REGISTERED NUMBER: 06777468 (England and Wales)

Report of the Directors and

Financial Statements for the Period 12 September 2017 to 30 June 2018

for

B & W Equine Group Limited

Contents of the Financial Statements
for the Period 12 September 2017 to 30 June 2018

B & W Equine Group Limited

Company Information
for the Period 12 September 2017 to 30 June 2018

DIRECTORS:	S C Innes R Fairman
SECRETARY:	R Fairman
REGISTERED OFFICE:	CVS House Owen Road Diss Norfolk IP22 4ER
REGISTERED NUMBER:	06777468 (England and Wales)
SENIOR STATUTORY AUDITOR:	Lee Welham (Senior Statutory Auditor)
AUDITORS:	Deloitte LLP Statutory Auditor Cambridge United Kingdom

Report of the Directors
for the Period 12 September 2017 to 30 June 2018

The directors present their report with the financial statements of the company for the period 12 September 2017 to 30 June 2018.

REVIEW OF BUSINESS
Revenue for the Company at £5,080,000 (2017: £3,700,000) was in line with expectations, and the Directors consider the result for the year to be satisfactory.

The Company made a loss after taxation of £252,000 (2017: £430,000 profit after tax). The Directors do not recommend the payment of a dividend and no dividends have been paid during the period 2017: £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 30 of the CVS Group plc 2018 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.

DIVIDENDS
No dividends will be distributed for the year ended 30 June 2018 (2017: £nil).

DIRECTORS
S C Innes has held office during the whole of the period from 12 September 2017 to the date of this report.

Other changes in directors holding office are as follows:

R Fairman was appointed as a director after 30 June 2018 but prior to the date of this report.

N J Perrin ceased to be a director after 30 June 2018 but prior to the date of this report.

FINANCIAL INSTRUMENTS
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

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 2018, gross trade receivables amounted to 22.2% of revenue (11 September 2017: 28.3%). Of these gross trade receivables 49.3.% (11 September 2017: 55.3%) 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 discussed within the "Financial Review" on pages 27 to 30 of the CVS Group plc 2018 Annual Report which does not form part of this report.

Report of the Directors
for the Period 12 September 2017 to 30 June 2018

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. 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 27 to 30 of the CVS Group plc 2018 Annual Report which does not form part of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors 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). 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 these 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;
- 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 Period 12 September 2017 to 30 June 2018

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each 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 auditors are aware of that information.

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 auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's 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.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

RFa ....

R Fairman - Director

Date: 28. 03. 19

B & W Equine Group Limited

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 2018 and of its loss for the period 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;
- the related notes 1 to 19.

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.

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

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. 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 from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Other matter
As the company was exempt from audit under section 477 of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.

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 (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom

Date: 29/03/19

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

Statement of Comprehensive Income
for the Period 12 September 2017 to 30 June 2018

	Notes	Period 12.9.17 to 30.6.18 £'000	Period 1.3.17 to 11.9.17 £'000
TURNOVER		5,080	3,700
Cost of sales		(2,732)	(855)
GROSS PROFIT		2,348	2,845
Administrative expenses		(2,550)	(2,299)
OPERATING (LOSS)/PROFIT		(202)	546
Interest payable and similar expenses	4	(17)	(22)
(LOSS)/PROFIT BEFORE TAXATION	5	(219)	524
Tax on (loss)/profit	6	20	(94)
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		(199)	430
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(199)	430

The notes form part of these financial statements

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

Balance Sheet
30 June 2018

	Notes	2018 £'000	2017 £'000
FIXED ASSETS			
Intangible assets	8	737	737
Tangible assets	9	1,166	1,466
		1,903	2,203
CURRENT ASSETS			
Stocks		221	238
Debtors	10	1,262	1,381
Cash at bank		422	349
		1,905	1,968
CREDITORS			
Amounts falling due within one year	11	(1,933)	(1,839)
NET CURRENT (LIABILITIES)/ASSETS		(28)	129
TOTAL ASSETS LESS CURRENT LIABILITIES		1,875	2,332
CREDITORS			
Amounts falling due after more than one year	12	-	(238)
PROVISIONS FOR LIABILITIES	15	(84)	(104)
NET ASSETS		1,791	1,990
CAPITAL AND RESERVES			
Called up share capital	16	2	2
Share premium		623	623
Retained earnings		1,166	1,365
SHAREHOLDERS' FUNDS		1,791	1,990

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 28.03.19 and were signed on its behalf by:

R Fairman - Director

The notes form part of these financial statements

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

Statement of Changes in Equity
for the Period 12 September 2017 to 30 June 2018

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 March 2017	-	1,227	623	1,850
Changes in equity				
Issue of share capital	2	-	-	2
Dividends	-	(292)	-	(292)
Total comprehensive income	-	430	-	430
Balance at 11 September 2017	2	1,365	623	1,990
Changes in equity				
Total comprehensive income	-	(199)	-	(199)
Balance at 30 June 2018	2	1,166	623	1,791

The notes form part of these financial statements

Notes to the Financial Statements
for the Period 12 September 2017 to 30 June 2018

1. **STATUTORY INFORMATION**

B & W Equine Group Limited is a private company, limited by shares, 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 2018 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 17 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 paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10)(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- 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;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

2. **ACCOUNTING POLICIES - continued**

Changes in accounting policies
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
The Company has not adopted any new and revised standards, amendments and interpretations which have been assessed as having financial or disclosure impact on the numbers presented.

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 2018 or later periods but which the Company has not early adopted:
- IFRS 16 Leasing (effective 1 January 2019)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (effective 1 January 2019)
- Amendments to IAS 28 Long-term Interest in Associates and Joint Ventures (effective 1 January 2019)
- IFRS 17 Insurance Contracts (effective 1 January 2021)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)

The directors do not expect that the adoption of IFRS 16, IFRIC 23, IFRS 9 and IAS 28 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 represents amounts receivable from customers for veterinary services and related veterinary products provided during the year. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured; typically this is when a diagnostic procedure or veterinary consultation is completed. Revenue is measured at the fair value of the consideration received, excluding value added tax.

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.

2. **ACCOUNTING POLICIES - continued**

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

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 income statement 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.

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.

2. **ACCOUNTING POLICIES - continued**

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 income statement. 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 income statement.

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 income statement 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 income statement 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.

3. **EMPLOYEES AND DIRECTORS**

	Period 12.9.17 to 30.6.18	Period 1.3.17 to 11.9.17
	£'000	£'000
Wages and salaries	**2,374**	1,212
Social security costs	**242**	-
Other pension costs	**40**	37
	2,656	1,249

3. **EMPLOYEES AND DIRECTORS - continued**

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

	Period 12.9.17 to 30.6.18	Period 1.3.17 to 11.9.17
Veterinary staff	**76**	79
Support services	**22**	22
	98	101

With effect from the date of acquisition the company transferred its PAYE scheme into a group arrangement in the principal name of the immediate parent company CVS (UK) Limited. Under the new 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 £350 (2017: £43,793) for their services and stood down as Directors with effect from the date of acquisition.

4. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	Period 12.9.17 to 30.6.18 £'000	Period 1.3.17 to 11.9.17 £'000
Bank loan interest	**1**	12
Hire purchase	**16**	10
	17	22

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

The loss before taxation (2017 - profit before taxation) is stated after charging:

	Period 12.9.17 to 30.6.18 £'000	Period 1.3.17 to 11.9.17 £'000
Cost of inventories recognised as expense	**1,016**	855
Hire of plant and machinery	**196**	8
Other operating leases	**189**	130
Depreciation - owned assets	**201**	112
Loss on disposal of fixed assets	**4**	-

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:

	2018 £'000	2017 £'000
Audit services:		
Fees payable to the company's auditor for the audit of the Company's financial statements	**3**	-

6. TAXATION

Analysis of tax (income)/expense

	Period 12.9.17 to 30.6.18 £'000	Period 1.3.17 to 11.9.17 £'000
Current tax:		
Tax	-	84
Deferred tax:		
Origination and reversal of ti ming differences	(23)	10
Effect of tax rate change	3	-
Total deferred tax	(20)	10
Total tax (income)/expense in statement of comprehensive income	(20)	94

Factors affecting the tax expense

The tax assessed for the period is higher (2017 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 12.9.17 to 30.6.18 £'000	Period 1.3.17 to 11.9.17 £'000
(Loss)/profit before income tax	(219)	524
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.160%)	(42)	100
Effects of:		
Group relief	19	-
Deferred tax - change in rates	3	-
Expenses not deductible for tax purposes	-	(13)
Effect of tax rate change on opening deferred tax balance	-	7
Tax (income)/expense	(20)	94

7. DIVIDENDS

	Period 12.9.17 to 30.6.18 £'000	Period 1.3.17 to 11.9.17 £'000
Ordinary shares shares of 1 each		
Final	-	292

8. INTANGIBLE FIXED ASSETS

	Goodwill £'000
COST	
At 12 September 2017 and 30 June 2018	**1,251**
AMORTISATION	
At 12 September 2017 and 30 June 2018	**514**
NET BOOK VALUE	
At 30 June 2018	**737**
At 11 September 2017	737

9. TANGIBLE FIXED ASSETS

	Plant and machinery etc £'000
COST	
At 12 September 2017	**2,746**
Additions	**149**
Disposals	**(7)**
At 30 June 2018	**2,888**
DEPRECIATION	
At 12 September 2017	**1,280**
Charge for period	**201**
Eliminated on disposal	**(2)**
Reclassification/transfer	**243**
At 30 June 2018	**1,722**
NET BOOK VALUE	
At 30 June 2018	**1,166**
At 11 September 2017	1,466

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Trade debtors	**952**	1,008
Other debtors	**310**	373
	1,262	1,381

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Bank loans and overdrafts (see note 13)	**-**	570
Hire purchase contracts (see note 13)	**270**	155
Trade creditors	**456**	347
Tax	**-**	316
Social security and other taxes	**245**	252
Related companies	**768**	-
Accruals and deferred income	**194**	199
	1,933	1,839

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	£'000	£'000
Hire purchase contracts (see note 13)	**-**	238

13. FINANCIAL LIABILITIES - BORROWINGS

	2018	2017
	£'000	£'000
Current:		
Bank loans	**-**	570
Hire purchase (see note 14)	**270**	155
	270	725
Non-current:		
Hire purchase (see note 14)	**-**	238

Terms and debt repayment schedule

	1 year or less
	£'000
Hire purchase	**270**

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2018	2017
	£'000	£'000
Net obligations repayable:		
Within one year	**270**	155
Between one and five years	**-**	238
	270	393

14. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2018	2017
	£'000	£'000
Within one year	**224**	-
Between one and five years	**713**	-
In more than five years	**214**	-
	1,151	-

15. PROVISIONS FOR LIABILITIES

	2018	2017
	£'000	£'000
Deferred tax	**84**	104

	Deferred tax
	£'000
Balance at 12 September 2017	**104**
Provided during period	**(20)**
Balance at 30 June 2018	**84**

The Company has no unprovided deferred tax assets or liabilities.

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

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**2018**	2017
			£	£
1,620	Ordinary shares	1	**1,620**	1,620

17. 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.

18. 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 £98,000,000 at 30 June 2018 (2017: £98,000,000). The Directors do not expect any material loss to the Company to arise in respect of the guarantees.

19. PENSION SCHEMES

The Company contributes to certain employees' personal pension schemes in accordance with their service contracts. The amounts are charged to the income statement as they fall due. The amounts charged during the year amounted to £40,000 (2017: £23,000). The amount outstanding at the end of the year included in creditors was £nil (2017: £nil).