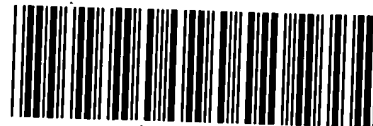


REGISTERED NUMBER: 07007357 (England and Wales)

**Annual Report and
Financial Statements for the Year Ended 30 June 2021
for
Animed Direct Limited**

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for the Year Ended 30 June 2021**

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Animed Direct Limited

**Company Information
for the Year Ended 30 June 2021**

DIRECTORS:

R Fairman
R Alfonso
B Jacklin

SECRETARY:

J Farrer

REGISTERED OFFICE:

CVS House
Owen Road
Diss
Norfolk
IP22 4ER

REGISTERED NUMBER:

07007357 (England and Wales)

AUDITORS:

Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom

Animed Direct Limited

Strategic Report for the Year Ended 30 June 2021

The directors present their strategic report for the year ended 30 June 2021.

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

Revenue for the Company of £42,227,000 (2020: £32,440,000) was ahead of expectations, and the Directors consider the result for the year and the year end position to be satisfactory.

The Company made a profit after tax of £2,117,000 (2020: £1,901,000). The Directors do not recommend the payment of a dividend (2020: £nil) and no dividends (2020: £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 57 of the CVS Group plc 2021 Annual Report, which does not form part of this report, should be read for a full review of the Group's business and developments in the year.

OUTLOOK

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

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

Financially, the Group has demonstrated resilience, flexibility and strength in its ability to "bounce back" from the COVID-19 pandemic and deliver 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.

PRINCIPAL RISKS AND UNCERTAINTIES

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

**Strategic Report
for the Year Ended 30 June 2021**

FINANCIAL RISK FACTORS

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

a) Market risk

Cash flow and fair value interest rate risk.

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

b) Credit risk

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

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

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

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

c) Liquidity risk

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

KEY PERFORMANCE INDICATORS

The Directors of the Group manage the Group's operations on a consolidated basis. For this reason, the Company's Directors believe that analysis using key performance indicators at Company level (financial and non-financial) is not necessary or appropriate for an understanding of the development, performance or position of the business of Animed Direct Limited. The development, performance and position of CVS Group plc, which includes the Company, is discussed within the "Financial Review" on pages 36 to 40 of the CVS Group plc 2021 Annual Report which does not form part of this report.


Animed Direct Limited

**Strategic Report
for the Year Ended 30 June 2021**

FUTURE DEVELOPMENTS

The Directors expect the general level of activity to remain consistent with prior years

This report was approved by the board of directors and signed on behalf of the board by:



.....
R Alfonso - Director

Date: 11/11/2021.....

Animed Direct Limited

Report of the Directors for the Year Ended 30 June 2021

The directors present their report with the financial statements of the company for the year ended 30 June 2021.

DIVIDENDS

In respect of the year under review the directors do not recommend the payment of a dividend (2020: £nil).

EVENTS SINCE THE END OF THE YEAR

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

DIRECTORS

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

R Fairman
R Alfonso
B Jacklin

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 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 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.

**Report of the Directors
for the Year Ended 30 June 2021**

DISCLOSURE IN THE STRATEGIC REPORT

The future developments and financial risks of the Company have been disclosed in the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Animed Direct Limited

**Report of the Directors
for the Year Ended 30 June 2021**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

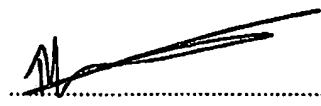
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is 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 reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the board of directors and signed on behalf of the board by:


.....

R Alfonso - Director

Date: 11/11/2021.....

**Independent auditor's 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 2021 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 balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

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.

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.

Independent auditor's report to the Members of Animed Direct Limited

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, Veterinary Medicines Regulations 2013 and the Health and Safety Executive.

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.

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 and Royal College of Veterinary Surgeons.

**Independent auditor's report to the Members of
Animed Direct Limited**

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.

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.



Lee Welham FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom
11 November 2021

Animed Direct Limited

**Statement of Comprehensive Income
for the Year Ended 30 June 2021**

	Notes	2021 £'000	2020 £'000
TURNOVER	3	42,227	32,440
Cost of sales		<u>(33,467)</u>	<u>(25,380)</u>
GROSS PROFIT		8,760	7,060
Administrative expenses		<u>(6,175)</u>	<u>(4,803)</u>
		2,585	2,257
Other operating income	4	<u>-</u>	<u>4</u>
OPERATING PROFIT and PROFIT BEFORE TAXATION	6	2,585	2,261
Tax on profit	7	<u>(468)</u>	<u>(360)</u>
PROFIT FOR THE FINANCIAL YEAR		2,117	1,901
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,117</u>	<u>1,901</u>

All activities derive from continuing operations.

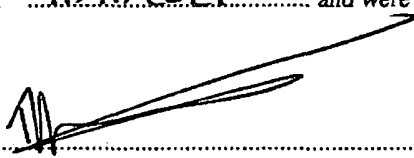
The notes form part of these financial statements.

Animed Direct Limited (Registered number: 07007357)

Balance Sheet
As at 30 June 2021

	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Intangible assets	8	1,209	1,089
Tangible assets	9	211	237
Right-of-use assets	14	1	6
Deferred tax asset	15	40	-
		<u>1,461</u>	<u>1,332</u>
CURRENT ASSETS			
Stocks	10	819	552
Debtors	11	<u>20,795</u>	<u>21,304</u>
		21,614	21,856
CREDITORS			
Amounts falling due within one year	12	<u>(16,066)</u>	<u>(18,296)</u>
NET CURRENT ASSETS		<u>5,548</u>	<u>3,560</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		<u>7,009</u>	<u>4,892</u>
CAPITAL AND RESERVES			
Called up share capital	16	-	-
Retained earnings	17	<u>7,009</u>	<u>4,892</u>
SHAREHOLDERS' FUNDS		<u>7,009</u>	<u>4,892</u>

The financial statements were approved by the Board of Directors and authorised for issue on 11/11/2021 and were signed on its behalf by:


.....
R Alfonso - Director

The notes form part of these financial statements.

Animed Direct Limited

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

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2019	-	2,991	2,991
Changes in equity			
Total comprehensive income	-	1,901	1,901
Balance at 30 June 2020	-	4,892	4,892
Changes in equity			
Total comprehensive income	-	2,117	2,117
Balance at 30 June 2021	-	7,009	7,009

Animed Direct Limited

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

1. STATUTORY INFORMATION

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

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

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

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements present the financial record for the year ended 30 June 2021 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. Note 21 gives details of the company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The financial statements have been prepared on a going concern basis and under the historical cost convention, except for certain financial instruments that have been measured at fair value.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

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

2. ACCOUNTING POLICIES - continued

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 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, 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.

Standards adopted by the Company for the first time

A number of new and revised standards, including the following, are effective for annual periods beginning on or after 1 January 2020:

- Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions (and from 1 April 2021 'Covid-19 related rent concessions beyond 30 June 2021');
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform' - Phase 1;
- Amendments to References to the Conceptual Framework in IFRS Standards; and
- Amendments to IFRS 3, 'Definition of a Business'.

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

Turnover

Turnover represents amounts receivable from customers for dispensary products and other relates veterinary products provided during the period. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured; typically, this is when an order is placed and paid for. Turnover is measured at the fair value of the consideration received, excluding value added tax.

Computer software

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 the computer software programs are recognised as an administrative expense as incurred.

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

2. ACCOUNTING POLICIES - continued

Tangible assets

Tangible 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 the tangible assets, less their estimated residual values, over the expected useful economic lives of the assets in equal 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 year in which they are incurred.

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

2. ACCOUNTING POLICIES - continued

Financial instruments

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

(a) Trade and other receivables

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

(b) Financial liabilities and equity

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

(c) Trade payables

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

Stocks

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

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

2. ACCOUNTING POLICIES - continued

Current and deferred income tax

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 balance sheet 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 determined using tax rates and laws that have been enacted or substantively enacted by the Company balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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 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.

Government grants

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

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

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

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

2. ACCOUNTING POLICIES - continued

Foreign currency translation

(a) Functional and presentational currency

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

(b) Transactions and balances

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

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

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

2. ACCOUNTING POLICIES - continued

Leases

The company as a lessee

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

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

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

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

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

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

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

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

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made 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.

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

2. ACCOUNTING POLICIES - continued

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 balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Tangible asset' 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 'Other operating 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 component and the aggregate stand-alone price of the non-lease components.

Retirement benefit costs

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

Cash and cash equivalents

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

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 incremental borrowing rate applied to leases.

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 - continued for the Year Ended 30 June 2021

3. TURNOVER

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

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

	2021	2020
	£'000	£'000
Online dispensary & veterinary product sales	<u>42,227</u>	<u>32,440</u>
	<u>42,227</u>	<u>32,440</u>

An analysis of turnover by geographical market is given below:

	2021	2020
	£'000	£'000
United Kingdom	<u>42,227</u>	<u>32,440</u>
	<u>42,227</u>	<u>32,440</u>

4. OTHER OPERATING INCOME

	2021	2020
	£'000	£'000
Sundry receipts	<u>-</u>	<u>4</u>

The Company has received the above amount during the previous period through the Coronavirus Job Retention Scheme ("CJRS").

Animed Direct Limited

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

5. EMPLOYEES AND DIRECTORS

	2021	2020
	£'000	£'000
Wages and salaries	2,656	1,932
Social security costs	216	162
Other pension costs	<u>49</u>	<u>35</u>
	<u>2,921</u>	<u>2,129</u>

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

	2021	2020
Veterinary Staff	46	36
Central Support	<u>56</u>	<u>29</u>
	<u>102</u>	<u>65</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 £2,921,000 (2020: £2,129,000) 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.

6. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	2021	2020
	£'000	£'000
Cost of inventories recognised as expense	30,372	23,198
Depreciation - owned assets	84	77
Depreciation - right-of-use assets	7	7
Computer software amortisation	221	123
Employee benefit expense	<u>2,921</u>	<u>2,129</u>

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

6. **PROFIT BEFORE TAXATION - continued**

Services provided by the Company's auditor and its associates

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

	2021 £'000	2020 £'000
Audit services:		
Fees payable to the company's auditor for the audit of the Company's financial statements	37	27
	<u> </u>	<u> </u>

7. **TAXATION**

Analysis of tax expense

	2021 £'000	2020 £'000
Current tax:		
UK Corporation tax	476	438
Adjustments in respect of prior periods	<u>9</u>	<u>(59)</u>
Total current tax	<u>485</u>	<u>379</u>
Deferred tax:		
Origination and reversal of temporary differences	20	(3)
Effect of tax rate change on opening deferred tax balance	(5)	(2)
Adjustments in respect of prior periods	<u>(32)</u>	<u>(14)</u>
Total deferred tax	<u>(17)</u>	<u>(19)</u>
Total tax expense in statement of comprehensive income	<u>468</u>	<u>360</u>

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

7. TAXATION - continued

Factors affecting the tax expense

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

	2021 £'000	2020 £'000
Profit before income tax	<u>2,585</u>	<u>2,261</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	491	430
Effects of:		
Adjustments to current tax charge in respect of prior periods	9	(59)
Adjustments to deferred tax charge in respect of prior periods	(32)	(14)
Expenses not deductible for tax purposes	6	5
Change in tax rates	(5)	(2)
Effects of difference between deferred tax and corporation tax rate	<u>(1)</u>	<u>-</u>
Tax expense	<u>468</u>	<u>360</u>

Factors affecting the future tax charge

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

Changes in tax rate

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

8. INTANGIBLE FIXED ASSETS

	Computer software £'000
COST	
At 1 July 2020	1,338
Additions	<u>341</u>
At 30 June 2021	<u>1,679</u>
AMORTISATION	
At 1 July 2020	249
Amortisation for year	<u>221</u>
At 30 June 2021	<u>470</u>
NET BOOK VALUE	
At 30 June 2021	<u>1,209</u>
At 30 June 2020	<u>1,089</u>

Animed Direct Limited

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

9. TANGIBLE FIXED ASSETS

	Improvements to property £'000	Plant and machinery £'000	Motor vehicles £'000	Totals £'000
COST				
At 1 July 2020	277	208	16	501
Additions	<u>1</u>	<u>57</u>	<u>-</u>	<u>58</u>
At 30 June 2021	<u>278</u>	<u>265</u>	<u>16</u>	<u>559</u>
DEPRECIATION				
At 1 July 2020	111	140	13	264
Charge for year	<u>34</u>	<u>47</u>	<u>3</u>	<u>84</u>
At 30 June 2021	<u>145</u>	<u>187</u>	<u>16</u>	<u>348</u>
NET BOOK VALUE				
At 30 June 2021	<u>133</u>	<u>78</u>	<u>-</u>	<u>211</u>
At 30 June 2020	<u>166</u>	<u>68</u>	<u>3</u>	<u>237</u>

10. STOCKS

	2021 £'000	2020 £'000
Finished goods	<u>819</u>	<u>552</u>

The Directors believe that the method used in arriving at a stock valuation is not materially different from the replacement cost.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	20,433	20,858
Other Debtors	285	359
Deferred tax asset	-	23
Prepayments and accrued income	<u>77</u>	<u>64</u>
	<u>20,795</u>	<u>21,304</u>

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

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

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Leases (see note 13)	1	6
Trade creditors	12,735	13,818
Corporation tax	919	378
VAT	1,862	2,937
Amounts owed to group undertakings	11	608
Other creditors	61	11
Accruals and deferred income	477	538
	<u>16,066</u>	<u>18,296</u>

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

13. LEASES

	2021 £'000	2020 £'000
Current:		
Leases	<u>1</u>	<u>6</u>

Terms and debt repayment schedule

	1 year or less £'000
Leases	<u>1</u>

Total cash outflow for leases in the year amounted to £7,000 (2020: £7,000).

14. RIGHT-OF-USE ASSETS

	Motor vehicles £'000	Totals £'000
COST		
At 1 July 2020	13	13
Additions	<u>2</u>	<u>2</u>
At 30 June 2021	<u>15</u>	<u>15</u>
DEPRECIATION		
At 1 July 2020	7	7
Charge for year	<u>7</u>	<u>7</u>
At 30 June 2021	<u>14</u>	<u>14</u>
NET BOOK VALUE		
At 30 June 2021	<u>1</u>	<u>1</u>
At 30 June 2020	<u>6</u>	<u>6</u>

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

15. DEFERRED TAX ASSET

	£'000
Balance at 1 July 2020	23
Charge to Statement of Comprehensive Income	<u>17</u>
Balance at 30 June 2021	<u><u>40</u></u>

	2021 £'000	2020 £'000
Deferred tax asset		
Accelerated tax depreciation	39	23
Other temporary differences	<u>1</u>	<u>-</u>
	<u><u>40</u></u>	<u><u>23</u></u>

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.

The deferred tax asset has been reclassified during the year from current to non-current assets.

16. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal value:	2021 £	2020 £
1	Ordinary Shares	1	<u>1</u>	<u>1</u>

17. RESERVES

	Retained earnings £'000
At 1 July 2020	4,892
Profit for the year	<u>2,117</u>
At 30 June 2021	<u><u>7,009</u></u>

18. PENSION COMMITMENTS

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 £49,000 (2020: £35,000). The amount outstanding at the end of the year included in creditors was £nil (2020: £nil).

19. GUARANTEES AND OTHER FINANCIAL COMMITMENTS - BANK GUARANTEES

The Company is a member of the CVS Group plc banking arrangement under which it is party to unlimited cross-guarantees in respect of the banking facilities of other CVS Group plc undertakings, amounting to £170,000,000 at 30 June 2021 (2020: £170,000,000). The Directors do not expect any material loss to the Company to arise in respect of the guarantees.

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

20. SUBSEQUENT EVENTS

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

21. 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.