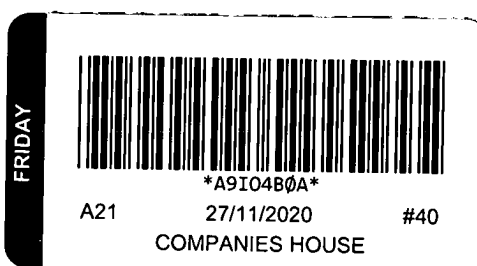


**Annual Report and  
Financial Statements for the Year Ended 30 June 2020  
for  
B & W Equine Group Limited**



**Contents of the Financial Statements  
for the Year Ended 30 June 2020**

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**B & W Equine Group Limited**

**Company Information  
for the Year Ended 30 June 2020**

**DIRECTORS:**

R Fairman  
R Alfonso  
B D Jacklin

**SECRETARY:**

J M Dearlove

**REGISTERED OFFICE:**

CVS House  
Owen Road  
Diss  
Norfolk  
IP22 4ER

**REGISTERED NUMBER:**

06777468 (England and Wales)

**AUDITOR:**

Deloitte LLP  
Statutory Auditor  
Cambridge  
United Kingdom

## **B & W Equine Group Limited**

### **Strategic Report for the Year Ended 30 June 2020**

The directors present their strategic report for the year ended 30 June 2020.

The principal activity of the Company is to operate companion animal veterinary practices and complementary veterinary diagnostic businesses.

#### **REVIEW OF BUSINESS**

Turnover for the Company at £6,762,000 (2019: £6,555,000) was in line with expectations, and the Directors consider the result for the year to be satisfactory.

The Company made a profit of £49,000 (2019: £41,000). The Directors do not recommend the payment of a dividend and no dividends have been paid during the year (2019: £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 53 of the CVS Group plc 2020 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**

The Directors consider the outlook of CVS Group plc and all its subsidiaries as a whole. CVS Group plc and its subsidiaries operate in a sector with favourable market and consumer trends, with pet owners increasingly willing to spend money on their pets and medical enhancements increasing the range of services we can offer.

During the last financial year, the pace of growth in the UK economy was impacted by Brexit and COVID-19 uncertainty, but the veterinary sector has proven to be resilient in past periods of economic downturn and the Board believes that the Group is sufficiently resilient to withstand any potential future downturn.

Despite continued uncertainty over Brexit and COVID-19, the Board is confident that the Group has a robust standing in the marketplace and is well positioned to avoid significant adverse impacts, with ongoing monitoring by the Executive management team and the Board and where necessary, implementing mitigating actions.

#### **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, Changes in industry regulations, Ability to source and integrate acquisitions, Failure to comply with health and safety legislation, Failure to comply with appropriate corporate legislation or regulatory requirements, Failure to comply with terms of bank facilities or to refinance the business, Future pandemic or lockdown. These are discussed further within the "Principal risks and uncertainties" on pages 42 to 53 of the CVS Group plc 2020 Annual Report which does not form part of this report.

**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**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is recognised on trade receivables if there is considered to be expected credit losses. The amount of expected credit losses is calculated using the simplified approach as allowable under IFRS 9 and is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. Losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

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.

The maximum exposure to credit risk at 30 June 2020 is the fair value of each class of receivable as disclosed in note 12 to the financial statements.

**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.

**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 34 to 39 of the CVS Group plc 2020 Annual Report which does not form part of this report.

**FUTURE DEVELOPMENTS**

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

**ON BEHALF OF THE BOARD:**



.....  
R Alfonso – Director

Date: 22 October 2020

## **B & W Equine Group Limited**

### **Directors' Report for the Year Ended 30 June 2020**

The directors present their annual report with the audited financial statements for the year ended 30 June 2020.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 30 June 2020 (2019: £nil).

#### **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**

R Fairman has held office during the whole of the period from 1 July 2019 to the date of this report.

Other changes in directors holding office are as follows:

S C Innes - resigned 5 November 2019

R Alfonso - appointed 28 November 2019

B D Jacklin - appointed 28 November 2019

**Directors' Report  
for the Year Ended 30 June 2020**

**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**

In preparing these financial statements, the Directors have had regard to both the forecasts of the ultimate parent company CVS Group plc ("the Group"), of which the Company is an integral part, and the letter of support received, in which the CVS Group plc has pledged continuing financial support for at least 12 months from the date of approval of these financial statements, and to seek repayment of intercompany liabilities only to the extent that the Company is able pay other debts as they fall due.

After having regard to the financial forecasts and total available facilities of the Group, related covenant requirements, and a reasonably possible downside scenario of a second national lockdown, the Directors have concluded there is a reasonable expectation that the Group as a whole will continue to trade for at least 12 months from the date of approval of these financial statements, and in virtue of this and the letter of support received from CVS Group plc, the Company will also continue to trade and meet its liabilities as they fall due for at least the same period. As a result, the Directors continue to adopt the going concern basis in preparing these financial statements.

**EMPLOYEES**

Consultation with employees takes place through a number of regional meetings throughout the year and an annual staff survey. The aim is to ensure 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. To enhance communication within the Company, a committee is in place which is constituted of regional members from all areas of the business with the aim of improving consultation and communication levels.

The company regularly consults with and seeks feedback from employees and the board monitors employee engagement.

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.

The parent company, CVS Group plc, operates a Long Term Incentive Plan for Executive Directors and senior managers. Details are included in note 8 of the CVS Group plc 2020 Annual Report. The Group also has a Save As You Earn scheme, now in its 12th year, under which employees are granted an option to purchase Ordinary shares in the parent company in three years' time, dependent upon their entering into a contract to make monthly contributions to a savings account over the relevant period. These savings are used to fund the option exercise value. The exercise price in respect of options issued in the year was at a 10% discount to the shares' market value at the date of invitation. The scheme is open to all Company employees, including the Executive Directors. Details of the scheme are included in the Remuneration Committee Report on pages 64 to 73 of the CVS Group plc 2020 Annual Report.

**DISCLOSURE IN THE STRATEGIC REPORT**

The future developments and financial risks of the Company have been disclosed in the Strategic Report.

## **B & W Equine Group Limited**

### **Directors' Report for the Year Ended 30 June 2020**

#### **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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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.

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

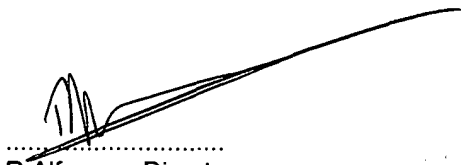
Each of the persons who is a director at the date of approval of this report confirms that:

- 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:**



.....  
R Alfonso - Director

Date: 22 October 2020



## **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 2020 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 related notes 1 to 23.

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.

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

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

#### **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.

#### **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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 strategic report or the directors' report.

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

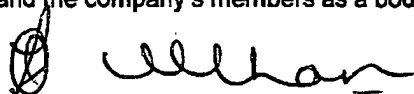
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

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: 22 October 2020

**B & W Equine Group Limited****Statement of Comprehensive Income  
for the Year Ended 30 June 2020**

	Notes	2020 £'000	2019 £'000
<b>TURNOVER</b>	3	6,762	6,555
Cost of sales		<u>(4,061)</u>	<u>(3,906)</u>
<b>GROSS PROFIT</b>		2,701	2,649
Administrative expenses		<u>(2,573)</u>	<u>(2,591)</u>
Other operating income	4	<u>111</u>	<u>-</u>
<b>OPERATING PROFIT</b>		239	58
Interest payable and similar expenses	6	<u>(103)</u>	<u>(17)</u>
<b>PROFIT BEFORE TAXATION</b>	7	136	41
Tax on profit	8	<u>(87)</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		49	41
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>49</u>	<u>41</u>

All activities derive from continuing operations

The notes form part of these financial statements

**B & W Equine Group Limited (Registered number: 06777468)**

**Balance Sheet  
30 June 2020**

	Notes	2020 £'000	2019 £'000
<b>FIXED ASSETS</b>			
Intangible assets	9	487	612
Tangible assets	10	672	885
Right-of-use assets	16	<u>2,359</u>	<u>-</u>
		<u>3,518</u>	<u>1,497</u>
<b>CURRENT ASSETS</b>			
Stocks	11	189	180
Debtors	12	2,352	1,562
Cash at bank		<u>45</u>	<u>57</u>
		2,586	1,799
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>(2,105)</u>	<u>(1,440)</u>
<b>NET CURRENT ASSETS</b>		<u>481</u>	<u>359</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,999	1,856
<b>CREDITORS</b>			
Amounts falling due after more than one 14 year		(2,090)	-
<b>PROVISIONS FOR LIABILITIES</b>	17	<u>(28)</u>	<u>(24)</u>
<b>NET ASSETS</b>		<u>1,881</u>	<u>1,832</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	2	2
Share premium		623	623
Retained earnings		<u>1,256</u>	<u>1,207</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>1,881</u>	<u>1,832</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 October 2020 and were signed on its behalf by:



.....  
R Alfonso - Director

The notes form part of these financial statements

**B & W Equine Group Limited****Statement of Changes in Equity  
for the Year Ended 30 June 2020**

	<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 1 July 2018</b>	2	1,166	623	1,791
<b>Changes in equity</b>				
Total comprehensive income	<u>-</u>	<u>41</u>	<u>-</u>	<u>41</u>
<b>Balance at 30 June 2019</b>	<u>2</u>	<u>1,207</u>	<u>623</u>	<u>1,832</u>
<b>Changes in equity</b>				
Total comprehensive income	<u>-</u>	<u>49</u>	<u>-</u>	<u>49</u>
<b>Balance at 30 June 2020</b>	<u>2</u>	<u>1,256</u>	<u>623</u>	<u>1,881</u>

The notes form part of these financial statements

**Notes to the Financial Statements  
for the Year Ended 30 June 2020**

**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 in the period under review was the operation of companion animal veterinary practices and complementary veterinary diagnostic businesses.

**2. ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements present the financial record for the year ended 30 June 2020 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 20 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 requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;  
the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Turnover from Contracts with Customers;
- 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.

**2. ACCOUNTING POLICIES - continued**

**Going concern**

In preparing these financial statements, the Directors have had regard to both the forecasts of the ultimate parent company CVS Group plc ("the Group"), of which the Company is an integral part, and the letter of support received, in which the CVS Group plc has pledged continuing financial support for at least 12 months from the date of approval of these financial statements, and to seek repayment of intercompany liabilities only to the extent that the Company is able pay other debts as they fall due.

After having regard to the financial forecasts and total available facilities of the Group, related covenant requirements, and a reasonably possible downside scenario of a second national lockdown, the Directors have concluded there is a reasonable expectation that the Group as a whole will continue to trade for at least 12 months from the date of approval of these financial statements, and in virtue of this and the letter of support received from CVS Group plc, the Company will also continue to trade and meet its liabilities as they fall due for at least the same period. As a result, the Directors continue to adopt the going concern basis in preparing these financial statements.

**Critical accounting estimates and judgements**

The preparation of financial statements in conformity with IFRS 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 will differ from those assumptions and estimates.

**Leases**

Management exercises judgement in determining the likelihood of exercising break or extension options in determining the lease term.

When determining the lease term in accordance with IFRS 16 paragraph 18 -21, management have applied the following policy for all leases:

- a) For properties in contract, the lease term has been determined as to the end of the contractual lease term
- b) For properties out of contract and therefore occupied on a rolling basis, in accordance with legislation that permits this, the lease term has been determined to be 7.5 years from the date of transition
- c) For properties where management have committed to close the site, the lease term is determined to be until the next break clause.

The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The Company has determined a weighted incremental borrowing rate of 4.0% for the right-of-use assets. The Directors considered all Company borrowings at the date of adoption in the determination of the incremental borrowing rates. The standard permits the use of a single discount rate to a portfolio of leases with reasonably similar characteristics. The Company has applied this practical expedient to its operating leases on adoption for leases with a similar class and remaining lease term. Refer to note 16 for additional disclosures related to leases.

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2020**

**2. ACCOUNTING POLICIES - continued**

**Changes in accounting policy and disclosure**

**Standards adopted by the Company for the first time**

A number of new and revised standards, including the following, are effective for annual periods beginning on or after 1 January 2019:

- IFRS 16: Leases
- IFRIC 23: Uncertainty over Income Tax Treatment
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 9: Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRSs: 2015 - 2017 Cycle

Adoption of these standards, has not had an impact on the Company's financial statements, except the following:

**Impact of initial application of IFRS 16 Leases**

In the current year, the Company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 16. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 July 2019.

The Company has applied IFRS 16 using the cumulative catch-up approach which:

- In respect of those leases the Company previously treated as operating leases, the Company has chosen to measure the right-of-use asset at an amount equal to the lease liability.
- does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

**(a) Impact of the new definition of a lease**

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 July 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.



**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2020**

**2. ACCOUNTING POLICIES - continued  
Changes in accounting policy and disclosure – continued**

**(b) Impact on Lessee Accounting**

**(i) Former operating leases**

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

(a) recognises right-of-use assets and lease liabilities in the balance sheet, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);

(b) recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of comprehensive income;

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other operating expenses' in profit or loss.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

**(ii) Former finance leases**

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Company has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 July 2019.

**(d) Financial impact of initial application of IFRS 16**

The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and lease liabilities. The financial impact on the Company's primary statements is shown in note 23.

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2020**

**2. ACCOUNTING POLICIES - continued**  
**Changes in accounting policy and disclosure – continued**

**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 2020 or later periods but which the Company has not early adopted:

- Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020)
- Amendments to IFRS 3: Definition of Business (effective 1 January 2020)
- Amendments to IAS 1 and IAS 8: Definition of Material (effective 1 January 2020)
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (effective 1 January 2020)
- Amendments to IFRS 16: Covid-19 Related Rent Concessions (effective 1 June 2020)
- Amendments to IAS 16: Property, Plant and Equipment - Proceeds Before Intended Use (effective 1 January 2022)
- Annual Improvements to IFRS Standards 2018 - 2020 (effective 1 January 2022)
- Amendments to IFRS 3: Reference to the Conceptual Framework (effective 1 January 2022)
- Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract (effective 1 January 2022)
- Amendments to IFRS 17: Insurance Contracts (effective 1 January 2023)
- Amendments to IAS 1: Classification of liabilities as current or non-current (effective 1 January 2023)

**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, laboratory diagnostic services and crematoria 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 laboratory test, veterinary consultation, veterinary procedure or cremation is completed.

Members of customer loyalty schemes, for example Healthy Pet Club, pay annually or monthly subscription fees and receive preventative consultations and treatments over a twelve-month period, being the life of the contract. Annual subscription fees are received annually in advance and monthly subscription fees are received evenly over a twelve-month period. Turnover is recognised in line with the cost profile of individual performance obligations as they are completed in accordance with the contract and not in line with the receipt of subscription fees. In normal circumstance this results in Turnover recognised in advance of cash received as performance obligations are weighted towards the beginning of the twelve-month contract.

The adjustments are made through deferred and accrued income and the contract asset for this is shown in note 12. Turnover is recognised net of provision to reflect cancellations as a result of animal deaths due to our policy not to invoice our customers in such an event. The provision is calculated based on historical membership calculation data. All other cancellations are accounted for as an impairment of receivables within administration expenses.

**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 2020**

**2. ACCOUNTING POLICIES - continued**

**Patient data records**

Patient data records are recognised as intangible assets at the fair value of the consideration paid to acquire them and are carried at historical cost less provisions for amortisation and impairment. The fair value attributable to patient data records acquired through a business combination is determined by discounting the expected future cash flows to be generated from that asset at the risk adjusted post tax weighted average cost of capital for the Company. The residual values of patient data records are assumed to be nil.

Patient data records are reviewed for impairment if conditions exist that indicate a review is required. Amortisation is provided so as to write off the cost over the expected economic lives of the asset in equal instalments at the following principal rates:

Patient data records	10% per annum
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Amortisation is charged to administrative expenses.

**Tangible fixed assets**

Tangible fixed assets are stated at cost (being the purchase cost, together with any incidental costs of acquisition) 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
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Plant and machinery	20% - 33% straight line
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Motor vehicles	25% straight line
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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.

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2020**

**2. ACCOUNTING POLICIES - continued**

**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) Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade and other receivables is recognised if there is considered to be expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. Losses arising from impairment are recognised in the statement of comprehensive income on page 9.

**(b) Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recorded initially at fair value and subsequently at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance cost in profit or loss. A financial liability is derecognised only when the obligation is extinguished. An equity instrument is any contract that gives a residual interest in the assets of the Company after deducting all of its liabilities.

**(c) Trade payables**

Trade and other payables are non-interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**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 2020**

**2. ACCOUNTING POLICIES - continued**

**Current and deferred income tax**

The tax expense represents the sum of the current tax payable, deferred tax and any adjustments in respect of previous periods.

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes some items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or tax deductible. The Company's liability for current tax is calculated on the basis of tax laws and tax rates that have been enacted or substantively enacted by the Company 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 tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities used in the computation of taxable profits and their carrying amounts in the financial statements. However, deferred 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the Company balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax is charged or credited in the statement of comprehensive income, except where it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also recognised in other comprehensive income or equity respectively.

Deferred 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**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. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2020**

**2. ACCOUNTING POLICIES - continued**

**Leases**

The Company has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

**Policies applicable from 1 July 2019**

**The Company as a lessee**

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2020**

**2. ACCOUNTING POLICIES - continued  
Leases - continued**

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occur and are included in 'Other operating expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

**Policies applicable prior to 1 July 2019**

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.

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2020**

**2. ACCOUNTING POLICIES - continued  
Leases – continued**

**The Company as a lessee**

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of comprehensive income.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Transition:**

The Company adopted IFRS 16 Leases on 1 July 2019 using the modified retrospective approach. The cumulative effect of adopting IFRS 16 has been recognised as an adjustment to the opening balance sheet for the initial recognition of assets and liabilities as at 1 July 2019, with no restatement of comparable information and no impact on retained earnings. Further details and the impact of changes are disclosed in note 23.

**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.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and deposits with maturities of three months or less from inception.

**Government grants**

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the statement of comprehensive income on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the statement of comprehensive income in the period in which they become receivable.



**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2020**

**2. ACCOUNTING POLICIES - continued**

**Impairment of non-current assets**

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation or depreciation 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 asset's carrying amount exceeds its recoverable amount.

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 Company's operating segments. Recoverable amounts for CGUs are based on value in use, which is calculated from cash flow projections using data from the Company'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.

In respect of assets other than goodwill, 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. Impairment losses in respect of goodwill are not reversed.

**3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Veterinary diagnostic services	<b><u>6,762</u></b>	<b><u>6,555</u></b>

An analysis of turnover by geographical market is given below:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	<b><u>6,762</u></b>	<b><u>6,555</u></b>

**4. OTHER OPERATING INCOME**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Sundry receipts	<b><u>111</u></b>	<b><u>-</u></b>

The Company has received the above amount through the Coronavirus Job Retention Scheme ("CJRS").

**B & W Equine Group Limited****Notes to the Financial Statements - continued  
for the Year Ended 30 June 2020****5. EMPLOYEES AND DIRECTORS**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	3,043	2,968
Social security costs	316	305
Other pension costs	90	67
	<u>3,449</u>	<u>3,340</u>

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

	<b>2020</b>	<b>2019</b>
Veterinary staff	77	67
Support services	19	26
	<u>96</u>	<u>93</u>

Employee benefit expense included within cost of sales is £2,694,000 (2019: £2,619,000).

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.

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Hire purchase	13	17
Interest of right-of-use liabilities	90	-
	<u>103</u>	<u>17</u>

**7. PROFIT BEFORE TAXATION**

The profit before taxation is stated after charging:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Cost of inventories recognised as expense	1,208	1,163
Hire of plant and machinery	-	312
Other operating leases	-	240
Depreciation - owned assets	190	250
Depreciation – right-of-use assets	345	-
Amortisation	125	125
Employee benefit expense	<u>3,449</u>	<u>3,340</u>

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2020**

**7. PROFIT BEFORE TAXATION - continued**

**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:

	2020 £'000	2019 £'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>

**8. TAXATION**

**Analysis of tax expense**

	2020 £'000	2019 £'000
Current tax:		
Tax	84	60
Adjustment in respect of prior years	<u>(1)</u>	<u>-</u>
Total current tax	<u>83</u>	<u>60</u>
Deferred tax:		
Origination and reversal of timing differences	(28)	(52)
Effect of tax rate change	6	5
Deferred tax adjustment prior year	<u>26</u>	<u>(13)</u>
Total deferred tax	<u>4</u>	<u>(60)</u>
Total tax expense in statement of comprehensive income	<u>87</u>	<u>-</u>

**Factors affecting the tax expense**

The tax assessed for the year is higher (2019 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £'000	2019 £'000
Profit before income tax	<u>136</u>	<u>41</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	26	8
Effects of:		
Expenses not deductible for tax purposes	30	-
Effect of tax rate change on opening deferred tax balance	6	5
Adjustments in respect of previous periods	<u>25</u>	<u>(13)</u>
Tax expense	<u>87</u>	<u>-</u>

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2020**

**8. TAXATION - continued**

**Factors affecting the future tax charge**

The standard rate of UK corporation tax for the period was 19.0% (2019: 19.0%). A UK corporation tax rate of 19.0% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19.0% to 17.0%. This change had been substantively enacted at the balance sheet date and, therefore, it is reflected in the deferred tax balances in these financial statements.

**9. INTANGIBLE FIXED ASSETS**

	<b>Patient data records £'000</b>
<b>COST</b>	
At 1 July 2019 and 30 June 2020	<u>1,251</u>
<b>AMORTISATION</b>	
At 1 July 2019	639
Amortisation for year	<u>125</u>
At 30 June 2020	<u>764</u>
<b>NET BOOK VALUE</b>	
At 30 June 2020	<u>487</u>
At 30 June 2019	<u>612</u>

**10. TANGIBLE FIXED ASSETS**

	<b>Improvements to property £'000</b>	<b>Plant and machinery £'000</b>	<b>Motor vehicles £'000</b>	<b>Totals £'000</b>
<b>COST</b>				
At 1 July 2019	687	1,778	78	2,543
Additions	<u>-</u>	<u>78</u>	<u>101</u>	<u>179</u>
At 30 June 2020	<u>687</u>	<u>1,856</u>	<u>179</u>	<u>2,722</u>
<b>DEPRECIATION</b>				
At 1 July 2019	311	1,492	57	1,860
Charge for year	<u>45</u>	<u>118</u>	<u>27</u>	<u>190</u>
At 30 June 2020	<u>356</u>	<u>1,610</u>	<u>84</u>	<u>2,050</u>
<b>NET BOOK VALUE</b>				
At 30 June 2020	<u>331</u>	<u>246</u>	<u>95</u>	<u>672</u>
At 30 June 2019	<u>376</u>	<u>286</u>	<u>21</u>	<u>683</u>

# **B & W Equine Group Limited**

## **Notes to the Financial Statements - continued for the Year Ended 30 June 2020**

### **11. STOCKS**

	2020 £'000	2019 £'000
Stock of finished goods	<u>189</u>	<u>180</u>

The directors believe that the method used in arriving at a stock valuation is not materially different from the replacement cost.

### **12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £'000	2019 £'000
Trade debtors	1,005	906
Amounts owed by group undertakings	1,100	482
Prepayments	<u>247</u>	<u>174</u>
	<u><b>2,352</b></u>	<u><b>1,562</b></u>

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

### **13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £'000	2019 £'000
Leases (see note 15)	246	139
Trade creditors	650	804
Corporation tax	669	60
Social security and other taxes	-	207
Amounts owed to group undertakings	446	160
Accruals and deferred income	<u>94</u>	<u>70</u>
	<u><b>2,105</b></u>	<u><b>1,440</b></u>

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

### **14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020 £'000	2019 £'000
Leases (see note 15)	<u><b>2,090</b></u>	<u>-</u>

### **15. FINANCIAL LIABILITIES**

	2020 £'000	2019 £'000
Current:		
Leases	<u><b>246</b></u>	<u><b>139</b></u>
Non-current:		
Leases	<u><b>2,090</b></u>	<u>-</u>

Terms and debt repayment schedule

	1 year or Less	1-5 years	More than 5 years	Totals
	£'000	£'000	£'000	£'000
Leases	<u>280</u>	<u>962</u>	<u>1,610</u>	<u><b>2,852</b></u>

Total cash outflow for leases in the year amounted to £315,000.

**B & W Equine Group Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2020**

**16. RIGHT-OF-USE ASSETS**

	<b>Property £'000</b>	<b>Plant and machinery £'000</b>	<b>Motor vehicles £'000</b>	<b>Totals £'000</b>
<b>COST</b>				
At 1 July 2019	<u>2,378</u>	<u>420</u>	<u>119</u>	<u>2,917</u>
At 30 June 2020	<u>2,378</u>	<u>420</u>	<u>119</u>	<u>2,917</u>
<b>DEPRECIATION</b>				
At 1 July 2019	-	213	-	213
Charge for year	<u>186</u>	<u>84</u>	<u>75</u>	<u>345</u>
At 30 June 2020	<u>186</u>	<u>297</u>	<u>75</u>	<u>558</u>
<b>NET BOOK VALUE</b>				
At 30 June 2020	<u>2,192</u>	<u>123</u>	<u>44</u>	<u>2,359</u>

**17. PROVISIONS FOR LIABILITIES**

	<b>2020 £'000</b>	<b>2019 £'000</b>
Deferred tax		
Accelerated capital allowances	<u>28</u>	<u>24</u>

	<b>Deferred tax £'000</b>
Balance at 1 July 2019	24
Provided during year	<u>4</u>
Balance at 30 June 2020	<u>28</u>

The Company has no unprovided deferred tax assets or liabilities.

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

## B & W Equine Group Limited

### Notes to the Financial Statements - continued for the Year Ended 30 June 2020

#### 18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020	2019
Number:	Class:		£	£
1,620	Ordinary shares	£1	<u>1,620</u>	<u>1,620</u>

#### 19. SUBSEQUENT EVENTS

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

#### 20. 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.

#### 21. 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 £170,000,000 at 30 June 2020 (2019: £190,000,000). The Directors do not expect any material loss to the Company to arise in respect of the guarantees.

#### 22. 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 £90,000 (2019: £67,000). The amount outstanding at the end of the year included in creditors was £nil (2019: £nil).

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2020**

**23. TRANSITION TO IFRS 16**

The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and lease liabilities.

The Company has chosen to use the table below to set out the adjustments recognised at the date of initial application of IFRS 16.

The impact on the balance sheet as at 30 June 2019 is as follows:

	As previously reported at 30 June 2019 £'000	IFRS 16 adjustment £'000	As restated 1 July 2019 £'000
<b>Fixed assets</b>			
Intangible assets	612	-	612
Tangible assets	885	(202)	683
Right-of-use assets	-	2,704	2,704
	<b>1,497</b>	<b>2,502</b>	<b>3,999</b>
<b>Current assets</b>			
Stocks	180	-	180
Debtors	1,562	95	1,657
Cash at bank	57	-	57
	<b>1,799</b>	<b>95</b>	<b>1,894</b>
<b>Creditors</b>			
Amounts falling due within one year	(1,440)	(317)	(1,757)
<b>Net current assets</b>	<b>359</b>	<b>(222)</b>	<b>137</b>
<b>Total assets less current liabilities</b>	<b>1,856</b>	<b>2,280</b>	<b>4,136</b>
<b>Creditors</b>			
Amounts falling due after more than one year	(24)	(2,280)	(2,304)
<b>Net Assets</b>	<b>1,832</b>	<b>-</b>	<b>1,832</b>
<b>Capital and reserves</b>			
Share capital	2	-	2
Share premium	623	-	623
Retained earnings	1,207	-	1,207
<b>Shareholders funds</b>	<b>1,832</b>	<b>-</b>	<b>1,832</b>

In terms of the impact on the statement of comprehensive income, the application of IFRS 16 resulted in a decrease in other operating expenses and an increase in depreciation and interest expense compared with IAS 17. During the financial year ended 30 June 2020, in relation to leases under IFRS 16, the Company recognised the following amounts in the statement of comprehensive income:



# B & W Equine Group Limited

## Notes to the Financial Statements - continued for the Year Ended 30 June 2020

### 23. TRANSITION TO IFRS 16

	Year ended 30 June 2020 (excluding IFRS 16 adjustment £'000)	IFRS 16 adjustment £'000	Year ended 30 June 2020 (including IFRS 16 adjustment £'000 )
<b>Turnover</b>	6,762	-	6,762
Cost of sales	(4,061)	-	(4,061)
<b>Gross profit</b>	<b>2,701</b>	-	<b>2,701</b>
Administrative expenses	(2,626)	53	(2,573)
Other operating income	111	-	111
<b>Operating profit</b>	<b>186</b>	<b>53</b>	<b>239</b>
Interest payable and similar expenses	(13)	(90)	(103)
<b>Profit before taxation</b>	<b>173</b>	<b>(37)</b>	<b>136</b>
Tax on profit	(94)	7	(87)
<b>Profit for the financial year</b>	<b>79</b>	<b>(30)</b>	<b>49</b>

Operating lease commitments at 30 June 2019 as disclosed in the Company's financial statements:

	£'000
Operating lease commitments disclosed under IAS 17 at 30 June 2019	1,062
Remeasurement of lease term	2,191
Effect of discounting	(656)
<b>Lease liabilities recognised at 1 July 2019</b>	<b>2,597</b>
<b>Disclosed as:</b>	
Current liabilities	317
Non-current liabilities	2,280
	<b>2,597</b>