5,000	58 5p
		<hr/> 70,000 <hr/>	

During the year, BJ Burston exercised options over 15,000 ordinary shares at an exercise price of 120p per share

The other directors were all directors of Dechra Pharmaceuticals PLC, the ultimate holding company, and their interests in the shares of group undertakings are disclosed in the financial statements of that company

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

## Directors' report *(continued)*

### Auditors

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

By order of the board



SP Whitehouse  
*Secretary*

Unit 4  
Jamage Industrial Estate  
Talke Pits  
Stoke-on-Trent  
ST7 1XW

29 March 2007

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

Under applicable law the directors are also responsible for preparing a directors' report that complies with that law.



2 Cornwall Street  
Birmingham  
B3 2DL

## **Independent auditors' report to the members of National Veterinary Services Limited**

We have audited the financial statements of National Veterinary Services Limited for the year ended 30 June 2006 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters 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 auditors***

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

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

### ***Basis of audit opinion***

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

29 March 2007

**Profit and loss account**  
*for the year ended 30 June 2006*

	<i>Note</i>	<b>2006 £000</b>	<b>2005 £000</b>
Net interest receivable	2	13	13
<b>Profit on ordinary activities before taxation</b>		<b>13</b>	<b>13</b>
Tax on profit on ordinary activities	3	(3)	(2)
<b>Profit on ordinary activities after taxation and retained profit for the financial year</b>		<b>10</b>	<b>11</b>

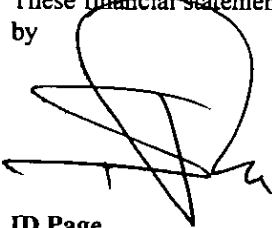
A statement of movements on reserves is given in note 7 to the financial statements

There were no recognised gains and losses other than those shown above

**Balance sheet**  
*at 30 June 2006*

	<i>Note</i>	2006 £000	2005 £000
<b>Current assets</b>			
Debtors	4	2,362	2,349
<b>Creditors: amounts falling due within one year</b>	5	(9)	(6)
<b>Net current assets</b>		<u>2,353</u>	<u>2,343</u>
<b>Total assets less current liabilities being net assets</b>		<u>2,353</u>	<u>2,343</u>
<b>Capital and reserves</b>			
Called up share capital	6	1,665	1,665
Profit and loss account	7	688	678
<b>Total shareholders' funds</b>		<u>2,353</u>	<u>2,343</u>

These financial statements were approved by the board of directors on 29 March 2007 and were signed on its behalf by



**ID Page**  
*Director*



**Reconciliation of movements in shareholders' funds**  
*for the year ended 30 June 2006*

	2006 £000	2005 £000
Profit for the financial year	10	11
Net movement in shareholders' funds	10	11
Shareholders' funds at start of year	2,343	2,332
Shareholders' funds at end of year	2,353	2,343

## 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 under the historical cost convention and in accordance with applicable accounting standards

#### *Cash flow statement*

The company is exempt from the requirement of Financial Reporting Standard No 1 (revised) to prepare a cash flow statement as 100% of the voting rights of the company's shares are controlled by Dechra Pharmaceuticals PLC. The consolidated financial statements of Dechra Pharmaceuticals PLC, which include the company, are publicly available

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred (or accelerated) because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse and is provided in respect of all timing differences which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19 "Deferred Tax"

#### *Related parties*

By virtue of the company being a wholly owned subsidiary included in the consolidated financial statements of a larger EU group, the company is exempt under Financial Reporting Standard 8 from disclosing transactions or balances with entities which are part of the group that qualify as related parties

### 2 Net interest receivable

	2006 £000	2005 £000
Receivable from group undertakings	13	13

### 3 Tax on profit on ordinary activities

#### *Tax charge for the year*

	2006 £000	2005 £000
<i>UK corporation tax</i>		
Current taxation	4	4
Adjustments in respect of prior periods	(1)	(2)
Total tax charge for the year	3	2

## Notes (continued)

### 3 Tax on profit on ordinary activities (continued)

#### Factors affecting the tax charge for the current period

The current tax charge is lower (2005 lower) than the standard rate of corporation tax in the UK of 30% (2005 30%). The differences are explained below

	2006 £000	2005 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	13	13
Current tax charge at 30% (2005 30%)	4	4
Adjustments to tax charge in respect of previous periods	(1)	(2)
Total current tax charge (see above)	3	2

### 4 Debtors

	2006 £000	2005 £000
Amounts owed by group undertakings	2,362	2,349

### 5 Creditors' amounts falling due within one year

	2006 £000	2005 £000
Amounts owed to group undertakings	5	2
Corporation tax	4	4
	9	6

**Notes (continued)**

**6 Called up share capital**

	2006 £000	2005 £000
<i>Authorised, allotted, called up and fully paid:</i>		
1,515,000 ordinary shares of £1 each	1,515	1,515
150,000 fixed rate preference shares of £1 each	150	150
	<hr/> 1,665	<hr/> 1,665
	<hr/> <hr/>	<hr/> <hr/>

In the event of a dividend being declared the fixed rate preference shares are entitled to a non cumulative dividend of 5% of the paid up amount. The fixed rate preference shares carry all of the voting rights at general meetings of the company.

**7 Reserves**

	Profit and loss account £000
At 1 July 2005	678
Retained profit for the year	10
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<b>At 30 June 2006</b>	<b>688</b>
	<hr/> <hr/>

**8 Contingent liabilities**

The company guarantees the borrowings of certain other group companies which at 30 June 2006 amounted to £17,095,000 (2005 £18,410,000)

**9 Ultimate holding company**

The ultimate holding company at the year end is Dechra Pharmaceuticals PLC, which is registered in England and Wales. The results of the company for the year are included within the group financial statements of Dechra Pharmaceuticals PLC but are not included within any other group financial statements.

Copies of the group financial statements of Dechra Pharmaceuticals PLC may be obtained from Dechra House, Jamage Industrial Estate, Talke Pits, Stoke-on-Trent, ST7 1XW.