REGISTERED NUMBER: 03252801 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 30 June 2017

for

Pet Vaccination Clinic Limited

Contents of the Financial Statements for the Year Ended 30 June 2017

Pet Vaccination Clinic Limited

Company Information
for the Year Ended 30 June 2017

DIRECTORS:	S C Innes N J Perrin
SECRETARY:	R A J Gilligan
REGISTERED OFFICE:	CVS House Owen Road Diss Norfolk IP22 4ER
REGISTERED NUMBER:	03252801 (England and Wales)
AUDITORS:	Deloitte LLP Statutory Auditor Cambridge United Kingdom

Pet Vaccination Clinic Limited (Registered number: 03252801)

Strategic Report
for the Year Ended 30 June 2017

The directors present their strategic report for the year ended 30 June 2017.

The principal activity of the Company is to operate companion animal veterinary practices.

REVIEW OF BUSINESS
Turnover for the Company at £10,589,000 (period ended 30 June 2016: £12,655,000) was in line with expectations, and the directors consider the result for the year and the year end position to be satisfactory.

The Company made a profit after taxation of £755,000 (2016: £88,000 loss after tax). The Directors do not recommend the payment of a dividend (2016: £nil) and no dividends have been paid during the year (2016: £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 2017 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.

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 2017 Annual Report which does not form part of this report.

FINANCIAL RISK FACTORS
The Company's operations expose it to a variety of financial risks that include market risk (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

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 2017, gross trade receivables amounted to 2.4% of annualised revenue (2016: 4.1%). Of these gross trade receivables 73.5% (2016: 74.6%) 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.

Pet Vaccination Clinic Limited (Registered number: 03252801)

Strategic Report
for the Year Ended 30 June 2017

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 Pet Vaccination Clinic 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 2017 Annual Report which does not form part of this report.

FUTURE DEVELOPMENTS

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

ON BEHALF OF THE BOARD:

....

N J Perrin - Director

Date: ....21/02/2018....

Report of the Directors
for the Year Ended 30 June 2017

The directors present their report with the financial statements of the company for the year ended 30 June 2017.

DIVIDENDS
No dividends will be distributed for the year ended 30 June 2017 (2016: £nil).

DIRECTORS
The directors shown below have held office during the whole of the period from 1 July 2016 to the date of this report.

S C Innes
N J Perrin

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
After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing these financial statements.

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.

DISCLOSURE IN THE STRATEGIC REPORT
The future developments and financial risks of the Company have been disclosed in the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101).The company is required to adopt FRS 101 from 01 July 2015 but has chosen to adopt this prior to this date. 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 year. 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;
* State whether applicable United Kingdom Accounting Standards, Including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
* Notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
* Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Pet Vaccination Clinic Limited (Registered number: 03252801)

Report of the Directors
for the Year Ended 30 June 2017

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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.

ON BEHALF OF THE BOARD:

....

N J Perrin - Director

Date: 21/02/2018

Report of the Independent Auditors to the Members of
Pet Vaccination Clinic Limited

Opinion
In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Pet Vaccination Clinic Limited (the 'company') which comprise:
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

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

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 report of the Directors, 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.

Report of the Independent Auditors to the Members of
Pet Vaccination Clinic Limited

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 strategic report and the directors' report.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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;
- we have not received all the information and explanations we require for our audit; or

Lee Welham FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom

Date: 23|02|18

Statement of Comprehensive Income
for the Year Ended 30 June 2017

	Notes	Year Ended 30.6.17 £'000	Period 30.3.15 to 30.6.16 £'000
TURNOVER	3	**10,589**	12,655
Cost of sales		**(6,191)**	(6,492)
GROSS PROFIT		**4,398**	6,163
Administrative expenses		**(3,327)**	(6,242)
OPERATING PROFIT/(LOSS)		**1,071**	(79)
Interest payable and similar expenses	5	**(10)**	(17)
PROFIT/(LOSS) BEFORE TAXATION	6	**1,061**	(96)
Tax on profit/(loss)	7	**(306)**	8
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**755**	(88)
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**755**	(88)

Pet Vaccination Clinic Limited (Registered number: 03252801)

Balance Sheet
30 June 2017

	Notes	2017 £'000	2016 £'000
FIXED ASSETS			
Intangible assets	8	-	-
Tangible assets	9	3,645	2,059
		3,645	2,059
CURRENT ASSETS			
Stocks	10	138	142
Debtors	11	2,176	2,573
Cash at bank		105	107
		2,419	2,822
CREDITORS			
Amounts falling due within one year	12	(5,087)	(4,659)
NET CURRENT LIABILITIES		(2,668)	(1,837)
TOTAL ASSETS LESS CURRENT LIABILITIES		977	222
CAPITAL AND RESERVES			
Called up share capital	16	-	-
Retained earnings	17	977	222
SHAREHOLDERS' FUNDS		977	222

The financial statements were approved by the Board of Directors on 21/02/2018 and were signed on its behalf by:

N J Perrin - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the Year Ended 30 June 2017

	Retained earnings £'000	Total equity £'000
Balance at 30 March 2015	310	310
Changes in equity		
Total comprehensive income	(88)	(88)
Balance at 30 June 2016	222	222
Changes in equity		
Total comprehensive income	755	755
Balance at 30 June 2017	977	977

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

Pet Vaccination Clinic 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 presentation currency of the financial statements is the Pound Sterling (£).

The principal activity of the Company was that of the operation of veterinary clinics.

2. ACCOUNTING POLICIES

Basis of preparation
These financial statements present the financial record for the year ended 30 June 2017 of Pet Vaccination Clinic Limited.

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

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

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

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of 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 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.

The ultimate parent company, CVS Group Plc, has confirmed in writing its intention to continue to support the Company to enable it to meet its obligations as they fall due for a period of at least 12 months from the signing of these financial statements. Accordingly the financial statements have been prepared on a going concern basis.

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

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

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

Changes in accounting policy and disclosure

Standards, amendments and interpretations adopted by the Company
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 2017 or later periods but which the Company has not early adopted:
- IFRS 9 Financial Instruments (effective 1 January 2018)

- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 16 Leasing (effective 1 January 2019)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)
- Disclosure Initiative (Amendments to IAS 7) (effective 1 January 2017)
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2) (effective 1 January 2018)
- Annual Improvements 2014-2016 Cycle (effective 1 January 2018)

The directors do not expect that the adoption of IFRS 9 and IFRS 15 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 16 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 period. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured; typically this is when a veterinary consultation is completed. Turnover is measured at the fair value of the consideration received, excluding value added tax.

In respect of customer loyalty schemes, where monies are received by way of monthly subscriptions, appropriate adjustments are made through deferred and accrued income to recognise turnover when the underlying service has been performed. Turnover in respect of customer loyalty schemes is recognised net of a provision for expected cancellations based on historical cancellation data.

Plant, property and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

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

Freehold property - 1% straight line

Improvements to property - 25% on reducing balance, straight line over 5, 15, 10 and 7 years

Plant and machinery - 25% on reducing balance, straight line over 4, 8, 10, 6 and 5 years

Fixtures and fittings - 25 % on reducing balance, straight line over 4, 10, and 7 years

Motor Vehicles - 100% and 25% on cost

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 period in which they are incurred.

2. **ACCOUNTING POLICIES - continued**

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

(a) Trade receivables

Trade receivables are non-interest bearing and are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of any loss is recognised in the income statement within administrative expenses. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

(b) 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.

(c) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are initially recorded as the proceeds received, net of associated transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(d) Trade payables

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

Inventories
Inventories 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.

Current and deferred tax
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.

Functional and presentational currency
Assets and liabilities in foreign currencies are translated into pound sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

2. **ACCOUNTING POLICIES - continued**

Leases
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

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

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and deposits.

Trademarks
Trademarks are valued at cost less accumulated amortisation and are being amortised evenly over their estimated useful life of ten years. Trademarks are subject to annual review for impairment and, where necessary are written down to their recoverable amount.

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. **TURNOVER**

The turnover and profit (2016 - loss) before taxation are attributable to the one principal activity of the company.

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

	Year Ended 30.6.17 £'000	Period 30.3.15 to 30.6.16 £'000
Veterinary services	**10,589**	12,655
	10,589	12,655

An analysis of turnover by geographical market is given below:

	Year Ended 30.6.17 £'000	Period 30.3.15 to 30.6.16 £'000
United Kingdom	**10,589**	12,655
	10,589	12,655

4. EMPLOYEES AND DIRECTORS

	Year Ended 30.6.17 £'000	Period 30.3.15 to 30.6.16 £'000
Wages and salaries	4,285	5,887
Social security costs	351	485
Other pension costs	51	108
	4,687	6,480

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

	Year Ended 30.6.17	Period 30.3.15 to 30.6.16
Veterinary staff	159	189
Central support	52	28
	211	217

Employee benefit expense included within cost of sales is £3,593,000 (2016: £3,410,000).

Following being acquired by CVS (UK) Limited, 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.

The total recharge for the year amounted to £525,000 (2016: £439,000) and is included within the values shown above.

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

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 30.6.17 £'000	Period 30.3.15 to 30.6.16 £'000
Hire purchase	10	17

6. PROFIT/(LOSS) BEFORE TAXATION

The profit before taxation (2016 - loss before taxation) is stated after charging:

	Year Ended 30.6.17 £'000	Period 30.3.15 to 30.6.16 £'000
Cost of inventories recognised as expense	6,191	6,492
Hire of plant and machinery	38	146
Other operating leases	436	505
Depreciation - owned assets	85	721
Trademarks and logos amortisation	-	2

6. PROFIT/(LOSS) BEFORE TAXATION - continued

Services provided by the Company's auditor and its associates

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

	2017 £'000	2016 £'000
Audit services:		
Fees payable to the company's auditor for the audit of the Company's financial statements	11	10

7. TAXATION

Analysis of tax expense/(income)

	Year Ended 30.6.17 £'000	Period 30.3.15 to 30.6.16 £'000
Current tax:		
Tax	198	74
Adj. in respect of prior years	(69)	-
Total current tax	129	74
Deferred tax:		
Origination and reversal of temporary differences	13	-
Effect of tax rate change on opening deferred tax balance	6	(93)
Adjustments in respect of previous years	158	11
Total deferred tax	177	(82)
Total tax expense/(income) in statement of comprehensive income	306	(8)

Factors affecting the tax expense

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 30.6.17 £'000	Period 30.3.15 to 30.6.16 £'000
Profit/(loss) before income tax	1,061	(96)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19.800% (2016 - 20%)	210	(19)
Effects of:		
Tax rate change on opening balance	7	11
Prior year adjustment to current tax	(69)	-
Prior year deferred tax adjustment	158	-
Tax expense/(income)	306	(8)

7. **TAXATION - continued**

UK corporation tax is calculated at 19.8% (2016: 20.0%) of the estimated assessable profit for the period. The standard rate of UK corporation tax changed from 20% to 19% with effect from 1 April 2017.

Factors affecting the future tax charge

The main rate of corporation tax will reduce from 19% to 17% from 1 April 2020. This change had been substantively enacted at the balance sheet date and, therefore, it is reflected in these financial statements.

8. **INTANGIBLE FIXED ASSETS**

	Trademarks and logos £'000
COST	
At 1 July 2016 and 30 June 2017	16
AMORTISATION	
At 1 July 2016 and 30 June 2017	16
NET BOOK VALUE	
At 30 June 2017	-
At 30 June 2016	-

9. **TANGIBLE FIXED ASSETS**

	Freehold property £'000	Improvements to property £'000	Plant and machinery £'000
COST			
At 1 July 2016	-	1,582	2,063
Additions	968	868	217
Disposals	-	-	(382)
At 30 June 2017	968	2,450	1,898
DEPRECIATION			
At 1 July 2016	-	887	1,085
Charge for year	14	79	(8)
At 30 June 2017	14	966	1,077
NET BOOK VALUE			
At 30 June 2017	954	1,484	821
At 30 June 2016	-	695	978

9. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST			
At 1 July 2016	1,082	28	4,755
Additions	-	-	2,053
Disposals	-	-	(382)
At 30 June 2017	1,082	28	6,426
DEPRECIATION			
At 1 July 2016	696	28	2,696
Charge for year	-	-	85
At 30 June 2017	696	28	2,781
NET BOOK VALUE			
At 30 June 2017	386	-	3,645
At 30 June 2016	386	-	2,059

10. STOCKS

	2017 £'000	2016 £'000
Stocks	138	142

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Trade debtors	121	424
Related companies	1,693	1,790
Deferred tax asset	33	210
Prepayments and accrued income	329	149
	2,176	2,573

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

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Hire purchase contracts (see note 13)	25	160
Trade creditors	457	703
Tax	128	74
VAT	285	345
Related companies	3,939	3,351
Accruals	253	26
	5,087	4,659

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

13. FINANCIAL LIABILITIES - BORROWINGS

	2017	2016
	£'000	£'000
Current:		
Hire purchase (see note 14)	25	160

Terms and debt repayment schedule

	1 year or less
	£'000
Hire purchase	25

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2017	2016
	£'000	£'000
Net obligations repayable:		
Within one year	25	160

	Non-cancellable operating leases	
	2017	2016
	£'000	£'000
Within one year	485	396
Between one and five years	1,688	1,408
In more than five years	1,239	1,457
	3,412	3,261

Operating lease commitments primarily represent rentals payable by the Company in respect of its office properties.

Finance lease payments represent rentals payable by the group for certain items of plant and machinery. Leases include options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed term repayment basis and no arrangements have been entered into for contingent rental payments. All hire purchase contracts are secured over the assets financed.

15. DEFERRED TAX

	£'000
Balance at 1 July 2016	(210)
Provided during year	177
Balance at 30 June 2017	(33)

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
2	Ordinary Shares	1	2	2

17. RESERVES

	Retained earnings £'000
At 1 July 2016	222
Profit for the year	755
At 30 June 2017	977

18. ULTIMATE CONTROLLING PARTY

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

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

19. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Bank guarantees

The Company is a member of the CVS Group plc banking arrangement under which it is party to unlimited cross-guarantees in respect of the banking facilities of other CVS Group plc undertakings, amounting to £98,000,000 at 30 June 2017 (2016: £98,000,000). The Directors do not expect any material loss to the Company to arise in respect of the guarantees.

20. PENSION SCHEMES

The Company contributes to certain employees' personal pension schemes in accordance with their service contracts. The amounts are charged to the income statement as they fall due. The amounts charged during the year amounted to £51,000 (2016: £108,000). The amount outstanding at the end of the year included in creditors was £nil (2016: £nil).