

Dales Pharmaceuticals Limited

**Directors' report and financial
statements**

Registered number 474958

For the year ended 30 June 2008

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Directors' report

The directors present their report and the audited financial statements for the year ended 30 June 2008.

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 (2007: £Nil).

Directors

The directors who held office during the year were as follows:

MD Annice
ETW Torr
SD Evans
ID Page

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' and officers' liability

The company maintains an appropriate level of directors' and officers' insurance whereby directors are indemnified against liabilities to third parties to the extent permitted by the Companies Act. The directors also benefitted from qualifying third party indemnity provisions in place during the financial year and at the date of this report. A copy of the indemnity provisions will be available for inspection at the annual general meeting.

Auditors

A resolution for the re-appointment of KPMG Audit Plc as auditors of the company was agreed at the annual general meeting, held on 7 November 2008.

By order of the board



Z Bamford
Secretary

Dechra House
Jamage Industrial Estate
Talke Pits
Stoke-on-Trent
ST7 1XW

14 January 2009

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 members of Dales Pharmaceuticals Limited

We have audited the financial statements of Dales Pharmaceuticals Limited for the year ended 30 June 2008 which comprise the profit and loss account, the balance sheet 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 member 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 member 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 2008 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

14 January 2009

Profit and loss account
for the year ended 30 June 2008

	<i>Note</i>	2008 £000	2007 £000
Interest receivable and similar income	3	3	3
Profit on ordinary activities before taxation		3	3
Tax on profit on ordinary activities	4	(1)	(1)
Profit on ordinary activities after taxation and profit for the financial year	8	2	2

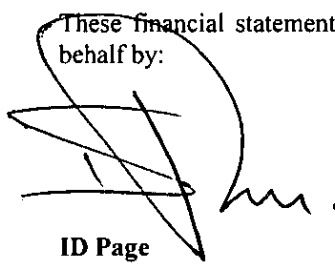
A statement of movements in reserves is given in note 8 to the financial statements.

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

Balance sheet
at 30 June 2008

	<i>Note</i>	2008	2007
		£000	£000
Current assets			
Debtors	5	5,497	5,494
Creditors: amounts falling due within one year	6	(5)	(4)
Net current assets		5,492	5,490
Total assets less current liabilities and net assets		5,492	5,490
Capital and reserves			
Called up share capital	7	315	315
Profit and loss account	8	5,177	5,175
Total shareholder's funds	9	5,492	5,490

These financial statements were approved by the board of directors on 14 January 2009 and were signed on its behalf by:


ID Page
 Director

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 Profit on ordinary activities before taxation

No directors received any emoluments in respect of services as a director during the current or proceeding financial year.

Auditors' remuneration has been borne by the ultimate parent undertaking in both periods.

3 Interest receivable and similar income

	2008 £000	2007 £000
Interest receivable from group undertakings	3	3

4 Tax on profit on ordinary activities

Tax charge for year

	2008 £000	2007 £000
UK corporation tax		
Current taxation and total tax charge for the year	1	1

Factors affecting the tax charge for the current period

The current tax charge is equal to (2007: equal to) the standard rate of corporation tax in the UK of 28% (2007: 30%).

Notes (continued)

5 Debtors

	2008 £000	2007 £000
Amounts owed by group undertakings	5,497	5,494

6 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Amounts owed to group undertakings	4	3
Corporation tax	1	1
	<u>5</u>	<u>4</u>

7 Called up share capital

	2008 £000	2007 £000
<i>Authorised:</i>		
500,000 ordinary shares of £1 each	500	500
15,000 fixed rate preference shares of £1 each	15	15
	<u>515</u>	<u>515</u>
<i>Allotted, called up, and fully paid:</i>		
300,000 ordinary shares of £1 each	300	300
15,000 fixed rate preference shares of £1 each	15	15
	<u>315</u>	<u>315</u>

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. On a winding up, the preference shareholders are entitled to the amounts credited as paid up.

8 Reserves

	Profit and loss account £000
At 1 July 2007	5,175
Profit for the financial year	2
	<u>5,177</u>
At 30 June 2008	

Notes (continued)

9 Reconciliation of movements in shareholder's funds

	2008 £000	2007 £000
Retained profit for the financial year	2	2
Net movement in shareholder's funds	2	2
Opening shareholder's funds	5,490	5,488
Closing shareholder's funds	5,492	5,490

10 Contingent liabilities

The company guarantees the borrowings of certain other group companies which at 30 June 2008 amounted to £60,451,000 (2007: £20,310,000).

11 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.