

PDSA PetAid Enterprises Limited

Report and Financial Statements

Year Ended 31 December 2006



Company Registration No 4374375

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Officers and professional advisers

Directors

M Rydstrom
J McLoughlin
K L M Clemmey

Secretary

R Eaton

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 2006

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

Principal activity and review of the business

The company's principal activities are undertaking the building of PetAid hospitals on behalf of The People's Dispensary for Sick Animals and the provision of preventive veterinary services

During the year the company completed the building of a PetAid Hospital at Witton. This site was 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

As a result of a successful trial, the company began a programme to provide preventive veterinary services at all of PDSA's PetAid hospitals. At the end of 2006, 33 of 47 hospitals were providing these services

Results and dividends

The directors report a net profit for the financial year of £Nil (2005 - £Nil) after payment under a charitable deed of covenant, under the Gift Aid scheme, to PDSA of £176,052 (2005 - £119,643)

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

| | 2006 | 2005 |
|---|------|------|
| M Rydstrom | - | - |
| J McLoughlin | - | - |
| K L M Clemmey (Appointed 1 February 2006) | - | - |

The directors do not have interests in any other group companies

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

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 *25 September 2007*.



Marilyn Rydstrom
Director

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report including the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to

- (a) select suitable accounting policies and then apply them consistently,
- (b) make judgements and estimates that are reasonable and prudent,
- (c) state whether applicable accounting standards have been followed, and
- (d) 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 also 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 PDSA PetAid Enterprises Limited

We have audited the financial statements of PDSA PetAid Enterprises Limited for the year ended 31 December 2006 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 report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also 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.

Independent Auditors' Report To The Members Of PDSA PetAid Enterprises Limited (cont'd)

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 2006 and of its result 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

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

27 September 2007

Profit and loss account
For the year ended 31 December

| | Note | 2006 £ | 2005 £ |
|---|------|-------------|-----------|
| Turnover | 2 | 2,040,454 | 1,127,511 |
| Cost of sales | | (1,750,224) | (969,907) |
| Gross Profit | | 290,230 | 157,604 |
| Administrative expenses | | (123,476) | (41,248) |
| Operating profit | 3 | 166,754 | 116,356 |
| Interest receivable and similar income | 4 | 9,298 | 3,287 |
| Profit on ordinary activities before gift aid | | 176,052 | 119,643 |
| Covenanted to charity under gift aid | | (176,052) | (119,643) |
| Retained profit for the financial year | | - | - |

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 | 2006 £ | 2005 £ |
|---|------|-----------|-----------|
| Current Assets | | | |
| Stock and work in progress | 8 | 103,462 | 38,895 |
| Debtors amounts falling due within one year | 9 | 101,515 | 303,003 |
| amounts falling due after more than one year | 9 | - | 3,932 |
| Cash at Bank | | 698,748 | 32,604 |
| | | 903,725 | 378,434 |
| Creditors – amounts falling due within one year | 10 | (903,724) | (378,433) |
| Net assets | | 1 | 1 |
| Capital and reserves | | | |
| Called up share capital | 11 | 1 | 1 |
| Profit and loss account | | - | - |
| Equity shareholders' funds | 12 | 1 | 1 |

These financial statements were approved by the Board of Directors on *25 September 2007*.

Signed on behalf of the Board of Directors



Marilyn Rydstrom
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 account 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 account as earned and operating lease rentals payable are charged to the profit and loss on a straight line basis over the life of the lease.

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

| | 2006 | 2005 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Revenue on long term contracts | 927,586 | 777,521 |
| Preventive Service Sales | 1,059,227 | 239,966 |
| Sale of goods under finance lease | 2,186 | 17,027 |
| Finance lease interest | 497 | 1,327 |
| Operating lease rentals receivable | 6,882 | 9,656 |
| Other sales | 44,076 | 82,014 |
| | <u>2,040,454</u> | <u>1,127,511</u> |

3 Operating profit

Operating profit is stated after charging

| | 2006 | 2005 |
|-------------------------------------|--------------|--------------|
| | £ | £ |
| Auditors' remuneration – audit fees | 6,355 | 2,400 |
| Operating lease payments – other | <u>3,358</u> | <u>4,337</u> |

4 Interest receivable and similar income

| | 2006 | 2005 |
|---------------|--------------|--------------|
| | £ | £ |
| Bank interest | <u>9,298</u> | <u>3,287</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 (2005 £17,270), accumulated depreciation £17,270 (2005 £4,279) 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 £3,358 (2005 £4,337)

Aggregate rentals receivable by PDSA PetAid Enterprises Limited in the accounting period £6,882 (2005 £9,656)

8. Stock and work in progress

| | 2006 £ | 2005 £ |
|------------------|----------------|---------------|
| Stock | 80,496 | 37,040 |
| Work in Progress | 22,966 | 1,855 |
| | <u>103,462</u> | <u>38,895</u> |

9 Debtors

| | 2006 £ | 2005 £ |
|--|----------------|----------------|
| Amounts recoverable on long term contracts | - | 262,323 |
| Trade debtors | 97,582 | 36,948 |
| Net investment in finance lease due within one year | 3,933 | 3,732 |
| | <u>101,515</u> | <u>303,003</u> |
| Net investment in finance lease due after more than one year | - | 3,932 |
| | <u>101,515</u> | <u>306,935</u> |

Net investment in finance leases is £3,933 (2005 £7,664), cost of assets acquired for letting under finance lease is £17,755 (2005 £17,755) and the aggregate rentals receivable in the year was £6,415 (2004 £9,943)

10 Creditors

| | 2006 £ | 2005 £ |
|---|----------------|----------------|
| Trade creditors | 167,167 | 97,192 |
| Amounts due to parent | 680,499 | 23,421 |
| Amount due to other subsidiary undertakings | 56,058 | 257,820 |
| | <u>903,724</u> | <u>378,433</u> |

11 Share capital

| | 2006 £ | 2005 £ |
|------------------------------------|-----------|-----------|
| 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

| | 2006 £ | 2005 £ |
|---|-----------|-----------|
| Profit attributable to the members of the company | - | - |
| Opening shareholders' funds | 1 | 1 |
| Closing shareholders' funds | 1 | 1 |

Opening and closing retained profits for the years 2005 and 2006 were nil

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. Cash flow Statement

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

15 Operating lease commitments

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

| | 2006 £ | 2005 £ |
|--------------------------|--------------|--------------|
| Leases which expire | | |
| Within one year | 3,358 | - |
| Within two to five years | - | 3,358 |
| After five years | - | - |
| | <u>3,358</u> | <u>3,358</u> |

16. Related party transactions

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