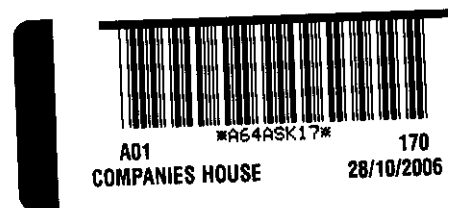


PDSA PetAid Enterprises Limited  
Report and Financial Statements  
Year Ended 31 December 2005



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## **Officers and professional advisers**

### **Directors**

M. Rydström  
J. McLoughlin  
K. Young (Resigned 31 December 2005)  
J. Coats (Appointed 15 April 2005, Resigned 9 December 2005)  
K.L.M. Clemmey (Appointed 1 February 2006)

### **Secretary**

R.L. Whiting (Resigned 15 April 2005)  
J. Coats (Appointed 15 April 2005, Resigned 9 December 2005)  
R. Eaton (Appointed 19 December 2005)

### **Registered Office**

Whitechapel Way  
Priorslee  
Telford  
Shropshire  
TF2 9PQ

### **Bankers**

Lloyds TSB Corporate  
PO Box 908  
125 Colmore Row  
Birmingham  
B3 2DS

### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

## Principal activity and review of the business

The company's principal activities are the provision of facilities and equipment, management, training, advisory and marketing services to the commercial veterinary profession, together with building contracting on behalf of The People's Dispensary for Sick Animals.

During the year the company commenced the building of a PetAid Hospital at Witton. This site should be transferred to The People's Dispensary for Sick Animals in 2006. The value of the work done in the year is reflected in turnover as revenue on long term contracts. Middlesbrough PetAid Hospital was completed in 2005 and transferred to The People's Dispensary for Sick Animals.

The company commenced a new activity in 2005, Preventive Veterinary Services, on a trial basis.

## Results and dividends

The directors report a net profit for the financial year of £Nil (2004 - £Nil) after payment under a charitable deed of covenant, under the Gift Aid scheme, to PDSA of £119,643 (2004 - £56,604).

## Future prospects

The directors are optimistic about the long-term prospects for continued growth to support the parent charity.

## Directors and their interests

The directors during the year, together with their interests in the issued ordinary share capital, were as follows:

	2005	2004
M. Rydström	-	-
J. McLoughlin	-	-
K. Young (Resigned 31 December 2005)	-	-
J. Coats (Appointed 15 April 2005, Resigned 9 December 2005)	-	-

## Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office, as auditors, and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board on 20/10/06

  
Marilyn Ryeström  
Director

## Statement of directors' responsibilities

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to:

- state whether suitable accounting standards have been followed
- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- 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 are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent Auditors' Report To The Members Of PetAid Enterprises Limited**

We have audited the financial statements of PDSA PetAid Enterprises Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. 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 auditors' 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 annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant financial reporting framework, 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 the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985

*Deloitte & Touche LLP*

Deloitte & Touche LLP

*Chartered Accountants and Registered Auditors  
London*

*27 October 2006*



Profit and loss account  
For the year ended 31 December

	Note	2005 £	2004 £
Turnover	2	1,127,511	466,448
Cost of sales		(969,907)	(373,136)
Gross Profit		157,604	93,312
Administrative expenses		(41,248)	(38,230)
Operating profit	3	116,356	55,082
Interest receivable and similar income	4	3,287	1,522
Profit on ordinary activities before gift aid		119,643	56,604
Covenanted to charity under gift aid		(119,643)	(56,604)
Retained for the financial year		-	-
At 1 January		-	-
At 31 December		-	-

There are no recognised gains and losses other than the results for the financial years. Accordingly, no statement of total recognised gains and losses is given.

All amounts relate to continuing activities.


Balance sheet  
At 31 December

	Note	2005 £	2004 £
<b>Current Assets</b>			
Stock and work in progress	8	38,895	-
Debtors: amounts falling due within one year	9	303,003	455,119
amounts falling due after more than one year	9	3,932	17,495
Cash at Bank		32,604	18,789
		378,434	491,403
Creditors – amounts falling due within one year	10	(378,433)	(491,402)
<b>Net assets</b>		<b>1</b>	<b>1</b>
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Profit and loss account		-	-
<b>Equity shareholders' funds</b>	12	<b>1</b>	<b>1</b>

These financial statements were approved by the Board of Directors on

20/10/06

Signed on behalf of the Board of Directors

  
Marilyn Rydström  
Director

## **Notes to the financial statements**

### **1. Accounting policies**

The financial statements are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below.

#### **Basis of accounting**

The financial statements are prepared under the historical cost convention.

#### **Turnover**

Turnover represents amounts receivable for goods and services net of VAT. Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract.

#### **Long term contracts**

Amounts recoverable on long term contracts which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

#### **Stock and work in progress**

Stock and work in progress are stated at the lower of cost and net realisable value. Cost represents direct materials and labour.

#### **Finance leases**

The minimum lease payments receivable from finance leases, less appropriate future income arising from finance charges are included in net investment in finance leases. Income from finance leases is credited to the profit and loss using methods which produce an approximate constant rate of return on net cash investment.

#### **Operating leases**

Operating lease rentals receivable are credited to the profit and loss as earned and operating lease rentals payable are charged to the profit and loss as incurred.

#### **Taxation**

The company is not subject to corporation tax as all of its taxable profits are covenanted under the Gift Aid Scheme to the charitable parent entity.

## 2. Turnover

	2005	2004
	£	£
Revenue on long term contracts	777,521	384,628
Preventive Service Sales	239,966	-
Sale of goods under finance lease	17,027	9,634
Finance lease interest	1,327	3,581
Operating lease rentals receivable	9,656	17,979
Other sales	82,014	50,626
	<u>1,127,511</u>	<u>466,448</u>

## 3. Operating profit

Operating profit is stated after charging:

	2005	2004
	£	£
Auditors' remuneration – audit fees	2,400	2,000
Operating lease payments – other	4,337	7,273

## 4. Interest receivable and similar income

	2005	2004
	£	£
Bank interest	<u>3,287</u>	<u>1,522</u>

## 5. Employees

There are no staff employed by PDSA PetAid Enterprises Limited. Any staff costs are recharged from The People's Dispensary for Sick Animals.

## 6. Directors

The directors of the company are employed by The People's Dispensary for Sick Animals. No directors received any remuneration for their services as directors of the company.

## 7. Assets subject to operating lease

Assets of gross amount £17,270 (2004 £52,192), accumulated depreciation £4,279 (2004 £37,951) held by The People's Dispensary for Sick Animals are subject to an operating lease to PDSA PetAid Enterprises Limited, aggregate rentals payable in the accounting period to The People's Dispensary for Sick Animals £4,337 (2004 £7,273)

Aggregate rentals receivable by PDSA PetAid Enterprises Limited in the accounting period £9,656 (2004 £17,979).

## 8. Stock and work in progress

	2005	2004
	£	£
Stock	37,040	-
Work in Progress	1,855	-
	<u>38,895</u>	<u>-</u>

## 9. Debtors

	2005	2004
	£	£
Amounts recoverable on long term contracts	262,323	384,628
Trade debtors	36,948	62,787
Net investment in finance lease: due within one year	3,732	7,704
	<u>303,003</u>	<u>455,119</u>
Net investment in finance lease: due after more than one year	3,932	17,495
	<u>306,935</u>	<u>472,614</u>

Net investment in finance leases £7,664 (2004 £25,199), cost of assets acquired for letting under finance lease £17,755 (2004 £38,815) and the aggregate rentals receivable in the year £9,943 (2004 £20,525).

## 10. Creditors

	2005	2004
	£	£
Trade creditors	97,192	2,000
Amounts due to parent	23,421	439,143
Amount due to other subsidiary undertaking	257,820	50,259
	<u>378,433</u>	<u>491,402</u>

## 11. Share capital

	2005 £	2004 £
Authorised		
100 Ordinary shares of £1 each	100	100
<hr/>		
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	1	1
<hr/>		

## 12. Reconciliation of movement in shareholders' funds

	2005 £	2004 £
Profit attributable to the members of the company	-	-
Opening shareholders' funds	1	1
Closing shareholders' funds	1	1
<hr/>		

## 13. Parent undertaking and controlling party

The directors regard the People's Dispensary for Sick Animals, which is a registered charity, as the company's immediate parent undertaking and ultimate controlling party. Group financial statements are available from The People's Dispensary for Sick Animals, Whitechapel Way, Priorslee, Telford, Shropshire, TF2 9PQ.

## 14. Cashflow Statement

The company has taken advantage of the exemption conferred by FRS1 not to prepare a cashflow statement on the grounds that a cashflow statement is included in the published financial statements of the parent undertaking.

## 15. Operating lease commitments

	2005	2004
	£	£
Operating lease charges	4,337	7,273

Annual commitments not provided for in these financial statements under non-cancellable operating leases for computer equipment are as follows:

	2005	2004
Leases which expire:		
Within one year	-	-
Within two to five years	3,358	7,273
After five years	-	-
	3,358	7,273

## 16. Related party transactions

The company has taken advantage of the exemption conferred by FRS8 not to disclose related party transactions due to being a 100% owned subsidiary, and the parent's financial statements being published.