

Animed Direct Limited
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022



ANIMED DIRECT LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | R Fairman R Alfonso B Jacklin |
| Company secretary | J Farrer |
| Registered number | 07007357 |
| Registered office | CVS House Owen Road Diss Norfolk IP22 4ER United Kingdom |
| Independent auditors | Deloitte LLP Statutory Auditor Cambridge United Kingdom |

ANIMED DIRECT LIMITED

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ANIMED DIRECT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2022

Introduction

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

The principal activity of the company is the online dispensary and sales of veterinary products. It is a subsidiary of CVS (UK) Limited.

Business review

Revenue for the Company of £47,184,000 (2021: £42,227,000) was ahead of expectations. This increase in revenue was driven by both an increase in volumes and prices throughout the year. The Company made a profit after tax of £2,199,000 (2021: £2,117,000).

The Company has seen an increase in net current assets of £1,576,000, and an increase in net assets of £2,199,000.

The Directors consider the result for the year and the year end position to be satisfactory. The Directors do not recommend the payment of a dividend (2021: £nil) and no dividends (2021: £nil) have been paid during the year.

The Company is an integral part of the operations of its ultimate parent undertaking CVS Group plc ("the Group") and as such the "Strategic Report" on pages 1 to 68 of the CVS Group plc 2022 Annual Report, which does not form part of this report, should be read for a full review of the Group's business and developments in the year.

Outlook

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

There has been a growing trend towards "humanisation" of pets, with owners treating them increasingly like family members, which translates into increased spend on both clinical care of the animals, purchases of ancillary products such as pet food and toys, and preventative healthcare such as regular vaccinations. The continued growth in the companion animal market is expected to generate further growth within the Company, as the products sold by the Company are complimentary to the main animal market.

Financially, the Group has delivered growth both organically and through acquisitions. The Group has strong foundations to continue to develop and grow within the veterinary market and our investors have demonstrated confidence in our ability to do that.

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

ANIMED DIRECT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Principal risks and uncertainties

The Directors consider that the principal risks (including financial risks) and uncertainties of the Company are integrated with the principal risks and uncertainties of the Group and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are: Key employees, Economic environment, Competition, Adverse publicity, Information technology, Changes in industry regulations, Sourcing pharmaceutical supplies, Sourcing and integrating acquisitions, Health and Safety legislation, Corporate legislation and regulatory requirements, Bank facilities, Future pandemic or lockdown, Sustainability and climate change, Epidemiology, and Cyber attack. These are discussed further, within the "Principal risks and uncertainties" on pages 60 to 68 of the CVS Group plc 2022 Annual report which does not form part of this report. The Group has also considered their environmental impact as disclosed in the "Streamlined Energy and Carbon Reporting" on pages 99 and 100 of the CVS Group plc 2022 Annual Report.

Financial risk factors

The Company's operations expose it to a variety of financial risks that include market risk (including currency risk), credit risk and liquidity risk. Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Group's finance department.

a) Market risk

Cash flow and fair value interest rate risk.

As the Company has no significant interest-bearing assets, the Company's income and operating cash inflows are substantially independent of changes in market interest rates.

b) Credit risk

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

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

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

The maximum exposure to credit risk at 30 June 2022 is the fair value of each class of receivable as disclosed in note 11 to the financial statements.

c) Liquidity risk

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

ANIMED DIRECT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Key performance indicators (KPI's)

The Directors of the Company manage the Company's operations on a consolidated basis. For this reason, the Company's Directors believe that analysis using key performance indicators at the Company level (financial and non-financial) is not necessary or appropriate for an understanding of the development, performance or position of the business of Animed Direct Limited. The development, performance and position of CVS Group plc, which includes the Company, is discussed within the "Financial Review" on pages 54 to 58 of the CVS Group plc 2022 Annual Report which does not form part of this report.

Responding to Stakeholders' needs under S.172 Companies Act 2006

Our section 172 statement sets out how the Board has had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 (s172) in carrying out its duties over the course of the year. The Company's purpose, vision and strategy are underpinned by the codified duty to promote the success of the Company for the benefit of its members as a whole, whilst having regard to the matters set out in s172(1) being:

- a) the likely consequences of any decisions in the long term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly between members of the Company.

The underlying principles set out in s172 form the basis for decision making by the Board. The Board has identified six key stakeholders who are essential to the delivery of the Company's strategy and long-term success, details of which are set out on the following pages. Our colleagues, customers, shareholders, community, industry bodies and suppliers are at the heart of what we do; it is of the highest importance to us that we engage with all of our stakeholders meaningfully to inform decision-making and ensure that we provide value in all areas of our business. We promote an ongoing dialogue with all of our stakeholders to enable us to act on feedback and foster a culture of honesty and integrity.

Engaging with our stakeholders for meaningful impact

The six key stakeholders identified by the Board are at the heart of what we do, being: our colleagues; our customers; our shareholders; our community; our industry bodies; and our suppliers. It is of the highest importance to us that we engage with all of our stakeholders meaningfully, to inform decision making and ensure we provide value in all areas of our business. It is challenging to ensure all of our stakeholders have the same experience with the Company, due to our wide range of locations, operations and roles; therefore, we promote an ongoing dialogue with all stakeholders to enable us to effectively act on feedback, and we foster a culture of honesty and integrity.

ANIMED DIRECT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

| Stakeholder | Why we engage | How we engage | Outcome |
|-------------|---|--|--|
| Colleagues | Our vision is to be the veterinary company people most want to work for. By engaging with our colleagues, we can understand their motivations and work with them to maximise colleague engagement and welfare. Our focus is continuing to provide our colleagues with the flexibility and support they need to develop their careers. | <p>We issue correspondence in the form of weekly emails, a monthly magazine and quarterly video briefings, which are issued in English and Dutch with subtitles, to improve accessibility. We attend an annual conference where clinical staff can engage with other members of the business.</p> <p>We actively monitor our colleague satisfaction via our employee Net Promoter Score (eNPS), which is updated monthly. The score is broken down, and business leaders seek feedback in response to changes in the score.</p> <p>Although much of our day-to-day engagement with colleagues is delegated to within teams, a Non-Executive Director regularly meets with our colleagues to discuss key matters.</p> <p>We host live question and answer webinars with our Chief Executive Officer and Chief Operating Officer, and answers are also shared in the monthly Company magazine.</p> | <p>Our colleagues provide valuable feedback, particularly on issues which affect them most, such as the rising costs of living. As a result of this, we announced an out-of-cycle pay rise for all colleagues, as well as a commitment to pay at least 3.0% above National Minimum Wage/National Living Wage to all current and future colleagues.</p> <p>In the past year, an increasing pet population and growing demand for high-quality clinical care has coincided with a shortage of clinical staff in the industry, leading to increased demands on our colleagues. We have monitored feedback from our colleagues and continue to implement measures to support them, by focusing on recruitment and retention, and investing in excellent facilities.</p> <p>We have continued to increase our wellbeing resources, including training further Wellbeing Champions and First Aiders for Mental Health, increasing the range of resources available on our wellbeing portal, and promoting our Employee Assistance Programme.</p> |

ANIMED DIRECT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

| Stakeholder | Why we engage | How we engage | Outcome |
|--------------------|---|--|---|
| Customers | <p>Customers rightly expect the highest quality care for their animals. We provide this through our integrated veterinary services model which enables us to deliver high clinical standards and quality facilities.</p> <p>We engage with our customers to ensure we are meeting their high standards of service, and to identify opportunities to improve client service.</p> | <p>We regularly communicate with our customers through a variety of channels such as social media, email and direct mail, promoting animal wellbeing in addition to discounts and benefits.</p> <p>We seek feedback from customers enabling us to measure our customer Net Promoter Score.</p> | <p>We continue to invest in our integrated veterinary platform, ensuring we can offer our customers a complete pet care service.</p> <p>We continue to invest in improving our customer experience and the quality of clinical care we can provide.</p> |

ANIMED DIRECT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

| Stakeholder | Why we engage | How we engage | Outcome |
|--------------|---|--|--|
| Shareholders | <p>We actively engage with our shareholders, highlighting our investment case and communicating our future plans, to ensure the Company's strategy is aligned to the interests of its shareholders.</p> <p>Our shareholders hold us accountable for doing the right thing, and by engaging with them we can understand and act on their expectations, enabling us to drive the business forward, deliver sustainable growth in shareholder return and attract additional investors to support the business.</p> | <p>We engage with our shareholders through our Annual General Meeting (AGM), broker conferences, one-to-one meetings and investor roadshows. We have an ongoing dialogue with our shareholders and value their feedback, which is regularly discussed at Board meetings.</p> <p>We keep the investor section of our website up to date to provide timely updates about Company activities.</p> <p>Individual shareholders are encouraged to contact Directors on all matters relating to governance and strategy via the Company Secretary. Our Executive Directors take part in live webcasts of our interim and preliminary results announcements, including live question and answer sessions with analysts.</p> <p>Animed Direct Limited is under common directorship and oversight as its parent company, and therefore there is regular interaction between the Company and the rest of the Group.</p> | <p>At the 2021 AGM, 100.0% of resolutions were passed and votes in favour ranged from 93.7% to 100.0%.</p> <p>During the year, we attended eight investor conferences and we were delighted to attend inperson investor roadshows in the United States and the Republic of Ireland.</p> <p>Our next capital markets day will be held on 8 November 2022, giving investors a deeper insight into our future growth opportunities and our capital allocation priorities, with an opportunity to meet our colleagues and attend practice tours.</p> |

ANIMED DIRECT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

| Stakeholder | Why we engage | How we engage | Outcome |
|-------------|--|--|--|
| Community | <p>We regularly engage with local communities in which our Company operates, communities of pet owners and animal carers, and the communities to which our colleagues belong, in order to understand how we can support them.</p> <p>By engaging with our communities we can find ways to contribute positively to the environments in which we work, promote employment satisfaction within our operations and support our communities to achieve common goals, such as the advancement of clinical care.</p> | <p>We have an annual charity of the year, which is chosen by our colleagues; in 2022 this is the Pet Blood Bank. Throughout the year we hold regular fundraising events from local bake sales to Group-wide promoted events.</p> <p>Our practices also engage within their local communities, providing key care to animals for a number of smaller charities.</p> | <p>Our colleagues raised £10,000 for our 2021 charity of the year, British Divers Marine Life Rescue, which was matched by CVS in a donation to Vetlife. This money helped the charity to deal with increased callouts after Storm Arwen, and helped to fund its new Seal Hospital in Cornwall.</p> <p>In February 2022, we launched our "MiniCVS" workshops initiative, which sees our colleagues visit local schools to help get children excited about science and animals, with activities from roleplay, to pet first aid, to careers advice.</p> <p>We have implemented a number of initiatives to lessen or offset our impact on the environment.</p> |

ANIMED DIRECT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

| Stakeholder | Why we engage | How we engage | Outcome |
|-----------------|--|---|---|
| Industry bodies | We actively engage with our industry bodies, including the Royal College of Veterinary Surgeons (RCVS), the British Veterinary Association (BVA) and the British Veterinary Nurses Association (BVNA), to promote innovation and advancement within the veterinary industry. | <p>We engage with our regulators over a wide range of issues.</p> <p>Where appropriate, we hold meetings with industry bodies, such as the RCVS, BVA, BVNA and Veterinary Defence Society, to discuss key issues and share initiatives and improvements across the industry.</p> <p>Appropriate colleagues attend update calls and webinars with regulatory bodies to understand upcoming regulatory changes.</p> | <p>In August 2022, we released our latest Quality Improvement (QI) report, updating our stakeholders on our approach to improving clinical standards in the industry. QI is hugely important to ensure we can maintain the highest possible standards of care. Our colleagues' work on the impact of parasiticides on the natural environment will provide recommendations to inform clinical decision making in an area which is currently not well understood.</p> <p>We were actively involved in consultation with the RCVS on recommendations for reform of the Veterinary Surgeons Act 1966 and are keen to see this legislation amended so that our highly-skilled nurses can undertake more procedures.</p> <p>In advance of any changes in legislation, we have increased nurse utilisation in our veterinary practices as permitted under existing legislation, with the percentage of Registered Veterinary Nurses (RVNs) carrying out consultations increasing significantly in the year.</p> |

ANIMED DIRECT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

| Stakeholder | Why we engage | How we engage | Outcome |
|--------------------|---|---|--|
| Suppliers | <p>We are proud to have long-term relationships with our wholesalers and manufacturers, regularly communicating with them to promote our relationship. Through these relationships we can generate consistent custom for our suppliers, in return achieving mutually favourable terms on purchases.</p> <p>We engage with our suppliers to deliver ongoing benefits to our businesses, collaboratively finding operational and sustainable improvements and delivering improved value.</p> <p>We have shared sustainability goals with some of our key suppliers. We recognise that through working together we can reduce our impact on the environment.</p> | <p>We regularly communicate with our suppliers to review contract terms and identify mutually beneficial opportunities.</p> <p>Our suppliers are invited to attend our annual conference to understand our business, engage with other key stakeholders and ask any questions they may have.</p> <p>We attend industry conferences and events which are also attended by our existing suppliers, as well as other suppliers that we may work with in the future. We actively engage at these events to understand where our goals might be aligned to those of suppliers.</p> | <p>We have continued to maintain appropriate communication with our suppliers, ensuring they are paid on time and are able to deliver sufficient product.</p> <p>We have formed partnerships with some of our key suppliers to reduce our impact on the environment. Our office supplies provider, Warrens Office, has worked closely with us on a number of environmental initiatives, including timing the deliveries of its office supplies to our practices to coincide with deliveries to other customers in the same areas.</p> <p>We have partnered with environmental awardwinning print supplier SF Taylor to launch the CVS Print Hub in November 2021. The CVS Print Hub provides a catalogue of printed items to order, including posters, leaflets and branded letterheads. Fully accredited with ISO 14001, FSC and PFEC, SF Taylor also holds awards for its commitment to manufacturing with process-free printing plates; use of only vegetable-based inks; reduction of wastage by recycling solvents wherever possible; and use of an ink pumping system which both reduces Volatile Organic Compounds (VOC) emitted to the atmosphere and minimises waste.</p> |


ANIMED DIRECT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Future developments

The Directors expect the general level of activity to remain consistent with prior years. The Company will continue to seek growth opportunities through the provision of new products to customers.

This report was approved by the board on **04 NOVEMBER 2022** and signed on its behalf.



R Alfonso
Director

ANIMED DIRECT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

The Directors present their report and the financial statements for the year ended 30 June 2022.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Dividends

In respect of the year under review, the directors do not recommend the payment of a dividend (2021: £nil).

Directors

The Directors who served during the year, and up to the date of this report, were:

R Fairman
R Alfonso
B Jacklin

ANIMED DIRECT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Directors' third-party indemnity provision

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

Going Concern

In preparing these financial statements, the Directors have had regard to both the forecasts of the ultimate parent company CVS Group plc ("the Group"), of which the Company is an integral part, and the unrestricted letter of support received, in which the CVS Group plc has pledged continuing financial support for at least 12 months from the date of approval of these financial statements, and to seek repayment of intercompany liabilities only to the extent that the Company is able to pay other debts as they fall due.

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

Research and development expenditure

The Company did not incur research and development expenditure during the year ended 30 June 2022 or 30 June 2021.

Disclosure in the Strategic Report

The principle activity, business review, future developments and financial risk factors of the Company have been disclosed in the Strategic Report in accordance with section 414C of the Companies Act 2006.

Disclosure of information to auditors

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's 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 appropriate arrangements have been put in place for them to be deemed as reappointed as auditor in the absence of an Annual General Meeting.

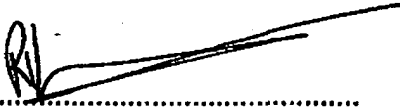
Events since the year end

Information relating to events since the end of the year is given in note 16 to the financial statements.

ANIMED DIRECT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

This report was approved by the board on **06 NOVEMBER 2022** and signed on its behalf.


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R Alfonso
Director

ANIMED DIRECT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANIMED DIRECT LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Animed Direct Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 19.

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

Basis for opinion

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANIMED DIRECT LIMITED

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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the 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 company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the audit committee about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company 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 the Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's compliance with GDPR and Health and Safety Executive.

We considered as an audit engagement team including relevant internal specialists such as tax, valuations, 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.

ANIMED DIRECT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANIMED DIRECT LIMITED

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, internal audit 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 Health and Safety Executive.

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 company and its 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

ANIMED DIRECT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANIMED DIRECT LIMITED

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.



Paul Schofield FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom

Date: 7 November 2022

ANIMED DIRECT LIMITED

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

| | Note | 2022 £'000 | 2021 £'000 |
|--|------|---------------------|---------------------|
| Revenue | 3 | 47,184 | 42,227 |
| Cost of sales | | (37,521) | (33,467) |
| Gross profit | | <u>9,663</u> | <u>8,760</u> |
| Administration Expenses | | (6,944) | (6,175) |
| Operating profit | 5 | <u>2,719</u> | <u>2,585</u> |
| Profit before tax | 5 | <u>2,719</u> | <u>2,585</u> |
| Tax on profit | 6 | (520) | (468) |
| Profit for the financial year | | <u><u>2,199</u></u> | <u><u>2,117</u></u> |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | <u><u>2,199</u></u> | <u><u>2,117</u></u> |

All activities derive from continuing operations.

The notes on pages 21 to 40 form part of these financial statements.

ANIMED DIRECT LIMITED
REGISTERED NUMBER: 07007357

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

| | Note | 2022 £'000 | 2021 £'000 |
|--|------|---------------------|---------------------|
| Fixed assets | | | |
| Intangible assets | 7 | 1,715 | 1,209 |
| Tangible assets | 8 | 330 | 211 |
| Right of use assets | 9 | - | 1 |
| Deferred tax | 14 | 39 | 40 |
| | | <u>2,084</u> | <u>1,461</u> |
| Current assets | | | |
| Stocks | 10 | 966 | 819 |
| Trade and other receivables | 11 | 24,929 | 20,795 |
| | | <u>25,895</u> | <u>21,614</u> |
| Creditors: amounts falling due within one year | 12 | (18,771) | (16,066) |
| Net current assets | | <u>7,124</u> | <u>5,548</u> |
| Net assets | | <u><u>9,208</u></u> | <u><u>7,009</u></u> |
| Capital and reserves | | | |
| Called up share capital | 15 | - | - |
| Retained earnings | | 9,208 | 7,009 |
| | | <u><u>9,208</u></u> | <u><u>7,009</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
04 NOVEMBER 2022


.....
R Alfonso
Director

The notes on pages 21 to 40 form part of these financial statements.

ANIMED DIRECT LIMITED

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

| | Called up share capital £'000 | Retained earnings £'000 | Total equity £'000 |
|--|--|--|-------------------------------|
| At 1 July 2020 | - | 4,892 | 4,892 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 2,117 | 2,117 |
| Total comprehensive income for the year | - | 2,117 | 2,117 |
| At 1 July 2021 | - | 7,009 | 7,009 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 2,199 | 2,199 |
| Total comprehensive income for the year | - | 2,199 | 2,199 |
| At 30 June 2022 | - | 9,208 | 9,208 |

The notes on pages 21 to 40 form part of these financial statements.

ANIMED DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Statutory information

Animed Direct Limited is a private company, limited by shares, incorporated in the UK under the Companies Act 2006 and is registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

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

The principal activity of the Company is the online dispensary and sales of veterinary products.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements present the financial record for the year ended 30 June 2022 of Animed Direct Limited.

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

The Company is a qualifying entity for the purposes of FRS 101 as a member of a Group where the parent of that Group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that entity must be included in the consolidation. Note 17 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

These financial statements have been prepared on a going concern basis and under the historical cost convention.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52 and the requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Standards adopted by the Company for the first time

A number of new or revised standards, including the following, are effective for annual periods beginning on or after 1 January 2022:

- Amendments to Reference to the Conceptual Framework in IFRS Standards.
- Amendments to IAS 37, 'Onerous Contracts - Cost of Fulfilling a Contract'.
- Amendments to IAS 41, IFRS 1, IFRS 9 and IFRS 16, in line with the IASB issued 'Annual Improvements to IFRS Standards 2018-2020'.
- Amendments to IAS 16, 'Property, Plant and Equipment'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.4 Going concern

In preparing these financial statements, the Directors have had regard to both the forecasts of the ultimate parent company CVS Group plc ("the Group"), of which the Company is an integral part, and the unrestricted letter of support received, in which the CVS Group plc has pledged continuing financial support for at least 12 months from the date of approval of these financial statements, and to seek repayment of intercompany liabilities only to the extent that the Company is able to pay other debts as they fall due.

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

2.5 Revenue

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

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

2.6 Intangible assets

Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised on a straight line basis over their estimated useful lives of three years and charged to administrative expenses. Costs associated with maintaining computer software programs are recognised as an administrative expense as incurred.

ANIMED DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.7 Tangible fixed assets

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

| | |
|--------------------------|--|
| Improvements to property | Straight line over the life of the lease |
| Plant and machinery | 20% - 33% straight line |
| Motor vehicles | 25% straight line |

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

2.8 Financial instruments

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

(a) Trade and other receivables

Trade and other receivables are recognised initially at fair value through profit or loss (FVTPL) and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade and other receivables is recognised if there are considered to be expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. Losses arising from impairment are recognised in the income statement within administration expenses.

(b) Financial liabilities and equity

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

(c) Trade payables

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

ANIMED DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.9 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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

2.10 Taxation

The tax expense represents the sum of the current tax payable, deferred tax and any adjustments in respect of previous periods.

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of comprehensive income because it excludes some items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or tax deductible. The Company's liability for current tax is calculated on the basis of tax laws and tax rates that have been enacted or substantively enacted by the Company statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities used in the computation of taxable profits and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is also not accounted for if it arises from the initial recognition of goodwill. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Company statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Current and deferred tax is charged or credited in the statement of comprehensive income, except where it relates to items charged or credited directly to other comprehensive income or equity, in which case the current and deferred tax is also recognised in other comprehensive income or equity respectively.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis, or to realise the asset and settle the liability simultaneously.

ANIMED DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.11 Foreign currency translation

(a) Functional and presentational currency

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

(b) Transactions and balances

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

Exchange differences are recognised in profit or loss in the period in which they arise.

2.12 Leases

The Company as a lessee

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

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

Lease payments included in the measurement of the lease liability comprise:

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

The lease liability is presented as a separate line within creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

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

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

There have been no re-measurements of the lease liability in the year.

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

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

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

The right-of-use assets are presented as a separate line in the statement of financial position.

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

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

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

ANIMED DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

component and the aggregate stand-alone price of the non-lease components.

2.13 Retirement benefit costs

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

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

2.14 Critical judgements and key sources of estimation uncertainty

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

Judgement: Leases

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

The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The Company has determined a weighted incremental borrowing rate of 4.0% for the right-of-use assets. The Directors considered all Company borrowings at the date of adoption in the determination of the incremental borrowing rates. The standard permits the use of a single discount rate to a portfolio of leases with reasonably similar characteristics. The Company has applied this practical expedient to its operating leases on adoption for leases with a similar class and remaining lease term. Refer to note 13 for additional disclosures related to leases.

There are no key sources of estimation uncertainty.

ANIMED DIRECT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

3. Revenue

The revenue and profit before taxation are attributable to the one principle activity of the company.
An analysis of revenue by class of business is given below:

| | 2022 £'000 | 2021 £'000 |
|--|-----------------------------|-----------------------------|
| Online dispensary & veterinary product sales | 47,184 | 42,227 |
| | 47,184 | 42,227 |

An analysis of revenue by geographical market is given below:

| | 2022 £'000 | 2021 £'000 |
|----------------|-----------------------------|-----------------------------|
| United Kingdom | 47,184 | 42,227 |
| | 47,184 | 42,227 |

ANIMED DIRECT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

4. Employees and directors

Staff costs were as follows:

| | 2022 | 2021 |
|-----------------------|---------------------|--------------|
| | £'000 | £'000 |
| Wages and salaries | 3,111 | 2,656 |
| Social security costs | 252 | 216 |
| Other pension costs | 54 | 49 |
| | <u>3,417</u> | <u>2,921</u> |

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

| | 2022 | 2021 |
|------------------|-------------------|-------------|
| | No. | No. |
| Veterinary staff | 57 | 46 |
| Central support | 68 | 56 |
| | <u>125</u> | <u>102</u> |

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

The total recharge for the year amounted to £3,417,000 (2021: £2,921,000) and are included within the values shown above.

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

ANIMED DIRECT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

5. Profit before taxation

| | 2022 | 2021 |
|---|----------------------|----------------------|
| | £'000 | £'000 |
| Cost of inventories recognised as expense | 33,603 | 30,372 |
| Depreciation - owned assets | 94 | 84 |
| Depreciation - right-of-use assets | 2 | 7 |
| Computer software amortisation | 513 | 221 |
| Employees benefit expense | 3,417 | 2,921 |
| | <u>33,612</u> | <u>30,585</u> |

Services provided by the Company's auditor and its associates

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

Audit services

| | 2022 | 2021 |
|---|------------------|------------------|
| | £'000 | £'000 |
| Fees payable to the Company's auditor for the audit of the Company's financial statements | 37 | 37 |
| | <u>37</u> | <u>37</u> |

No additional services were undertaken by the auditor other than that stated above.

ANIMED DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

6. Taxation

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Corporation tax | | |
| Current tax on profits for the year | 524 | 476 |
| Adjustments in respect of prior periods | (5) | 9 |
| Total current tax | <u>519</u> | <u>485</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (2) | 20 |
| Adjustments for previous years | 3 | (32) |
| Tax rate change on opening balance | - | (5) |
| Total deferred tax | <u>1</u> | <u>(17)</u> |
| Taxation on profit on ordinary activities | <u>520</u> | <u>468</u> |

ANIMED DIRECT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

6. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

| | 2022 | 2021 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Profit on ordinary activities before tax | 2,719 | 2,585 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | 517 | 491 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 6 | 6 |
| Adjustments to deferred tax charge in respect of previous periods | 3 | (32) |
| Adjustments to current tax charge in respect of previous periods | (5) | 9 |
| Change in tax rates | - | (5) |
| Effect of difference between deferred tax and current tax rate | (1) | (1) |
| Total tax charge for the year | 520 | 468 |

Factors that may affect future tax charges

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

ANIMED DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

7. Intangible assets

| | Computer software £'000 |
|--------------------------|-------------------------------|
| Cost or valuation | |
| At 1 July 2021 | 1,679 |
| Additions | 1,019 |
| At 30 June 2022 | <u>2,698</u> |
| Amortisation | |
| At 1 July 2021 | 470 |
| Amortisation for year | 513 |
| At 30 June 2022 | <u>983</u> |
| Net book value | |
| At 30 June 2022 | <u>1,715</u> |
| At 30 June 2021 | <u>1,209</u> |

Amortisation expense has been charged to administrative expenses.

ANIMED DIRECT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

8. Tangible fixed assets

| | Plant and machinery £'000 | Improvements to property £'000 | Motor vehicles £'000 | Total £'000 |
|-----------------------|--|---|-------------------------------------|------------------------|
| Cost | | | | |
| At 1 July 2021 | 265 | 278 | 16 | 559 |
| Additions | 123 | 90 | - | 213 |
| At 30 June 2022 | <u>388</u> | <u>368</u> | <u>16</u> | <u>772</u> |
| Depreciation | | | | |
| At 1 July 2021 | 187 | 145 | 16 | 348 |
| Charge for year | 60 | 34 | - | 94 |
| At 30 June 2022 | <u>247</u> | <u>179</u> | <u>16</u> | <u>442</u> |
| Net book value | | | | |
| At 30 June 2022 | <u>141</u> | <u>189</u> | <u>-</u> | <u>330</u> |
| At 30 June 2021 | <u>78</u> | <u>133</u> | <u>-</u> | <u>211</u> |

ANIMED DIRECT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

9. Right of use assets

| | Motor vehicles £'000 | Total £'000 |
|-----------------------|-------------------------------------|------------------------|
| Cost | | |
| At 1 July 2021 | 15 | 15 |
| Additions | 1 | 1 |
| Disposals | (13) | (13) |
| | <u>3</u> | <u>3</u> |
| At 30 June 2022 | <u>3</u> | <u>3</u> |
| Depreciation | | |
| At 1 July 2021 | 14 | 14 |
| Charge for the year | 2 | 2 |
| On disposals | (13) | (13) |
| | <u>3</u> | <u>3</u> |
| At 30 June 2022 | <u>3</u> | <u>3</u> |
| Net book value | | |
| At 30 June 2022 | <u>-</u> | <u>-</u> |
| At 30 June 2021 | <u>1</u> | <u>1</u> |

10. Stocks

| | 2022 £'000 | 2021 £'000 |
|----------------|-----------------------|-----------------------|
| Finished goods | 966 | 819 |
| | <u>966</u> | <u>819</u> |

The Directors do not consider the difference between the purchase price of stocks and their replacement cost to be material.

ANIMED DIRECT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

11. Trade and other receivables

| | 2022 £'000 | 2021 £'000 |
|---|-----------------------------|-----------------------------|
| Amounts falling due within one year: | | |
| Amounts owed by group undertakings | 24,489 | 20,433 |
| Other debtors | 64 | 285 |
| Prepayments | 376 | 77 |
| | 24,929 | 20,795 |

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

12. Creditors: Amounts falling due within one year

| | 2022 £'000 | 2021 £'000 |
|------------------------------------|-----------------------------|-----------------------------|
| Lease liabilities (see note 13) | - | 1 |
| Trade creditors | 14,844 | 12,735 |
| Corporation tax | 994 | 919 |
| Other taxation and social security | 2,063 | 1,862 |
| Amounts owed to group undertakings | 21 | 11 |
| Other creditors | 147 | 61 |
| Accruals | 702 | 477 |
| | 18,771 | 16,066 |

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

ANIMED DIRECT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

13. Lease liabilities

| | 2022 £'000 | 2021 £'000 |
|---------------------|---------------|---------------|
| Current: | | |
| Leases | - | 1 |
| | <hr/> | <hr/> |
| Non-current: | | |
| Leases | - | - |
| | <hr/> | <hr/> |
| | - | 1 |
| | <hr/> | <hr/> |

Terms and debt repayment schedule:

| | 1 year or less £'000 | 2-5 years £'000 | More than 5 years £'000 | Total £'000 |
|--------|----------------------------|--------------------|-------------------------------|----------------|
| Leases | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Total cash flows for leases in the year amounted to £2,000 (2021: £7,000).

ANIMED DIRECT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

14. Deferred tax

| | 2022 £'000 | 2021 £'000 |
|--------------------------------|---------------|---------------|
| Deferred tax asset | | |
| Accelerated capital allowances | 38 | 39 |
| Other temporary differences | 1 | 1 |
| Total deferred tax | <u>39</u> | <u>40</u> |

The Company's deferred tax assets have been recognised based on the historical performance and future budgets. The Directors believe that it is probable that there will be sufficient taxable profits against which the assets will reverse.

| | Deferred tax £'000 |
|------------------------------------|-----------------------|
| At 1 July 2021 | 40 |
| Recognised in the Income Statement | (1) |
| At 30 June 2022 | <u>39</u> |

The deferred tax balance is non-current.

The Company's deferred tax assets have been recognised in accordance with IAS 12 as, based on historical performance and future budgets, the Directors believe that it is probable that there will be sufficient taxable profits against which the assets will reverse.

The Company has no unprovided deferred tax assets or liabilities.

15. Called up share capital

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Authorised, allotted, called up and fully paid | | |
| 1 (2021 - 1) Ordinary shares of £1.00 | <u>1</u> | <u>1</u> |

16. Subsequent events

There were no significant events between the statement of financial position date and the date of signing of these financial statements.

ANIMED DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

17. Ultimate controlling party

The company's immediate parent company is CVS (UK) Limited, a company registered in England.

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

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

18. Pension schemes

The Company contributes to certain employee's personal pension schemes in accordance with their service contracts. The amounts are charged to the statement of comprehensive income as they fall due. The amounts charged during the year amounted to £54,000 (2021: £49,000). The amount outstanding at the end of the year included in creditors was £Nil (2021: £Nil).

19. Guarantees and other financial commitments

Bank guarantees

The Company is a member of the Group banking arrangement under which it is party to unlimited cross-guarantees in respect of the banking facilities amounting to £170,000,000 at 30 June 2022 (2021: £170,000,000). The Directors do not expect any material loss to the Company to arise in respect of the guarantees