Registration number: 10026937

VETPARTNERS GROUP LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

VETPARTNERS GROUP LIMITED

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VETPARTNERS GROUP LIMITED

COMPANY INFORMATION

Directors	J C Malone M Stanworth M Giffin
Registered Office	Spitfire House Aviator Court York YO30 4UZ
Bankers	National Westminster Bank Plc 3rd Floor 2 Whitehall Quay Leeds LS1 4HR
Auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ

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

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to VetPartners Group Limited and its subsidiary undertakings (the "Group") when viewed as a whole.

Principal activity
The principal activity of the Group is the provision of veterinary services. The principal activity of the company is that of a holding company.

Business ownership
The Group is owned by BC European Capital X, advised by BC Partners LLP.

BC European Capital X's ownership of the Group is through a collection of limited partnerships with no individual or institutional investor holding, directly or indirectly, more than 10%.

Group Strategy

The Group's mission is to deliver the best possible care for pets and clients. We provide a secure home for veterinary practices and our people. We deliver this by working as true partners; investing in people and infrastructure and by listening and evolving.

VetPartners' vision is to be the veterinary group of choice for customers, veterinary professionals and other employees, owners of vet practices, and related businesses as well as other key stakeholders and suppliers.

The Group's key strategies centre around five key areas:

- **To be the veterinary employer of choice:** In order to attract and retain the very best clinical and non-clinical teams the Group supports its team members at all stages of their career progression. During the year the Group has undertaken further group-wide employee engagement surveys and has acted on the feedback by continuing to improve terms and conditions and allowing hybrid working to continue where appropriate to enhance employees' productivity and work-life balance. The Group has an active wellbeing group which provides literature and support to ensure focus on the wellbeing of its team members.
- **Provide excellence in customer care and service:** The Group's team members are developed with a customer-centric focus. All customer care team members are enrolled into the British Veterinary Receptionist Association allowing them to receive training and achieve relevant qualifications. All practices have social media pages to promote engagement and communication with customers. Advice and content is supplied by the Group and key, best practice concepts are shared. Feedback from customers is encouraged and considered in order to enhance the quality of service provided.
- **Provide outstanding care for our patients:** At all times the Group expects its teams to put patient care at the forefront of everything they do and the Group provides investment in facilities and equipment to aid the delivery of this. The Group promotes training at all clinical levels to develop the skills of our clinical teams to help them provide the broadest range of treatment options. Patient care is championed and promoted throughout the Group. The Group's clinical boards and special interest groups share best practice and the latest innovations throughout the Group through local and national events and at regular training sessions.
- **Develop our business in an efficient, ethical, sustainable and profitable way:** The Group uses its scale and international reach to leverage efficiencies. Whilst the Group's emphasis is on sustainable growth and profit levels we are also focused on our environmental impact and sustainability in a much broader sense.
- **Be the acquirer of choice in the UK and across Europe:** A key strategy for the Group during 2022 and beyond is its continued growth across Europe.

In addition to the Group's five core strategies, there has been a move to increase the expertise in the central support team.

Review of the business

The results of the year show that the Group is continuing to achieve significant growth driven by both acquisitions and by organic growth with revenue up by 33% (2021: 27%), whilst, at the same time, maintaining a healthy gross margin of 76% (2021: 76%). The results for the European businesses within these Group results show turnover of £50,477,000 up from £10,360,000 last year representing an increase of 387% (2021: 146%). The Group's administrative expenses have increased due to continued expansion and as a percentage of turnover administrative expenses have increased from 65% to 67%.

The Group's Adjusted EBITDA for the year ended 30 June 2022 was £119,985,000 (2021: £88,993,000). The Group's growth is partly driven by acquisitions, with 61 practices and two non-practice companies joining the Group in the year, as well as by organic growth. In each financial period the Group expects to incur professional fees for both completed and aborted transactions together with the costs of restructuring, integrating and combining acquired businesses. The Group operating result for the year ended 30 June 2022 included £11,762,000 of such costs (2021: £2,486,000).

There has been more uncertainty in the macro-environment since February 2022. The Group is helped by the resilience of the veterinary sector but have worked hard to control costs appropriately and look after our people so we can continue to provide the highest levels of care and service. Increases in interest rates have been partly managed by flexibility built into our financing arrangements and we have a mixture of fixed and floating interest rate loans. We only have material exposure to the euro exchange rate as the base currency in which we trade in most of our European countries. We borrow in euros to fund our European expansion to provide a natural hedge.

Summary Financial Results	**2022**	**2021**
	£'000	**£'000**
Revenue	574,467	430,660
Gross Profit	435,745	325,271
Adjusted EBITDA	119,985	88,993
Operating Profit	51,658	44,399

Adjusted EBITDA: is defined as profit or loss for the period before interest, tax, depreciation and amortisation, plus adjustments for exceptional items. It is a non-GAAP measure and is the Group's measure of underlying profitability, which is used by the Board and senior management to measure and monitor the Group's performance.

The following table provides a reconciliation of Loss for the year to Adjusted EBITDA.

	2022	**2021**
	£'000	**£'000**
Loss for the year	(22,339)	(19,711)
(Profit)/Loss on disposal of tangible fixed assets	(2,578)	698
Other gains and losses	46	2,344
Depreciation	29,827	20,664
Amortisation	19,316	14,655
Interest payable and similar charges	79,506	55,274
Interest receivable and similar income	(726)	(89)
Tax (credit)/charge	(4,994)	6,581
Foreign exchange differences	165	-
Exceptional Items	21,762	8,577
Adjusted EBITDA	119,985	88,993
Exceptional items include the following:		
Reorganisation and restructuring costs	3,753	2,804
Business transformation costs	1,274	2,062
Acquisition and integration costs	11,762	2,486
Other non-recurring exceptional costs	4,973	1,225
Exceptional Items	21,762	8,577

Across its operating divisions the Group identifies its revenue into four categories: Fees, Drugs, Pet Care Plans and Other Sales including testing, training and on-line sales. Veterinary Fees are the largest component and account for 61% of the Group's revenue (2021: 65%). The gross margin percentage has remained stable at 76%, with changes in the sales mix offset by the Group's improved procurement processes.

People Costs account for the largest element within administrative expenses and amounted to £248,016,000 representing 43.2% of turnover (2021: £179,549,000 representing 41.7% of turnover).

Consolidated Cash Flow Statement

Cash generated from operations amounted to £81,861,000 compared to £69,934,000 for the previous year; payments for acquisitions amounted to £240,098,000 (2021: £177,316,000) and proceeds from borrowings were £280,511,000 (2021: £199,497,000).

As at 30 June 2022, the Group's utilised bank borrowing facilities totalled £987,125,000 (June 2021: £706,083,000) – comprising Unitranche, Super Senior Debt and a Revolving Credit Facility.

Financial Risk Management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk, foreign exchange risk and inflation risk.

Credit Risk: The Group's principal assets, excluding goodwill, other intangibles and right-of-use assets are bank balances and trade debtors. The Group's credit risk is primarily attributable to its trade debtors, which totalled £41.5m at 30 June 2022 (2021: £40.4m). This risk is managed through credit control procedures including limits on customer spending and the use of a dedicated central credit collection team supporting practice-based team members. The amounts presented in the balance sheet are net of the provision for doubtful debts. The credit risk in respect of bank balances is safeguarded by using banks with high credit ratings. The Group has no significant concentration of credit risk, with its exposure spread across a large number of customers.

Liquidity Risk: In order to maintain liquidity and to ensure that sufficient funds are available for ongoing operations and developments, the Group operates a centralised treasury function, including intercompany cash transfers. The Group has sufficient funds through existing cash balances, free cash flow and its credit facility to service the annual cost of its financing and to meet its other business needs. The Group manages the banking risk by only using banks with a high credit rating and by minimising the cash held overseas.

Interest Rate Risk: During the year to 30 June 2022 the Group's bank loans were at variable rates linked to SONIA as well as having a mixture of fixed and floating rate loans; the Board continues to monitor the Group's position regarding interest rate risk and to implement strategies to manage this as is considered appropriate. Increases in interest rates experienced before and after our financial year end have been partly managed by flexibility built into our financing arrangements but we also have a mixture of fixed and floating interest rate loans to spread risk.

Foreign exchange risk: As the Group expands in Europe the part of the Group's earnings and borrowings that are denominated in non-sterling currencies increases. In the year the Group has increased its euro-denominated assets and to a lesser extent its Swiss franc denominated assets. Under its debt facilities the Group is able to borrow in the underlying currency of the assets to fund these acquisitions which provides a natural hedge to the foreign exchange risk of the assets. The Group does not undertake any further foreign exchange risk hedging and has no direct trading or borrowing exposure to the US dollar.

Development and Performance During the Year

Our practice teams have demonstrated enormous commitment and professionalism meeting our clients' requirements with the restrictions imposed during the pandemic now being relaxed.

In addition to organic growth the Group has continued to acquire more veterinary practices both in the UK and overseas. During the year a further six UK practices, comprising 57 sites, joined VetPartners as well as a further fifty-five practices in Europe, comprising 102 sites, with the Group making its first acquisitions in Switzerland, Spain, Germany and Ireland. The European acquisitions comprised 23 French practices comprising 35 sites, fifteen Spanish practices comprising 36 sites, thirteen Italian practices comprising sixteen sites, one Swiss group comprising ten practices, two German practices and one Irish practice. Each of our country teams has expanded to support the newly acquired local practices and cross-country networks have been established in order to bring consistency and support across the Group where this is relevant and beneficial.

Each country team has also developed external PR strategies in order to attract further clients, team members and other potential acquisitions. This includes social media and veterinary congress attendance.

During the year the Group acquired Goddards Veterinary Group ("GVG"). The transaction was subsequently reviewed by the Competition and Markets Authority ("CMA") due to the proximity of certain existing VetPartners practices to certain of the 47 sites operated by GVG. The CMA completed their review in September 2022 which resulted in the divestment of two existing VetPartners practices comprising eight sites in total.

As part of the Group's strategy to broaden the offering provided during the year the Group acquired Vet On The Net, which provides on-line consultations. The Group has recruited an experienced Chief Digital Officer who began work in January 2022. She now leads a team overseeing these businesses as well as continuing to develop the Group's digital transformation platforms.

The Group has purchased its own Practice Management System (PMS) and has a team who have been enhancing, developing and implementing this. Four of the Group's practices have now gone live with this new PMS and the roll out will continue over the coming years bringing a greater level of consistency and reliability to our systems.

The Group has continued to expand its animal health care plans with 5 new practices launching animal health care plans for the first time during the year.

The Group continues to invest in capital projects to improve the Group's infrastructure. During the year a new veterinary hospital was built in Wakefield, office space was converted into additional consulting facilities in Leeds and a veterinary practice in Gloucestershire was significantly expanded alongside other projects that improve the offering and service provided to the Group's customers and clients. Further capital investment will continue in the forthcoming year.

In order to continue to improve our customers experience the Group started measuring Net Promoter Scores for each site during the year. This enables the Group to obtain an objective measure of customer satisfaction and this is being used to support practices where the score is lower than expected.

During the year the Group continued to move pay above the National Minimum Wage, providing enhancements to our lowest paid employees.

A number of bursaries have been introduced to help students from lower income households during their time at vet school. Each of the recipients of these bursaries will receive £1,500 a year for the duration of their time at vet school.

Principal risks and uncertainties

The Group has identified the following major risks:

Group reputational risk: Internal reporting lines have been established to ensure fair and compliant processes are in place in order to avoid incidents and to manage PR risks if they occur.

Brexit and resultant risks: The Group continues to experience challenges with recruiting vets arising from the reduced number of EU vets registered with RCVS. There is a continued focus on the retention of people and effective networking to ensure timely visibility of regulatory changes. The procurement team continues to work with suppliers, in order to ensure continuity of supply of products.

Compliance Breach: Internal processes have been developed and shared alongside systems being implemented to mitigate this risk.

Regulatory or Legislative change: The Group undertakes professional networking, has a consultant to provide specialist sector knowledge, engages legal services for regular updates and following the year end recruited an experienced lawyer as Group Legal Counsel.

Competition and Markets Authority (CMA): The Group ensures that knowledge gained during the CMA review in the year is used when assessing further UK acquisitions.

IT failure: Elements of the disaster recovery plan mean that redundancies are built in, such as duplicated servers in geographically distinct locations and appropriate service level agreements for third party suppliers. The Group's IT support has been brought in-house and this has helped to increase visibility and mitigate issues arising.

Significant data breach: The Group maintains an ongoing focus on training around policies regarding data breaches alongside IT resources being regularly stress tested and a clear escalation process for any possible issues.

The attraction and retention of excellent clinical and non-clinical employees, including vets and nurses: A variety of factors contribute to recruitment challenges across the veterinary and non-veterinary teams including people leaving the profession, reduced hours working and career breaks which all impact on available working hours. The focus on attraction and retention of vet teams remains a key priority for the Group.

Financial and Non-Financial key performance indicators

The KPIs set out in the table below are fundamental to the business and reflect the focus on the drivers that enable the management team to achieve the Group's business plans, strategic aims and objectives:

	2022	2021
Revenue (£'000)	574,467	430,660
Adjusted EBITDA (£'000)	119,985	88,993
Operating Profit (£'000)	51,658	44,399
Gross Profit Margin	75.9%	75.5%
Net Debt – excluding lease liabilities (£'000)	973,216	686,462
Employee Numbers	6,887	5,977
Number of Sites	647	527
Number of Vets	2,635	1,700

Business Model

The Group aims to provide outstanding veterinary care to its patients and thereby build a long-term relationship with its clients, recognising that customer care and professionalism are key to customer retention. In order to help to achieve this the Group shares benchmarking and best practice across its various sites and in doing so helps to improve performance both operationally and financially. This is promoted by the Group's clinical boards sharing knowledge and looking to enhance patient and customer care.

The Group's small animal practices work on a hub and spoke model with local practices sending out of hours and more complex cases to larger hospital sites. Team members are frequently shared between the local and hospital sites to help to maintain consistent standards of care and utilise the range of experience provided by our employees.

The Group business model is to allow veterinary practices to continue to operate under their original name in order to retain their local identity and their place in the community. The Group recognises that practices can only build sustainably by providing excellent value care and that organic growth is driven by reputation and word of mouth. Whilst the business model is to grow turnover locally at a practice level another key feature is to create a streamlined and centralised support function enabling savings to be made through enhanced purchasing power and more efficient administrative functions.

This model has proved to be successful in the UK and the Group is now continuing to expand into mainland Europe where similar models are being adopted.

In each country we expand into time is taken to ensure that the country lead has the appropriate range of skills and experience, as well as critically endorsing and embodying our culture. All country leads are well networked in the veterinary sector.

The Group recognises that clients increasingly expect to be able to use technology to interact with our practices. Equally the use of the appropriate digital technology and expertise creates opportunities for us to improve the quality of care and service and improve the effectiveness of our teams, both in practices and centrally.

Future developments

The veterinary sector continues to experience favourable trends both in the UK and Europe. The continued humanisation of pets, an increased pet population and the desire of owners for their pets and animals to receive more sophisticated levels of care is present in all markets we operate in. We are conscious of the current pressures on household budgets but, based on past experience and current research and feedback we are confident in the resilience of the Group.

The expansion into Europe presents multiple opportunities and is a priority for the Group. We are expanding into more countries within mainland Europe where the recruitment of well-connected Country Leads in each target country has helped to facilitate this. We have significant undrawn committed facilities to support this growth but if future and non-committed acquisitions require funding in excess of the current facilities, we would approach the provider of our

Future developments (continued)

current facilities, who have significantly increased our acquisition facilities in the past, to facilitate this. Our fast rate of growth in Europe requires good people, with the right mix of experience, sector knowledge and cultural fit, effective processes and reliable professional advisors. We are lucky to have almost seven years of experience across a number of key roles in the UK of managing this type of growth. We use this to share relevant knowledge and provide a control framework that is then adapted to the local culture and regulations.

The Royal College of Veterinary Surgeons ("RCVS") is looking at the role of other members, or potential members, of the veterinary team, including Registered Veterinary Nurses, and consulting on bringing others into regulation and they have also been holding consultations on remote prescribing. These consultations bring a mix of risks and possible opportunities.

Environmental matters

As a veterinary company with an estate comprising over 647 sites operating throughout the UK and Europe, the Group recognises the potential scale of its environmental impact through resource and energy consumption and the size of our supply chain. The Group's sustainability strategy responds to this and is structured according to some of the core values upon which the Group was founded: ethical and sustainable business development and a commitment to providing excellent experiences for customers and colleagues.

The Group's sustainability strategy contains 21 targets for the five years 2021-2026, including commitments to reduce energy use by 20%, to divert at least 90% of waste from landfill, to tackle the environmental impacts of veterinary care, and to increase positive social impacts through volunteering and fundraising for charity. The strategy also incorporates a commitment to review and report on progress annually. In January 2022 we published annual Sustainability and Giving Back report describing highlights from the year and reviewing our progress against the 21 identified targets as well as restating the targets themselves to ensure that they are still relevant and sufficiently challenging. We have achieved three of the targets and are on track to achieve a further 17 and for three of these the level of ambition has been increased. One target has been amended as it was no longer relevant as it related to an accreditation scheme that has now been discontinued.

Since its launch in October 2020, Group colleagues have prevented over six tonnes of PPE and plastic packaging from going to waste by recycling through the TerraCycle Zero Waste Box service: Other highlights of the year included the provision of live and on-demand CPD sessions on more specialised sustainability topics including low flow anaesthesia and sustainability in farming, 19 VetPartners businesses signing up to Investors in the Environment, bringing the total number of participating businesses to 24 by the end of June 2022. Four groups, including our head office, have achieved the Bronze award and one has achieved the highest award the Green Award. The Group also launched a group wide initiative with the World Land Trust and are sponsoring new graduates to provide services to in Thailand.

Streamlined energy and carbon reporting (SECR)

The report covers the energy use and greenhouse gas (GHG) emissions arising from purchased electricity, consumption of transport fuels by company-owned vehicles, and the combustion of fuel for hot water and space heating. All the sites within this scope were assumed to use natural gas as fuel for hot water and space heating.

		Calendar year 2022	Calendar year 2021
Energy consumption used to calculate emissions: /kWh		49,084,976	28,835,807
Breakdown of above total energy by source	Electricity	10,503,082	12,110,926
	Gas	7,764,783	6,101,269
	Transport	5,880,427	1,241,021
	Other	24,936,684	9,382,591

	Calendar year 2022	Calendar year 2021
Emissions from combustion of gas (Scope 1) / tCO2e	7,592	3,443
Emissions from combustion of fuel for transport purposes (Scope 1) / tCO2e	1,441	342
Emissions from purchased electricity (Scope 2, location-based) / tCO2e	1,817	2,572
Emissions from biomass (Scope 1) / tCO2e	1	3
Total gross CO2e based on above (location-based) / tCO2e	10,859	6,349
Emissions from purchased electricity (Scope 2, market-based) / tCO2e	87	190
Intensity ratio: tCO2e (gross) per m^2 floor area	0.119	0.050
Intensity ratio: tCO2e (gross) per number of practices	70.512	57.529
Number of Supplies Listed for Gas	293	302
% Invoice Coverage for SECR for Gas	84%	16%
Number of Supplies Listed for Electricity	516	531
% Invoice Coverage for SECR for Electricity	69%	23%

Method

The report has been prepared in accordance with the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate standard and the 2021 UK Government's Conversion Factors for Company Reporting

Adjustments to 2020-21 SECR figures

The 2020-21 'other' figure has been adjusted up after this year's analysis showed that heating oil/kerosene and wood pellets (Biomass) are in use at some sites

Electricity – Market Based Emissions

Market based emissions have been calculated using published fuel mix disclosures from relevant suppliers for the reporting period. Where records are not provided by the appointed supplier or where this information has not been published emissions have been calculated using the 2021 UK Conversion Factors for Company Reporting.

Transportation

All transportation emissions have been allocated as Scope 1 from company owned vehicles. For fuel card purchase data the conservative assumption that all fuel purchased in this way has been adopted.

Electricity and Gas

Gas invoice data was available for 84% (2021 16%) of sites and electricity invoice data was available for 69% (2021: 23%) of the sites. Where necessary to fill the gaps in available data a pro-rata calculation of the estimated annual consumption has been used. The estimated annual consumption has been derived from site invoices where available and for sites where no invoices were available an average of the known annual consumption across the estate has been used.

Intensity Measurement

The chosen intensity measurement ratio is total gross emissions in tonnes of CO2e per m2 floor area and total gross emissions in tonnes of CO2e per practice. The intensity ratios have increased on the FY21 comparative due to reduced levels of occupancy and business travel during the prior year resulting from Covid-19.

Energy Efficiency Action taken

During the year the Group has periodically updated the bespoke guide to sustainability in veterinary practices and associated businesses, which is available to all colleagues via the Group's e-Learning system. The guides include comprehensive advice and resources for reducing energy use in practice, including both behavioural change and practical / technological measures. To complement this the Group has organised a series of 'mini campaigns on internal social media, with tips for energy use reduction in practice.

25 of the Group's practices and the central support office have signed up to the Investors in the Environment scheme, which includes commitments to monitoring and reducing energy use. The Group has offered discounted membership, and has resources dedicated to encouraging practices to sign up and support them through the process. Three practices and the head office have achieved the Bronze Award and one practice has achieved the highest award the Green Award. The Group continues to encourage practices and businesses to sign up and has seen consistently high interest and rates of enrolment since the start of this initiative.

A process has been established to ensure that each site takes manual meter readings every month (where AMR is not in place) to allow more accurate monitoring of energy use and highlight where intervention would be most effective. The Group has recently commenced a series of energy audits of sites by energy consultants with the aim of identifying and implementing energy efficiency measures across the estate.

Employee Matters

In order to ensure compliance with external regulations, Employee Handbooks are available to all the Group's employees, which outline the core employment related policies including Equal Opportunities, Disciplinary and Grievance and Health & Safety. Post coronavirus most training programmes, where our managers keep up to date with employment law and management best practice, were moved back to being face-to-face events to aid the audience. We continue to listen to our colleagues, via our bi-annual colleague engagement surveys and hold leadership development sessions with all line managers via our internal teams and with external support as appropriate.

Career Pathways have been developed for all clinical positions which allow practice-based employees to evaluate their current level of experience and capability. This is with a view to creating a development plan which they can follow in order to improve specific skills or gain experience which will stand them in good stead for career advancement. As part of their employment contract the majority of employees receive a Continual Professional Development (CPD) allowance which can be used to fund their ongoing development by attending bespoke external programmes. During the year we also continued to move pay above the National Minimum Wage, providing enhancements to our lowest paid employees.

A range of internal training programmes are made available including The Manager Programme, a national Equine CPD and Business update event, a Middle / Senior Manager strategy workshop and the Group's LMS Moodle platform.

Due to its rapid growth the Group has had ongoing recruitment campaigns for a broad range of employment opportunities both in the practices and the Central Office. On average we welcomed 55 new starters per month during 2021/22. The Group also recruited 105 Graduate Vets to work throughout the UK and participate in a 2-year structured Graduate Programme starting in September 2022. An additional 206 student veterinary nurses were employed through an apprenticeship programme offering them the chance to qualify as Registered Veterinary Nurses, at the same time as gaining practical on the job experience.

On the company's extranet, Squirrel, recruiting managers are given access to a wide variety of supporting documentation including advertisement templates, interview guides and candidate evaluation grids as a means of promoting best practice and compliance with recruitment legislation.

Social, community and human rights issues

The Group is committed to preventing slavery and human trafficking in our activities and ensuring that our supply chains are free from slavery and human trafficking. We view this as part of our wider responsibility to the Animal Health industry and to society.

The Group recognises that the greatest societal impacts we can have are likely to be in our supply chain, and therefore have a dedicated target in our sustainability strategy to develop a set of minimum standards for human rights and sustainability and to ensure that all tier 1 suppliers meet them within five years. Following this we will extend our focus to subsequent tiers within our supply chain.

The Group has a significant presence in communities all over the UK and Europe, where its practices provide vital support for companion animals and for the farming sector. In its sustainability strategy the Group has committed to working with farmers and farming organisations to promote sustainable agriculture, and to working with other organisations in the veterinary sector and beyond to participate in knowledge exchange and to promote the key role that vets have in responding to environmental and social issues.

Many of the Group's colleagues are passionate about fundraising for a variety of social causes, and the Group's Giving Back action plan contains a number of measures to support its colleagues in volunteering and fundraising activities. Since January 2022, Group colleagues have raised over £32,000 for a range of charities, including our chosen charity of the year The Cinnamon Trust, through a variety of events including dog shows, raffles, cake sales and physical challenges including the annual 'VetPartners Virtual 5K'. In addition over £31,000 of matched donations have been made directly from VetPartners under the matched donation scheme launched in Spring 2022 to encourage and support our colleagues' fundraising.

In Spring 2022 a new incentive to encourage volunteering was launched with all colleagues in the UK receiving one day a year of paid leave for the purpose of volunteering for their chosen cause.

Section 172 statement

The Directors are of the opinion that they have effectively implemented their duties under section 172 of the Companies Act 2006. The Directors have considered the long-term strategy of the of the Group as disclosed in the Group strategy section of this report and consider that this strategy will continue to deliver long term success to the Group and its stakeholders.

The Directors recognise the importance of a wide range of stakeholders in delivering their strategy and achieving sustainability within the Group. The main stakeholders in the Group are considered to be the shareholders, employees (see page 8), suppliers and customers. Information on the Group's considerations in respect of its employees, its suppliers the wider community in which it operates (see page 9) including environmental considerations (see page 6) and maintaining a reputation for high standards of business conduct are detailed in this report. The Group's growth strategy clearly identifies our approach to continually add value for our shareholders.

Providing excellence in customer care and service and outstanding care for our patients are two of our core strategies. During the year we continued our regular programmes of communication with customers to support the care of their pets or animals. We also aim to improve customer service standards and engagement with customers through daily monitoring of customer reviews, tracking our customer NPS scores and through ongoing training programmes throughout the Group. Our Clinical Board, Species-specific Clinical Boards and Special Interest Groups meet regularly to discuss and share ideas and review best practice in respect of patient care. They consider new developments while providing guidance on all clinical and professional matters. The members of the Clinical Boards are rotated on a periodic basis to ensure fresh approaches are introduced and the professional development opportunity this provides is widely available.

We have built strong relationships with our suppliers over several years and work closely with them to deliver sustainable and mutually beneficial improvements. We work to ensure they are paid on time and there is regular communication with our supplier base together with formal meetings, often on a quarterly basis. We use these forums for feedback and to identify ways to adjust practices and processes to improve the supply chain and terms of purchase. Many of our pharmaceutical suppliers attended our UK annual congress in December 2021 and December

2022 where they were able to meet a wide array of members of our practice teams to better understand our business and ask any questions they may have. This has been repeated across all our European businesses over the last twelve months as their local presence grows. Key members of the Group's management attend industry conferences and events to engage with current and future suppliers.

Gender diversity

A summary of the gender diversity throughout the Group is as follows:

	2022		2021	
	Male	**Female**	**Male**	**Female**
Clinical Directors	58%	42%	58%	42%
Vets	34%	66%	34%	66%
Employees	17%	83%	17%	83%

The gender balance of the veterinary profession has changed dramatically in the last 30 years and women now account for over 60% of practicing vets. This percentage is likely to increase further as almost 80% of students enrolling in veterinary degree courses are female (source: RCVS).

Clinical Directors are senior vets who manage the practices from an operational perspective, the gender diversity for this Group is more in line with the gender balance of veterinary students from 25 years ago. The Graduate gender pay gap is 3% in favour of males and our veterinary surgeons who have graduated since 2000 have a median gender pay gap of zero.

Approved by the Board on 21 December 2022 and signed on its behalf by:

J C Malone
Director

The directors present their report and the consolidated financial statements for the year to 30 June 2022.

Directors of the Group
The directors who held office during the year and subsequently were as follows:

J C Malone
M Stanworth
M Giffin

The Board of VetPartners Group Limited consists of three Executive Directors. The directors are not members or employees of BC Partners.

Jo Malone – Chief Executive Officer – appointed 25 February 2016

Jo Malone qualified as a vet at Glasgow University in 1998 and began her working life at a mixed practice in Market Harborough, before returning to her home city of York to work at Minster Vets, where she became a partner in 2009. Jo established VetPartners in October 2015 with three practices, including Minster Vets, and it has grown into one of Europe's leading veterinary groups.

Jo was Managing Director of VetPartners until February 2016 when she became Chief Executive Officer.

Mark Stanworth – Chief Operations Officer – appointed 31 January 2017

Mark Stanworth has vast experience from 25 years working in a variety of sectors, including private equity-owned businesses. He was interim Chief Financial Officer at Hovis, Group Finance Director for the Royal Bank of Scotland's car division and the Kalon Group, owners of Leyland and Johnstone's Paint.

Mark joined VetPartners in 2017 initially as Chief Financial Officer and his knowledge and experience of the Group led to him becoming Chief Operations Officer in 2020.

Michael Giffin – Chief Financial Officer – appointed 23 February 2021

Mike brings a wealth of experience to VetPartners having more than 20 years' experience as a CFO across a number of different sectors including media, retail and education. He has worked for large publicly quoted companies, private equity-owned businesses and also fast-growing founder-led private companies.

Directors' indemnities
The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Objectives and policies
The Board constantly monitors the Group's trading results and projections as appropriate to ensure that the Group can meet its future obligations as they fall due.

Dividends
No dividends were declared in the year and no further dividends have been proposed by the directors.

Financial risk management objectives and policies

Credit risk
The Group is exposed to the usual credit and cash flow risks associated with selling on credit terms and manages this through credit control procedures.

Cash flow risk
To ensure that sufficient funds are available for ongoing operations and developments, the Group operates a centralised treasury function, including intercompany cash transfers. The Group has sufficient funds through existing cash balances, free cash flow and its credit facility to service the annual cost of its financing and to meet its other business needs. The Group manages the banking risk by only using banks with a high credit rating and by minimising the cash held overseas.

Interest rate risk
The Group's bank loans are at variable rates linked to SONIA; the Board continues to monitor the Group's position with regard to interest rate risk and to implement strategies to manage this as is considered appropriate. Credit risk in respect of bank balances is safeguarded by using banks with high credit ratings.

Going concern
The Group meets its day-to-day working capital requirements through operating cash flows and a revolving credit facility ("RCF").

At 30 June 2022, the Group had cash balances of £66.2m and an unutilised RCF of £39.0m. At this date, term loan facilities of £1,208.5m were available to support the Group's acquisitive growth initiatives of which £213m was undrawn at that date. The maturity and terms of these facilities are set out in note 19 to the financial statements showing that the earliest repayments are scheduled for May 2025.

Since the year end, the Group has increased the term loans by £250.0m to a total of £1,581.0m and continued to trade profitably and to generate cash. At 31 October 2022, the Group had cash balances of £60.3m and had £39.0m available under the RCF. £424m was available to draw under the term loans for future acquisitions. The reduction from 30 June 2022 results from utilising funds to acquire businesses.

The Directors consider that the cash balances the RCF and term loan facility available enable the Group to meet its liabilities in full.

After consideration of market conditions, including the recent market volatility, interest rate and inflation forecasts, the Group's financial position (including the level of headroom available within the bank facilities), financial forecasts for the four years to 30 June 2026, its profile of cash generation and the timing and amount of bank borrowings repayable, and principal risks, the Directors have a reasonable expectation that both the Company and the Group will be able to continue in operation and meet its liabilities, including committed acquisitions, as they fall due over the period, being at least 12 months from the date of approval of the financial statements.

For this reason, the going concern basis continues to be adopted in preparing the financial statements.

Employment of disabled persons
The Group's policy is to consider the recruitment of disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement
The Group encourages the involvement of employees in its management through regular departmental meetings. For further information regarding Employee Matters, see page 8.

Research and development
The Group has an ongoing programme of research and development comprising several projects which are primarily related to evidence-based medicine.

Information disclosed in the Strategic Report
The following information required to be reported on in the Directors Report has been reported on in the Strategic Report to the extent, in the opinion of the directors, that no further disclosure is considered necessary:

- Further information in respect of employees involvement;
- Further information on how the directors have had a regard to the need to foster business relationships with suppliers, customers and others;
- Further information in respect of the review of the business;
- Further information in respect of the growth strategy;
- Streamlined energy and carbon reporting;
- Future developments; and
- Financial risk management policies and objectives (page 4 and note 25).

Important non adjusting events after the financial period

Subsequent to the balance sheet date, the Group has completed the acquisition of the following UK entity where 100% of the voting rights were acquired, obtaining control, in line with the Group growth strategy:

- Bearl Equine Clinic Limited – Acquired 7 July 2022
- Gortlands Veterinary Clinic – Acquired 7 November 2022

In addition to the above acquisition, the Group acquired 100% of the trade and assets of Carisbrooke Vets on 11 August 2022 and 100% of the trade and assets of Clevedale Veterinary Practice on 28 October 2022.

Important non adjusting events after the financial period (continued)

The Group also acquired the following overseas entities:

- Hospital de Referencia La Equina - Acquired 15 July 2022 – Located in Spain
- Clinica Veterinaria Madrid – Acquired 19 July 2022 – Located in Spain
- Clinica Veterinaria Vetland – Acquired 21 July 2022 – Located in Spain
- Integral Clinica Veterinaria – Acquired 21 July 2022 – Located in Spain
- Clinica Veterinaria El Arca – Acquired 28 July 2022 – Located in Spain
- Hospital Veterinari Montjuic – Acquired 29 July 2022 – Located in Spain
- Clinique Veterinaire de Plouigneau – Acquired 1 August 2022 – Located in France
- Ambulatorio Veterinario Contri e De Zen – Acquired 3 August 2022 – Located in Italy
- Castle Veterinary Clinic – Acquired 9 August 2022 – Located in Ireland
- Tierarztpraxis Dr. Hans-Peter Larscheid – Acquired 15 August 2022 – Located in Germany
- Ospedale Veterinario Croce Azzurra – Acquired 6 September 2022 – Located in Italy
- Advanced Pet Care Smith and Foley – Acquired 9 September 2022 – Located in Ireland
- Baab-Kleintierzentrum am Alzeyer Kreuz – Acquired 19 September 2022 – Located in Germany
- Clinique Veterinaire des Trois Clochers – Acquired 30 September 2022 – Located in France
- Clinica Veterinaria Bonafe – Acquired 5 October 2022 – Located in Spain
- Caravet – Acquired 11 October 2022 – Located in France
- Ospedale Veterinario San Francesco – Acquired 14 October 2022 – Located in Italy
- Clinica Veterinaria Timanfaya – Acquired 26 October 2022 – Located in Spain
- Citta di Catania S.r.l – Acquired 9 November 2022 – Located in Italy
- Clinica Veterinaria Terra – Acquired 10 November 2022 – Located in Spain
- Clinica Canis Monforte – Acquired 11 November 2022 – Located in Spain
- Gruppo Mustallar – Acquired 16 November 2022 – Located in Spain
- Clinica Veterinaria Os Durans – Acquired 18 November 2022 – Located in Spain
- Clinique Veterinaire de l'Oiselet – Acquired 30 November 2022 – Located in France
- Kate Clinica Felina – Acquired 2 December 2022 – Located in Spain
- Clinica Veterinaria Vilvet – Acquired 7 December 2022 – Located in Portugal

The total consideration paid in respect of the above share acquisitions and the trade and asset acquisitions was £78,101,000. The acquisition accounting for these business combinations is not yet complete. Any goodwill acquired as a result of the above acquisitions is considered to principally relate to the following:

- synergies arising, in particular from increased buying power and the use of central administrative functions;
- geographical location and convenience of practice sites; and
- acquired workforces, including the experience and reputation of veterinary surgeons.

The bank borrowing facilities were increased with £250.0m of term loan facilities on 8 September 2022. These funds are for future acquisitions.

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint Deloitte LLP as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 21 December 2022 and signed on its behalf by:

J C Malone
Director

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 group financial statements in accordance with United Kingdom adopted international accounting standards. The directors have chosen to prepare the parent company 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 Group and Company and of the profit or loss of the Group for that period.
In preparing these financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in international accounting standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report to the members of VetPartners Group Limited

Report on the audit of the financial statements

Opinion
In our opinion:

- the financial statements of VetPartners Group Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors
As explained more fully in the statement of directors' responsibilities, 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 group's and the parent 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 group or the parent 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included relevant laws and regulations applicable to the Group and the sector it operates in such the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included GDPR and Anti-money laundering laws and Veterinary and Health and Safety regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- **Acquisition accounting – valuation of identified intangible assets**
    - assessment of the methodology of management's valuation; and
    - tested management's identification and valuation of the intangible assets through verification of third party evidence, benchmark market data and the involvement of our internal valuation specialists who supported our challenge of the methodology and certain inputs in management's models.

- **Impairment of Intangible assets**
    - challenged management's prepared forecasts through comparison with historical performance market trends and recent performance; and
    - tested the key inputs and assumptions through benchmarking with independent market data.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

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.

Kate Darlison 21 December 2022

Kate Darlison FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Note	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Revenue	3	574,467	430,660
Cost of sales		(138,722)	(105,389)
Gross profit		435,745	325,271
Other income	4	3,426	63
Administrative expenses		(387,513)	(280,935)
Operating profit	5	51,658	44,399
Operating profit before depreciation, amortisation and (loss)/profit on disposal of tangible fixed assets.		98,223	80,416
Profit/(Loss) on disposal of tangible fixed assets	5	2,578	(698)
Amortisation	12	(19,316)	(14,655)
Depreciation	14	(29,827)	(20,664)
Operating profit	5	51,658	44,399
Other gains and losses	13	(46)	(2,344)
Other interest receivable and similar income	6	726	89
Loss on foreign exchange transactions		(165)	-
Interest payable and similar charges	7	(79,506)	(55,274)
Loss before taxation		(27,333)	(13,130)
Taxation	11	4,994	(6,581)
Loss for the financial year		(22,339)	(19,711)

The above results were derived from continuing operations.

The notes on pages 25 to 75 form an integral part of these financial statements

VETPARTNERS GROUP LIMITED

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

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Loss for the year	(22,339)	(19,711)
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences on foreign currency net investments	(267)	(45)
Total comprehensive loss for the year	(22,606)	(19,756)

The notes on pages 25 to 75 form an integral part of these financial statements

VETPARTNERS GROUP LIMITED
(Registration number: 10026937)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	30 June 22 £'000	30 June 21 £'000
Non-current assets			
Goodwill	12	954,341	715,784
Other intangible assets	12	219,232	177,399
Property, plant and equipment	14	66,633	54,441
Right-of-use assets	14	101,791	73,672
		1,341,997	1,021,296
Current assets			
Inventories	16	16,739	13,469
Trade and other receivables	17	75,412	69,383
Cash at bank and in hand		66,220	73,653
		158,371	156,505
Total assets		1,500,368	1,177,801
Current liabilities			
Trade and other payables	18	(142,875)	(128,972)
Current tax payable		-	(416)
Provisions	20	(18,499)	(11,303)
Lease liabilities	24	(18,753)	(13,060)
		(180,127)	(153,751)
Non-current liabilities			
Borrowings	19	(1,039,436)	(760,115)
Lease liabilities	24	(91,248)	(67,188)
Deferred tax liabilities	11	(47,442)	(41,345)
Other payables	18	(17,512)	(11,092)
		(1,195,638)	(879,740)
Total liabilities		(1,375,765)	(1,033,491)
Net assets		124,603	144,310
Capital and reserves			
Called up share capital	22	257,251	254,352
Retained losses	23	(132,416)	(110,077)
Foreign translation reserve	23	(232)	35
Total Equity		124,603	144,310

Approved by the Board and authorised for issue on 21 December 2022 and signed on its behalf by:

M Giffin
Director

The notes on pages 25 to 75 form an integral part of these financial statements

VETPARTNERS GROUP LIMITED
(Registration number: 10026937)

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	30 June 22 £'000	30 June 21 £'000
Assets			
Non-current assets			
Investments in subsidiaries	15	257,251	254,352
Amounts owed by group undertakings	17	55,377	52,509
Total assets		312,628	306,861
Liabilities			
Current liabilities			
Other financial liabilities	18	-	(3,610)
Non-current liabilities			
Amounts owed to group undertakings	18	(52,311)	(48,483)
Total liabilities		(52,311)	(52,093)
Net assets		260,317	254,768
Equity			
Called up share capital	22	257,251	254,352
Retained earnings	23	3,066	416
Total equity		260,317	254,768

The Company has taken advantage of the exemption allowed under section 408 for the Companies Act 2006 and has not presented its own financial statement of Profit or Loss or Statement of Comprehensive Income. The profit of the Company for the year was £2,650,000 (2021 – profit of £254,000)

Approved by the Board and authorised for issue on 21 December 2022 and signed on its behalf by:

M. Giff.
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M Giffin
Director

The notes on pages 25 to 75 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2022

	Note	Share capital £'000	Retained losses £'000	Foreign Translation reserve £'000	Total £'000
At 1 July 2021		254,352	(110,077)	35	144,310
Issue of share capital	22	2,899	-	-	2,899
Loss for the year		-	(22,339)	-	(22,339)
Currency translation differences on foreign currency net investments		-	-	(267)	(267)
Total comprehensive loss for the year		-	(22,339)	(267)	(22,606)
Balance at 30 June 2022		257,251	(132,416)	(232)	124,603
At 1 July 2020		250,092	(90,366)	80	159,806
Issue of share capital	22	4,260	-	-	4,260
Loss for the year		-	(19,711)	-	(19,711)
Currency translation differences on foreign currency net investments		-	-	(45)	(45)
Total comprehensive loss for the year		-	(19,711)	(45)	(19,756)
Balance at 30 June 2021		254,352	(110,077)	35	144,310

The issue of share capital represents £1 ordinary shares issued at par.

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

Company	Note	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2021		254,352	416	254,768
Profit for the period and total comprehensive income		-	2,650	2,650
Issue of share capital	22	2,899	-	2,899
Balance at 30 June 2022		257,251	3,066	260,317
Balance at 1 July 2020		250,092	162	250,254
Profit for the period and total comprehensive income		-	254	254
Issue of share capital	22	4,260	-	4,260
Balance at 30 June 2021		254,352	416	254,768

The issue of share capital represents £1 ordinary shares issued at par.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 £'000	30 June 2021 £'000
Cash flows from operating activities:			
Loss for the year		(22,338)	(19,711)
Adjustments to cash flows from non-cash and non-operating activity items:			
Depreciation, amortisation and profit on disposal	5	46,565	36,017
Other gains and losses	13	46	2,344
Finance income	6	(726)	(89)
Finance costs	7	79,506	55,274
Taxation expense/(credit)	11	(4,994)	6,581
Operating cash flows before movement in working capital		98,059	80,416
Decrease in inventories		59	959
Increase/(decrease) in receivables		2,715	(10,095)
Decrease in payables		(17,045)	(1,418)
Cash generated from operations		83,788	69,862
Corporation tax (paid)/received		(1,927)	72
Net cash flow from operating activities		81,861	69,934
Investing activities			
Interest received		726	89
Purchase of tangible assets		(20,522)	(19,063)
Proceeds from sale of tangible assets		6,944	1,680
Purchase of intangible assets		(6,215)	
Additional consideration on prior year acquisitions		(2,182)	(2,513)
Acquisition of subsidiaries net of cash acquired	13	(240,098)	(177,316)
Net cash used in investing activities		(261,347)	(197,123)
Cash flows from financing activities			
Interest and financing costs paid		(67,405)	(44,054)
Lease interest paid		(6,730)	(5,744)
Proceeds from bank borrowing	27	280,511	199,497
Transaction costs related to loans and borrowings		(10,051)	(6,759)
Issue of ordinary shares	22	2,899	4,260
Payment of contingent consideration	13	(13,875)	(6,893)
(Payments to)/amounts loaned by parent undertaking		(1,721)	4,413
Principal payments on lease liabilities		(11,576)	(11,737)
Net cash flows from financing activities		172,053	133,183
Net (decrease)/increase in cash and cash equivalents		(7,433)	5,994
Cash and cash equivalents at start of the year		73,653	67,659
Cash and cash equivalents at end of the year		66,220	73,653

The notes on pages 25 to 75 form an integral part of these financial statements

1 General Information

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:
Spitfire House
Aviator Court
York
YO30 4UZ

2 Accounting policies

Summary of significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Statement of compliance
The group financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the FRC. Accordingly, these financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation presentation of a cash-flow statement.

Basis of preparation
These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest thousand Pounds.

New and amended standards adopted by the Group
The Group has applied the following standards and amendments, applicable to the Group, for the first time in their financial reporting period commencing 1 July 2021:

- IBOR reform Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7) (effective 1 January 2021) and
- Covid-19 related rent concessions after 30 June 2021 (Amendments to IFRS 16) (effective 1 April 2021)

Adopting the IBOR reform Phase 2 amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period. There were no amendments to be recognised in the appropriate components of equity as at 1 July 2021. The group has no derivatives, neither it applies hedge accounting. Therefore, the group has nothing to disclose regarding quantitative information about financial instruments that have yet to transition to an alternative benchmark rate as at the end of the reporting period. Identifying and reassessing risks, based on adoption of the Phase 2 IBOR, have not resulted in changes to an entity's risk management strategy.

Future standards in place but not yet effective
No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 July 2021 have been adopted early. The following standards and amendments, applicable to the Group, are not yet applied at the date of authorisation of these financial statements:

- Classification of Liabilities as Current or Non-current (amendments to IAS 1) (effective 1 January 2023);
- Reference to conceptual framework (Amendments to IFRS 3) (effective 1 January 2022);
- Property, Plant and Equipment – Proceeds before intended use (Amendments to IAS 16) (effective 1 January 2022).
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) (effective 1 January 2022);

2 Accounting policies (continued)

- Definition of Accounting Estimates (Amendments to IAS 8) (effective 1 January 2023);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective 1 January 2023);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (effective 1 January 2023) and
- IFRS17 Insurance Contracts (effective 1 January 2023).

The Group does not believe that there would have been a material impact on the financial statements from early adoption of these standards / interpretations or conceptual frameworks or a material impact in future years. However the Group is yet to perform detailed work to assess this impact.

Basis of consolidation
The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June 2022.

No Profit and Loss Account is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a profit after tax for the financial period of £2,650,000 (2021 - £254,000).

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. In the event of non-controlling interests in a subsidiary, non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Going concern
The Group meets its day-to-day working capital requirements through operating cash flows and a revolving credit facility ("RCF").

At 30 June 2022, the Group had cash balances of £66.2m and an unutilised RCF of £39.0m. At this date, term loan facilities of £1,208.5m were available to support the Group's acquisitive growth initiatives over the coming years, of which £213m was undrawn at that date. The maturity and terms of these facilities are set out in note 19 to the financial statements.

Since the year end, the Group has increased the term loans by £250.0m to a total of £1,458.5m and continued to trade profitably and to generate cash. At 31 October 2022, the Group had cash balances of £60.3m and had £39.0m available under the RCF. £424m was available to draw under the term loans for future acquisitions. The reduction from 30 June 2022 results from utilising funds to acquire businesses.

2 Accounting policies (continued)

The Directors consider that the cash balances and the RCF and term loan facility available enable the Group to meet its liabilities in full.

After consideration of market conditions, the Group's financial position (including the level of headroom available within the bank facilities), financial forecasts for the four years to 30 June 2026, its profile of cash generation and the timing and amount of bank borrowings repayable, and principal risks, the Directors have a reasonable expectation that both the Company and the Group will be able to continue in operation and meet its liabilities, including committed acquisitions, as they fall due over the period, being at least 12 months from the date of approval of the financial statements.

For this reason, the going concern basis continues to be adopted in preparing the financial statements.

Revenue recognition
Revenue arises from the provision of veterinary services.
To determine whether to recognise revenue, the Company follows the five-step process as set out within IFRS 15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Contracts with customers take the form of agreed terms and conditions relating to the relevant services and goods being provided as part of each veterinary practice's activities.

Sale of goods
The sale of goods is recognised at the point of sale, when goods have been transferred and control has passed to the customer.

Rendering of service
Revenue from the rendering of services is recognised as and when the services are delivered. In most instances the service is performed at a point in time and revenue can be recognised at the point the service is performed.

Contracts with customers
Revenue from contracts with customers is recognised in line with the terms of the contract based on the specific obligations of the contract.

Members of Pet Care Plans (PCPs) pay monthly subscription fees and receive preventative consultations and treatments plus discounts over a twelve-month period, being the life of the contract. Revenue from the PCP is recognised as performance obligations which are satisfied at the point in time services are provided to customers, with the exception of worm and flea treatments and discounts which are recognised evenly over time. Where transfer of PCP services to the customer does not match the pattern of monthly payments made by members, contract assets or contract liabilities are recognised. The IFRS 15 Revenue from Contracts with Customers ("IFRS 15") practical expedient to not disclose information about performance obligations not yet satisfied at the reporting date has been applied in respect of the PCP since these performance obligations are part of a contract originally expected to have a duration of one year

Government grants
Income received as a result of a government grant are recognised in other income in the period in which the Group became entitled to receive the grant. Where the grant has conditional terms, the grant is recognised as a liability when received and recognised as revenue as and when the conditions attached to the grant have been met.

Volume rebates
The Group receives cash refunds or credits against purchases from suppliers for purchasing a certain amount of inventories or for participating in promotions. Rebates are recognised within cost of sales in the Consolidated Income Statement and are recognised as they are earned by the Group based on the expected entitlement for each relevant

2 Accounting policies (continued)

Volume rebates (continued)
supplier contract up to the reporting date. To ensure that rebates are reflected in the inventory valuation, an adjustment is made by the Group at the reporting date to reduce inventories by the average percentage manufacturer rebate received in the year, with the corresponding entry being recognised in cost of sales. For rebates receivable in cash, amounts accrued are included within other receivables in the Consolidated Statement of Financial Position.

Tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current 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 taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Research and development tax credits
Certain companies within the Group may be entitled to claim tax credits in relation to the Research and Development Expenditure Tax Credit scheme in the UK. Tax credits receivable under this scheme are determined to have the substance of a government grant and accordingly these tax credits are accounted for under ISA20, 'Accounting for Government Grants'. The tax credits are recognised within Other Income in the Income Statement when there is reasonable assurance that the Group will comply with the relevant conditions and that the tax credits will be received.

Foreign currency
Foreign currency transactions are translated into functional currency at the rate of exchange ruling at the date of the transaction. Exchange differences arising from either the retranslation of the resulting monetary assets or liabilities at the exchange rate at the balance sheet date or from the settlement of the balance at a different rate are recognised in the Consolidated Income Statement when they occur.

On consolidation, the income statements of foreign currency subsidiaries are translated into sterling at the average exchange rate. If this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, a weighted average rate is used. The balance sheets of such subsidiaries are translated at the rate of exchange at the balance sheet date. Resulting exchange differences arising on the translation of foreign currency subsidiaries are taken directly to a separate component of shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiaries are treated as assets and liabilities of the foreign subsidiaries and are translated at the closing rate.

Tangible assets
Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation
Depreciation is charged so as to write off the cost of assets to their residual values, over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Buildings	2% to 10% straight line
Furniture, fittings and equipment	10% to 33% straight line
Motor vehicles	25% to 33% straight line
Right-of-use assets	Over the term of the lease

2 Accounting policies (continued)

The residual values and useful lives of tangible assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets
Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software), brands and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences (including software), brands and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition derived using a Multi-Period Excess Earnings Model for customer relationships and using a Relief from Royalty model in relation to brands. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Valuation analysis inputs:

	Range %
Customer acquisition costs – working capital	-8.6% to +5.9% (2021: -10.8% to +11.1%)
Customer acquisition costs – workforce	0.37% to 2.86% (2021:1.49% to 1.55%)
Customer acquisition costs – fixed assets	0.4% to 2.5% (2021: 3% to 4%)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Statement of Profit or Loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Profit or Loss.

A summary of the policies applied to the Group's intangible assets is:

Intangible asset	**Customer Relationships**	**Brands**
Useful life	13 years	10-20 years
Amortisation method	Straight line basis over the useful life	Straight line basis over the useful life

2 Accounting policies (continued)

Investments
Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Business combinations
Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at an estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised through the income statement.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the transaction price. All trade receivables are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade receivables is established using the expected credit loss model in accordance with IFRS 9.

Inventories
Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. The cost of inventories is assigned using the first in – first out (FIFO) formula.

Payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings
Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

2 Accounting policies (continued)

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases
If the Group acts as lessee all contracts are recognised in the statement of financial position in accordance with the lessee's guidance in IFRS 16 with the exception of leases of low value assets.

The Group as lessee
The Group recognises right-of-use assets under lease agreements in which it is the lessee. The underlying assets mainly include property, plant and equipment. The right-of-use assets comprise the initial measurement of the corresponding lease liability payments made at or before the commencement day as well as any initial direct costs. Furthermore, lease incentives are recognised separately and amortised during the lease term. The corresponding lease liability is included in the consolidated statement of financial position as a lease liability. Existing lease liabilities have been reclassified from borrowings to finance lease liabilities into the separate line item lease liability.

The right-of-use asset will be depreciated over the lease-term and if necessary impaired in accordance with applicable standards. The Group has not made any adjustments for re-measurement of the lease liability nor for the right-of-use asset. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (application of the effective interest method) and by reducing the carrying amount to reflect the lease payments made. No modification or reassessments of the lease liability have been made during the reporting period.

Variable rents are not part of the lease liability and the right-of-use asset. The payments are recognised as an expense in the period in which they are incurred. Variable payments are presented within the note Right-of-use assets.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Dividends
Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Financial instruments

Classification
Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

2 Accounting policies (continued)

Recognition and measurement
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial assets or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below. A non-financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating unit groups ('CGUGs') of which the goodwill is a part. Any impairment loss in respect of a CGUG is allocated first to the goodwill attached to that CGUG, and then to other assets within that CGUG on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value, had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGUG, the reversal is applied to the assets (other than goodwill) of the CGUG on a pro-rata basis.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Fair value hierarchy

Fair value hierarchy levels 1 to 3 are based on the degree to which fair value is observable

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Critical judgements and key sources of estimation uncertainty
In the application of the Group's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

2 Accounting policies (continued)

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Accounting for leases under IFRS 16

For leases where the Group is a lessee, the Group is required to recognise right-of-use assets and a corresponding lease liability to be realised over the term of the lease. The directors have applied their judgement in assessing the initial fair value of the right-of-use asset in line with the terms of the lease as well as the fair value of the lease liability at initial recognition.

Management has concluded that the interest rate implicit in the leases cannot always be readily determined and so the leases held have been discounted by the incremental borrowing rate (IBR) on the date of lease commencement or modification in the Group, being the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain assets of a similar value to the right-of-use assets in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities and corresponding right-of-use assets.

To determine IBR, the Group uses synthetic credit rating as a starting point and adjusts this for conditions specific to each lease such as its term and security. The Group has used IBRs in the range 4.1% to 6.9% (2021: 4.5% to 9.1%)

Accounting for intangible assets arising from business combinations

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the Consolidated Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair value at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. See note 12 for further information.

The determination of the value of the intangible assets requires significant judgements and estimates to be made by the Directors. These judgements can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate discount rate. Judgement is also required in determining appropriate useful economic lives ("UEL") of the intangible assets arising from business combinations. The Directors make this judgement on an asset class by asset class basis and have determined that contracts with customers have a useful economic life of 13 years; brands have a useful economic life of between 10 and 20 years.

Goodwill represents the excess of the consideration transferred in a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Consolidation of Goddard Veterinary Group ("GVG")

The Directors consider that, notwithstanding the CMA review, which has now been concluded, the Group had control over GVG throughout the period of the CMA restrictions and therefore it is appropriate for GVG to be included in the consolidated Group accounts from the date of its acquisition to the year end.

2 Accounting policies (continued)

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the balance sheet date are discussed below.

Impairment of goodwill
The directors are required to assess goodwill for any impairment annually. In order to assess whether goodwill is impaired, goodwill is allocated to groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group tests goodwill for impairment annually, or more frequently if there are any indications that impairment may have arisen. The value of a Cash Generating Unit Group (CGUG) is based on value-in-use calculations

As each practice acquired generates revenue for the Group, the value-in-use valuation is used to value the goodwill of the Group. The directors also apply a number of estimates such as the expected growth rate and discounting rates used. These rates are assessed based on a number of factors that, in the opinion of the directors, will impact on the future growth of the Group, in the case of the growth rate, and the weighted average cost of available debt adjusted for various risk factors associated with Group's growth strategy, in the case of discount rates. See note 12 for further information in respect to these estimates along with appropriate sensitivity analysis.

Dilapidation provision
The Group's property leases may contain a clause requiring the Group to restore the property to its original state during the term or at the end of the lease. In order to assess the required provision for acquired entities, the directors obtain a report from an independent third-party detailing what restorative work is required at the date of acquisition. The directors also perform an annual assessment of the provision based on an average square foot charge and based on the level of dilapidation at year end for each property. Where information is not available, the assessment for a relevant property is based on an average rate across the Group, as this, in the opinion of the directors, is considered reasonable on the basis that similar trade is conducted across each of the properties and where each of the properties are considered to be not materially dissimilar from each other. Equine practices that operate from sites that have large non-clinical properties, such as stables and out-buildings, are provided at 50% of the dilapidation rates applied to non-equine clinical buildings. The Group has assessed this level to appropriately reflect the reduced dilapidation liability associated with these sites. In instances where the report differs substantially from the formula used, the directors then specifically assess the relevant property in order to identify which position represents a true and fair position in respect of the dilapidation provision to be recognised.

In the event that the rate used per square foot, which is derived from the level of dilapidation at year end, changes on average by 25%, the dilapidation provision at year end will change by £4,625,000 (2021: £2,825,000). For those entities where an average square footage has been used, a change in this rate of 25% would see a change in the dilapidation provision at year end of £719,000 (2021: £1,061,000).

Contingent consideration
The Consolidated Statement of Financial Position includes amounts which are payable for the acquisition of subsidiaries which are dependent on the future performance of the trade acquired. Contingent consideration is estimated based on the terms of the purchase contract and the entity's knowledge of the business and how the current economic environment is likely to impact it. The assumptions utilised in the calculation based on financial performance include projected revenue and/or earnings before interest, tax, depreciation and amortisation amounts and risk adjusted discount rates. Contingent consideration involves certain assumptions requiring significant judgment and actual results may differ from assumed and estimated amounts. The carrying value of contingent consideration is disclosed in note 13.

These amounts have been estimated at acquisition date based on the terms of the purchase agreements and the expected future performance based on the information available at the year end and may vary depending on actual results.

For potential payments related to financial performance the expected payment is determined separately in respect of each earn-out or growth payment agreement taking into consideration the expected level of profitability of each material acquisition. For individually immaterial acquisitions, historical pay-out percentages have been used to determine the fair value of contingent consideration. Contingent consideration is remeasured each reporting period, and subsequent changes in fair value, including accretion for the passage of time, are recognized within revaluation of financial instruments in the Consolidated Statement of Profit or Loss. For details of the assumptions used for contingent consideration and sensitivity analysis refer to note 13.

3 Revenue

	2022 £'000	2021 £'000
United Kingdom	523,990	420,300
Rest of Europe	50,477	10,360
	574,467	430,660

	2022 £'000	2021 £'000
Rendering of services and sale of goods	549,098	413,047
Pet Care Plans	25,369	17,613
	574,467	430,660

4 Other income

	2022 £'000	2021 £'000
Coronavirus job retention scheme	-	1,063
Research and development tax credits/(reversal of credits)	3,426	(1,000)
	3,426	63

5 Operating profit

Arrived at after charging/(crediting):

	2022 £'000	2021 £'000
Amortisation	19,316	14,655
Depreciation expense – property plant and equipment	16,616	12,347
Depreciation expense – right-of-use assets	13,211	8,317
Profit on sale and leaseback of assets	(1,740)	-
(Profit)/Loss on disposal of tangible assets	(838)	698

6 Other interest receivable and similar income

	2022 £'000	2021 £'000
Interest income on bank deposits	165	89
Interest receivable on intercompany loan	561	-
	726	89

7 Interest payable and similar charges

	2022 £'000	2021 £'000
Finance charges on leased assets	6,730	5,248
Interest on bank overdrafts and borrowings	62,508	42,611
Other finance costs adjacent to interest	10,268	5,476
Interest on intercompany loan	-	1,939
	79,506	55,274

8 Staff costs

Company

No staff costs are borne by the company. Directors of the company are remunerated via other companies within the group.

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022 No	2021 No
Directors	3	3
	3	3

Group

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 £'000	2021 £'000
Wages and salaries	222,269	160,475
Social security costs	19,769	14,586
Pension costs, defined contribution scheme	5,978	4,488
	248,016	179,549

The average number of persons employed by the Group (including directors) during the year, analysed by category was as follows:

	2022 No	2021 No
Vets	2,635	1,700
Nurses	2,102	1,557
Administration and support	2,150	2,720
	6,887	5,977

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £'000	2021 £'000
Remuneration	-	-

The directors' remuneration has been borne by the Group's parent undertaking.

During the year the number of directors was as follows:

	2022 No	2021 No
	3	3

10 Auditor's remuneration

	2022 £'000	2021 £'000
Audit of financial statements	640	451
Other fees to auditor		
All other non-audit services	-	-

The audit fee figures include covenants compliance work which has not been separately apportioned from the audit fee as this fee is agreed with the audit of the financial statements.

11 Taxation

Tax charged/(credited) in the profit and loss account

	2022 £'000	2021 £'000
Current taxation		
UK corporation tax	827	667
Adjustment in respect to previous period	84	-
	911	667
Deferred taxation		
Arising from origination and reversal of timing differences	(1,283)	5,914
Adjustment in respect to previous period	(4,877)	-
Effect of changes in tax rates	255	-
	(5,905)	5,914
Tax (credit)/charge	(4,994)	6,581

The tax on loss before tax for the year is lower than (2021 – higher than) the standard rate of corporation tax in the UK of 19% (2021 – 19%).

The differences are reconciled below:	2022 £'000	2021 £'000
Loss before tax	(27,333)	(13,130)
Corporation tax at standard rate	(5,193)	(2,495)
Effect of expense not deductible in determining taxable profit	4,917	782
Effect of income not taxable	(813)	(2,845)
Effect of overseas tax rates	29	-
Impact of change in tax rate on deferred tax liabilities	255	10,666
Adjustments relating to previous periods	(4,793)	-
Group relief surrendered	(55)	305
Deferred tax not provided	409	-
Other tax effects for reconciliation between accounting profit and tax expense	250	168
Total tax (credit)/charge	(4,994)	6,581

11 Taxation (continued)

Changes in tax law
The Finance Bill 2021 announced that the corporation tax rates would increase from 19% to 25% effective 1 April 2023. This was substantively enacted on 24 May 2021, therefore deferred tax balances that are expected to reverse after 1 April 2023 have been recognised at 25%.

Deferred tax balances before offset

	2022 £'000	2021 £'000
Deferred tax liability	(56,834)	(47,939)
Deferred tax asset	9,392	6,594
Total deferred tax liability	(48,848)	(41,345)

Deferred tax balances after offset	2022 £'000	2021 £'000
Deferred tax asset	-	-
Deferred tax liability	(47,442)	(41,345)
Total deferred tax liability	(47,442)	(41,345)

The amounts reflect the differences between the carrying and tax amounts of the following balance sheet headings as at each year end.

Credits/(charges) during each year are as follows:

	Losses and other deductions £'000	Short term temporary differences £'000	Intangible assets £'000	Corporate interest reactivation £'000	Fixed asset temporary differences £'000	Total £'000
At 1 July 2020 – asset/(liability)	-	-	(27,735)	6,333	(4,253)	(25,655)
Tax credit in respect of year	2,590	457	(7,520)	(2,786)	1,345	(5,914)
Acquired through business combinations	-	-	(8,755)	-	(1,021)	(9,776)
At 30 June 2021 – asset/(liability)	2,590	457	(44,010)	3,547	(3,929)	(41,345)
Tax credit/(charge) in respect of year	3,947	1,696	2,270	(3,547)	1,539	5,905
Acquired through business combinations	-	-	(11,411)	-	(591)	(12,002)
At 30 June 2022 – asset/(liability)	6,537	2,153	(53,151)	-	(2,981)	(47,442)

At the year the Group had unrecognised deferred tax assets of £1,741,000

12 Intangible assets

Group

	Goodwill £'000	Customer relation-ships £'000	Brands £'000	Other £'000	Total £'000
Cost					
At 1 July 2020	554,741	174,270	-	271	729,282
Additions	-	-	-	-	-
Arising on business combinations	158,531	29,371	16,707	1,515	206,124
Adjustments to goodwill acquired in previous years	2,512	-	-	-	2,512
At 30 June 2021	715,784	203,641	16,707	1,786	937,918
Arising on business combinations	238,681	41,648	10,982	6,214	297,525
Adjustments to goodwill acquired in previous years	2,181	-	-	-	2,181
Reclassification	(2,305)	3,457	-	(1,152)	-
At 30 June 2022	954,341	248,746	27,689	6,848	1,237,624
Amortisation					
At 1 July 2020	-	30,080	-	-	30,080
Charge for the year	-	14,342	313	-	14,655
At 30 June 2021	-	44,422	313	-	44,735
Charge for the year	-	17,541	1,775	-	19,316
At 30 June 2022	-	61,963	2,088	-	64,051
Carrying value					
At 30 June 2022	954,341	186,783	25,601	6,848	1,173,573
At 30 June 2021	715,784	159,219	16,394	1,786	893,183
At 30 June 2020	554,741	144,190	-	271	699,202

Goodwill has arisen on the acquisition of various subsidiaries and businesses as set out in note 13 and in previous years. The directors have utilised the provisions of IFRS 3 in respect of determining fair values on business combinations provisionally and will adjust goodwill accordingly in the year ended 30 June 2022 for any amounts arising from the finalisation of those fair value within 12 months of the respective acquisitions prior to the date of approval of these financial statements.

Adjustments to goodwill acquired in previous years above relate to adjustments to consideration for business combinations completed in the prior period and to the final payments for net assets.

The customer relationships have a remaining useful life of between 12 and 13 years. Brands have a remining useful life of between 9 and 20 years.

The valuation of customer relationship intangible assets recognised in the year includes the use of key estimates, including customer attrition rates and discount rates. A change of 50 basis points in discount rates or in customer attrition rates at the acquisition date would have increased/(decreased) the intangible assets recognised by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the comparative periods.

	2022 £'000	2021 £'000
Increase in the discount rate	(1,274)	(3,804)
Decrease in the discount rate	1,322	3,928
Increase in the attrition rate	(2,934)	(13,957)
Decease in the attrition rate	3,360	16,016

12 Intangible assets (continued)

To reflect uncertainties in the economic environment at the date of signing, a 4% increase in the discount rate applied would result in a reduction in the customer relationship intangible assets recognised in the current year of £8,980,000. A 4% reduction in the discount rate would result in an increase in value of the customer relationship intangible assets recognised of £12,170,000.

Impairment testing

Foreign based entities are treated as separate CGUs as these are managed and monitored separately from the UK based entities.

The Group tests goodwill for impairment annually, or more frequently if there are any indications that impairment may have arisen. The value of a Cash Generating Unit Group (CGUG) is based on value-in-use calculations. This involves deriving a value for goodwill based on the net present value of future cash flows of the Group. The directors used the forecasts for the year ending 30 June 2023 (2021 – 30 June 2022) as the basis for the cash flow projections. Cash flows were estimated using the basis of EBITDA (earnings before interest, tax, amortisation and depreciation) less exceptional items, capital expenditure and taxation payments, and also taking account of projected working capital movements (which are not expected to have a significant impact). Cash flows up to and including the year ending 30 June 2026 (2021 – 30 June 2025) were then estimated using a long term growth rate of 3% (2021 – 3%) per annum, which is considered by the directors to be a prudent estimate of the potential growth in the sector. A terminal value was then calculated based on the same factors, and the discount rate described below.

The discount rate used in the calculations was based on an assessment of an appropriate third party rate available to a comparable business which has been applied at 8.0% (2021 – 7.8%). The Group's pre-tax WACC was 8.4% (2021: 8.2%).

Goodwill is considered for impairment purposes in the following groups:

	June 2022 £'000	June 2021 £'000
Small Animal	319,524	226,314
Equine	73,956	72,291
Farm	70,721	70,624
Mixed	242,634	231,385
Other	67,784	62,813
France	82,746	32,881
Italy	36,092	19,464
Germany	1,813	-
Spain	39,712	-
Switzerland	15,400	-
Ireland	3,959	-
Central	-	12
	954,341	715,784

Based on the results of the impairment testing, no impairment charge has been made against the carrying value of goodwill at 30 June 2022 (2021 - £Nil). The directors have considered any reasonably possible changes in assumptions that could lead to an impairment charge arising. While there has been a change in the discount rate in the year, it is considered unlikely that this rate will change significantly. The only reasonably possible change, according to the directors, is considered to be a reduction in the growth rate. For any impairment to arise, the terminal growth rate would need to reduce from 3.0% to 0.3% annually, assuming the trading forecasts to June 2027 are met. Such a sustained drop in the growth rate is considered, by the directors, to be highly unlikely given that management's assessment would see the growth rate decrease by no more than 1%.

13 Business combinations

Goodwill represents the excess of consideration over the fair value of identifiable assets and liabilities acquired. For all acquisitions, goodwill is not tax deductible and is considered to principally relate to the following:

- synergies arising, in particular from increased buying power and the use of central administrative functions;
- geographical location and convenience of practice sites; and
- acquired workforces, including the experience and reputation of veterinary surgeons.

The results of acquired businesses post-acquisition are included in the tables below. Given the nature of the group, it is not practicable to disclose the separate revenue and profit/loss of each of the acquired entities since they entered the Group or as though all entities had been acquired on 1 July 2021.

Goodwill and intangible assets acquired are not expected to be deductible for tax purposes.

Acquisition costs in relation to business combinations in the year were £8,637,000. (2021: £1,174,000)

Each acquisition made during the year was done so in line with Group's growth strategy to grow through acquisitions of independent vet groups or practices. In the current year, the Group expanded into mainland Europe with a view of further growth and expansion within the continent.

Certain business combinations, as highlighted below, include contingent consideration. The amount of contingent consideration payable on acquisitions in the year ranges from a minimum of £Nil to a maximum of £17,600,000.

The directors have provided for the expected amount payable of 70% of the maximum contingent consideration on the basis that the level of contingent consideration reflects the expected performance of the relevant businesses. This is at level 3 on the fair valuation hierarchy.

Total contingent consideration included within liabilities, which includes amounts payable in respect of business combinations in the prior year, amounts to £32,136,000 (2021 - £20,370,000).

The payment of contingent consideration in excess of the expected value together with unwinding of discounting the expected future consideration payments and any reassessment of the expected future contingent consideration payments has resulted in a charge in the profit and loss account of £1,477,000 (2021: £2,344,000). Deferred consideration payments made in the year totalled £13,875,000 (2021: £6,893,000) and the unwind of discounted provisions represented a charge of £1,184,000 (2021: £695,000).

The tables below show details of business combinations considered to be individually material as well as a summary of those considered to be individually immaterial, but material in aggregate.

The Group has acquired veterinarian practices and groups throughout the United Kingdom, Italy, France, Spain, Germany, Switzerland and Ireland. The primary reason for these acquisitions is to expand the Group's presence and increase future earnings in these geographical areas.

The material acquisitions are separately disclosed within this note. The directors have considered the accounting requirements of international accounting standards and have concluded that there were no other material acquisitions which require separate disclosure, but for some acquisitions completed within the twelve months prior to the date of approval of these financial statements the initial accounting has only been provisionally determined at the end of the reporting period. The acquired value of the acquired identifiable intangible assets is provisional pending receipt of the final valuations for those assets.

13 Business combinations (continued)

During the reporting period, VetPartners Limited acquired 100% of the issued share capital, obtaining control of the following practices in the UK on the following dates: Moloney Vets Limited (9 July 2021), Ensbury Park Vets Limited (23 August 2021), Pendle Pet Care Limited (21 October 2021),VetPartners Limited also acquired DotVet Limited a provider of practice management software (21 September 2021) and VetMedics Limited an on-line veterinary consultant (17 December 2021).

On the following dates during the reporting period VetPartners Practices II Limited acquired 100% of the trade and assets of the following practices in the UK on the following dates: Broken Cross (6 August 2021) and Avenue Vets (30 November 2021)

The amounts recognised in respect of the combined identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	1,429
Stocks	160
Tangible assets	745
Intangible assets	3,172
Financial liabilities	(3,504)
Deferred tax provision	(807)
Total identifiable assets	1,195
Goodwill	14,954
Total consideration	16,149
Satisfied by:	
Cash	12,969
Deferred consideration	3,180
Total consideration transferred	16,149
Cash flow analysis:	
Cash consideration	12,969
Less: cash and cash equivalent balances acquired	(700)
Net cash outflow arising on acquisition	12,269

On acquisition of total acquired balances of trade receivables with a book and fair value of £307,000 representing contractual receivables of £307,000.

Acquisition costs of £441,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

£3,180,000 of contingent consideration is recognised. See page 41 for the assumptions made on contingent consideration.

13 Business combinations (continued)

During the reporting period, VetPartners Limited acquired 100% of the issued share capital, obtaining control of the following practices in Italy on the following dates: Botti Maggi (6 July 2021), Veterinaria Ardenza (15 September 2021), Clinica Veterinaria Serenissima (20 September 2021), Clinica Veterinaria Haziel (21 December 2021), Clinica Veterinaria Diana (21 December 2021), Clinica Veterinaria Camagna–Reggio (21 December 2021), Ospedale Veterinario Città di Conegliano (29 December 2021), Appia 24 Ore Srl (25 January 2022), Clinica Veterinaria San Carlo (25 January 2022), Centro Veterinario Maccauro Centro (31 January 2022), Veterinario Zarcone (4 May 2022), and La Clinica Degli Animali, Udine (4 May 2022).

The amounts recognised in respect of the combined identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	1,262
Stocks	213
Tangible assets	676
Intangible assets	4,195
Financial liabilities	(3,035)
Deferred tax provision	(954)
Total identifiable assets	2,357
Goodwill	13,018
Total consideration	15,375
Satisfied by:	
Cash	11,041
Deferred consideration	4,334
Total consideration transferred	15,375
Cash flow analysis:	
Cash consideration	11,041
Less: cash and cash equivalent balances acquired	(645)
Net cash outflow arising on acquisition	10,396

On acquisition of total acquired balances of trade receivables with a book and fair value of £118,000 representing contractual receivables of £118,000.

Acquisition costs of £507,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

£4,334,000 of contingent consideration is recognised. See page 41 for the assumptions made on contingent consideration.

13 Business combinations (continued)

On 21 June 2002 VetPartners Limited acquired 100% of the issued share capital of Ospedale Veterinario Santa Fara in Italy, obtaining control.

The amounts recognised in respect of the combined identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	114
Stocks	54
Tangible assets	35
Intangible assets	562
Financial liabilities	(259)
Deferred tax provision	(107)
Total identifiable assets	399
Goodwill	3,861
Total consideration	4,260
Satisfied by:	
Cash	3,782
Deferred consideration	478
Total consideration transferred	4,260
Cash flow analysis:	
Cash consideration	3,782
Less: cash and cash equivalent balances acquired	(92)
Net cash outflow arising on acquisition	3,690

On acquisition of total acquired balances of trade receivables with a book and fair value of £8,000 representing contractual receivables of £8,000.

Acquisition costs of £141,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

£478,000 of contingent consideration is recognised. See page 41 for the assumptions made on contingent consideration.

13 Business combinations (continued)

During the reporting period, VetPartners Limited acquired 100% of the issued share capital, obtaining control of the following practices in Spain on the following dates: Clínica Veterinaria Praxia (22 December 2021), Clínica Veterinaria Medican (28 December 2021), Centro Veterinario Gran Tarajal 15 February 2022), Centro Veterinario Urquican (9 March 2022), Clinica Veterinaria Atlántico (24 March 2022), Centro Veterinario Ciudad Naranco (4 May 2022), ZOA Huelva (1 June 2022), Hospital Veterinari Balmes (13 June 2022), HV Acena de Olga (16 June 2022), CV Nexo Albox (16 June 2022), HV Tres Torres (23 June 2022), CV Dumbo (29 June 2022), CMV Castello (30 June 2022) and Hospital Animal Bluecare (30 June 2022).

The amounts recognised in respect of the combined identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	1,953
Stocks	228
Tangible assets	1,837
Intangible assets	2,533
Financial liabilities	(2,358)
Deferred tax provision	(520)
Total identifiable assets	3,673
Goodwill	14,763
Total consideration	18,436
Satisfied by:	
Cash	15,852
Deferred consideration	2,584
Total consideration transferred	18,436
Cash flow analysis:	
Cash consideration	15,852
Less: cash and cash equivalent balances acquired	(1,323)
Net cash outflow arising on acquisition	14,529

On acquisition of total acquired balances of trade receivables with a book and fair value of £28,000 representing contractual receivables of £28,000.

Acquisition costs of £341,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

£2,584,000 of contingent consideration is recognised. See page 41 for the assumptions made on contingent consideration.

13 Business combinations (continued)

On 30 June 2022 VetPartners Limited acquired 100% of the issued share capital of Thecmal Vets SL (PetSalud) in Spain, obtaining control.

The amounts recognised in respect of the combined identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	2,133
Stocks	493
Tangible assets	1,866
Intangible assets	5,097
Financial liabilities	(2,155)
Deferred tax provision	(1,148)
Total identifiable assets	6,286
Goodwill	25,701
Total consideration	31,987
Satisfied by:	
Cash	31,987
Deferred consideration	-
Total consideration transferred	31,987
Cash flow analysis:	
Cash consideration	31,987
Less: cash and cash equivalent balances acquired	(1,575)
Net cash outflow arising on acquisition	30,412

On acquisition of total acquired balances of trade receivables with a book and fair value of £329,000 representing contractual receivables of £329,000.

Acquisition costs of £591,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

No contingent consideration is recognised. See page 41 for the assumptions made on contingent consideration.

13 Business combinations (continued)

During the reporting period, VetPartners Limited acquired 100% of the issued share capital, obtaining control of the following practices in Germany on the following dates: Tierarztpraxis Kelberg (14 September 2021) and Drs. Kohl Tierarztpraxis (7 April 2022).

The amounts recognised in respect of the combined identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	175
Stocks	116
Tangible assets	4
Intangible assets	1,075
Financial liabilities	(151)
Deferred tax provision	(248)
Total identifiable assets	971
Goodwill	1,783
Total consideration	2,754
Satisfied by:	
Cash	2,754
Deferred consideration	-
Total consideration transferred	2,754
Cash flow analysis:	
Cash consideration	2,754
Less: cash and cash equivalent balances acquired	(39)
Net cash outflow arising on acquisition	2,715

On acquisition of total acquired balances of trade receivables with a book and fair value of £114,000 representing contractual receivables of £114,000.

Acquisition costs of £44,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

No contingent consideration is recognised. See page 41 for the assumptions made on contingent consideration.

13 Business combinations (continued)

On 22 October 2022 VetPartners Limited acquired 100% of the issued share capital, obtaining control of the following practices in Switzerland: Cluster 1 SA.

The amounts recognised in respect of the combined identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	2,321
Stocks	541
Tangible assets	2,073
Intangible assets	3,164
Financial liabilities	(5,637)
Deferred tax provision	(732)
Total identifiable assets	1,730
Goodwill	15,512
Total consideration	17,242
Satisfied by:	
Cash	15,436
Deferred consideration	1,806
Total consideration transferred	17,242
Cash flow analysis:	
Cash consideration	15,436
Less: cash and cash equivalent balances acquired	(704)
Net cash outflow arising on acquisition	14,732

On acquisition of total acquired balances of trade receivables with a book and fair value of £1,067,000 representing contractual receivables of £1,067,000.

Acquisition costs of £472,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

£1,806,000 of contingent consideration is recognised. See page 41 for the assumptions made on contingent consideration.

13 Business combinations (continued)

On 30 June 2022, VetPartners Limited acquired 49% of the issued share capital and the full economic rights of Jamba Veterinaires in France obtaining control.

The amounts recognised in respect of the combined identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	1,514
Stocks	394
Tangible assets	778
Intangible assets	3,084
Financial liabilities	(3,105)
Deferred tax provision	(713)
Total identifiable assets	1,952
Goodwill	37,176
Total consideration	39,128
Satisfied by:	
Cash	26,777
Deferred consideration	12,351
Total consideration transferred	39,128
Cash flow analysis:	
Cash consideration	26,777
Less: cash and cash equivalent balances acquired	(247)
Net cash outflow arising on acquisition	26,530

On acquisition of total acquired balances of trade receivables with a book and fair value of £67,000 representing contractual receivables of £67,000.

Acquisition costs of £212,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

£12,351,000 of contingent consideration is recognised. See page 41 for the assumptions made on contingent consideration.

13 Business combinations (continued)

During the reporting period, VetPartners Limited acquired 49% of the issued share capital, the full economic rights and control of the following practices in France on the following dates: Hegal Zabal (31 July 2021), My Little Veto (30 September 2021), Santer Vet (4 October 2021), Veterinaiare Des Beauroy (5 November 2021), Clinique Veterinaire Du Chene (16 December 2021), Clinique Veterinaire des Alizes (30 December 2021), Clinique Veterinaire Grand Maine (31 December 2021), Clinique Veterinaire de la Cardelle (31 December 2021), Clinique Veterinaire du Parc (27 January 2022), Clinique Veterinaire de la Fontaine (31 January 2022), Clinique Veterinaire Les Vets (31 January 2022), Clinique Veterinaire Les Milles Pattes (28 February 2022), Clinique Veterinaire du Docteur Valerie Vermander-Estradieu (31 March 2022), Clinique Veterinaire du Ladou (31 March 2022), Clinique Vétérinaire de la Terrasse (30 April 2022), Clinique Vétérinaire du Petit Tambour (31 May 2022), Clinique Vétérinaire de Neuilly-en-Thelle (31 May 2022), Clinique Vétérinaire Maisons Mesnil (31 May 2022), Clinique Vétérinaire des Vingt Ponts et des Tilleuls (31 May 2022), CV du Grand Renaud (30 June 2022), CV de la Sainte Croix (30 June 2022) and CV du Montreuil Juigne (30 June 2022)..

The amounts recognised in respect of the combined identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	2,269
Stocks	765
Tangible assets	631
Intangible assets	6,074
Financial liabilities	(6,778)
Deferred tax provision	(1,404)
Total identifiable assets	1,557
Goodwill	15,329
Total consideration	16,886
Satisfied by:	
Cash	14,948
Deferred consideration	1,938
Total consideration transferred	16,886
Cash flow analysis:	
Cash consideration	14,948
Less: cash and cash equivalent balances acquired	(1,064)
Net cash outflow arising on acquisition	13,884

On acquisition of total acquired balances of trade receivables with a book and fair value of £580,000 representing contractual receivables of £580,000

Acquisition costs of £2,979,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

£1,938,000 of contingent consideration is recognised. See page 41 for the assumptions made on contingent consideration.

13 Business combinations (continued)

On 30 June 2022 VetPartners Limited acquired 100% of the issued share capital of Serengeti Ltd in Ireland, obtaining control.

The amounts recognised in respect of the combined identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	758
Stocks	96
Tangible assets	99
Intangible assets	769
Financial liabilities	(2,161)
Deferred tax provision	(178)
Total identifiable assets	(617)
Goodwill	4,044
Total consideration	3,427
Satisfied by:	
Cash	3,427
Deferred consideration	-
Total consideration transferred	3,427
Cash flow analysis:	
Cash consideration	3,427
Less: cash and cash equivalent balances acquired	(245)
Net cash outflow arising on acquisition	3,182

On acquisition of total acquired balances of trade receivables with a book and fair value of £112,000 representing contractual receivables of £112,000.

Acquisition costs of £49,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

No contingent consideration is recognised. See page 41 for the assumptions made on contingent consideration.

13 Business combinations (continued)

On 26 October 2021 VetPartners Limited acquired 100% of the issued share capital of Goddard Holdco Limited, obtaining control. The principal activity is veterinary services.

The amounts recognised in respect of the combined identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	4,109
Stocks	266
Tangible assets	3,906
Intangible assets	23,360
Financial liabilities	(9,868)
Deferred tax provision	(5,400)
Total identifiable assets	16,373
Goodwill	92,414
Total consideration	108,787
Satisfied by:	
Cash	108,787
Deferred consideration	-
Total consideration transferred	108,787
Cash flow analysis:	
Cash consideration	108,787
Less: cash and cash equivalent balances acquired	(1,028)
Net cash outflow arising on acquisition	107,759

On acquisition of total acquired balances of trade receivables with a book and fair value of £613,000 representing contractual receivables of £613,000.

Acquisition costs of £2,860,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

No contingent consideration is recognised. See page 41 for the assumptions made on contingent consideration.

13 Business combinations (continued)

Of the businesses acquired by VetPartners Limited during the reporting period estimated or provisional balances have been included for the following: Ospedale Veterinario Città di Conegliano, Appia 24 Ore Srl, Clinica Veterinaria San Carlo, Centro Veterinario Maccauro Centro, Veterinario Zarcone, La Clinica Degli Animali, Udine, Ospedale Veterinario Santa Fara, Clínica Veterinaria Praxia, Clínica Veterinaria Medican, Centro Veterinario Gran Tarajal, Centro Veterinario Urquican, Clinica Veterinaria Atlántico, Centro Veterinario Ciudad Naranco, ZOA Huelva, Hospital Veterinari Balmes, HV Acena de Olga, CV Nexo Albox, HV Tres Torres, CV Dumbo, CMV Castello, Hospital Animal Bluecare, Grupo Veterinario PetSalud, Hegal Zabal, Clinique Veterinaire Les Vets, Clinique Veterinaire Les Milles Pattes, Clinique Veterinaire du Docteur Valerie Vermander-Estradieu, Clinique Veterinaire du Ladou, Clinique Vétérinaire de Neuilly-en-Thelle, Clinique Vétérinaire Maisons Mesnil, Clinique Vétérinaire des Vingt Ponts et des Tilleuls, CV du Grand Renaud, CV de la Sainte Croix CV du Montreuil-Juigne, Jamba Veterinaires and Serengeti Limited.

The amounts recognised in respect of the combined identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	8,333
Stocks	1,795
Tangible assets	5,439
Intangible assets	9,391
Financial liabilities	(15,956)
Deferred tax provision	(2,039)
Total identifiable assets	6,963
Goodwill	107,515
Total consideration	114,478
Satisfied by:	
Cash	95,094
Deferred consideration	19,384
Total consideration transferred	114,478
Cash flow analysis:	
Cash consideration	95,094
Less: cash and cash equivalent balances acquired	(4,188)
Net cash outflow arising on acquisition	90,906

13 Business Combinations (continued)

On 29 June 2021 VetPartners Limited acquired 49% of the issued share capital, the full economic rights and control of CHV Atlantia.

The values included in the prior year accounts were estimated balances and a comparison between those estimated balances and the actual acquisition balances is shown in the table below:

	Estimated £'000	Actual £'000	Difference £'000
Assets and liabilities acquired			
Financial assets	1,231	1,382	151
Stocks	217	233	16
Tangible assets	692	641	(51)
Intangible assets	-	3,457	3,457
Financial liabilities	(1,684)	(1,573)	111
Deferred tax provision	-	(657)	(657)
Total identifiable net assets	456	3,483	3,027

14 Property, plant and equipment

Group

	Land and Buildings	Furniture, fittings and equipment	Motor vehicles	Right-of-use assets	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 July 2020	21,486	36,888	3,610	84,669	146,653
Acquired through business combinations	240	8,514	96	11,625	20,475
Reclassification	(184)	108	76	-	-
Additions	5,074	13,113	878	3,453	22,518
Disposals	(1,919)	(2,371)	(743)	-	(5,033)
At 30 June 2021	24,697	56,252	3,917	99,747	184,613
Acquired through business combinations	6,505	5,962	184	23,610	36,261
Additions	12,892	5,421	2,209	17,720	38,242
Disposals	(1,317)	(7,154)	(4,771)	-	(13,242)
At 30 June 2022	42,777	60,481	1,539	141,077	245,874
Depreciation					
At 1 July 2020	3,065	16,319	1,349	17,758	38,491
Reclassification	(75)	101	(26)	-	-
Charge for the period	1,723	9,549	1,075	8,317	20,664
On disposals	(186)	(1,973)	(496)	-	(2,655)
At 30 June 2021	4,527	23,996	1,902	26,075	56,500
Charge for the period	4,123	10,702	1,791	13,211	29,827
On disposals	(136)	(6,156)	(2,585)	-	(8,877)
At 30 June 2022	8,514	28,542	1,108	39,286	77,450
Carrying amount					
At 30 June 2022	34,263	31,939	431	101,791	168,424
At 30 June 2021	20,170	32,256	2,015	73,672	128,113
At 30 June 2020	18,421	20,569	2,261	66,911	108,162

Certain motor vehicles and other assets were obtained on hire purchase arrangements and are therefore pledged as security accordingly.

15 Investments

Company

	2022 £'000	2021 £'000
Investments in subsidiaries	257,251	254,352

Subsidiaries	2022 £'000	2021 £'000
Cost and carrying amount		
At 1 July	254,352	250,092
Additions	2,899	4,260
Carrying amount	257,251	254,352

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are given below. All subsidiaries are 100% owned in both the current and prior year unless otherwise stated. See disclosure below table for registered addresses of UK entities.

Undertaking	Country	Holding	Company number
Subsidiary undertakings			
VetPartners Limited	England and Wales	Ordinary	10026837
Minster Veterinary Practice Limited**	England and Wales	Ordinary	05872103
York Canine Hydrotherapy limited**	England and Wales	Ordinary	06700907
R&S Dowding Limited**	England and Wales	Ordinary	06843771
Westway Veterinary Centres Limited	England and Wales	Ordinary	07177168
Vetsavers UK Limited**	England and Wales	Ordinary	04046891
The Elisabeth Huntenburg Veterinary Practice Limited**	England and Wales	Ordinary	05775289
Beechwood Veterinary Group Limited	England and Wales	Ordinary	06497955
Eastfield Veterinary Clinic Limited**	England and Wales	Ordinary	05252911
Ashleigh Veterinary Clinic Limited**	England and Wales	Ordinary	07402286
Braid Vets Limited	Scotland	Ordinary	SC395761
Prince Bishop Veterinary Centre Limited**	England and Wales	Ordinary	05875379
VetPartners Practices Limited	England and Wales	Ordinary	10084952
Border Vets Limited**	Scotland	Ordinary	SC360960
Wilson Veterinary Limited	England and Wales	Ordinary	05063389
Hadrian Vets Limited**	England and Wales	Ordinary	07606135
Ashlands Veterinary Services (2006) Limited**	England and Wales	Ordinary	05911908
Woodcroft Veterinary Group Limited	England and Wales	Ordinary	07013686

15 Investments (continued)

Subsidiary undertakings	Country	Holding	Company number
Rutland House Surgery Limited	England and Wales	Ordinary	03984811
Southfields (Cheshire) Limited**	England and Wales	Ordinary	05942126
A & E Vets Limited**	England and Wales	Ordinary	05047115
Best Friends Group Limited	England and Wales	Ordinary	04378366
Best Friends Veterinary Group***	England and Wales	Ordinary	03969182
Vetsavers Joint Venture Partnership Limited**	England and Wales	Ordinary	09897566
Chantry Vets Limited**	England and Wales	Ordinary	10471388
Robert Young (Kelso) Limited**	Scotland	Ordinary	SC307969
Valley Vets Limited**	England and Wales	Ordinary	04672056
Veterinary Emergency Treatment Services Limited**	England and Wales	Ordinary	04676277
David Ashworth Limited	England and Wales	Ordinary	04627180
York Vets Limited**	England and Wales	Ordinary	06638521
Littlecroft Vets Limited**	England and Wales	Ordinary	07690170
Tameside Veterinary Clinic Limited	England and Wales	Ordinary	06589306
Mimram Veterinary Centre Limited**	England and Wales	Ordinary	07721467
Natterjacks Vet Limited**	England and Wales	Ordinary	09002899
Uplands Way Vets Limited**	England and Wales	Ordinary	05749866
Ash Tree Veterinary Practice Limited**	England and Wales	Ordinary	09237223
Heywood Veterinary Centre Limited**	England and Wales	Ordinary	08443869
Parker and Crowther Limited**	England and Wales	Ordinary	07402696
Kinfauns Veterinary Centre Limited**	England and Wales	Ordinary	06550173
Oak Tree Vet Centre Limited**	Scotland	Ordinary	SC436360
Sanctuary Vets Limited**	England and Wales	Ordinary	08031649
Caerphilly Veterinary Clinic Limited**	England and Wales	Ordinary	07357355
M Nelson Limited**	England and Wales	Ordinary	07556169
Adelaide Clinic Limited**	England and Wales	Ordinary	07188781
NVH Limited**	England and Wales	Ordinary	08516119
Severn Veterinary Centre Limited**	England and Wales	Ordinary	07625669
Quarry Veterinary Centre Limited**	England and Wales	Ordinary	07690113
Meridian Veterinary Practice Limited	England and Wales	Ordinary	04244187
Gillivervet Limited**	England and Wales	Ordinary	04600408
Lancaster Veterinary Centre Limited**	England and Wales	Ordinary	07903053
Forest Veterinary Centre Limited	England and Wales	Ordinary	08455672
Hampden Partners Limited	England and Wales	Ordinary	07253071
Anderson Abercromby Veterinary Referrals Limited**	England and Wales	Ordinary	07681515
Ashlea Veterinary Centre Limited	England and Wales	Ordinary	04759132

15 Investments (continued)

Subsidiary undertakings	Country	Holding	Co. number
Beeston Animal Health Limited**	England and Wales	Ordinary	02905946
Coastway (Hove) Limited	England and Wales	Ordinary	03773517
Hale Veterinary Group Limited***	England and Wales	Ordinary	09256327
St David Veterinary Centre Ltd**	England and Wales	Ordinary	07203928
Liphook Equine Hospital Limited	England and Wales	Ordinary	10465731
Rainbow Equine Hospital Limited	England and Wales	Ordinary	08825966
Valentine Cogan & Deavin Limited**	England and Wales	Ordinary	07344954
Palmer & Duncan Vets Limited**	England and Wales	Ordinary	09033367
Gilmoor Vets Limited**	England and Wales	Ordinary	07403098
Milfeddygon Bodrwnsiwn Veterinary Group	England and Wales	Ordinary	10320038
Haven Veterinary Group Limited	England and Wales	Ordinary	08937418
PVG (Cardiff) Tradeco Limited**	England and Wales	Ordinary	11576752
Westside Veterinary Clinic Limited**	England and Wales	Ordinary	07306139
Galedin Limited	Scotland	Ordinary	SC605570
Rosevean Veterinary Practice Limited	England and Wales	Ordinary	09496166
M & S EVP Limited	England and Wales	Ordinary	06620884
N & H Whieldon Limited	England and Wales	Ordinary	07701802
Abbeyserve Limited	England and Wales	Ordinary	09879023
Ashfield House Veterinary Hospital Limited	England and Wales	Ordinary	05194115
Fellowes Farm Equine Clinic Limited	England and Wales	Ordinary	06626682
Castle Vets Limited	England and Wales	Ordinary	06632506
Sound Equine Limited	England and Wales	Ordinary	06548413
AVC (Abergavenny) Limited	England and Wales	Ordinary	11794568
Abbey Veterinary Centres Limited	England and Wales	Ordinary	06481044
Kings Bounty Equine Practice Limited	England and Wales	Ordinary	08634181
Isle Valley Vets Limited	England and Wales	Ordinary	07986867
Wood Veterinary Group Limited	England and Wales	Ordinary	09053619
Calweton Veterinary Services Limited	England and Wales	Ordinary	04540277
Devon Equine Vets Limited	England and Wales	Ordinary	09253058
Clyde Vets Ltd	Scotland	Ordinary	SC437346
Clyde Vet Group Ltd***	Scotland	Ordinary	SC544097
Lynwood Vets Ltd	England and Wales	Ordinary	08499179
LSVN Limited	England and Wales	Ordinary	10423717
Parklands Veterinary Ltd	Northern Ireland	Ordinary	NI045393
Parklands Veterinary Portglenone Ltd***	Northern Ireland	Ordinary	NI627959
UK Farm Vets Limited***	England and Wales	Ordinary	07331487
UK Farm Vets North Limited***	England and Wales	Ordinary	09008149

15 Investments (continued)

Subsidiary undertakings	Country	Holding	Co.number
LLM Farm Vets (Derbyshire) Limited***	England and Wales	Ordinary	06972062
Origin Group Holdco Limited	England and Wales	Ordinary	08784951
Origin Group Finance Limited	England and Wales	Ordinary	08784972
Garth Pig Practice Limited	England and Wales	Ordinary	09467241
Westpoint Veterinary Group Limited**	Scotland	Ordinary	SC439231
Westpoint Veterinary Services (South East) Limited**	Scotland	Ordinary	SC277099
Stock1st Limited**	England and Wales	Ordinary	04461543
Westpoint Veterinary Services (South West) Ltd**	Scotland	Ordinary	SC399354
Poultry Health Services Limited**	England and Wales	Ordinary	04161083
Myerscough Farm Vets Limited**	England and Wales	Ordinary	06927434
The Veterinary Farmacy Limited**	Scotland	Ordinary	SC256023
Westpoint Enterprise Support Limited	Scotland	Ordinary	SC437333
Westpoint Group Trading Limited	England and Wales	Ordinary	08833557
Cedar Farm Practice Limited	England and Wales	Ordinary	05904064
Biobest Laboratories Limited	Scotland	Ordinary	SC199355
Kingshay Farming and Conservation Limited	England and Wales	Ordinary	02596568
Retford Poultry Partnership Limited***	England and Wales	Ordinary	07134493
Farmvets Southwest Limited	England and Wales	Ordinary	05640845
Oakwood Veterinary Practice Limited	England and Wales	Ordinary	10556618
Oakwood Veterinary Referrals Limited**	England and Wales	Ordinary	09910044
Penbode Vets Limited	England and Wales	Ordinary	06313481
Sapphire Imaging Limited	England and Wales	Ordinary	07192380
Bromyard Vets Limited**	England and Wales	Ordinary	10129971
Wyre Forest Veterinary Centre Limited**	England and Wales	Ordinary	07761541
Robin Lewis & Associates Limited**	England and Wales	Ordinary	08564098
Caring Vets (RR) LLP***	England and Wales	Ordinary	OC387225
Nethan Valley Veterinary Centre Limited	Scotland	Ordinary	SC403969
Blackhall VS Limited	Scotland	Ordinary	SC393588
Maes Glas Vets Limited	England and Wales	Ordinary	09020534
St Peter's Vets Limited	England and Wales	Ordinary	08481671
Bourton Vale Equine Clinic Limited	England and Wales	Ordinary	05949470
Broughton Vet Group Limited	England and Wales	Ordinary	09243007
Regent Court Veterinary Practice Limited	England and Wales	Ordinary	04627991
Quantock Veterinary Hospital Limited	England and Wales	Ordinary	07179413
Stable Close Equine Limited	England and Wales	Ordinary	04873450

15 Investments (continued)

Subsidiary undertakings	Country	Holding	Company number
Willows Veterinary Centre Limited**	England and Wales	Ordinary	07104079
Shipston Veterinary Centre Limited	England and Wales	Ordinary	05159186
Mourne Veterinary Clinic Limited	Northern Ireland	Ordinary	NI608075
NEVH Limited	Channel Islands	Ordinary	130121
T V Limited	Scotland	Ordinary	SC359205
The Arkvet Practice Limited	England and Wales	Ordinary	07757796
The Hyperthyroid Cat Centre Limited	England and Wales	Ordinary	08597036
Armac Holdings Limited	England and Wales	Ordinary	12500724
Armac Veterinary Group Limited	England and Wales	Ordinary	05756160
VetPartners Practices II Limited	England and Wales	Ordinary	12745481
TCEH (2011) Limited	England and Wales	Ordinary	07632395
Head & Head Veterinary Practices Limited	England and Wales	Ordinary	08519493
Lincolnshire Pet Crematorium Limited	England and Wales	Ordinary	04812345
Norfolk Pet Crematorium Limited	England and Wales	Ordinary	05351192
PCS South West Limited	England and Wales	Ordinary	04701447
Pet Cremation Services (Newbury) Limited**	England and Wales	Ordinary	03923873
Pet Cremation Services (North East) Limited**	England and Wales	Ordinary	05611245
Pet Cremation Services (South East) Limited**	England and Wales	Ordinary	09512534
Pet Cremation Services Limited**	England and Wales	Ordinary	05407105
Premier Care Service Limited**	England and Wales	Ordinary	03416359
Summerleaze Pet Crematorium Limited**	England and Wales	Ordinary	05439135
The Surrey Pet Cemetery Limited**	England and Wales	Ordinary	02801945
Alfold Veterinary Practice Limited	England and Wales	Ordinary	08401736
Armstrong Vets Limited	England and Wales	Ordinary	08481135
Jonathan Wood Limited	England and Wales	Ordinary	05037913
Rossdales Limited	England and Wales	Ordinary	13167468
Newry Veterinary Centre Ltd	Northern Ireland	Ordinary	NI602574
Luxstowe Vets Limited	England and Wales	Ordinary	09344129
Equivet Limited	England and Wales	Ordinary	10505832
VetUK Limited	England and Wales	Ordinary	09856545
Head & Head Veterinary Practices Limited	England and Wales	Ordinary	08519493
Time Right Group Limited	England and Wales	Ordinary	09151027
Time Right Holdings Limited	England and Wales	Ordinary	09067869
Time Right Limited	England and Wales	Ordinary	02889499
Cheshire Pet Crematorium Limited**	England and Wales	Ordinary	03337979
Essex PC1 Limited**	England and Wales	Ordinary	05973959

15 Investments (continued)

Subsidiary undertakings	Country	Holding	Company number
Essex Pet Crematorium Limited**	England and Wales	Ordinary	05020998
HPL Services Limited**	England and Wales	Ordinary	06481052
Lime Kiln Farm Pet Services Limited**	England and Wales	Ordinary	11124204
Lime Kiln Pet Cremation Limited**	England and Wales	Ordinary	11123735
Goddard Holdco Limited*	England and Wales	Ordinary	12158031
Goddard Veterinary Group Limited*	England and Wales	Ordinary	01971231
North Essex Veterinary Limited*	England and Wales	Ordinary	07937809
Our PMS Limited*	England and Wales	Ordinary	08577097
Pendle Pet Care Limited*	England and Wales	Ordinary	06715131
Vetmedics Limited*	England and Wales	Ordinary	12779198
Palmerston Veterinary Group Limited*	England and Wales	Ordinary	14186124

Subsidiary undertakings	Registered Office	Country	Holding	Company number
VetPartners Holdings Italia S.r.l.	Via Piazza Tre Torri no.2, 20145 Milan	Italy	Ordinary	11023910965
Ospedale Veterinario S. Francesco S.r.l.	Via Feltrina 29, Paese (TV), Castagnole	Italy	Ordinary	03663280265
Clinica Veterinaria Costa d'Argento S.r.l.	Strada dell'Airone 4, 58010 Orbetello (GR), Albinia	Italy	Ordinary	01456820537
Vet Hospital H24 Firenze S.r.l.	Via dei Vanni 25, 50142, Finenze	Italy	Ordinary	05197610487
V.E.T.S. S.r.l.	Via Annibale Zucchini 81-83, Ferara	Italy	Ordinary	01612720381
L'Ospedale degli Animali S.r.l.	Via Annibale Zucchini 81-83, Ferara	Italy	Ordinary	01967970383
Ferrara Vet S.r.l.	Via Annibale Zucchini 81-83, Ferara	Italy	Ordinary	02051980387
Ellepi S.r.l.	Via Faustino Tanara 5, 34121 Parma (PR)	Italy	Ordinary	02548260344
Ospedale Veterinario Parma S.r.l.	Piazza Meuccio Ruini 25/A, 43126 Parma (PR)	Italy	Ordinary	02548260344
Centro Medico Veterinario Montecchio	Via Genrale Dalla Chiesa 31, Montecchio Magiore (VI)	Italy	Ordinary	11023910968
Clinica Veterinaria Europa	Via Kassel 18/20, 50126 Firenze (FI)	Italy	Ordinary	05751520486
Clinica Veterinaria Santa Lucia	Via Mantovana, 90/M Verona	Italy	Ordinary	04746160235

15 Investments (continued)

Subsidiary undertakings	Registered Office	Country	Holding	Company number
Clinica Veterinaria Feltrina	Via Gaspara Stampa 7/C, 32032 Felte (BL)	Italy	Ordinary	01244040257
Clinica Veterinaria Jenner	Via Edward Jenner 37, 43126 Parma	Italy	Ordinary	02957810340
Clinica Veterinaria La Stazione	Viale Stazione 30, 30015 Chioggia	Italy	Ordinary	04612610271
Ospedale Vetarinario Ardenza S.r.l *	Via Uberto Mondolfi 169, 57128 Livomo (LI)	Italy	Ordinary	01973950494
Serenissimavet S.r.l*	Via Borgo Lacchin 1/A, Sacile (PN)	Italy	Ordinary	01892940931
Clinica Veterinaria Camagna S.r.l *.	Via Circonvallazione Caserta Nord, 13, 89124 – Reggio Calabria (RC)	Italy	Ordinary	02490000805
Diana S.r.l *	Reana del Rojale (UD)	Italy	Ordinary	02940510304
Clinica Veteraria Haziel S.r.l.*	Via L. Camaiora snc, Santo Stefano di Magra (SP)	Italy	Ordinary	01526470115
Roma Vet S.r.l *	Via al Quario Miglio 13, 00178 - Roma	Italy	Ordinary	16456101001
Clinica Veterinaria San Carlo S.r.l *	Via Giovanni Pascoli I/C, 25122 Brescia (BS)	Italy	Ordinary	0367190098
Zarcone S.r.l.*	Via Catania 66, 90141, Palermo (PA)	Italy	Ordinary	06896240834
Udine Vet S.r.l.*	Via Candotti 199, 33033 – Codroipo (UD)	Italy	Ordinary	030554350305
Ospedale Veterinario Santa Fara S.r.l. *	Via Generale Bellomo, 91/bis, 70125 – Bari (BA)	Italy	Ordinary	08665270727
Vetpartners France	1 Boulevard Victor Hugo, 75015 Paris	Farnce	Ordinary	882607450
SAS Plein Centre +	67 Allee du Rouerge 31770 Colomiers	France	Ordinary	882607450
Clinique Veterinaire du Bas Poitou +	4 Avenue Marechal Juin, 85200 Fontenay le Comte	France	Ordinary	898939210
SAS Edenvet Clinique Veterinaire +	94 Rue de la republique, 59750 Feignes	France	Ordinary	499261303
Clinique Herbot +	18 Rure Amiral Baugen, 29150 Chateaulin	France	Ordinary	391803749
SAS Veto Sur Couze +	10 Rue du Vieux Moulin, 63340 Saint Germain Lembron	France	Ordinary	752947366
CHV Atlantia +	22 Rue Rene Voviani, 44200 Nant	France	Ordinary	10084952

15 **Investments (continued)**

Subsidiary undertakings	Registered Office	Country	Holding	Company number
SAS Cabinet Veterinaire du Vieux Tronc +	Z.A di Vieux Trance, 29246 Pollaquen	France	Ordinary	900966862
Groupe de Sante Animaliere du Blavet+	36 Rue de la Liberation, 56390 Locmine	France	Ordinary	810504464
SAS Pont Dol +	2 Alleede la Viree de Galerne ZA les Rolandiers, 35120 Do de Bretagne	France	Ordinary	500489604
Hegal Zabal S.C.P *	7 Rue d'Irandatz a Hendaye (54700)	France	Ordinary	415150515
SAS Clinique Veterinaire My Little Veto *+	Le Bas Faure, 87110 Le Vigen	France	Ordinary	902893254
SCP Veterinaire Santer'Vet *+	21 bis, Avenue Jean Jaures – 80700 Roye	France	Ordinary	398937649
Selarl Veteriinaire Des Beauroy *+	21 bis Rue Faubourg Dilo – Saint-Florentin	France	Ordinary	519341051
SAS Du Chene *+	1 Rue de Brandivy – 56330 Pluvinger	France	Ordinary	902024991
Clinique Veterinaire Des Alizes *+	41 Avenue Rene Coty Chateau d'Olonne – 85180 Les Sables d'Olonne	France	Ordinary	500658992
Clinique Veterinaire de La Cardelle *+	84 Chemin Dit De Cannes – 06530 Le Tignet	France	Ordinary	394457543
SAS Grand Maine *+	12 Place Guy Riobe – Angers (49000)	France	Ordinary	440632552
Veterinaire Du Parc*+	125 Rue Charles Garnier – 88800 Vittel	France	Ordinary	478981632
Clinique Veterinaire de La Fontaine *+	13 Allee Joseph Touchais Doue-La-Fontaine, 49700 Doue-en-Anjou	France	Ordinary	878335496
LesVets *+	3 Pace Du Champ De Bataille – 29260 Lesneven	France	Ordinary	908927874
Selarl Des Milles Pattes *+	39 Rue Du General De Gaulle – 60160 Montataire	France	Ordinary	797594074
SAS Velvet 31 *+	78 Avenue Tolosane, immeubles Le pastel, 31520 Ramonville-Saint-Agne	France	Ordinary	892956129
SAS Du Ladou *+	Route De Pau, 40500 Saint-Sever	France	Ordinary	424480788
Clinique Veterinaire De La Terrasse *+	8 Avenue Lucien Barroux, 31500 Toulouse	France	Ordinary	912186855

15 Investments (continued)

Subsidiary undertakings	Registered Office	Country	Holding	Company number
Selarl Docteur Veterinaire Lacluche*+	74 Rue du Mouthier, 60530 Neully-En-Theille	France	Ordinary	780560074
La Clinique Veterinaire Carpentier - Van Kote * +	16 Avenue de la Republique, 78600 Mesnil-le-Roi	France	Ordinary	908481781
SCP Clinique Veterinaire Des Vingt Ponts et Des Tilleuls*+	1 Rue des Varennes, 10140 Vendeuvre-Sur-Barse	France	Ordinary	488230798
Clinique Veterinaire du Grand Renaud, Selarl de Veterinaires*+	Chemin Vicinal No1 le Grand Renaud – 72650 Sanit-Saturnin	France	Ordinary	389814609
Selarl Des Veterinaires du Pays de Douarnenez *+	7 Rue de Breizh Izel – Zone artisanale de Sainte Croix – 291000 Douarnenez	France	Ordinary	790141691
SAS De L'Aubepine *+	5 Allee de l'Aubepine – 49460 Montreuil-Juigne	France	Ordinary	790243125
Jamba Vetrinaires *+	466 Avenue Adjudant Hourcade – 83390 Cuers	France	Ordinary	791182520
VetPartners Germany GmbH *	Sonnenstrasse 6, 80311 Munchen	Germany	Ordinary	HRB122588
Tierarzte Kelberg GmbH *	Wittum 15, 53539 Kelberg	Germany	Ordinary	HRB122691
Drs. Kohl Tierarztpraxi *	Kasselburger Weg 9, 54568 Gerolstein	Germany	Ordinary	HRB125648
Cluster 1A *	Avenue de Lavaux 77, 100 Pully	Switzerland	Ordinary	CHE-497.095.963
Vetmidi SA *– 50%	Rue du Pont-Levis 2, 1162 Saint-Prex	Switzerland	Ordinary	CHE-113.004.054
Vet Avenir Sarl *	Impasse du Reposoir 1, 1260 Nyon	Switzerland	Ordinary	CHE-114.164.223
VetRenens Sarl *	Rue de l'Industrie 5, 1020 Renen	Switzerland	Ordinary	CHE-200.990.652
VetLutry & Pully SA* – 51%	Route de la Petite-Corniche 3, 1095 Lutry	Switzerland	Ordinary	CHE-272.000.081
Arche en VilleSarl *	Avenue Gustave-Coindet 2, 1800 Vevey	Switzerland	Ordinary	CHE-243.297.186
Cabinet Veterinaire du Molage SA *	Route du Molage 34, 1860 Aigle	Switzerland	Ordinary	CHE-107.329.051
VetAvry SA *	Avry-Bourg 5, 1754, Avry-sur-Matran	Switzerland	Ordinary	CHE-213.383.119

15 *Investments (continued)*

Subsidiary undertakings	Registered Office	Country	Holding	Company number
Cabinet veterinaire des Jordils Sarl* – 55%	Rue du Midi 21, 1400 Yverdon-les-Bains	Switzerland	Ordianry	CHE-104.934.988
VetLeman SA *	Rue de Morges 17, 1023 Crissier	Switzerland	Ordinary	CHE312.998.922
VetPartners Espana SLU *	Calle Velazquez 64 4th izquierda, Madrid	Spain	Ordinary	B06972806
VetPartners Clinicas Espana SL*	Calle Velazquez 64 4th izquierda, Madrid	Spain	Ordinary	B67715953
VetPartners Clinicas Canarias SL*	Calle Velazquez 64 4th izquierda, Madrid	Spain	Ordinary	B67715862
Clinica Veterinaria Ronda Sur SL*	Calle Pedro juan Perpinan 106, bajos, Elche (Alicante)	Spain	Ordinary	B53597506
Medicn Servicios Veterinarios*	Calle Bravo Murillo No 359 local 2-B, 28020 Madrid	Spain	Ordinary	B85630648
Centro Veterinario Atlantico SL*	Calle Pl y Margall 42,bj, CP 35006, Las Palmas de Gran Canaria	Spain	Ordinary	B35454958
L'Aif SLP*	Calle Balmes 81,08008 Barcelona	Spain	Ordinary	B58505181
Clinica Veterinaria Amanzora SL*	Calle Carretera de la estacion km17 Baja – Local 1 Albox, 04800 Almeria	Spain	Ordinary	B04861779
Hospital Veterinario Acena de Olga de Intermediacion SL*	Lugo, Rua de Fingol 117, Bajo	Spain	Ordinary	B27488584
Clinica Veterinaria Tres Torres SLU*	La calle Avenida Francesc Macia, 156,bajos, 08400 Granollers	Spain	Ordinary	B61793402
Gil Arias Veterinaria SL*	Calle Rosa Maria Molas, 6 de Castellon de la Plana	Spain	Ordinary	B12926002
Especialistas Veterinarios de Andalucia*	Urbanizacion Cosmoplois, locales 1 y 2, Mijas-Costa, Mijas	Spain	Ordinary	B93061729
Grupo Veterinario Petsalud SL *	Calle Castello 115, 7-officina, 28704	Spain	Ordinary	B85510656
Thecmal Vets SL*	Calle San Millan, 5 Bajo 2004, Logrono, La Rioja	Spain	Ordinary	B26545004
Vetersalud Cangas SL*	Rua Noria numero 4, 36940 La Rua, Orense	Spain	Ordinary	B94186962
Marbella Vets SL*	Plaza de Chile, S/N Marbella 29604, Malaga	Spain	Ordinary	B93745537

15 Investments (continued)

Subsidiary undertakings	Registered Office	Country	Holding	Company number
Hospital Veterinario Indra SL*	Avenue de Espana, 8 28941, Fuenlabrada, Madrid	Spain	Ordinary	B88563531
Servicios Veterinarios Finat SL*	Calle Rafael Finat, 45, 28044 Madrid	Spain	Ordinary	B01622893
Pointer Veterinary Clinic SL*	Avenue de los Girasoles, 344, 29660 Marbella, Malaga	Spain	Ordinary	B92328004
Bellmar Veterinarios SL*	Caleuega, 97, 28033 Madrid	Spain	Ordinary	B87368353
Urvet Costa del Sol SL*	Castello 115, planta 7, oficina 704, 28006-Madrid	Spain	Ordinary	B93501112
Petsalud Tias SL*	Calle Alcalde Jose Santos Gonzalez, 35291 Las Palmas	Spain	Ordinary	B01673888
Petsalud Canarias SL*	Calle Alcalde Jose Santos Gonzalez, 35291 Las Palmas	Spain	Ordinary	B06912711
Lindo Pulgoso SL*	Avda Galicia No 2 Bajos, 26500, Madrid	Spain	Ordinary	B74028879
Centro Veterinario Henares SL*	Avenue de Vallehermoso,9, 19200 Azuqueca de Henares, Gaudalajara	Spain	Ordinary	B19124361
Zhorava Proyectos SL*	Avenue Jose Tartiere, 4, 33420, Lugones, Asturias	Spain	Ordinary	B74205220
Estevania Salud Animal SL*	CalleVelazquez,2 Bajos, 26500 Madrid	Spain	Ordinary	B26546879
Petsalud Vecindario SL*	Avda Primero de Mayo, 11, 35002, Santa Lucia de Tirajana, Las Palmas	Spain	Ordinary	B10719813
VetPartners Practices Ireland Limited*	Riverside Two, 43-49 Sir John Rogerson's Quay, Dublin D02 KV60	Ireland	Ordinary	703229
VetPartners Practices Spitfire House Limited*	Riverside Two, 43-49 Sir John Rogerson's Quay, Dublin D02 KV60	Ireland	Ordinary	719314
Serengeti Limited*	Riverside Two, 43-49 Sir John Rogerson's Quay, Dublin D02 KV60	Ireland	Ordinary	574072

* - Investment acquired in the year.
** - Dormant entity.
*** - Non-trading entity.
+ Entities where 49% of share capital and 99.9% of the economic rights have been acquired

15 Investments (continued)

The principal activity of VetPartners Limited is as an intermediate holding and investment company.

The principal activity of all other entities listed above is the provision of veterinary services with the exception of Vet UK Limited, an online retailer in the veterinary and pet product market; Time Right Group Limited a provider of pet cremation and animal waste services; Vetmedics Limited a provider of online veterinary consultations and Our PMS Limited which provides a bespoke practice management system.

The registered address for all subsidiaries registered in England and Wales is, Spitfire House, Aviator Court, York YO30 4UZ

The registered address of all subsidiaries registered in Scotland is, 171 Mayfield Road, Edinburgh, Scotland, EH9 3AZ.

The registered address of all subsidiaries registered in Northern Ireland is, 5 Old Moy Road, Dungannon, County Tyrone, Northern Ireland, BT71 6PS.

VetPartners Group Limited has provided guarantees in accordance with section 479A of the Companies Act 2006 to all of the above-named UK subsidiaries to allow them to claim exemption from audit.

VetPartners Group Limited has provided guarantees in accordance with section 448A of the Companies Act 2006 to all of the above-named UK dormant entity subsidiaries (**) to allow them to claim exemption from filing accounts.

16 Inventories

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Finished goods and goods for resale	16,739	13,469	-	-

Group
The cost of inventories recognised as an expense in the year amounted to £112,388,000 (2021 - £86,451,000).

17 Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade receivables	41,537	40,363	-	-
Amounts owed by group undertakings	412	-	55,377	52,509
Other receivables	26,252	18,327	-	-
Current tax receivable	333	-		
Prepayments and accrued income	6,878	10,693	-	-
	75,412	69,383	55,377	52,509
Less non-current portion	-	-	(55,377)	(52,509)
	75,412	69,383	-	-

Details of non-current trade and other receivables

Company

£55,377,000 (2021 - £52,509,000) of amounts owed by group undertakings is classified as non-current.

Amounts repayable from group undertakings carry interest of 4% per annum charge on the outstanding loan balances. The amounts are repayable on demand after more than one year.

17 Trade and other receivables (continued)

Credit risk and impairment

Due to the nature of the Group's customers, formal credit limits are not set. The Group establishes provisions for impairment in each operating entity based on the perceived credit risk arising, usually on the basis of ageing, and particularly concentrated on newly acquired entities where the credit quality of trade receivables may be weaker. In addition to the impairment assessment conducted in each operating entity, a general provision, based on past experience across the Group, is provided for on initial recognition of the debtor, currently set at 0.2% of revenue (2021 – 0.2%). The amount of provision included at 30 June 2022 was £11,550,000 (2021 – £10,204,000), meaning gross trade receivables before deduction of impairment provisions were £53,087,000 (2021 – £50,567,000).

	£'000
Provision for doubtful debts at 1 July 2021	10,204
Increase in provision	838
Increase in provision through business combinations	508
Provision for doubtful debts at 30 June 2022	11,550

The Group does not have any significant concentrations of credit risk, as trade receivables represent a high volume of small amounts. There is no single customer or group of customers with similar characteristics that would lead to a concentration of credit risk. The Group has in place credit control procedures to minimise credit risk and the directors consider that no further provision is required in excess of the normal impairment provisions described above.

The maximum exposure to credit risk at 30 June 2022 is the value of trade receivables disclosed above.

18 Trade and other payables

		Group		Company	
	Note	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Due within one year					
Trade payables		29,588	30,819	-	-
Social security and other taxes		21,861	24,421	-	-
Other payables		36,252	32,078	-	-
Accrued expenses		40,550	32,376	-	3,610
Current financial liabilities		14,624	9,278	-	-
		142,875	128,972	-	3,610
Due after one year					
Loans and borrowings	19	1,039,436	760,115	52,311	48,483
Lease liabilities		91,248	67,188	-	-
Deferred tax liabilities		47,442	41,345	-	-
Other non-current financial liabilities		17,512	11,092	-	-
		1,195,638	879,740	52,311	48,483

Non-current financial liabilities relate to contingent consideration payable on business combinations.

19 Borrowings

Non-current liabilities	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank borrowings	987,125	706,083	-	-
Loan from parent undertaking	52,311	54,032	52,311	48,483
	1,039,436	760,115	52,311	48,483

Loans from the parent undertaking are unsecured and no interest has been charged in the current year (2021: charged at 4% per annum). The directors have obtained confirmation, from the parent undertaking, that the loan will not be called on for a period of at least one year and one day after the year end and, as such, this loan has been classified as non-current.

Group

Included in the loans and borrowings are the following amounts due after more than five years:

	30 June 2022 £'000	30 June 2021 £'000
Due within 2-5 years	987,125	706,083

Total bank borrowings outstanding of £987,125,000 (2021 - £706,083,000) are stated net of costs associated with raising finance of £17,630,105 (2021 - £10,995,000). £910,430,000 (2021 – £626,640,000) of the bank borrowings are secured by a fixed and floating charge over the assets of the Group and are repayable in full on 28 November 2025. Interest is levied at a rate of SONIA plus up to 7.25% per annum. £94,325,000 (2021 – £90,439,000) of the bank borrowings are secured by a fixed and floating charge over the assets of the Group and are repayable in full on 28 May 2025. *For the Super Senior term loan of £105.0m interest is levied at a rate of SONIA plus up to 2.75% per* annum. Certain motor vehicles and other assets were obtained on hire purchase arrangements and are therefore pledged as security accordingly.

20 Provisions

Dilapidations

	30 June 2022 £'000	30 June 2021 £'000
At start of the year	11,303	11,020
Increase in provision through business combinations	7,840	545
Utilised in the year	(644)	(262)
At end of the year	18,499	11,303

Dilapidations provisions above relate to the Group's potential future liabilities for correcting dilapidations incurred at the balance sheet date under the terms of property leases. Each property is assessed and the provision is determined by taking the full expected cost of refurbishment at the end of the lease and multiplying this by the percentage of the lease that has already been utilised.

21 Pension and other schemes

Defined contribution pension scheme

The Group operates defined contribution pension schemes. The pension cost charge for the year represents contributions payable by group companies to the schemes and amounted to £5,275,000 (2021 - £4,488,000). The amount outstanding from group companies and employees at year end totalled £1,077,000 (2021 - £948,000)

22 Share capital

Authorised, allotted, called up and fully paid shares

	30 June 2022 No	£	30 June 2021 No	£
Ordinary shares of £1 each	257,250,793	257,250,793	254,352,833	254,352,833

A reconciliation of the movement in the number of shares in year is shown below.

At 1 July 2020	250,092,310
Share issues in the year	4,260,523
At 1 July 2021	254,352,833
Issued on 26 April	2,897,960
At 30 June 2022	257,250,793

The issue of shares relates to £1 ordinary shares issued at par.

23 Reserves

Retained earnings represents accumulated profits and losses to date of the Group and Company respectively.

Foreign translation reserve represents accumulated gains and losses in relation to the translation of foreign subsidiaries into the group presentational currency of the Group and is not distributable.

24 Leases

The Group leases properties and certain items of plant and machinery. With the exception of leases of low value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

The Company had recognised 553 property leases in 2022 with a carrying value of £95,145,000 (2021 – 608, carrying value of £72,745,00) and 726 plant and machinery leases with a carrying value of £6,646,000 (2021 – 548 carrying value of £927,000).

All future cash flows are included. The leases are subject to rent reviews. The nature of the rent reviews is such that annual rentals are adjusted to prevailing market rates, unless that would lead to a reduction. In accordance with IFRS 16, any future increases in annual rentals arising from rent reviews are not included in the calculation of the lease liabilities. Any future increases in annual rentals will result in prospective adjustments to the lease liabilities at the point of the rent review.

Amounts recognised in the Consolidated Statement of Financial Position relating to leases are:

Right-of-use assets

	£'000
Net book value	
At 1 July 2020	66,911
New leases recognised in the year	15,078
Depreciation charge for the year	(8,317)
At 30 June 2021	73,672
New leases recognised in the year	41,330
Depreciation charge for the year	(13,211)
At 30 June 2022	101,791

24 Leases (continued)

Maturity analysis

	2022 £'000	2021 £'000
Due within one year	18,753	13,060
Due within two to five years	62,708	42,681
Due after five years	66,904	58,699
Future finance charges	(38,364)	(34,192)
	110,001	80,248

Amounts recognised in the Consolidated Statement of Comprehensive Income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2022 £'000	2021 £'000
Depreciation charge of right of use asset - property	10,780	7,271
Depreciation charge of right of use asset – plant & equipment	2,431	1,046
Interest expenses (within finance costs)	6,730	5,248
	19,941	13,565

Amounts recognised in the Consolidated Cash Flows

The consolidated statement of cash flows shows the following amounts relating to leases:

	2022 £'000	2021 £'000
Cash outflows	18,306	12,097
Cash inflows	-	-
Net cash outflows	18,306	12,097

Low value leases and short-term leases

The Group has certain lease arrangements to which the recognition exemptions for low-value leases have been applied. These are not considered material for further disclosure.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the group wide treasury management.

Lease liabilities are calculated at the present value of the lease payments that are not paid at the commencement date. Interest expense on lease liabilities is disclosed in note 7. The majority of the Group's lease arrangements *relate to properties from which the various trading subsidiaries operate. The terms of leases vary depending on* factors such as the geography and size of each subsidiary. The Group also accounts for certain equipment acquired under lease arrangements as finance leases. For information in respect of the cash payments made in the year, see the Statement of Cash Flows. Where a lease contains extension or early termination clauses, an assessment is made on initial recognition as to the likelihood that such clauses will be exercised and accounted for accordingly.

25 Financial Instruments

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of net debt (borrowings disclosed in note 19 after deducting cash and bank balances) and equity of the Group (comprising issued capital and reserves).

The Group is not subject to any externally imposed capital requirements.

The Group's management regularly reviews the capital structure. As part of this review the management considers the cost of capital and the risks associated with each class of capital. The current capital structure is considered to be appropriate for the Group's ongoing needs.

Significant accounting policies
Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

The Group is exposed to risks that arise from its use of financial instruments. There have been no significant changes in the Group's exposure to financial instrument risk and its objectives, policies and processes for managing those from previous periods. The principal financial instruments used by the Group, from which financial instrument risk arises, are trade receivables, cash and cash equivalents, trade and other payables, accruals, bank borrowings and amounts owed to group undertakings.

Categories of financial instruments

All financial instruments are recognised initially at their fair value and subsequently measured at amortised cost with the exception of contingent consideration which is recognised at fair value through profit and loss. The table below shows an analysis of the financial instruments held.

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Financial assets				
Trade and other receivables	67,789	58,690	-	-
Cash and cash equivalents	66,220	73,653	-	-
Amounts owed by group undertakings	-	-	55,377	52,509
	134,009	132,343	55,377	52,509
Financial liabilities				
Trade payables	29,588	30,819	-	-
Social security and other taxes	21,861	24,421	-	-
Other payables	36,252	32,078	-	-
Accrued expenses	40,550	32,376	-	3,610
Deferred consideration	815	-	-	-
Bank borrowings and overdrafts	987,125	706,083	-	-
Lease liabilities	110,001	80,248	-	-
Amounts owed to group companies	52,311	54,032	52,310	48,483
Amortised cost total	1,278,503	960,057	52,310	52,093
Contingent consideration	31,321	20,370	-	-
Fair value through profit and loss total	31,321	20,370	-	-
	1,309,824	980,427	52,310	52,093

Trade and other receivables consist of Trade receivables and other receivables.

25 Financial instruments (continued)

Trade and other payables consist of trade payables and other payables meeting the definition of a financial liability, specifically excluding deferred and contingent consideration which is separately disclosed.

Financial risk management

Credit risk
Credit risk arises principally from the Group's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk at 30 June 2022 was £41,537,000 (2021 - £40,363,000). Trade receivables are managed by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. At the year end, the credit quality of trade receivables is considered to be satisfactory. Further details can be found in note 17.

Credit risk on liquid funds is considered to be minimal as the counterparties are major banks with high credit ratings.

The group manages credit risk by ensuring banks utilised for financing hold an acceptable risk level. Since there are a large number of customers contained in trade receivables and other receivables, the Group does not have any significant credit risk exposure to a single counterparty.

Credit risk assessment
The Group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables. To measure lifetime expected credit losses on a collective basis, trade receivables are grouped based on ageing. The expected loss rates are based assessed as a collective based on the Group's historical credit loss experience. This risk is managed through credit control procedures including limits on customer spending and the use of a dedicated central credit collection team supporting practice-based team members. The amounts presented in the balance sheet are net of the provision for doubtful debts. The credit risk in respect of bank balances is safeguarded by using banks with high credit ratings. The Group has no significant concentration of credit risk, with its exposure spread across a large number of customers.

Liquidity risk
Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to meet its liabilities when they fall due. The Group monitors cash flow on a regular basis. At the year end, the Group has sufficient liquid resources to meet its obligations. For further information on the maturity of financial obligations, see notes 19 and 24.

Market risk
Market risk arises from the Group's use of interest-bearing financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate. At the year end, the cash and cash equivalents of the Group were as shown above. The Group ensures that its cash deposits earn interest at a reasonable rate.

The Group's bank borrowings are subject to interest rate risk due to being linked to SONIA. The Group's policy is to maximise trading returns from its various subsidiaries to ensure that interest payments can be met.

If SONIA had been 4% (2021: 3%) higher/lower and all other variables were constant, the Group's loss for the year would have increased/decreased by £33,864,000 (2021: £20,747,000) due to its exposure to interest rates on its variable rate borrowings. 4% has been used on the basis that 4% is a reasonable estimation of the maximum change in interest rates in the foreseeable future

26 Related party transactions

Group

Summary of transactions with parties with significant influence
The bank borrowings disclosed in note 19 and the corresponding interest disclosed in note 7 are managed and controlled by Ares Management Limited, an entity that has an indirect shareholding in the company sufficient for it to be able to exert significant influence.

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

The Company and Group has amounts owed to and from its parent company Scooby Bidco Limited. The amounts outstanding at each year end are shown in notes 17 and 18 to the financial statements.

Company

Summary of transactions with key management
Key management personnel are considered to be the directors of the Company and there have been no transactions with key management. At the end of May 2020, the directors' employment contracts were transferred to the Group's parent undertaking Details of the directors' remuneration is disclosed in the accounts of the immediate parent company Scooby Bidco Limited.

27 Net debt and liabilities arising from financing activities

	At 1 July 2020	Cash flow	Non-cash m'ment	At 30 June 2021	Cash flow	Non-cash m'ment	At 30 June 2022
Cash and cash equivalents	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cash	67,669	5,984	-	73,653	(7,433)	-	66,220
Bank overdrafts	(10)	10	-	-	-	-	-
	67,659	5,994	-	73,653	(7,433)	-	66,220
Debt							
Bank borrowings	(518,564)	(192,738)	5,219	(706,083)	(280,511)	(531)	(987,125)
Loan from parent undertaking	(49,619)	(4,413)	-	(54,032)	1,721	-	(52,311)
Lease liabilities	(72,053)	11,737	(19,932)	(80,248)	11,576	(41,329)	(110,001)
	(640,236)	(185,414)	(14,713)	(840,363)	(267,214)	(41,860)	(1,149,437)
Net debt	(572,577)	(179,420)	(14,713)	(766,710)	(274,647)	(41,860)	(1,083,217)

Non-cash movements above relate to IFRS 16 adjustments for new leases and interest, and adjustments for finance costs on bank borrowings.

28 Controlling party

The smallest group for which group financial statements are prepared that include and consolidate the results of the company for the year ended 30 June 2022 is VetPartners Group Limited, the largest group for which group financial statements are prepared that include and consolidate the results of the company for the year ended 30 June 2022 is Scooby Bidco Limited, a company registered in England and Wales whose registered office is Spitfire House, Aviator Court, York, YO30 4GY. The ultimate controlling party is BC European Capital X, a collection of limited partnerships with no single controlling party. The ultimate parent company is Scooby Equityco Limited, a company registered in Jersey.

29 Non adjusting events after the financial period

Subsequent to the balance sheet date, the Group has completed the acquisition of the following UK entity where 100% of the voting rights were acquired, obtaining control, in line with the Group growth strategy:

- Bearl Equine Clinic Limited – Acquired 7 July 2022
- Gortlands Veterinary Clinic – Acquired 7 November 2022

In addition to the above acquisition, the Group acquired 100% of the trade and assets of Carisbrooke Vets on 11 August 2022 and 100% of the trade and assets of Clevedale Veterinary Practice on 28 October 2022.

The Group also acquired the following overseas entities:

- Hospital de Referencia La Equina - Acquired 15 July 2022 – Located in Spain
- Clinica Veterinaria Madrid – Acquired 19 July 2022 – Located in Spain
- Clinica Veterinaria Vetland – Acquired 21 July 2022 – Located in Spain
- Integral Clínica Veterinaria – Acquired 21 July 2022 – Located in Spain
- Clinica Veterinaria El Arca – Acquired 28 July 2022 – Located in Spain
- Hospital Veterinari Montjuic – Acquired 29 July 2022 – Located in Spain
- Clinique Veterinaire de Plouigneau – Acquired 1 August 2022 – Located in France
- Ambulatorio Veterinario Contri e De Zen – Acquired 3 August 2022 – Located in Italy
- Castle Veterinary Clinic – Acquired 9 August 2022 – Located in Ireland
- Tierarztpraxis Dr. Hans-Peter Larscheid – Acquired 15 August 2022 – Located in Germany
- Ospedale Veterinario Croce Azzurra – Acquired 6 September 2022 – Located in Italy
- Advanced Pet Care Smith and Foley – Acquired 9 September 2022 – Located in Ireland
- Baab-Kleintierzentrum am Alzeyer Kreuz – Acquired 19 September 2022 – Located in Germany
- Clinique Veterinaire des Trois Clochers – Acquired 30 September 2022 – Located in France
- Clinica Veterinaria Bonafe – Acquired 5 October 2022 – Located in Spain
- Caravet – Acquired 11 October 2022 – Located in France
- Ospedale Veterinario San Francesco – Acquired 14 October 2022 – Located in Italy
- Clinica Veterinaria Timanfaya – Acquired 26 October 2022 – Located in Spain
- Citta di Catania S.r.l – Acquired 9 November 2022 – Located in Italy
- Clinica Veterinaria Terra – Acquired 10 November 2022 – Located in Spain
- Clinica Canis Monforte – Acquired 11 November 2022 – Located in Spain
- Gruppo Mustallar – Acquired 16 November 2022 – Located in Spain
- Clinica Veterinaria Os Durans – Acquired 18 November 2022 – Located in Spain
- Clinique Veterinaire de l'Oiselet – Acquired 30 November 2022 – Located in France
- Kate Clinica Felina – Acquired 2 December 2022 – Located in Spain
- Clinica Veterinaria Vilvet – Acquired 7 December 2022 – Located in Portugal

The total consideration paid in respect of the above share acquisitions and the trade and asset acquisitions was £78,101,000. The acquisition accounting for these business combinations is not yet complete. Any goodwill acquired as a result of the above acquisitions is considered to principally relate to the following:

- synergies arising, in particular from increased buying power and the use of central administrative functions;
- geographical location and convenience of practice sites; and
- acquired workforces, including the experience and reputation of veterinary surgeons.