Registered number: 03481736

Medivet Group Limited

Annual Report and Financial Statements

For the Year Ended 30 April 2018

Medivet Group Limited

Company Information

Directors	A S Levy G Carter J Smithers K L Morris
Registered number	03481736
Registered office	Unit 4 Mowat Industrial Estate Sandown Road Watford WD24 7UY
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Sqaure London EC2P 2YU

Medivet Group Limited

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Strategic Report
For the Year Ended 30 April 2018

Introduction

The Directors set out their Strategic Review of the Company below. A more detailed Strategic Review of the Group is disclosed in the financial statements of Medivet Partnership LLP.

Business review

The Company performed strongly during the year. Revenue was £128m, a 62% increase over the same period last year.

The Company acquired 83 new branches in the year and continued with its acquisition strategy by strengthening its hub and spoke model in various locations.

During the year the Company invested significantly in Information Technology, Human Resources, Marketing and in the support of our Veterinary Practices. These investments are expected to improve our business in the long term and support future growth. This investment which will continue into FY19 has, as expected, impacted operating profits in the current year.

The Company is continuing to invest in its central infrastructure and it is for this reason that the underlying operating profit fell by 4.9% to £4.7m. Underlying operating profit is stated after non-recurring costs of £2.1m.

The Company is excited about future opportunities and is looking to continue to benefit from synergies arising from the acquisitions as well as the benefits from the investment referred to above.

Charitable events

During the year, the Company has continued to raise funds for its nominated charity. In the year to 30 April 2018 the Group, and its clients have donated in excess of £250,000 to help Will Fowlds's work in South Africa to Save the Rhino. Collections have come from a number of charitable events held through the year as well as donating all the proceeds from the mandatory sale of carrier bags.

This work continues into 2019 and additionally the Company is working closely with Battersea Dogs Home to provide treatment to a number of their animals as well as sponsoring a number of Battersea Dogs Home's initiatives.

Principal risks and uncertainties

Liquidity risk
The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the group of which the company is part, has credit facilities available. Given the maturity of the bank loan in the group accounts, the company is in position to meet its commitments and obligations as they come due.

Customer credit exposure
The company may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships.

Financial key performance indicators

The directors manage the company on key performance indicators including growth in turnover, profitability, cash generation and the ability to fund its financial obligations from operating cash flow.

Other key performance indicators

Other non-financial indicators include the acquisition of new customers and retention of existing ones. Furthermore, the directors are always considering improved and new sources of supply and cost effectiveness.

This report was approved by the board on 1 April 2019 and signed on its behalf.

A S Levy
Director

Directors' Report
For the Year Ended 30 April 2018

The directors present their report and the financial statements for the year ended 30 April 2018.

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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Results and dividends

The profit for the year, after taxation, amounted to £7,333,806 *(2017 - £2,971,397)*.

Directors

The directors who served during the year were:

A S Levy
G Carter
J Smithers
K L Morris

Future developments

Future developments of the company are discussed in the Strategic Report contained in the financial statements of Medivet Partnership LLP.

Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company.

Disabled employees

Applications for disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure 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 disabled persons, should, as far as possible, be identical with that of other employees.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Post balance sheet events

After the year end the Group, of which this Company is a member, successfully renegotiated its finance facility with its existing lender to enable it to continue to make acquisitions of Veterinary Practices.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 1 April 2019 and signed on its behalf.

A S Levy
Director

Independent Auditor's Report to the Members of Medivet Group Limited

Opinion
We have audited the financial statements of Medivet Group Limited (the 'company') for the year ended 30 April 2018 which comprise the Statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:
give a true and fair view of the state of the company's affairs as at 30 April 2018 and of its profit for the year then ended;
have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
have been prepared in accordance with the requirements of the Companies Act 2006.

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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
the directors' use of the going concern basis of accounting in the 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.

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

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

We have nothing to report in this regard.

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

Matter on which we are required to report under the Companies Act 2006
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 material misstatements in the directors' report.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which 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; or
we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements
As explained more fully in the directors' responsibilities statement set out on page 1, 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

Grant Thornton UK LLP

Philip Westerman
(Senior Statutory Auditor)

for and on behalf of

Grant Thornton UK LLP

30 Finsbury Sqaure
London

EC2P 2YU

1 April 2019

Medivet Group Limited

Statement of Comprehensive Income
For the Year Ended 30 April 2018

	Note	2018 £	*2017* *£*
Turnover	4	**127,863,023**	*78,621,682*
Cost of sales		**(69,810,604)**	*(44,880,421)*
Gross profit		**58,052,419**	*33,741,261*
Administrative expenses		**(54,039,909)**	*(29,258,271)*
Exceptional administrative expenses	9	**(2,109,253)**	*(1,794,041)*
Other operating income	5	**715,172**	*491,021*
Operating profit	6	**2,618,429**	*3,179,970*
Income from participating interests		**272,792**	*769,400*
Interest receivable and similar income	10	**10,120,961**	*270*
Interest payable and expenses	11	**(4,652,963)**	*(365,687)*
Profit before tax		**8,359,219**	*3,583,953*
Tax on profit	12	**(1,025,413)**	*(612,556)*
Profit for the financial year		**7,333,806**	*2,971,397*

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 11 to 32 form part of these financial statements.

Medivet Group Limited
Registered number: 03481736

Statement of Financial Position
As at 30 April 2018

	Note		2018 £		2017 £
Fixed assets					
Intangible assets	13		178,890,662		90,776,962
Tangible assets	14		13,492,118		7,231,423
Investments	15		1,017,477		7,288,968
			193,400,257		105,297,353
Current assets					
Stocks	16	4,525,962		2,565,643	
Debtors: amounts falling due within one year	17	21,122,877		19,647,287	
Cash at bank and in hand	18	2,737,172		590,331	
		28,386,011		22,803,261	
Creditors: amounts falling due within one year	19	(163,803,153)		(63,768,217)	
Net current liabilities			(135,417,142)		(40,964,956)
Total assets less current liabilities			57,983,115		64,332,397
Creditors: amounts falling due after more than one year	20		(33,628,230)		(47,269,832)
Provisions for liabilities					
Deferred tax	24	-		(6,910)	
Other provisions	25	-		(34,576)	
			-		(41,486)
Net assets			24,354,885		17,021,079
Capital and reserves					
Called up share capital	26		710,000		710,000
Profit and loss account			23,644,885		16,311,079
			24,354,885		17,021,079

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 April 2019.

A S Levy
Director

The notes on pages 11 to 32 form part of these financial statements.

Medivet Group Limited

Statement of Changes in Equity
For the Year Ended 30 April 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 May 2017	710,000	16,311,079	17,021,079
Comprehensive income for the year			
Profit for the year	-	7,333,806	7,333,806
At 30 April 2018	710,000	23,644,885	24,354,885

Medivet Group Limited

Statement of Changes in Equity
For the Year Ended 30 April 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 May 2016	710,000	13,339,682	14,049,682
Comprehensive income for the year			
Profit for the year	-	2,971,397	2,971,397
Total comprehensive income for the year	-	2,971,397	2,971,397
At 30 April 2017	710,000	16,311,079	17,021,079

The notes on pages 11 to 32 form part of these financial statements.

1. General information

Medivet Group Limited is a private company limited by shares, incorporated in Great Britain. The registered office is Unit 4 Mowat Industrial Estate, Sandown Road, Watford, WD24 7UY. The principal activity of the company is the provision of veterinary services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements. After the year end, the Group, of which this company is a part, successfully renegotiated its finance facility with its existing lender to enable it to make acquistions of Veterinary Practices.

2.3 Revenue recognition

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. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the provision of veterinary services is recognised in the period in which the services are provided, when the amount of revenue can be measured reliably and it is probable the company will receive the consideration due.

In addition, turnover also comprises management fee income from group companies. This is calculated on an arm's length basis and recognised as the management services are provided.

2. Accounting policies (continued)

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	15	years
Software development costs	-	15	% reducing balance

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Property improvements	-	15%
Motor vehicles	-	25%
Fixtures and fittings	-	15%
Computer equipment	-	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid

2. Accounting policies (continued)

2.10 Financial instruments (continued)

or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2. Accounting policies (continued)

2.13 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 May 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.15 Leased assets: the Company as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.18 Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

2. Accounting policies (continued)

2.19 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.20 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Tax treatment on amortisation
The members have exercised judgement when determining the accounting treatment for the acquisition of the branch practices by Medivet Group Limited from Medivet Partnership LLP. This has resulted in purchased goodwill of £41.2m which has been recognised on acquisition against which accumulated amortisation of £19m has been charged. The current year tax charge has been reduced by £0.4m (2017: £0.4m) due to tax relief on this amortisation. The cumulative reduction on the overall tax liability arising from tax relief on this amortisation is £2.7m (2017: £2.3m). This matter remains subject to an ongoing HMRC enquiry.

Profit share of branch partners
The trading activities of the company are treated as a single trade whether operated directly or in part through branch partnership arrangements. Individual branch partner shares in profits of £14.525m (2017 £6.042m) have therefore been treated as an expense.

Branch acquisition costs
The company has invested heavily in the intrastructure and resource necessary to continue with the pace of acquistion. During the year, costs which are directly attributable to the specific acquisitions have been capitalised, added to the cost of the investment and amortised appropriately. These costs totalled £1,080,000 (2017: £492,000). In the event of any aborted acquisitions, these costs would be expensed to the profit and loss account.

Deferred tax
No provision has been made for deferred tax in relation to the rollover of chargeable gains arising on disposals to branch partners. The directors consider that sufficient acquisitions will be made to rollover these gains, and that given the company's future plans that these liabilities are considered unlikely to crystallise.

Fair value of preference shares
The key assumptions made in calculating the fair value of the preference shares were:

- a rate of 4.12% was assumed to be the Company's weighted average cost of capital; and
- a redemption period of 5 years.

The latest tranches of preference shares were issued in the year ended 30 April 2017 but the fair value of the preference shares was recorded in the year ended 30 April 2018. As this has no impact on the amount ultimately payable, cash, EBITDA or any other Key Performance Indicators, in the opinion of the directors, this does not distort the reader's view of the financial statements. In addition the estimates in relation to the inital tranche of preference shares have changed and this has resulted in interest income of £3,877,581 being recognised in the year.

4. Turnover

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	**127,863,023**	*78,621,682*
	127,863,023	*78,621,682*

5. Other operating income

	2018	2017
	£	£
Net rents receivable	**715,172**	*491,021*
	715,172	*491,021*

6. Operating profit

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	**1,802,576**	*859,492*
Amortisation of intangible assets, including goodwill	**9,388,070**	*3,515,720*
Exchange differences	**1,614**	*3,050*
Other operating lease rentals	**5,766,411**	*3,385,790*
Defined contribution pension cost	**412,784**	*228,300*

Key management personnel (including directors) remuneration is disclosed in the accounts of Medivet Partnership LLP.

7. Auditor's remuneration

	2018	2017
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**100,000**	*20,000*

8. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	43,319,324	27,526,900
Social security costs	3,116,412	2,013,616
Cost of defined contribution scheme	412,784	228,300
	46,848,520	29,768,816

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

	2018 No.	2017 No.
Veterinary staff	1,661	1,047
Administrative	306	251
	1,967	1,298

9. Non recurring costs

	2018	2017
	£	£
Restructuring and refinancing	**256,000**	*401,988*
Non continuing costs	**1,349,253**	*775,200*
Recruitment costs	**258,000**	-
Consultancy costs	**246,000**	*616,853*
	2,109,253	*1,794,041*

Year ended 30th April 2018
During the year the Company incurred costs in relation to the refinancing that took place to increase funding available to the Company, as well as costs in connection with the restructuring of acquisitions made.

Non continuing costs as well as other 'one off' costs relate to non-recurring costs in connection to acquisitions made.

Consultancy costs include a large scale review of the finance department and recruitment costs relate to the upscale of the business and creation of new roles.

Year ended 30th April 2017
On 1 January 2017 the Group hived all the veterinary trade from other group companies into Medivet Group Limited. Some of the costs incurred in the prior year relate to legal and accountancy fees for advice obtained in relation to the restructure. Other exceptional costs incurred relate to advisory fees in respect of new member contributions in the year.

Non continuing costs relate to costs incurred on the acquisition of new branches that are not expected to be continuing once the branches have been fully integrated.

10. Interest receivable

	2018	2017
	£	£
Other interest receivable	**10,120,961**	*270*
	10,120,961	*270*

Other interest receivable relates to interest income arisnig on the discount of the preference shares in issue at the year end. See note 26 for more information.

11. Interest payable and similar charges

	2018 £	*2017* *£*
Bank interest payable	-	*4,360*
Other loan interest payable	**4,481,442**	*3,582*
Interest on shares classifed as debt	-	*273,894*
Finance leases and hire purchase contracts	**171,521**	*83,851*
	4,652,963	*365,687*

12. Taxation

	2018 £	*2017* *£*
Corporation tax		
Current tax on profits for the year	**1,362,727**	*612,556*
Adjustments in respect of previous periods	**(53,008)**	-
	1,309,719	*612,556*
Total current tax	**1,309,719**	*612,556*
Deferred tax		
Origination and reversal of timing differences	**(284,306)**	-
Total deferred tax	**(284,306)**	-
Taxation on profit on ordinary activities	**1,025,413**	*612,556*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2017 - lower than)* the standard rate of corporation tax in the UK of 19% *(2017 - 19%)*. The differences are explained below:

	2018 £	*2017 £*
Profit on ordinary activities before tax	**8,359,219**	*3,583,953*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	**1,588,252**	*680,951*
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	**-**	*541,562*
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**317,975**	*19,000*
Fixed asset timing differences	**1,304,748**	*(482,771)*
Adjustments to tax charge in respect of prior periods	**(53,008)**	*-*
Other timing differences leading to an increase (decrease) in taxation	**(284,306)**	*-*
Non-taxable income	**(1,848,248)**	*(146,186)*
Total tax charge for the year	**1,025,413**	*612,556*

Factors that may affect future tax charges

The tax treatment on the amortisation arising on both the current year and historic Group reconstructions is disclosed in the accounting policies.

13. Intangible assets

	Software development £	Goodwill £	Total £
Cost			
At 1 May 2017	2,921,829	110,193,287	113,115,116
Additions	526,673	123,618,517	124,145,190
Disposals	-	(27,003,823)	(27,003,823)
At 30 April 2018	3,448,502	206,807,981	210,256,483
Amortisation			
At 1 May 2017	2,515,527	19,822,627	22,338,154
Charge for the year	258,189	9,129,881	9,388,070
On disposals	-	(360,402)	(360,402)
At 30 April 2018	2,773,716	28,592,106	31,365,822
Net book value			
At 30 April 2018	674,786	178,215,875	178,890,661
At 30 April 2017	*406,302*	*90,370,660*	*90,776,962*

Amortisation of intangible fixed assets is included in administrative expenses.

14. Tangible fixed asset

	Property improvements £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
Cost or valuation				
At 1 May 2017	5,474,918	16,036	7,040,311	370,135
Additions	2,000,199	12,960	5,557,521	1,168,659
Disposals	-	(3,253)	(743,687)	-
At 30 April 2018	7,475,117	25,743	11,854,145	1,538,794
Depreciation				
At 1 May 2017	2,400,590	9,843	2,973,152	286,393
Charge for the year on owned assets	574,690	3,975	1,020,757	203,154
Disposals	-	-	(70,873)	-
At 30 April 2018	2,975,280	13,818	3,923,036	489,547
Net book value				
At 30 April 2018	4,499,837	11,925	7,931,109	1,049,247
At 30 April 2017	*3,074,328*	*6,193*	*4,067,159*	*83,743*

	Total £
Cost or valuation	
At 1 May 2017	12,901,400
Additions	8,739,339
Disposals	(746,940)
At 30 April 2018	20,893,799
Depreciation	
At 1 May 2017	5,669,978
Charge for the year on owned assets	1,802,576
Disposals	(70,873)
At 30 April 2018	7,401,681
Net book value	
At 30 April 2018	13,492,118
At 30 April 2017	*7,231,423*

14. Tangible fixed asset (continued)

The net book value of land and buildings may be further analysed as follows:

	2018	2017
	£	£
Long leasehold	**4,499,836**	*3,074,328*
	4,499,836	*3,074,328*

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018	2017
	£	£
Furniture, fittings and equipment	**3,192,537**	*1,923,358*
	3,192,537	*1,923,358*

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 May 2017	**7,288,968**
Additions	**241,154**
Transfers intra group	**(6,512,645)**
At 30 April 2018	**1,017,477**
Net book value	
At 30 April 2018	**1,017,477**
At 30 April 2017	*7,288,968*

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity

15. Fixed asset investments (continued)

Complete Animal Care Limited	Ordinary	100 %	Supplier of veterinary products
Topbuild (UK) Limited	Ordinary	50 %	Building company
Lab Services Limited	Ordinary	52 %	Laboratory testing
Medivet Acquisitions Limited	Ordinary	100 %	Provision of veterinary services
The Oak Veterinary Practice Limited	Ordinary	100 %	Dormant
Feldon Veterinary Centres Limited	Ordinary	100 %	Dormant
Kynoch Vets Limited	Ordinary	100 %	Dormant
S M Edgill Services Limited	Ordinary	100 %	Dormant
Cuminesvets Limited	Ordinary	100 %	Dormant
Julian Covarr Limited	Ordinary	100 %	Dormant
Newman Watters Limited	Ordinary	100 %	Dormant
Seers Croft Limited	Ordinary	100 %	Dormant
Vets On The Park Limited	Ordinary	100 %	Dormant
Bartram and Patrick Limited	Ordinary	100 %	Dormant
Stanbridge Veterinary Clinics Limited	Ordinary	100 %	Dormant
Burrows Veterinary Practice Limited	Ordinary	100 %	Dormant
Bearsted Surgery Limited	Ordinary	100 %	Dormant
Kynance Veterinary Clinic Limited	Ordinary	100 %	Dormant
West Farm Veterinary Clinic Limited	Ordinary	100 %	Dormant
R & S Baylis Limited	Ordinary	100 %	Dormant
Skeldale Veterinary Centre Limited	Ordinary	100 %	Dormant
Kydd and Kydd Limited	Ordinary	100 %	Dormant
Hyde Park Veterinary Centre Limited	Ordinary	100 %	Dormant
Paws Inc Limited	Ordinary	100 %	Dormant
Ashcroft Surgery Limited	Ordinary	100 %	Dormant
Welton Vet Limited	Ordinary	100 %	Dormant
Whitegate Veterinary Practice Limited	Ordinary	100 %	Dormant
Weald of Kent Vets Limited	Ordinary	100 %	Dormant
Rainsbrook Veterinary Group Limited	Ordinary	100 %	Dormant
Ashby Road Surgery Limited	Ordinary	100 %	Dormant
Clerkenwell Animal Hospitals (UK) Limited	Ordinary	100 %	Dormant
S Kent & K Horton Limited	Ordinary	100 %	Dormant
The Croft Veterinary Services Limited	Ordinary	100 %	Dormant
Davey Associates Vets Ltd	Ordinary	100 %	Dormant
G Toth & Associates Ltd	Ordinary	100 %	Dormant
Hollyoak Petcare Limited	Ordinary	100 %	Dormant
ZV N8 Ltd	Ordinary	100 %	Dormant
ZV N4 Ltd	Ordinary	100 %	Dormant
ZV NW3 Ltd	Ordinary	100 %	Dormant

16. Stocks

	2018 £	*2017 £*
Finished goods and goods for resale	**4,525,962**	*2,565,643*
	4,525,962	*2,565,643*

Stock recognised in cost of sales during the year as an expense was £32,904,000 (2017: £16,178,432).

17. Debtors

	2018 £	*2017 £*
Trade debtors	**6,135,038**	*3,857,961*
Amounts owed by group undertakings	**4,709,160**	*12,639,934*
Other debtors	**5,804,279**	*449,989*
Prepayments and accrued income	**4,197,004**	*2,699,403*
Deferred taxation	**277,396**	*-*
	21,122,877	*19,647,287*

Included within other debtors is a balance of £5,314,000 (2017: £635,000) representing cash held in a designated client account at the Company's solicitors.

18. Cash and cash equivalents

	2018 £	*2017 £*
Cash at bank and in hand	**2,737,172**	*590,331*
	2,737,172	*590,331*

19. Creditors: Amounts falling due within one year

	2018 £	*2017 £*
Other loans	**118,978**	*51,899*
Trade creditors	**8,072,531**	*5,673,345*
Amounts owed to group undertakings	**137,981,235**	*47,481,914*
Corporation tax	**945,843**	*606,080*
Other taxation and social security	**5,285,892**	*3,524,535*
Obligations under finance lease and hire purchase contracts	**406,575**	*376,499*
Other creditors	**7,385,681**	*4,861,174*
Accruals and deferred income	**3,606,418**	*1,192,771*
	163,803,153	*63,768,217*

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

	2018 £	*2017 £*
Other loans	**327,731**	*36,559*
Net obligations under finance leases and hire purchase contracts	**1,640,493**	*856,733*
Deferred consideration	**591,700**	*319,143*
Share capital treated as debt	**31,068,306**	*46,057,397*
	33,628,230	*47,269,832*

The preference shares have been discounted at an annual rate of between 4.12% and 5.55% resulting in recognition of £6,689,613 intrest income in the income statement. This will be unwound over the redemption period and does not reduce the amount ultimately payable. The latest tranches of preference shares were issued in the year ended 30 April 2017 but the fair value of the preference shares was recorded in the year ended 30 April 2018. As this has no impact on the amount ultimately payable, cash, EBITDA or any other Key Performance Indicators, in the opinion of the directors, this does not distort the reader's view of the financial statements. In addition the estimates in relation to the inital tranche of preference shares have changed and this has resulted in interest income of £3,877,581 being recognised in the year.

21. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year		
Other loans	**118,978**	*51,899*
	118,978	*51,899*
Amounts falling due 1-2 years		
Other loans	**327,731**	*36,559*
	327,731	*36,559*

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	**406,575**	*376,500*
Between 2-5 years	**1,640,493**	*856,733*
	2,047,068	*1,233,233*

23. Financial instruments

	2018 £	*2017 £*
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**19,385,650**	*16,947,884*
	19,385,650	*16,947,884*
Financial liabilities		
Other financial liabilities measured at fair value through profit or loss	**(31,068,307)**	*(46,057,397)*
Financial liabilities measured at amortised cost	**(158,079,153)**	*(59,657,266)*
	(189,147,460)	*(105,714,663)*

Financial assets measured at amortised cost comprise accounts receivable balances and accrued income.

Financial liabilities measured at amortised cost comprise accounts payable and other liabilities. Financial liabilities held at fair value comprise the preference shares.

24. Deferred taxation

	2018 £
At beginning of year	**(6,910)**
Charged to the profit or loss	**284,306**
Arising on business combinations	**-**
At end of year	**277,396**

The deferred taxation balance is made up as follows:

	2018 £
Accelerated capital allowances	**277,396**
	277,396

At the year end there is an unprovided deferred tax liability of £4m relating to gains on sales of branches. In the opinion of the directors, this is considered unlikely to be utilised and accordingly no provision is necessary.

25. Provisions

	Onerous lease provision £
At 1 May 2017	**34,576**
Utilised in year	**(34,576)**
At 30 April 2018	**-**

On acquisition of subsidiary companies, there are often leases which have no benefit to the company. These have been treated as onerous leases.

26. Share capital

	2018 £	*2017 £*
Shares classified as equity		
Allotted, called up and fully paid		
710,000- Ordinary shares of £1 each	**710,000**	*710,000*

	2018 £	*2017 £*
Shares classified as debt		
Allotted, called up and fully paid		
37,801,731 *(2017 - 46,057,397)* Preference shares of £1 each	**37,801,731**	*46,057,397*

During the year, the company paid £325,443 (2017: £909,372) against the deferred consideration and redeemed preference shares to the value of £4,944,207 (2017: £3,856,638).

The preference shares have no voting rights attached to them and no rights to dividend. They rank pari passu with the ordinary shares in the event of a winding up of the company.

The key assumptions made in calculating the fair value of the preference shares were:

- a rate of 4.12% was assumed to be the Company's weighted average cost of capital; and
- a redemption period of 5 years.

27. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £412,784 (2017: £228,300).

28. Commitments under operating leases

At 30 April 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	*2017 £*
Not later than 1 year	**6,799,000**	*3,098,927*
Later than 1 year and not later than 5 years	**25,507,000**	*14,691,945*
Later than 5 years	**40,754,000**	*17,150,644*
	73,060,000	*34,941,516*

29. Other financial commitments

The bank holds a debenture over the assets of the company as a security for the borrowings of the group.

30. Related party transactions

	2018 £	*2017 £*
Purchases from subsidiary - Topbuild (UK) Limited	**2,886,450**	*1,720,293*
Purchases from subsidiary - Lab Services Limited	**1,614,230**	*1,345,481*
Rent paid to Medivet Property Holdings Limited, a company related by virtue of common directors	**1,049,000**	*866,246*
Balance due from subsidiary company - Topbuild UK Limited	**(51,836)**	*71,544*
Balance due to subsidiary - Lab Services Limited	**(470,349)**	*(273,252)*
Balance due from Medivet Property Holdings Limited	**234,142**	*188,856*

31. Controlling party

The company is controlled by, and is a wholly owned subsidiary of, Medivet Partnership LLP. The largest and smallest group to prepare consolidated accounts which include this company is that headed by Medivet Partnership LLP. Copies of the consolidated accounts can be obtained from the registered office.

The company is exempt from the need to prepare consolidated accounts by virtue of its inclusion in the consolidated accounts prepared by Medivet Partnership LLP.