

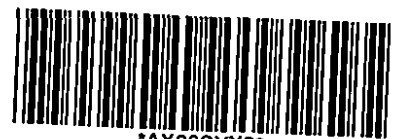
National Veterinary Services Limited

**Directors' report and financial
statements**

Registered number 339801

For the year ended 30 June 2007

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Directors' report

The directors present their report and the audited financial statements for the year ended 30 June 2007

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 4. The directors do not recommend the payment of a dividend (2006 £Nil)

Directors

The directors who served during the year were as follows

SD Evans

ID Page

ETW Torr

BJ Burston (resigned 25 October 2006)


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

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



Z Bamford
Secretary

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

7 April 2008

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 and applicable law (UK Generally Accepted Accounting Practice)

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



2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the member of National Veterinary Services Limited

We have audited the financial statements of National Veterinary Services Limited for the year ended 30 June 2007 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholder's 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 2.

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 whether, in our opinion, the information given in the Directors' report is consistent with the financial statements. In addition we report to you if, in our opinion, 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 2007 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

7 April 2008

Profit and loss account
for the year ended 30 June 2007

	<i>Note</i>	2007 £000	2006 £000
Interest receivable and similar income	2	13	13
Profit on ordinary activities before taxation		13	13
Tax on profit on ordinary activities	3	-	(3)
Profit on ordinary activities after taxation and retained profit for the financial year	7	13	10

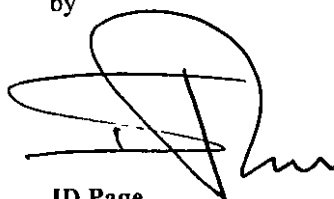
A statement of movements in reserves is given in note 7 to the financial statements

There were no recognised gains and losses in either the current or preceding year other than the retained profit for these periods

Balance sheet
at 30 June 2007

	<i>Note</i>	2007 £000	2006 £000
Current assets			
Debtors	4	2,375	2,362
Creditors amounts falling due within one year	5	(9)	(9)
Net current assets		<u>2,366</u>	<u>2,353</u>
Total assets less current liabilities being net assets		<u>2,366</u>	<u>2,353</u>
Capital and reserves			
Called up share capital	6	1,665	1,665
Profit and loss account	7	701	688
Total shareholder's funds		<u>2,366</u>	<u>2,353</u>

These financial statements were approved by the board of directors on 7 April 2008 and were signed on its behalf by



ID Page
Director

Reconciliation of movements in shareholder's funds
for the year ended 30 June 2007

	2007 £000	2006 £000
Profit for the financial year	13	10
Net movement in shareholder's funds	13	10
Shareholder's funds at start of year	2,353	2,343
Shareholder's funds at end of year	2,366	2,353

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 Interest receivable and similar income

	2007 £000	2006 £000
Interest receivable from group undertakings	13	13

3 Tax on profit on ordinary activities

Tax charge for the year

	2007 £000	2006 £000
<i>UK corporation tax</i>		
Current taxation	2	4
Adjustments in respect of prior periods	(2)	(1)
Total tax charge for the year	-	3

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 (2006 lower) than the standard rate of corporation tax in the UK of 30% (2006 30%). The differences are explained below

	2007 £000	2006 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	13	13
	<hr/>	<hr/>
Current tax charge at 30% (2006 30%)	4	4
Reduction to small company rate	(2)	-
Adjustments to tax charge in respect of previous periods	(2)	(1)
	<hr/>	<hr/>
Total current tax charge (see above)	-	3
	<hr/>	<hr/>

4 Debtors

	2007 £000	2006 £000
Amounts owed by group undertakings	2,375	2,362
	<hr/>	<hr/>

5 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Amounts owed to group undertakings	7	5
Corporation tax	2	4
	<hr/>	<hr/>
	9	9
	<hr/>	<hr/>

6 Called up share capital

	2007 £000	2006 £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/>	<hr/>
	1,665	1,665
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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.

Notes (continued)

7 Reserves

	Profit and loss account £000
At 1 July 2006	688
Retained profit for the year	13
	<hr/>
At 30 June 2007	701
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8 Contingent liabilities

The company guarantees the borrowings of certain other group companies which at 30 June 2007 amounted to £20,310,000 (2006 £17,095,000)

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.