

B & W EQUINE GROUP LIMITED
UNAUDITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

TUESDAY



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COMPANIES HOUSE

B & W EQUINE GROUP LIMITED

COMPANY INFORMATION

Directors	R Fairman R Alfonso B Jacklin
Company secretary	J Farrer
Registered number	06777468
Registered office	CVS House Owen Road Diss Norfolk IP22 4ER United Kingdom

B & W EQUINE GROUP LIMITED

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B & W EQUINE GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2022

Introduction

The Directors present their strategic report for the year ended 30 June 2022.

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

Business review

Revenue for the Company of £9,059,000 (2021: £8,638,000) was ahead of expectations, and the Directors consider the result for the year and the year end position to be satisfactory. The Company made a profit after tax of £521,000 (2021: £703,000).

The Company has seen an increase in net current assets of £488,000, and an increase in net assets of £521,000.

The Directors do not recommend the payment of a dividend (2021: £Nil) and no dividends (2021: £Nil) have been paid during the year.

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 68 of the CVS Group plc 2022 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 who remain willing to spend money on their pets, and clinical enhancements increasing the range of services we can offer. The companion animal market has grown significantly, both in the number of pets owned and in the willingness of owners to spend money on their pets' health and wellbeing.

There has been a growing trend towards "humanisation" of pets, with owners treating them increasingly like family members, which translates into increased spend on both clinical care of the animals, purchases of ancillary products such as pet food and toys, and preventative healthcare such as regular vaccinations.

Financially, the Group has delivered growth both organically and through acquisitions. The Group has strong foundations to continue to develop and grow within the veterinary market and our investors have demonstrated confidence in our ability to do that.

Looking ahead, we are optimistic for future growth and development of the Group, its services and its people. We will continue our strategy of synergistic acquisitions to complement our organic growth.

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 employees, Economic environment and consumer trends, Competition, Adverse publicity, Information technology, Changes in industry regulations, Sourcing pharmaceutical supplies, Sourcing and integrating acquisitions, Health and Safety legislation, Corporate legislation and regulatory requirements, Bank facilities, Future pandemic or lockdown, Sustainability and climate change, Epidemiology, and Cyber attack. These are discussed further, within the "Principal risks and uncertainties" on pages 60 to 68 of the CVS Group plc 2022 Annual report which does not form part of this report. The Group has also considered their environmental impact as disclosed in the "Streamlined Energy and Carbon Reporting" on pages 99 and 100 of the CVS Group plc 2022 Annual Report.

B & W EQUINE GROUP LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Financial risk factors

The Company's operations expose it to a variety of financial risks that include market risk (including currency 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

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 2022 is the fair value of each class of receivable as disclosed in note 13 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 (KPIs)

The Directors of the Company manage the Company'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 54 to 58 of the CVS Group plc 2022 Annual Report which does not form part of this report.

B & W EQUINE GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Disclosure in the Strategic Report

The principle activity, business review, future developments and financial risk factors of the Company have been disclosed in the Strategic Report in accordance with section 414C of the Companies Act 2006.

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.

After having regard to the financial forecasts, cash position, liquidity and total available facilities of the Group and related covenant requirements, 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 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.

Events since the year end

Information relating to events after the reporting period have been disclosed in note 19 of these financial statements.

This report was approved by the board on 11 NOVEMBER 2022 and signed on its behalf.


.....
R Alfonso
Director

B & W EQUINE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

The Directors present their report and the financial statements for the year ended 30 June 2022.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 to 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Dividends

In respect of the year under review, the Directors do not recommend the payment of a dividend (2021: £nil).

Directors

The Directors who served during the year were:

R Fairman
R Alfonso
B Jacklin

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 with the Company and any associated company, 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.

B & W EQUINE GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Disclosure in the Strategic Report

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Events since the year end

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This report was approved by the board on

and signed on its behalf.

.....
R Alfonso
Director

B & W EQUINE GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 £'000	2021 £'000
Revenue	3	9,059	8,638
Cost of sales		(4,890)	(4,502)
Gross profit		4,169	4,136
Administration expenses		(3,516)	(3,250)
Other operating income	4	63	59
Operating profit		716	945
Interest receivable and similar income		1	-
Interest payable and similar expenses	6	(80)	(92)
Profit before tax	7	637	853
Tax on profit	8	(116)	(150)
Profit for the financial year		521	703
Other comprehensive income		-	-
Total comprehensive income for the year		521	703

All activities derive from continuing operations.

The notes on pages 10 to 31 form part of these financial statements.

B & W EQUINE GROUP LIMITED
REGISTERED NUMBER: 06777468

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	9	248	373
Property, plant and equipment	10	926	747
Right of use assets	11	1,976	2,141
Deferred tax asset	15	3	11
		<u>3,153</u>	<u>3,272</u>
Current assets			
Inventories	12	321	198
Trade and other receivables	13	3,566	3,026
Cash and cash equivalents		94	32
		<u>3,981</u>	<u>3,256</u>
Creditors: amounts falling due within one year	14	<u>(2,250)</u>	<u>(2,013)</u>
Net current assets		<u>1,731</u>	<u>1,243</u>
Total assets less current liabilities		<u>4,884</u>	<u>4,515</u>
Creditors: amounts falling due after more than one year	16	(1,779)	(1,931)
Net assets		<u><u>3,105</u></u>	<u><u>2,584</u></u>
Capital and reserves			
Ordinary shares	18	2	2
Share premium		623	623
Retained earnings		2,480	1,959
Shareholders' funds		<u><u>3,105</u></u>	<u><u>2,584</u></u>

B & W EQUINE GROUP LIMITED
REGISTERED NUMBER: 06777468


STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2022

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
11 NOVEMBER 2022


.....
R Alfonso
Director

The notes on pages 10 to 31 form part of these financial statements.

B & W EQUINE GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Ordinary shares £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 July 2020	2	623	1,256	1,881
Comprehensive income for the year				
Total comprehensive income	-	-	703	703
At 1 July 2021	2	623	1,959	2,584
Comprehensive income for the year				
Total comprehensive income	-	-	521	521
At 30 June 2022	2	623	2,480	3,105

The notes on pages 10 to 31 form part of these financial statements.

B & W EQUINE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 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

2.1 Basis of preparation of financial statements

These financial statements present the financial record for the year ended 30 June 2022 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 IFRS.

The Company is a qualifying entity for the purposes of FRS 101 as a member of a Group where the parent of that Group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that entity must be included in the consolidation. Note 20 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

These financial statements have been prepared on a going concern basis and under the historical cost convention, except for certain financial instruments that have been measured at fair value.

B & W EQUINE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- 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 Revenue from Contracts with Customers
- 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, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- 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;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 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 paragraph 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, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 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.

After having regard to the financial forecasts, cash position, liquidity and total available facilities of the Group and related covenant requirements, 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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.4 Critical judgements and key sources of estimation uncertainty

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.

Judgement: 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 end of the contractual lease term; and
- 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 17 for additional disclosures related to leases.

Accounting estimate: Research and Development Expenditure Tax Credit ("RDEC")

The Company has recognised £15,000 (2021: £20,000) income in relation to claims made by the Company under HM Revenue & Customs (HMRC) RDEC scheme in respect of costs relating to qualifying Research and Development (R&D) activities. The income is recognised when there is reasonable assurance that the Company will comply with the relevant conditions of the scheme and that the tax credits will be received, which can be some time after the original expense is incurred. The Company's assessment of eligible expenditure and qualifying activities must align with the definition of R&D for RDEC purposes. The Company has considered the facts and circumstances relating to the Company's claim in order to make a judgement as to whether compliance is reasonably assured and therefore receipt is reasonably certain. The Company has applied an estimated discount to the gross claims of £24,000 (2021: £36,000) and recognised only £15,000 (2021: £20,000) in the current year. The unrecognised amount is therefore £9,000 (2021: £16,000), which will be recognised when uncertainty has been removed either via formal acceptance of the claim or the expiry of the enquiry window.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.5 Revenue

Revenue 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 revenue 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. Revenue is allocated proportionately across the contract performance obligations and recognised either over time or at a point in time as appropriate.

Service revenue

Revenue 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. Revenue 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. Revenue 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 revenue 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 and contract liability for this is shown in note 13 and note 14. Revenue 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

Revenue 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.

B & W EQUINE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.6 Intangible assets

Computer software

Computer software is capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised on a straight line basis over their estimated useful lives of three years and charged to administrative expenses. Costs associated with maintaining computer software programs are recognised as an administrative expense as incurred.

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 installments at the following principal rates:

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

2.7 Property, plant and equipment

Property, plant and equipment 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 installments at the following principal rates:

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

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

B & W EQUINE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.8 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 through profit or loss (FVTPL) and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade and other receivables is recognised if there are 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 income statement within administration expenses.

(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.

2.9 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Inventories comprise of goods held for sale, 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 inventories.

2.10 Cash and cash equivalents

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

B & W EQUINE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.11 Taxation

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 profit before tax as reported in the income statement 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 statement of financial position 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 also not accounted for if it arises from the initial recognition of goodwill. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Company statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Current and deferred tax is charged or credited in the income statement, except where it relates to items charged or credited directly to other comprehensive income or equity, in which case the current and 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, or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.12 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.

2.13 Leases

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 Statement of Financial Position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

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 case 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 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.

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 'Administrative 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.

B & W EQUINE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.14 Retirement benefit costs

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

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.

2.15 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.

The Company is entitled to claim tax credits in relation to the Research and Development Expenditure Tax Credit ("RDEC") scheme. Tax credits receivable under this scheme are determined to have the substance of a government grant and accordingly these tax credits are accounted for under IAS 20, 'Accounting for Government Grants', as described above. The tax credits are recognised within other operating income within the Income statement when there is reasonable assurance that the Company will comply with the relevant conditions and that the tax credits will be received.

B & W EQUINE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.16 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. Revenue

The revenue and profit before taxation are attributable to the one principle activity of the company.

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

	2022 £'000	2021 £'000
Veterinary diagnostic services	6,975	6,284
Product sales	2,084	2,354
	<u>9,059</u>	<u>8,638</u>

An analysis of revenue by geographical market is given below:

	2022 £'000	2021 £'000
United Kingdom	9,059	8,638
	<u>9,059</u>	<u>8,638</u>

B & W EQUINE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

4. Other operating income

	2022	2021
	£'000	£'000
Sundry receipts	48	39
RDEC income	15	20
	63	59

5. Employee benefit expense

Staff costs were as follows:

	2022	2021
	£'000	£'000
Wages and salaries	3,884	3,736
Social security costs	419	345
Other pension costs	114	92
	4,417	4,173

The average monthly number of employees, including the Directors, during the year was as follows:

	2022	2021
	No.	No.
Veterinary staff	96	83
Administrative staff	21	18
	117	101

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 total recharge for the year amounted to £4,417,000 (2021: £4,173,000) and are included within the values shown above.

Employee benefit expense included within cost of sales is £3,230,000 (2021: £2,796,000).

The Directors are paid a single salary by CVS (UK) Limited in respect of their services to the group and it is not considered practicable to apportion this between the subsidiaries.

B & W EQUINE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

6. Interest payable and similar expenses

	2022 £'000	2021 £'000
Other interest payable	-	1
Interest expense - leases	80	91
	<u>80</u>	<u>92</u>

7. Profit before taxation

The profit before taxation is stated after charging:

	2022 £'000	2021 £'000
Cost of inventories recognised as expense	1,439	1,536
Depreciation - owned assets	311	275
Depreciation - right-of-use assets	208	218
Profit on disposal of fixed assets	(3)	-
Patient data records amortisation	125	125
Computer software amortisation	4	-
Employee benefit expense	4,417	4,173

B & W EQUINE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

8. Taxation

	2022 £'000	2021 £'000
Corporation tax		
Current tax on profits for the year	103	200
Adjustments in respect of prior periods	5	(11)
Total current tax	108	189
Deferred tax		
Origination and reversal of timing differences	13	(12)
Tax rate change on opening balance	-	1
Adjustments in respect of prior periods	(5)	(28)
Total deferred tax	8	(39)
Taxation on profit on ordinary activities	116	150

B & W EQUINE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

8. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021: *lower than*) the standard rate of corporation tax in the UK of 19.0% (2021: 19.0%). The differences are explained below:

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	637	853
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2021: 19.0%)	121	162
Effects of:		
Expenses not deductible for tax purposes	(1)	29
Adjustments to deferred tax charge in respect of previous periods	(5)	(39)
Effect of difference between deferred tax and current tax rate	1	(3)
Effect of tax rate change on deferred tax balance	-	1
Total tax charge for the year	116	150

Factors that may affect future tax charges

The UK corporation tax rate for the period was 19.0% (2021: 19.0%). In March 2021, the UK Government announced an increase in the UK corporation tax rate to 25.0% from 1 April 2023. The increase in UK corporation tax rate was substantively enacted on 24 May 2021. As a result, the relevant deferred taxation balances have been re-measured using the rates expected to apply when the deferred tax balances reverse.

B & W EQUINE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

9. Intangible assets

	Patient data records £'000	Computer software £'000	Total £'000
Cost or valuation			
At 1 July 2021	1,251	11	1,262
Other additions	-	4	4
At 30 June 2022	1,251	15	1,266
Amortisation			
At 1 July 2021	889	-	889
Amortisation for year	125	4	129
At 30 June 2022	1,014	4	1,018
Net book value			
At 30 June 2022	237	11	248
At 30 June 2021	362	11	373

B & W EQUINE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

10. Property, plant and equipment

	Improvements to property £'000	Plant and machinery £000	Motor vehicles £'000	Total £'000
Cost				
At 1 July 2021	707	2,051	314	3,072
Additions	32	329	129	490
At 30 June 2022	<u>739</u>	<u>2,380</u>	<u>443</u>	<u>3,562</u>
Depreciation				
At 1 July 2021	401	1,798	126	2,325
Charge for year	47	182	82	311
At 30 June 2022	<u>448</u>	<u>1,980</u>	<u>208</u>	<u>2,636</u>
Net book value				
At 30 June 2022	<u>291</u>	<u>400</u>	<u>235</u>	<u>926</u>
At 30 June 2021	<u>306</u>	<u>253</u>	<u>188</u>	<u>747</u>

B & W EQUINE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

11. Right of use assets

	Property £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 1 July 2021	2,378	420	119	2,917
Additions	23	-	-	23
Disposals	-	-	(89)	(89)
Remeasurement of lease term	20	-	-	20
At 30 June 2022	<u>2,421</u>	<u>420</u>	<u>30</u>	<u>2,871</u>
Depreciation				
At 1 July 2021	372	298	106	776
Charge for the year	199	1	8	208
On disposals	-	-	(89)	(89)
At 30 June 2022	<u>571</u>	<u>299</u>	<u>25</u>	<u>895</u>
Net book value				
At 30 June 2022	<u>1,850</u>	<u>121</u>	<u>5</u>	<u>1,976</u>
At 30 June 2021	<u>2,006</u>	<u>122</u>	<u>13</u>	<u>2,141</u>

12. Inventories

	2022 £'000	2021 £'000
Finished goods	321	198
	<u>321</u>	<u>198</u>

The Directors do not consider the difference between the purchase price of inventories and their replacement cost to be material.

B & W EQUINE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

13. Trade and other receivables

	2022	2021
	£000	£000
Amounts falling due within one year:		
Trade receivables	1,185	1,094
Amounts owed by group undertakings	2,209	1,760
Prepayments	96	101
Contract assets	76	71
	3,566	3,026

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

At 30 June 2022 there is a contract asset relating to the Healthy Pet Club HPC contract of £76,000 (2021: £71,000). The contract asset arises from customers having received consultations and treatments, which are weighted towards the beginning of the twelve month scheme, in advance of cash payments, as detailed more fully in note 2.

14. Creditors: Amounts falling due within one year

	2022	2021
	£'000	£'000
Lease liabilities (see note 17)	167	158
Trade creditors	430	492
Corporation tax	320	251
VAT	411	379
Amounts owed to group undertakings	772	557
Other creditors	50	55
Accruals and deferred income	100	121
	2,250	2,013

B & W EQUINE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

15. Deferred taxation

	2022 £000
At 1 July 2021	11
Recognised in Statement of Comprehensive Income	(8)
At 30 June 2022	3

The deferred tax asset is made up as follows:

	2022 £000	2021 £000
Accelerated capital allowances	2	11
Other temporary differences	1	-
	3	11

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

16. Creditors: Amounts falling due after more than one year

	2022 £'000	2021 £'000
Lease liabilities (see note 17)	1,779	1,931
	1,779	1,931

B & W EQUINE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

17. Lease liabilities

	2022 £'000	2021 £'000
Current:		
Leases	167	158
Non-current:		
Leases	1,779	1,931
	1,946	2,089

Terms and debt repayment schedule (undiscounted):

	1 year or less £'000	2-5 years £'000	More than 5 years £'000	Total £'000
Leases	240	954	1,155	2,349

Total cash flows for leases in the year amounted to £250,000 (2021: £270,000).

B & W EQUINE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

18. Called up share capital

	2022 £	2021 £
Authorised, allotted, called up and fully paid		
1,620 (2021 - 1,620) Ordinary shares of £1.00 each	1,620	1,620

19. Events after the reporting period

There were no significant events between the statement of financial position 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 and Wales.

CVS Group plc, a company registered in England and Wales, 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 considered that there is no ultimate controlling party.

21. Pension schemes

The Company contributes to certain employees' personal pensions 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 £114,000 (2021: £92,000). The amount outstanding at the end of the year included in creditors was £Nil (2021: £Nil).

22. Guarantees and other financial commitments

Bank guarantees

The Company is a member of the Group banking arrangement under which it is party to unlimited cross-guarantees in respect of the banking facilities amounting to £170,000,000 at 30 June 2022 (30 June 2021: £170,000,000). The Directors do not expect any material loss to the Company to arise in respect of the guarantees