

PDSA PetAid Enterprises Limited

Year Ended 31 December 2019

PDSA PetAid Enterprises Limited

Report and Financial Statements

Year Ended 31 December 2019



Company Registration No 04374375

Contents

	Page
Officers and professional advisers	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditor's report	5 - 8
Statement of Comprehensive Income	9
Statement of Changes in Equity	10
Balance sheet	11
Notes to the financial statements	12 - 17

Officers and professional advisers

Directors

J. McLoughlin
R. Hooker
S. Howard
A. Willetts

Secretary

R. Eaton

Registered Office

Whitechapel Way
Priorslee
Telford
Shropshire
TF2 9PQ

Bankers

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Auditor

BDO LLP
Two Snowhill
Birmingham
B4 6GA

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Principal activities

The company's principal activity is the provision of commercial veterinary services, including a dispensary service.

Results

The directors report a net profit for the financial year of £104,997 (2018: £280,581) and a payment under a charitable deed of covenant, under the Gift Aid scheme, to The People's Dispensary for Sick Animals (PDSA) of £104,997 (2018: £280,581).

Going Concern

The directors have assessed the likely future impact of the coronavirus pandemic on the activities and financial position of the company. Working with its parent charity, PDSA, the Directors have reviewed future scenarios and have undertaken a detailed assessment of cashflow and profitability for the period to July 2021 considering most likely and pessimistic outlooks for income, cost reductions and government support.

The company's activities have reduced over the last few years as more work is undertaken directly by PDSA following changes in charitable objects, such as preventive services and new hospital construction. The company is also not currently providing a central dispensary service.

The company's primary commercial activity is now the provision of veterinary services at PDSA Hospitals for other charitable organisations. This activity will continue, but at lower levels during the peaks of the pandemic, as commercial activity at PDSA Hospitals is restricted, with resources being focussed on providing emergency treatment. The commercial relationships are proving successful and there are plans to expand these relationships as conditions return nearer to normal.

The company has a very small fixed cost base, and so even though activity is low, the directors believe that the company will return a profit of £4k in 2020. As hospital activity begins to increase in 2021 the company expects to make a profit of £18k in the period to July 2021.

The company would expect to hold cash balances of £30k at July 2021 after gift aid payments, and will not require an overdraft. Even under the pessimistic scenario the company would still expect to have a positive cash balance at July 2021. The company could also delay its gift aid payment to PDSA to September 2021 if necessary.

Directors' report (cont'd)**Going Concern (cont'd)**

The directors recognise that there remains a high degree of uncertainty as a result of the pandemic. However, after considering the level of reserves (current and projected), the expected increase in income in 2021, the low fixed costs base and the ability to control variable costs in line with income levels, the directors assess that the company will continue to trade during the pandemic period and beyond, even in its pessimistic scenario analysis. The directors therefore consider that it is appropriate for the financial statements to be prepared on the going concern basis.

Directors and their interests

The directors during the year were as follows:

J. McLoughlin

R. Hooker

S. Howard

A. Willetts (Appointed 17 January 2019)

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

In preparing the Directors' report advantage has been taken of the small companies' exemptions.

Auditors

BDO LLP have expressed their willingness to continue in office, as auditors. Appointment of auditors is made by the Council of the parent charity, PDSA.

This report was approved by the board and signed on its behalf on 30 July 2020.



A. Willetts
Director

Directors' responsibilities statement

The Directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

Independent Auditor's Report To The Members Of PDSA PetAid Enterprises Limited

We have audited the financial statements of PDSA PetAid Enterprises Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is 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".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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.

Independent Auditor's Report To The Members Of PDSA PetAid Enterprises Limited (continued)**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.

Matters on which we are required to report by exception

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 Director's report.

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

Independent Auditor's Report To The Members Of PDSA PetAid Enterprises Limited (continued)**Matters on which we are required to report by exception (continued)**

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determines 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

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.

Independent Auditor's Report To The Members Of PDSA PetAid Enterprises Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BDO LLP

Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom
3 August 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

For the year ended 31 December

	Note	2019 £	2018 £
Turnover	2	571,064	1,278,482
Cost of sales		(465,435)	(994,287)
Gross Profit		105,629	284,195
Administrative expenses		(3,430)	(3,614)
Operating Profit	3	102,199	280,581
Interest and similar income	4	2,798	-
Profit the year		104,997	280,581

There are no recognised gains and losses other than the results for the financial years.

The results stated above are derived from continuing activities.

The notes on pages 12 to 17 form part of the financial statements.

Statement of Changes in Equity

For the year ended 31 December 2018	Share Capital	Profit and loss account
	£	£
1 January 2018	1	-
Comprehensive Income:		
Profit for the year	-	280,581
Total comprehensive income for the year	-	280,581
Distributions to Parent Charity:		
Transfer of taxable profits under gift aid	-	(280,581)
31 December 2018	1	-

For the year ended 31 December 2019	Share Capital	Profit and loss account
	£	£
1 January 2019	1	-
Comprehensive Income:		
Profit for the year	-	104,997
Total comprehensive income for the year	-	104,997
Distributions to Parent Charity:		
Transfer of taxable profits under gift aid	-	(104,997)
31 December 2019	1	-

Balance sheet

At 31 December

	Note	2019 £	2018 £
Current Assets			
Stocks	7	-	7,010
Debtors: amounts falling due within one year	8	15,417	87,219
Cash at Bank		260,801	599,473
		276,218	693,702
Creditors	9	(276,217)	(693,701)
Net current assets		1	1
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account		-	-
Shareholders' funds		1	1

The notes on pages 12 to 15 form part of the financial statements.

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.

The financial statements of PDSA PetAid Enterprises Limited (registered number 04374375) were approved by the Board of Directors on 30 July 2020.

Signed on behalf of the Board of Directors



A. Willetts
Director

Notes to the financial statements

1. Accounting policies

Basis of preparation of financial statements

PDSA PetAid Enterprises Limited is incorporated in the United Kingdom and the address of the registered office is Whitechapel Way, Priorslee, Telford, Shropshire, TF2 9PQ.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Going Concern

The directors have assessed the likely future impact of the coronavirus pandemic on the activities and financial position of the company. Working with its parent charity, PDSA, the Directors have reviewed future scenarios and have undertaken a detailed assessment of cashflow and profitability for the period to July 2021 considering most likely and pessimistic outlooks for income, cost reductions and government support.

The company's activities have reduced over the last few years as more work is undertaken directly by PDSA following changes in charitable objects, such as preventive services and new hospital construction. The company is also not currently providing a central dispensary service.

The company's primary commercial activity is now the provision of veterinary services at PDSA Hospitals for other charitable organisations. This activity will continue, but at lower levels during the peaks of the pandemic, as commercial activity at PDSA Hospitals is restricted, with resources being focussed on providing emergency treatment. The commercial relationships are proving successful and there are plans to expand these relationships as conditions return nearer to normal.

The company has a very small fixed cost base, and so even though activity is low, the directors believe that the company will return a profit of £4k in 2020. As hospital activity begins to increase in 2021 the company expects to make a profit of £18k in the period to July 2021.

The company would expect to hold cash balances of £30k at July 2021 after gift aid payments, and will not require an overdraft. Even under the pessimistic scenario the company would still expect to have a positive cash balance at July 2021. The company could also delay its gift aid payment to PDSA to September 2021 if necessary.

After making enquiries and reviewing the financial plan, the Board believe that while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the company's ability to continue as a going concern. The Board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future which is a period of at least 12 months from the signing of the accounts and audit report.

Notes to the financial statements (continued)**1. Accounting policies (cont'd)**

The Board therefore consider it appropriate for the accounts to be prepared on a going concern basis.

Estimation and judgement

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. The most significant areas of judgement are as follows:

- Debtors – debtor balances are reviewed to determine recoverability. In assessing the need to impair debtor balances, management consider the aging of the debt, historical collection experience and the relationship with individual customers.
- Stocks – stocks are valued at the lower of cost and net realisable value. Management review the aging and sales profile of stock lines held at year end and make provision against obsolete stock as appropriate.
- Long term contracts – when assessing the amount of profit (or any future losses) to be recognised in the accounts, management make reference to the contractual agreement, schedule of works to completion and quantity surveyor assessment of work completed to date.

The following principal accounting policies have been applied:

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Basic financial instruments; and
- the requirements of Section 33 Related party transactions.

This information is included in the consolidated financial statements of The People's Dispensary for Sick Animals as at 31 December 2019 and these financial statements may be obtained from The People's Dispensary for Sick Animals, Whitechapel Way, Priorslee, Telford, Shropshire, TF2 9PQ.

Notes to the financial statements (continued)**1. Accounting policies (cont'd)****Turnover**

Turnover represents amounts receivable for goods and services net of VAT. Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract.

Long term contracts

Amounts recoverable on long term contracts relate to the building of Pet Hospitals on behalf of the parent charity and are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts less amounts received as progress payments on account. Expected losses on long term contracts are recognised immediately. Any amounts recoverable from the parent charity are included within either amounts due to, or from the parent, as appropriate, and are due within the year unless otherwise stated.

Other sales

Other sales include all other commercial activity carried out by the company. Sales are recognised when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Stocks

Stock and work in progress are stated at the lower of cost and net realisable value. Cost represents direct materials and labour.

Taxation

The company makes a qualifying donation of all taxable profits to The People's Dispensary for Sick Animals. No corporation tax liability arises in the accounts.

Notes to the financial statements (continued)**2. Turnover**

	2019	2018
	£	£
Sale of land	-	393,272
Dispensary services	255,030	648,971
Veterinary services	316,034	236,239
	571,064	1,278,482

3. Operating Profit

Profit is stated after charging:

	2019	2018
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	2,000	1,900
Fees payable to the company's auditors for other services to the company:		
Tax services	1,405	1,425

4. Interest receivable and similar income

	2019	2018
	£	£
Bank interest	2,798	-

5. Employees

There are no staff employed by PDSA PetAid Enterprises Limited. Any staff costs are recharged from The People's Dispensary for Sick Animals.

6. Directors

The directors of the company are employed by The People's Dispensary for Sick Animals. No directors received any remuneration for their services as directors of PDSA PetAid Enterprises Ltd. Any costs incurred by the parent which are shared with the subsidiary undertakings within the PDSA group are allocated to the individual companies based upon activity. Any shared directors' costs are included in this allocation.

Notes to the financial statements (continued)**7. Stocks**

	2019	2018
	£	£
Finished goods	-	7,010
	-	7,010

There is no material difference between the balance sheet value of stock and its replacement value

8. Debtors: amounts due within one year

	2019	2018
	£	£
Trade debtors	15,417	87,219
	15,417	87,219

9. Creditors: amounts due within one year

	2019	2018
	£	£
Trade creditors	51,001	81,159
Amounts due to parent	225,216	576,948
Taxation and social security	-	35,594
	276,217	693,701

10. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	1	1

11. Parent undertaking and controlling party

The directors regard The People's Dispensary for Sick Animals, which is a registered charity (nos. 208217 and SC037585), as the company's immediate parent undertaking and ultimate controlling party. Group financial statements are available from The People's Dispensary for Sick Animals, Whitechapel Way, Priorslee, Telford, Shropshire, TF2 9PQ.

Notes to the financial statements (continued)**12. Events after the balance sheet date**

Since 31 December 2019 to the date of signing these financial statements the outbreak of the pandemic Covid 19 has had a significant effect on the economy. This is expected to continue into the 2020 financial year and potentially longer. From a financial perspective activity has reduced, particularly due to the UK Government's social distancing measures restricting activity at Hospitals, as detailed in note 1. However, the directors are satisfied that the company is a going concern.

The directors do not believe that there will have been any material changes to the values of assets and liabilities held at the balance sheet date as a result of the effects of the pandemic.