

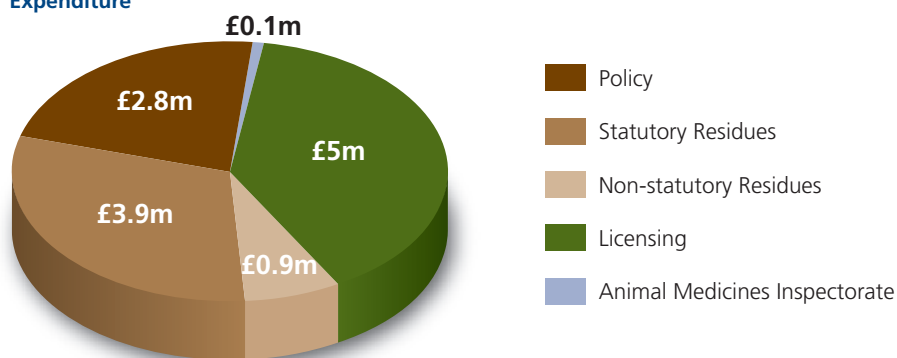
# Financial Review

The VMD was set one key financial performance target in 2005/2006: to achieve cost recovery for the VMD as a whole. The accounts show an operating surplus for the year of £343,000, achieving an overall cost recovery of 103%.

The results of the VMD's main business activities during 2005/2006 were as follows:

	Income £m	Expenditure £m	Cost recovery %
Licensing	5.4	5.0	108%
Statutory Residues	3.9	3.9	97%
Non-statutory Residues	1.0	0.9	101%
Policy	2.8	2.8	103%
Animal Medicines Inspectorate	0.1	0.1	71%
<b>Total VMD</b>	<b>13.2</b>	<b>12.8</b>	<b>103%</b>

## Expenditure



Details of the above income and expenditure are shown in Note 2 to the accounts.

The VMD's AMI business commenced on 1 January 2006 when the function and staff were transferred from the RPSGB. The results shown for the AMI in 2005/2006 therefore represent three months' activity and no corresponding figures for 2004/2005 are shown. AMI income and expenditure relate to the approval of:

- premises for the retail supply of veterinary medicinal products by "suitably qualified persons"; and
- the manufacture and distribution of feedingstuffs.

The VMD is funded by Defra and the position is shown in the "Financed by" section of the Balance Sheet by means of the General Fund. Within this Fund there are two distinct parts:

- (a) The General Account represents the value of the VMD's net current assets as at 1 April 1991, which is the date from which the first Accounts Direction became effective, plus subsequent external funding movements. This reserve is not distributable.
- (b) The Operating Account represents the accumulated operating cost recovery surplus or deficit transferred from the Income and Expenditure Account.

The Revaluation Reserve represents the unrealised cumulative balance of indexation and revaluation adjustments to fixed assets.

The Balance Sheet at the year-end shows a General Fund balance of £8.0m and Revaluation Reserve of £1.8m.

## Events Since the Balance Sheet Date

There have been no significant post balance sheet events up to the date on which the accounts were approved.