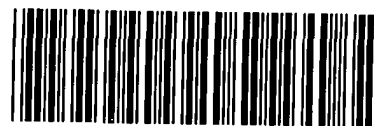


**Annual Report and  
Financial Statements for the Year Ended 30 June 2019  
for  
B & W Equine Group Limited**

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for the Year Ended 30 June 2019**

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**Company Information  
for the Year Ended 30 June 2019**

**DIRECTORS:** R Fairman

**SECRETARY:** D J Harris

**REGISTERED OFFICE:** CVS House  
Owen Road  
Diss  
Norfolk  
IP22 4ER

**REGISTERED NUMBER:** 06777468 (England and Wales)

**AUDITOR:** Deloitte LLP  
Statutory Auditor  
Cambridge  
United Kingdom

**Report of the Directors  
for the Year Ended 30 June 2019**

The directors present their annual report with the audited financial statements of the company for the year ended 30 June 2019.

**REVIEW OF BUSINESS**

Revenue for the Company at £6,555,000 (period ended 30 June 2018: £5,080,000) was in line with expectations, and the Directors consider the result for the year to be satisfactory.

The Company made a profit of £41,000 (period ended 30 June 2018: £199,000 loss after tax). The Directors do not recommend the payment of a dividend and no dividends have been paid during the year (period ended 30 June 2018: £nil).

The Company is an integral part of the operations of its ultimate parent undertaking CVS Group plc (the Group) and as such the "Strategic report" on pages 1 to 41 of the CVS Group plc 2019 Annual Report, which does not form part of this report, should be read for a full review of the Group's business and developments in the year.

**OUTLOOK**

In the absence of unforeseen circumstances, the Directors anticipate that profitability will continue in the future. The exposure to the potential impacts of "Brexit" appears to be limited and, whilst the referendum vote to leave the EU creates some uncertainty for the pace of growth in the UK economy over the next couple of years, the directors believe the characteristics of the business make it relatively resilient.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors who have held office during the period from 1 July 2018 to the date of this report are as follows:

N J Perrin - resigned 28 September 2018

R Fairman - appointed 1 August 2018

S C Innes ceased to be a director after 30 June 2019 but prior to the date of this report.

**Report of the Directors  
for the Year Ended 30 June 2019**

**FINANCIAL RISK FACTORS**

The Company's operations expose it to a variety of financial risks that include market risk, credit risk and liquidity risk.

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Group's finance department.

**a) Market risk**

Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash inflows are substantially independent of changes in market interest rates.

**b) Credit risk**

IFRS 9 requires the company to recognise a loss allowance for expected credit losses on financial assets. The Company has no significant concentrations of credit risk. The Company's principal financial assets are bank balances, cash and trade and other receivables.

Concentrations of credit risk with respect to trade receivables are limited due to the Company's diverse customer base. The Company also has in place procedures that require appropriate credit checks on potential customers before sales, other than on a cash basis, are made. Customer accounts are also monitored on an ongoing basis and appropriate action is taken where necessary to minimise any credit risk. The Directors therefore believe there is no further credit risk provision required in excess of normal provision for impaired receivables.

Company management monitor the ageing of receivables which are more than one month overdue and debtor days on a regular basis. At 30 June 2019, gross trade receivables amounted to 15.6% of revenue (30 June 2018: 22.2%). Of these gross trade receivables 43.4% (30 June 2018: 49.3%) were more than one month overdue.

**c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities and availability of parent company funding. Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Directors consider that the principal risks (including financial risks) and uncertainties of the Company are integrated with the principal risks and uncertainties of the Group and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company are; Key Staff, Economic environment, Competition, Adverse publicity, Information technology, Ability to source pharmaceutical supplies, Ability to source and integrate acquisitions, Maintaining appropriate insurance, Compliance with legal and regulatory requirements, Changes in laws and regulations impact our operations and margins and Change in UK pet population. These are discussed further within the "Principal risks and uncertainties" and "Financial Review" on pages 32 to 41 of the CVS Group plc 2019 Annual Report which does not form part of this report.

**Report of the Directors  
for the Year Ended 30 June 2019**

**DIRECTORS' THIRD-PARTY INDEMNITY PROVISION**

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 was in force during the year and also at the balance sheet date for the benefit of each of the Directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a directors' and officers' liability insurance policy throughout the financial year.

**GOING CONCERN**

The ultimate parent company, CVS Group plc, has pledged its continuing support for a minimum of 12 months from the date of issuing these financial statements. The directors have assessed the ability of the parent to provide this support and for this reason, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As a result, they continue to adopt the going concern basis in preparing these finance statements and have obtained a letter of support from the ultimate parent company.

**EMPLOYEES**

Consultation with employees takes place through a number of meetings throughout the year, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the general progress of their business units and of the Company as a whole.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

**FUTURE DEVELOPMENTS**

The directors expect the general level of activity to remain consistent with prior years.

**KEY PERFORMANCE INDICATORS (KPI'S)**

The Directors of the Group manage the Group's operations on a consolidated basis. For this reason, the Company's Directors believe that analysis using key performance indicators at the Company level (financial and non-financial) is not necessary or appropriate for an understanding of the development, performance or position of the business of B & W Equine Group Limited. The development, performance and position of CVS Group plc, which includes the Company, is discussed within the "Financial Review" on pages 38 to 41 of the CVS Group plc 2019 Annual Report which does not form part of this report.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

**Report of the Directors  
for the Year Ended 30 June 2019**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

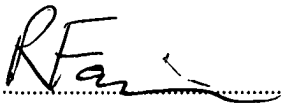
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'R Fairman', is written over a horizontal dotted line.

R Fairman - Director

Date: 8 November 2019

## **Independent auditor's report to the members of B & W Equine Group Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of B & W Equine Group Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the statement of accounting policies and related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



**Independent auditor's report to the members of B & W Equine Group Limited**

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

**Matters on which we are required to report by exception**

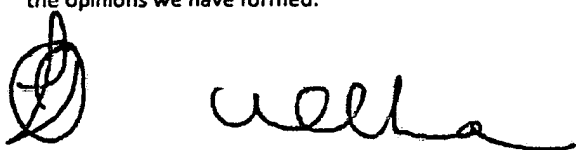
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



Lee Welham FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cambridge

United Kingdom

Date: 13 November 2019

**Statement of Comprehensive Income  
for the Year Ended 30 June 2019**

		<b>Year Ended 30.6.19 £'000</b>	<b>Period 12.9.17 to 30.6.18 £'000</b>
	<b>Notes</b>		
<b>TURNOVER</b>	<b>3</b>	<b>6,555</b>	<b>5,080</b>
Cost of sales		<u><b>(3,906)</b></u>	<u><b>(2,732)</b></u>
<b>GROSS PROFIT</b>		<b>2,649</b>	<b>2,348</b>
Administrative expenses		<u><b>(2,591)</b></u>	<u><b>(2,550)</b></u>
<b>OPERATING PROFIT/(LOSS)</b>		<b>58</b>	<b>(202)</b>
Interest payable and similar expenses	<b>5</b>	<u><b>(17)</b></u>	<u><b>(17)</b></u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	<b>6</b>	<b>41</b>	<b>(219)</b>
Tax on profit/(loss)	<b>7</b>	<u><b>-</b></u>	<u><b>20</b></u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>41</b>	<b>(199)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<u><b>-</b></u>	<u><b>-</b></u>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR</b>		<u><b>41</b></u>	<u><b>(199)</b></u>

All activities derive from continuing operations.

The notes form part of these financial statements

**Balance Sheet**  
**30 June 2019**

	Notes	2019 £'000	2018 £'000
<b>FIXED ASSETS</b>			
Intangible assets	8	612	737
Tangible assets	9	<u>885</u>	<u>1,166</u>
		<u>1,497</u>	<u>1,903</u>
 <b>CURRENT ASSETS</b>			
Stocks	10	180	221
Debtors	11	1,562	1,262
Cash at bank		<u>57</u>	<u>422</u>
		1,799	1,905
<b>CREDITORS</b>			
Amounts falling due within one year	12	<u>(1,440)</u>	<u>(1,933)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>359</u>	<u>(28)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,856	1,875
<b>PROVISIONS FOR LIABILITIES</b>	15	<u>(24)</u>	<u>(84)</u>
<b>NET ASSETS</b>		<u>1,832</u>	<u>1,791</u>
 <b>CAPITAL AND RESERVES</b>			
Called up share capital	16	2	2
Share premium		623	623
Retained earnings		<u>1,207</u>	<u>1,166</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>1,832</u>	<u>1,791</u>

The financial statements were approved by the Board of Directors on 8 November 2019 and were signed on its behalf by:



R Fairman - Director

**Statement of Changes in Equity  
for the Year Ended 30 June 2019**

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Share premium £'000</b>	<b>Total equity £'000</b>
<b>Balance at 12 September 2017</b>	2	1,365	623	1,990
<b>Changes in equity</b>				
Total comprehensive expense	-	(199)	-	(199)
<b>Balance at 30 June 2018</b>	<u>2</u>	<u>1,166</u>	<u>623</u>	<u>1,791</u>
<b>Changes in equity</b>				
Total comprehensive income	-	41	-	41
<b>Balance at 30 June 2019</b>	<u>2</u>	<u>1,207</u>	<u>623</u>	<u>1,832</u>

The notes form part of these financial statements

**Notes to the Financial Statements  
for the Year Ended 30 June 2019**

**1. STATUTORY INFORMATION**

B & W Equine Group Limited is a private company, limited by shares, Incorporated in the United Kingdom and is registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentational and functional currency of the financial statements is the Pound Sterling (£).

The principal activity of the Company is the provision of veterinary goods and services for members.

**2. ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements present the financial record for the year ended 30 June 2019 of B & W Equine Group Limited.

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The company is a qualifying entity for the purposes of FRS 101. Note 18 gives details of the company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

**Going concern**

The financial statements have been prepared on a going concern basis and under the historical cost convention.

The ultimate parent company, CVS Group plc, has pledged its continuing support for a minimum of 12 months from the date of issuing these financial statements. The directors have assessed the ability of the parent to provide this support and for this reason, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2019**

**2. ACCOUNTING POLICIES - continued**

**Critical accounting estimates and judgements**

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes differ from those assumptions and estimates. The directors consider that there are no accounting estimates or judgements in the financial statements.

**Changes in accounting policy and disclosure**

**Standards, amendments and interpretations adopted by the Company**

A number of new and revised standards, including IFRS 9 and 15, are effective for annual periods beginning on or after 1 January 2018. Adoption of these standards, on a modified retrospective basis, has not had an impact on the Company's financial statements, except the following:

- IFRS 9 Financial Instruments came into effect for the Company's period starting 1 July 2018 and impacted the rules relating to the classification, measurement and impairment of financial assets. The Company holds all financial assets with the intention of collecting the contractual cash flows and no contractual terms have failed the "solely payments of principal and interest" test. Moving from the "incurred credit loss" model to the "expected credit loss model" under IFRS 9 has not given rise to a material change in bad debt provision.

- IFRS 15 Revenue from Contracts with Customers came into effect for the Company's period starting 1 July 2018 replacing IAS 18 Revenue and related interpretations. It dealt with revenue recognition and established principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The Company has carried out a review of existing contractual agreements as part of this process to identify the customer contracts, the performance obligations, the transaction price and when the performance obligation is satisfied, and has determined that there was no material impact on the Company's revenue streams.

**Standards and interpretations to existing standards (all of which have yet to be adopted by the EU) which are not yet effective and are under review as to their impact on the Company**

The following standards and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 July 2019 or later periods but which the Company has not early adopted:

- IFRS 16 Leases (effective 1 January 2019)
- IFRS 17 Insurance Contracts (effective 1 January 2021)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)

The directors do not expect that the adoption of IFRS 16 and IFRIC 23 above will have a material impact on the financial statements of the Company in future periods. The directors are currently assessing the impact of IFRS 17 and it is not practicable to provide a reasonable estimate of the effect of this standard until a detailed review has been completed.

**Turnover**

Turnover is measured in accordance with relevant accounting standards. For all contracts within the scope of IFRS 15, the Company determines whether enforceable rights and obligations have been created with the customer and recognises turnover based on total transaction price as estimated at the contract inception, being the amount which the Company expects to be entitled to and has present enforceable rights under contract. Turnover is allocated proportionately across the contract performance obligations and recognised either over time or at a point in time as appropriate.

**Service turnover**

Turnover represents sales of veterinary services which are recognised in accordance with IFRS 15, at the point in time when the performance obligation is satisfied. Turnover is recognised when the veterinary consultation or veterinary procedure is completed.

**Products**

Turnover relating to the sale of veterinary products, is recognised according to the terms of sale, at the point in time when the performance obligations are satisfied.

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2019**

**2. ACCOUNTING POLICIES - continued**

**Goodwill**

All business combinations are accounted for by applying the purchase method. In respect of acquisitions prior to 1 April 2009 goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous Generally Accepted Accounting Practice. Goodwill is carried at cost less accumulated impairment losses.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) and goodwill is allocated to these cash-generating units, and tested annually for impairment (see impairment of assets policy below). The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

As permitted by IAS 36 Impairment of Assets for the purposes of assessing impairment, individual cash-generating units ("CGUs") are grouped at a level consistent with the Group's operating segments. Recoverable amounts for CGUs are based on value in use, which is calculated from cash flow projections using data from the Group's latest internal forecasts, being a one-year detailed forecast and extrapolated forecasts thereafter, the results of which are approved by the Board. The key assumptions for the value-in-use calculations are those regarding discount rates and growth rates.

**Tangible fixed assets**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The assets' residual values and useful lives are reviewed annually, and adjusted as appropriate. Depreciation is provided so as to write off the cost of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets in equal annual instalments at the following principal rates:

Leasehold improvements	Straight line over the life of the lease
Plant and machinery	20% - 33% straight line
Motor vehicles	25% straight line

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

**Financial instruments**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

**(a) Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that gives a residual interest in the assets of the Company after deducting all of its liabilities.

**(b) Trade payables**

Trade payables are not interest bearing and are stated at their nominal value.

**Stocks**

Stocks comprise of goods held for resale, and are stated at the lower of cost and net realisable value on a first in first out basis. Net realisable value is based on estimated selling price less further costs expected to be incurred on disposal. Where necessary, provision is made for obsolete, slow moving or defective stocks.

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2019**

**2. ACCOUNTING POLICIES - continued**

**Taxation**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**Foreign currency translation**

**(a) Functional and presentational currency**

The financial information in this report is presented in pound sterling, the functional currency of the Company, rounded to the nearest thousand.

**(b) Transactions and balances**

Transactions denominated in foreign currencies are translated into pound sterling (the functional currency of the Company) at the rate of exchange ruling at the date of transaction. All realised foreign exchange differences are taken to the statement of comprehensive income. Monetary assets and liabilities denominated in foreign currencies are translated into pound sterling at the rates of exchange ruling at the balance sheet date and are recognised in the statement of comprehensive income.

**Hire purchase and leasing commitments**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and deposits.

**Retirement benefit costs**

The Company makes contributions to stakeholder and employee personal pension schemes, which are defined contribution schemes, in respect of certain employees. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**Impairment of assets**

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of comprehensive income for the amount by which the assets' carrying amount exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2019**

**3. TURNOVER**

The turnover and profit (2018 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2019 £'000	2018 £'000
Veterinary services	<u>6,555</u>	<u>5,080</u>
	<u>6,555</u>	<u>5,080</u>

An analysis of turnover by geographical market is given below:

	2019 £'000	2018 £'000
United Kingdom	<u>6,555</u>	<u>5,080</u>
	<u>6,555</u>	<u>5,080</u>

**4. EMPLOYEES AND DIRECTORS**

	Year Ended 30.6.19 £'000	Period 12.9.17 to 30.6.18 £'000
Wages and salaries	2,968	2,374
Social security costs	305	242
Other pension costs	<u>67</u>	<u>40</u>
	<u>3,340</u>	<u>2,656</u>

The average number of employees during the year was as follows:

	Year Ended 30.6.19	Period 12.9.17 to 30.6.18
Veterinary staff	67	76
Support services	<u>26</u>	<u>22</u>
	<u>93</u>	<u>98</u>

Employee benefit expense included within cost of sales is £2,619,000 (period ended 30 June 2018: £1,701,000).

The company is part of a group arrangement for PAYE in the principal name of the immediate parent company CVS (UK) Limited. Under the group arrangement salaries are borne by CVS (UK) Limited and recharged to the company. As a result, the employee information presented is in relation to employees of CVS (UK) Limited who are recharged to the company.

The Directors are paid a single salary in respect of their services to the group from CVS (UK) Limited and it is not considered practicable to apportion this between the subsidiaries. The Directors prior to acquisition were paid £nil (period ended 30 June 2018: £350) for their services and stood down as Directors with effect from the date of acquisition.

**Notes to the Financial Statements - continued**  
**for the Year Ended 30 June 2019**

**5. INTEREST PAYABLE AND SIMILAR EXPENSES**

	Year Ended 30.6.19 £'000	Period 12.9.17 to 30.6.18 £'000
Bank loan interest	-	1
Hire purchase	<u>17</u>	<u>16</u>
	<u>17</u>	<u>17</u>

**6. PROFIT/(LOSS) BEFORE TAXATION**

The profit before taxation (2018 - loss before taxation) is stated after charging:

	Year Ended 30.6.19 £'000	Period 12.9.17 to 30.6.18 £'000
Cost of inventories recognised as expense	1,163	1,016
Hire of plant and machinery	312	196
Other operating leases	240	189
Depreciation - owned assets	250	201
Loss on disposal of fixed assets	-	4
Amortisation	<u>125</u>	<u>-</u>

**Services provided by the Company's auditor and its associates:**

During the year the Company obtained the following services from the Company's auditor at costs as detailed below:

	2019 £'000	2018 £'000
<b>Audit services:</b>		
Fees payable to the company's auditor for the audit of the Company's financial statements	<u>3</u>	<u>3</u>

**7. TAXATION**

**Analysis of tax income**

	Year Ended 30.6.19 £'000	Period 12.9.17 to 30.6.18 £'000
<b>Current tax:</b>		
Tax	<u>60</u>	<u>-</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(52)	(23)
Effect of tax rate change	5	3
Deferred tax adjustment prior year	<u>(13)</u>	<u>-</u>
Total deferred tax	<u>(60)</u>	<u>(20)</u>
Total tax income in statement of comprehensive income	<u>-</u>	<u>(20)</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 30 June 2019**

**7. TAXATION - continued**

**Factors affecting the tax expense**

The tax assessed for the year is lower (2018 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 30.6.19 £'000	Period 12.9.17 to 30.6.18 £'000
Profit/(loss) before income tax	<u>41</u>	<u>(219)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	8	(42)
Effects of:		
Group relief	-	19
Deferred tax - change in rates	5	3
Effect of tax rate change on opening deferred tax balance	<u>(13)</u>	<u>-</u>
Tax income	<u>-</u>	<u>(20)</u>

UK corporation tax is calculated at 19.0% (period ended 30 June 2018: 19.0%) of the estimated assessable profit for the year. The standard rate of UK corporation tax remained at 19.0% during the year.

**Factors affecting the future tax charge**

The main rate of corporation tax will reduce from 19.0% to 17.0% from 1 April 2020. This change had been substantively enacted at the balance sheet date and, therefore, it is reflected in these financial statements.

**8. INTANGIBLE FIXED ASSETS**

	Patient data records £'000
<b>COST</b>	
At 1 July 2018	
and 30 June 2019	<u>1,251</u>
<b>AMORTISATION</b>	
At 1 July 2018	514
Amortisation for year	<u>125</u>
At 30 June 2019	<u>639</u>
<b>NET BOOK VALUE</b>	
At 30 June 2019	<u>612</u>
At 30 June 2018	<u>737</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 30 June 2019**

**9. TANGIBLE FIXED ASSETS**

	Improvements to property £'000	Plant and machinery £'000	Motor vehicles £'000	Totals £'000
<b>COST</b>				
At 1 July 2018	689	2,141	58	2,888
Additions	8	74	20	102
Fair value adjustment	(10)	(22)	-	(32)
At 30 June 2019	<u>687</u>	<u>2,193</u>	<u>78</u>	<u>2,958</u>
<b>DEPRECIATION</b>				
At 1 July 2018	144	1,525	53	1,722
Charge for year	44	202	4	250
Fair value adjustment	123	(22)	-	101
At 30 June 2019	<u>311</u>	<u>1,705</u>	<u>57</u>	<u>2,073</u>
<b>NET BOOK VALUE</b>				
At 30 June 2019	<u>376</u>	<u>488</u>	<u>21</u>	<u>885</u>
At 30 June 2018	<u>545</u>	<u>616</u>	<u>5</u>	<u>1,166</u>

**10. STOCKS**

	2019 £'000	2018 £'000
Stocks	<u>180</u>	<u>221</u>

**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £'000	2018 £'000
Trade debtors	906	952
Amounts owed by group undertakings	482	241
Other debtors	-	1
Prepayments	<u>174</u>	<u>68</u>
	<u>1,562</u>	<u>1,262</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £'000	2018 £'000
Hire purchase contracts (see note 13)	139	270
Trade creditors	804	456
Corporation tax	60	-
Social security and other taxes	207	245
Amounts owed to group undertakings	160	768
Accruals and deferred income	<u>70</u>	<u>194</u>
	<u>1,440</u>	<u>1,933</u>

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2019**

**13. FINANCIAL LIABILITIES - BORROWINGS**

	2019 £'000	2018 £'000
Current:		
Hire purchase (see note 14)	<u>139</u>	<u>270</u>

**14. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts 2019 £'000	2018 £'000
Net obligations repayable:		
Within one year	<u>139</u>	<u>270</u>

	Non-cancellable operating leases 2019 £'000	2018 £'000
Within one year	308	224
Between one and five years	591	713
In more than five years	<u>163</u>	<u>214</u>
	<u>1,062</u>	<u>1,151</u>

**15. PROVISIONS FOR LIABILITIES**

	2019 £'000	2018 £'000
Deferred tax		
Accelerated capital allowances	<u>24</u>	<u>84</u>

	Deferred tax £'000
Balance at 1 July 2018	84
Provided during year	<u>(60)</u>
Balance at 30 June 2019	<u>24</u>

The Company has no unprovided deferred tax assets or liabilities.

The deferred tax balance is considered to be non-current.

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2019**

**16. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2019	2018
Number:	Class:		£	£
1,620	Ordinary shares	£1	<u>1,620</u>	<u>1,620</u>

**17. SUBSEQUENT EVENTS**

There were no significant events between the Balance Sheet date and the date of signing of these financial statements.

**18. ULTIMATE CONTROLLING PARTY**

The company's immediate parent company is CVS (UK) Limited, a company registered in England.

CVS Group plc, a company registered in England, is the immediate parent company of CVS (UK) Limited and is the parent undertaking of the smallest and largest group of which the Company is a member and for which group accounts are prepared. Copies of the group accounts of CVS Group plc can be obtained from its registered office at CVS House, Owen Road, Diss, Norfolk, IP22 4ER.

The shares of CVS Group plc are traded on the Alternative Investment Market and as such, the Directors consider that there is no ultimate controlling party.

**19. GUARANTEES AND OTHER FINANCIAL COMMITMENTS**

**Bank guarantees**

The Company is a member of the CVS Group plc banking arrangement under which it is party to unlimited cross-guarantees in respect of the banking facilities of other CVS Group plc undertakings, amounting to £190,000,000 at 30 June 2019 (2018: £98,000,000). The Directors do not expect any material loss to the Company to arise in respect of the guarantees.

**20. PENSION SCHEMES**

The Company contributes to certain employees' personal pension schemes in accordance with their service contracts. The amounts are charged to the statement of comprehensive income as they fall due. The amounts charged during the year amounted to £67,000 (period ended 30 June 2018: £40,000). The amount outstanding at the end of the year included in creditors was £nil (30 June 2018: £nil).