REGISTERED NUMBER: 05167635 (England and Wales)

Annual Report and

Unaudited Financial Statements for the Year Ended 30 June 2021

for

Vet Direct Services Limited

Contents of the Financial Statements for the Year Ended 30 June 2021

Company Information
for the Year Ended 30 June 2021

DIRECTORS:	R Fairman B Jacklin R Alfonso
SECRETARY:	J Farrer
REGISTERED OFFICE:	CVS House Owen Road Diss Norfolk IP22 4ER
REGISTERED NUMBER:	05167635 (England and Wales)

Directors' Report
for the Year Ended 30 June 2021

The Directors present their annual report with the financial statements on the Company for the year ended 30 June 2021.

PRINCIPAL ACTIVITY
The principal activity of the Company is that of the wholesale of pharmaceutical goods. It is a subsidiary of CVS (UK) Limited.

REVIEW OF BUSINESS
Revenue for the Company at £13,218,000 (2020: £10,232,000) was in line with expectations, and the Directors consider the result for the period to be satisfactory.

The Company made a profit after taxation of £1,274,000 (2020: £579,000). The Directors do not recommend the payment of a dividend and no dividends have been paid during the year (2020: £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 57 of the CVS Group plc 2021 Annual Report, which does not form part of this report, should be read for a full review of the Group's business and developments in the year.

OUTLOOK
The Directors consider the outlook of CVS Group plc and all its subsidiaries as a whole. CVS Group plc and its subsidiaries operate in a sector with favourable market and consumer trends, with pet owners who remain willing to spend money on their pets, and clinical enhancements increasing the range of services we can offer. The companion animal market has grown significantly, both in the number of pets owned and in the willingness of owners to spend money on their pets' health and wellbeing.

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

Financially the Group has demonstrated resilience, flexibility and strength over the past year to deliver growth both organically and through acquisitions. The Group has strong foundations to continue to develop and grow with the veterinary market and our investors have demonstrated confidence in our ability to do that.

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

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The Directors shown below have held office during the whole of the period from 1 July 2020 to the date of this report.

R Fairman
B Jacklin
R Alfonso

Directors' Report
for the Year Ended 30 June 2021

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

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is recognised on trade receivables if there is considered to be expected credit losses. The amount of expected credit losses is calculated using the simplified approach as allowable under IFRS 9 and is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. Losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Concentrations of credit risk with respect to trade receivables are limited due to the Company's diverse customer base. The Company also has in place procedures that require appropriate credit checks on potential customers before sales, other than on a cash basis, are made. Customer accounts are also monitored on an ongoing basis and appropriate action is taken where necessary to minimise any credit risk. The Directors therefore believe there is no further credit risk provision required in excess of normal provision for impaired receivables.

The maximum exposure to credit risk at 30 June 2021 is the fair value of each class of receivable as disclosed in note 11 to the financial statements.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities and availability of parent company funding. Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors consider that the principal risks (including financial risks) and uncertainties of the Company are integrated with the principal risks and uncertainties of the Group and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are: Key employees, Economic environment and consumer trends, Competition, Adverse publicity, Information technology, Changes in industry regulations, Sourcing pharmaceutical supplies, Sources and integrating acquisitions, Health and Safety legislation, Corporate legislation and regulatory requirements, Bank facilities, Future pandemic or lockdown, Sustainability and climate change. These are discussed further, together with the impact of COVID-19 and Brexit on the operations of the Group, within the "Principal risks and uncertainties" on pages 50 to 57 of the CVS Group plc 2021 Annual report, which does not form part of this report. The Group has also considered their environmental impact as disclosed in the "Streamlined Energy and Carbon Reporting" on pages 82 and 83 of the CVS Group plc 2021 Annual Report.

DIRECTORS' THIRD-PARTY INDEMNITY PROVISION

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 was in force during the year and also at the balance sheet date for the benefit of each of the Directors in respect of liabilities incurred as a result of their office with the Company and any associated company, to the extent permitted by law. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a directors' and officers' liability insurance policy throughout the financial year.

Directors' Report
for the Year Ended 30 June 2021

GOING CONCERN
In preparing these financial statements, the Directors have had regard to both the forecasts of the ultimate parent company CVS Group plc ("the Group"), of which the Company is an integral part.

After having regard to the financial forecasts and total available facilities of the Group and related covenant requirements, the Directors have concluded there is a reasonable expectation that the Group as a whole will continue to trade for at least 12 months from the date of approval of these financial statements, and in virtue of this the Company will also continue to trade and meet its liabilities as they fall due for at least the same period. As a result, the Directors continue to adopt the going concern basis in preparing these financial statements.

KEY PERFORMANCE INDICATORS ("KPIs")
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 Company level (financial and non-financial) is not necessary or appropriate for an understanding of the development, performance or position of the business of Vet Direct Services Limited. The development, performance and position of CVS Group plc, which includes the Company, is discussed within the "Financial Review" on pages 36 to 40 of the CVS Group plc 2021 Annual Report which does not form part of this 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

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

ON BEHALF OF THE BOARD:

....
R Alfonso - Director

Date: 13/01/2022

Statement of Comprehensive Income
for the Year Ended 30 June 2021

	Notes	2021 £'000	2020 £'000
REVENUE	3	**13,218**	10,232
Cost of sales		**(10,326)**	(8,184)
GROSS PROFIT		**2,892**	2,048
Administrative expenses		**(1,286)**	(1,318)
		1,606	730
Other operating income	4	**-**	69
OPERATING PROFIT		**1,606**	799
Interest payable and similar expenses	6	**(16)**	(9)
PROFIT BEFORE TAXATION	7	**1,590**	790
Tax on profit	8	**(316)**	(211)
PROFIT FOR THE FINANCIAL YEAR		**1,274**	579
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,274**	579

All activities derive from continuing operations.

Vet Direct Services Limited (Registered number: 05167635)

Balance Sheet
30 June 2021

	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Owned			
Intangible assets	9	122	151
Tangible assets	10	32	30
Right-of-use assets	16	299	198
Investments	11	200	200
		653	579
CURRENT ASSETS			
Stocks		1,756	1,753
Debtors	12	4,654	2,835
Cash at bank		112	203
		6,522	4,791
CREDITORS			
Amounts falling due within one year	13	(2,778)	(2,279)
NET CURRENT ASSETS		3,744	2,512
TOTAL ASSETS LESS CURRENT LIABILITIES		4,397	3,091
CREDITORS			
Amounts falling due after more than one year	14	(219)	(187)
NET ASSETS		4,178	2,904
CAPITAL AND RESERVES			
Called up share capital	18	-	-
Share premium		145	145
Retained earnings		4,033	2,759
SHAREHOLDERS' FUNDS		4,178	2,904

The notes form part of these financial statements

Balance Sheet - continued
30 June 2021

The Company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 30 June 2021.

The members have not required the Company to obtain an audit of its financial statements for the year ended 30 June 2021 in accordance with Section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for:
(a) ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
(b) preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the Company.

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

The financial statements were approved by the Board of Directors and authorised for issue on 13/01/2022................ and were signed on its behalf by:

....
R Alfonso - Director

Vet Direct Services Limited

Statement of Changes in Equity
for the Year Ended 30 June 2021

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 July 2019	-	2,180	145	2,325
Changes in equity				
Total comprehensive income	-	579	-	579
Balance at 30 June 2020	-	2,759	145	2,904
Changes in equity				
Total comprehensive income	-	1,274	-	1,274
Balance at 30 June 2021	-	4,033	145	4,178

The notes form part of these financial statements

1. STATUTORY INFORMATION

Vet Direct Services Limited is a private company, limited by shares, incorporated in the United Kingdom and is registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

The presentational and functional currency of the financial statements is the Pound Sterling (£).

The principal activity of the Company in the period under review was that of the wholesale of pharmaceutical goods.

2. ACCOUNTING POLICIES

Basis of preparation
These financial statements present the financial record for the year ended 30 June 2021 of Vet Direct Services Limited.

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

The Company is a qualifying entity for the purposes of FRS 101. Note 16 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

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 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 requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
  the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the 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 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.

Going concern
In preparing these financial statements, the Directors have had regard to both the forecasts of the ultimate parent company CVS Group plc ("the Group"), of which the Company is an integral part.

After having regard to the financial forecasts and total available facilities of the Group, related covenant requirements, and a reasonably possible downside scenario of a second national lockdown, the Directors have concluded there is a reasonable expectation that the Group as a whole will continue to trade for at least 12 months from the date of approval of these financial statements, and in virtue of this the Company will also continue to trade and meet its liabilities as they fall due for at least the same period. As a result, the Directors continue to adopt the going concern basis in preparing these financial statements.

2. **ACCOUNTING POLICIES - continued**

Critical accounting judgements and key sources of estimation uncertainty
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes will differ from those assumptions and estimates.

Judgement: Leases
Management exercises judgement in determining the likelihood of exercising break or extension options in determining the lease term.

When determining the lease term in accordance with IFRS 16, 'Leases', paragraph 18 -21, management have applied the following policy for all leases:

a) For properties in contract, the lease term has been determined as to the end of the contractual lease term;
b) For properties out of contract and therefore occupied on a rolling basis, in accordance with legislation that permits this, the lease term has been determined to be 7.5 years from the end of the contractual lease term; and
c) For properties where management has committed to close the site, the lease term is determined to be until the next break clause.

The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The Company has determined a weighted incremental borrowing rate of 4.0% for the right-of-use assets. The Directors considered all Company borrowings at the date of adoption in the determination of the incremental borrowing rates. The standard permits the use of a single discount rate to a portfolio of leases with reasonably similar characteristics. The Company has applied this practical expedient to its operating leases on adoption for leases with a similar class and remaining lease term.

There are no significant accounting estimates.

Changes in accounting policies
Standards adopted by the Company for the first time
A number of new and revised standards, including the following, are effective for annual periods beginning on or after 1 January 2020:
- Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions (and from 1 April 2021 'Covid-19 related rent concessions beyond 30 June 2021');
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform' - Phase 1;
- Amendments to References to the Conceptual Framework in IFRS Standards; and
- Amendments to IFRS 3, 'Definition of a Business'.

Adoption of these standards has not had an impact on the Company's financial statements.

2. **ACCOUNTING POLICIES - continued**

Revenue
Revenue is measured in accordance with relevant accounting standards. For all contracts within the scope of IFRS 15, the Company determines whether enforceable rights and obligations have been created with the customer and recognises revenue based on total transaction price as estimated at the contract inception, being the amount which the Company expects to be entitled to and has present enforceable rights under contract. Revenue is allocated proportionately across the contract performance obligations and recognised either over time or at a point in time as appropriate.

Products
Revenue relating to the sale of veterinary products is recognised according to the terms of sale, at the point in time when the performance obligations are satisfied.

Patient data records
Patient data records are recognised as intangible assets at the fair value of the consideration paid to acquire them and are carried at historical cost less provisions for amortisation and impairment. The fair value attributable to patient data records acquired through a business combination is determined by discounting the expected future cash flows to be generated from that asset at the risk adjusted post tax weighted average cost of capital for the Company. The residual values of patient data records are assumed to be nil.

Patient data records are reviewed for impairment if conditions exist that indicate a review is required. Amortisation is provided so as to write off the cost over the expected economic lives of the asset in equal instalments at the following principal rates:

Patient data records	10% per annum

Amortisation is charged to administrative expenses.

2. ACCOUNTING POLICIES - continued

Tangible fixed assets
Tangible fixed assets are stated at cost (being the purchase cost, together with any incidental costs of acquisition) less accumulated depreciation and any accumulated impairment losses. The assets' residual values and useful lives are reviewed annually, and adjusted as appropriate. Depreciation is provided so as to write off the cost of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets in equal annual instalments at the following principal rates:

Plant and machinery	20% to 33% straight line
Leasehold improvements	2% straight line

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

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

(a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade and other receivables is recognised if there is considered to be expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. Losses arising from impairment are recognised in the Statement of Comprehensive Income.

(b) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recorded initially at fair value and subsequently at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance cost in profit or loss. A financial liability is derecognised only when the obligation is extinguished. An equity instrument is any contract that gives a residual interest in the assets of the Company after deducting all of its liabilities.

(c) Trade payables

Trade and other payables are non-interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Stocks
Stocks comprise of goods held for resale, and are stated at the lower of cost and net realisable value on a first in first out basis. Net realisable value is based on estimated selling price less further costs expected to be incurred on disposal. Where necessary, provision is made for obsolete, slow moving or defective stocks.

Taxation
Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

2. **ACCOUNTING POLICIES - continued**

Foreign currency translation
(a) Functional and presentational currency

The financial information in this report is presented in pound sterling, the functional currency of the Company, rounded to the nearest thousand.

(b) Transactions and balances

Transactions denominated in foreign currencies are translated into pound sterling (the functional currency of the Company) at the rate of exchange ruling at the date of transaction. All realised foreign exchange differences are taken to the statement of comprehensive income. Monetary assets and liabilities denominated in foreign currencies are translated into pound sterling at the rates of exchange ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the Statement of Comprehensive Income in the period in which they arise.

2. ACCOUNTING POLICIES - continued

Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made on or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2. **ACCOUNTING POLICIES - continued**

Leases continued
The right-of-use assets are presented as a separate line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Tangible fixed assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occur and are included in Administrative expenses in the Statement of Comprehensive Income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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

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

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

Government grants
Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the statement of comprehensive income on a systematic basis over the periods in with the Company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the statement of comprehensive income in the period in which they become receivable.

2. **ACCOUNTING POLICIES - continued**

Impairment of non-current assets
Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount.

As permitted by IAS 36 Impairment of Assets for the purposes of assessing impairment, individual cash-generating units ("CGUs") are grouped at a level consistent with the Company's operating segments. Recoverable amounts for CGUs are based on value in use, which is calculated from cash flow projections using data from the Company's latest internal forecasts, being a one-year detailed forecast and extrapolated forecasts thereafter, the results of which are approved by the Board. The key assumptions for the value-in-use calculations are those regarding discount rates and growth rates.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

3. **REVENUE**

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

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

	2021	2020
	£'000	£'000
Sales of pharmaceutical goods	**13,218**	10,232
	13,218	10,232

An analysis of revenue by geographical market is given below:

	2021	2020
	£'000	£'000
United Kingdom	**13,218**	10,232
	13,218	10,232

4. **OTHER OPERATING INCOME**

	2021	2020
	£'000	£'000
Sundry receipts	**-**	69

The Company has received £nil (2020: £69,000), included within Sundry receipts, through the Coronavirus Job Retention Scheme ("CJRS").

Notes to the Financial Statements - continued
for the Year Ended 30 June 2021

5. EMPLOYEES AND DIRECTORS

	2021	2020
	£'000	£'000
Wages and salaries	983	824
Social security costs	76	66
Other pension costs	17	15
	1,076	905

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

	2021	2020
Support staff	32	31

The Company is part of a group arrangement in the principal name of a parent company, CVS (UK) Limited. Under the group arrangement salaries are borne by CVS (UK) Limited and recharged to the Company. As a result, the employee information presented is in relation to employees of CVS (UK) Limited who are recharged to the Company.

The total recharge for the year amounted to £1,076,000 (2020: £905,000) and is included within the values shown above.

Employee benefit expense included within cost of sales is £295,000 (2020: £130,000).

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.

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£'000	£'000
Bank interest	1	-
Leasing	15	9
	16	9

7. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	2021	2020
	£'000	£'000
Cost of inventories recognised as expense	10,031	8,054
Depreciation - owned assets	16	15
Depreciation - assets on finance leases	83	24
Patient data records amortisation	33	60
Employee benefit expense	1,076	905

8. TAXATION

Analysis of tax expense

	2021 £'000	2020 £'000
Current tax:		
Tax	313	158
Adj. in respect of prior years	5	59
Total current tax	318	217
Deferred tax:		
Origination and reversal of timing differences	1	-
Effect of tax rate change	(1)	-
Deferred tax adjustment prior year	(2)	(6)
Total deferred tax	(2)	(6)
Total tax expense in statement of comprehensive income	316	211

Factors affecting the tax expense

The tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £'000	2020 £'000
Profit before income tax	1,590	790
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	302	150
Effects of:		
Adjustments to current tax charge in respect of prior years	5	59
Expenses not deductible for tax purposes	11	8
Adjustments to deferred tax charge in respect of prior years	(2)	(6)
Tax expense	316	211

Factors affecting the future tax charge

The UK corporation tax rate for the period was 19.0% (2020: 19.0%). In March 2021, the UK Government announced an increase in the UK corporation tax rate to 25.0% from 1 April 2023. The increase in UK corporation tax rate was substantively enacted on 24 May 2021. As a result, the relevant deferred taxation balances have been re-measured using the rates expected to apply when the deferred tax balances reverse.

Changes in tax rate

The impact of change in tax rate in the prior year arose due to the previous enacted reduction in the UK corporation tax rate from 19.0% to 17.0% from 1 April 2020 being repealed, and the 19.0% tax rate being substantively enacted on 17 March 2020.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2021

9. INTANGIBLE FIXED ASSETS

	Patient data records £'000	Other intangible assets £'000	Total £'000
COST			
At 1 July 2020	645	41	**686**
Additions	-	4	**4**
At 30 June 2021	**645**	**45**	**690**
AMORTISATION			
At 1 July 2020	495	40	**475**
Charge for year	32	1	**33**
At 30 June 2021	**527**	**41**	**568**
NET BOOK VALUE			
At 30 June 2021	**118**	**4**	**122**
At 30 June 2020	150	1	151

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Plant and machinery £'000	Total £'000
COST			
At 1 July 2020	-	230	**230**
Additions	18	-	**18**
At 30 June 2021	**18**	**230**	**248**
DEPRECIATION			
At 1 July 2020	-	200	**200**
Charge for year	1	15	**16**
At 30 June 2021	**1**	**215**	**216**
NET BOOK VALUE			
At 30 June 2021	**17**	**15**	**32**
At 30 June 2020	-	30	30

11. INVESTMENTS

	Investment in group companies £'000
At 1 July 2020 and 30 June 2021	**200**

12. DEBTORS

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade debtors	**576**	256
Amounts owed by group undertakings	**3,462**	1,979
Other debtors	**418**	176
VAT	**191**	420
	4,647	2,831
Amounts falling due after more than one year:		
Deferred tax	**7**	4
Aggregate amounts	**4,654**	2,835

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

Notes to the Financial Statements - continued
for the Year Ended 30 June 2021

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£'000	£'000
Leases (see note 15)	89	14
Trade creditors	961	627
Amounts owed to group undertakings	1,127	1,602
Corporation tax	237	14
Other creditors	17	-
Accruals and deferred income	347	22
	2,778	2,279

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

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

	2021	2020
	£'000	£'000
Leases (see note 15)	219	187

15. FINANCIAL LIABILITIES - BORROWINGS

	2021	2020
	£'000	£'000
Current:		
Leases	89	14
Non-current:		
Leases	219	187

Terms and debt repayment schedule - undiscounted

	1 year or less	1-2 years	Totals
	£'000	£'000	£'000
Leases	99	229	328

Total cash outflow for leases in the year amounted to £97,000 (2020: £29,000).

16. RIGHT-OF-USE ASSETS

	Land and buildings £'000	Plant and machinery £'000	Total £'000
COST			
At 1 July 2020	204	18	**222**
Additions	-	16	**16**
Remeasurements	168	-	**168**
At 30 June 2021	**372**	**34**	**406**
DEPRECIATION			
At 1 July 2020	12	12	**24**
Charge for year	74	9	**83**
At 30 June 2021	**86**	**21**	**107**
NET BOOK VALUE			
At 30 June 2021	**286**	**13**	**299**
At 30 June 2020	192	6	198

17. DEFERRED TAX

	£'000
Balance at 1 July 2020	**4**
Credit to Statement of Comprehensive Income during year	**2**
Balance at 30 June 2021	**6**

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
11	Ordinary shares	£1	**11**	11

19. SUBSEQUENT EVENTS

There were no significant events between the Balance sheet date and the date of signing of these financial statements.

20. ULTIMATE CONTROLLING PARTY

The Company's immediate parent company is Vet Direct Holdings Limited, a company registered in England. Vet Direct Holdings Limited is a subsidiary of CVS (UK) Limited.

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

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

21. 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 £170,000,000 at 30 June 2021 (2020: £170,000,000). The Directors do not expect any material loss to the Company to arise in respect of the guarantees.

22. PENSION SCHEMES

The Company contributes to certain employees' personal pension schemes in accordance with their service contracts. The amounts are charged to the statement of comprehensive income as they fall due. The amounts charged during the year amounted to £17,000 (2020: £15,000). The amount outstanding at the end of the year included in creditors was £nil (2020: £nil).