

Registration number 07746795

**INDEPENDENT VETCARE LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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**INDEPENDENT VETCARE LIMITED**  
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**INDEPENDENT VETCARE LIMITED**  
**COMPANY INFORMATION**

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**Directors**                    D R G Hillier (Chief Executive Officer)  
                                     A J Davis (Financial Director)  
                                     S J Caton (Director)

**Registered office**        Station House East  
                                     Ashley Avenue  
                                     Bath  
                                     BA1 3DS

**Bankers**                    HSBC plc  
                                     2nd Floor  
                                     HSBC House  
                                     Mitchell Way  
                                     Southampton  
                                     Hampshire  
                                     SO18 2XU

**Auditors**                    Hazlewoods LLP  
                                     Windsor House  
                                     Bayshill Road  
                                     Cheltenham  
                                     GL50 3AT

**INDEPENDENT VETCARE LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

The directors present their report and the financial statements for the year ended 30 September 2015

**Principal activity**

The principal activity of the company is that of the provision of veterinary services

During the year, the entire issued share capital of a number of companies, whose principle activities are the provision of veterinary services, was acquired by the company

<b>Date of acquisition</b>	<b>Company name</b>
21 November 2014	Well House Vets Limited
25 November 2014	Clifton Veterinary Practice Limited
23 January 2015	Shore Veterinary Centre Limited
11 March 2015	J Dinsdale Limited
1 April 2015	Alexander Veterinary Centre Limited
14 April 2015	Rhyd Broughton Veterinary Group Limited
1 August 2015	Boyce & Houston Limited
5 September 2015	Abbeyvet (North East) Limited
24 September 2015	Burch Tree Vets Limited
24 September 2015	A and J Practice Management Limited

The company also acquired the trade and assets of a number of unincorporated businesses, whose principle activities are the provision of veterinary services, during the year

<b>Date of acquisition</b>	<b>Business name</b>
29 November 2014	Priory Vets
10 December 2014	Highgate Veterinary Clinic
19 December 2014	Lincvet
30 January 2015	Bishops Veterinary Surgery
31 January 2015	Cater Veterinary Practice
3 February 2015	Town and Country Group (Blackburn)
14 February 2015	Rogart Vets
28 February 2015	Bishops Hendry & Edwards
28 February 2015	Southern Counties Veterinary Specialist
3 April 2015	Bruceview Vets
10 April 2015	Holly House Veterinary Hospital
16 May 2015	New Malden Vets
29 May 2015	Station Veterinary Surgery
1 August 2015	Sheriff's Highway Veterinary Practice
5 September 2015	Abbey Vet Centre
11 September 2015	Grange Hill Vets

**INDEPENDENT VETCARE LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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On 31 December 2014, the trade and net assets of the following fellow wholly owned group entities were transferred into Independent Vetcare Limited

Celyn House Limited  
The Island Veterinary Associates Limited  
K and M Donald Limited  
Richard Hillman Veterinary Centre Limited  
The Cambushinnie Service Company Limited  
St Mary's Veterinary Clinic Limited

On 31 January 2015, the trade and net assets of the following fellow wholly owned group entities were transferred into Independent Vetcare Limited

Westwood Veterinary Practice Limited  
Gatehouse Veterinary Centre Limited

On 28 February 2015, the trade and net assets of the following fellow wholly owned group entities were transferred into Independent Vetcare Limited

Chase Vets Limited  
Chase Vets (Eastbourne) Limited  
Northdale Veterinary Practice Limited  
Lowesmoor House Veterinary Centre Limited

On 31 July 2015, the trade and net assets of the following fellow wholly owned group entities were transferred into Independent Vetcare Limited

Well House Vets Limited  
J Dinsdale Limited  
Clifton Veterinary Practice Limited  
Shore Veterinary Centre Limited

On 31 August 2015, the trade and net assets of the following fellow wholly owned group entities were transferred into Independent Vetcare Limited

Rhyd Broughton Veterinary Group Limited  
Alexander Veterinary Centre Limited

The principal activity of the above entities was that of the provision of veterinary services. The principal activity of Independent Vetcare Limited following the transfers continued to be that of the provision of veterinary services

**Directors of the company**

The directors who held office during the year were as follows

D R G Hillier (Chief Executive Officer)  
A J Davis (Financial Director)  
S J Caton (Director)

**Employment of disabled persons**

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

**INDEPENDENT VETCARE LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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**Employee involvement**

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests

Information on matters of concern to employees is given through information bulletins and reports which aim to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance

**Future developments**

The company plans to continue with its strategy of acquiring high quality veterinary practices. The group has funding facilities in place to fund the planned acquisitions. The business is strongly cash generating before investing in additional acquisitions.

**Important post balance sheet events**

After the year end, the company acquired the entire share capital of Terrington Vets Limited, Abbeydale Veterinary Centre Limited, Vermuyden Veterinary Practice Limited, Forest Lodge Veterinary Practice Limited and Kilbarchan Veterinary Practice Limited. In addition the company also acquired the trade and net assets of Wards Veterinary Centre.

The principal activity of each of these is the provision of veterinary services and the total consideration payable in respect of these acquisitions amounted to £2,269,158.

**Disclosure of information to the auditor**

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

**Reappointment of auditors**

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 16/12/15 and signed on its behalf by

  
D R G Hillier (Chief Executive Officer)  
Director

## **INDEPENDENT VETCARE LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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The directors present their strategic report for the year ended 30 September 2015

#### **Business review**

##### **Strategy & Progress**

The group's strategy is to build the highest quality veterinary services group in the UK by the acquisition of high quality groups and practices and continuing to grow existing practices organically. The practices are locally branded and led by clinically focussed staff benefiting from enhanced buying power, marketing, training and back office support.

During the year we made 26 acquisitions comprising of 41 practices (2014 22 acquisitions comprising of 70 practices) creating a group of 182 practices at 30 September 2015.

Acquisitions are funded by a combination of funds from Group cash flows, shareholders and debt facilities. This funding is shown on the balance sheet of the ultimate UK parent company as Creditors. Amounts falling due after more than one year.

Goodwill arising from acquisitions is written off over 5 years which creates a large charge to the Profit and Loss account but has no effect on cash flow.

The group is strongly cash generating from operating activities and has a policy of paying all creditors within terms.

##### ***Fair review of the business***

The results for the year, which are set out in the profit and loss account, show an operating profit before amortisation and exceptional costs of £8,094,601 (2014 £5,300,739). This equates to an operating loss of £3,879,840 (2014 £3,337,937) after charging amortisation of £11,974,441 (2014 £8,389,118) and costs of reorganisation and restructuring. The company EBITDAM (earnings before interest, tax, depreciation, amortisation and management charges and before costs of reorganisation and restructuring) was £11,039,544 (2014 £7,026,333).

At 30 September 2015 the company had total assets less current liabilities of £62,186,849 (2014 £48,459,151).

The directors are pleased with the results for the year and consider the financial position of the company at the year end to be satisfactory.

##### **Key performance indicators**

Given the nature of the business, the company's directors are of the opinion that key performance indicators are important. The company uses a number of indicators to monitor and improve the development, performance and the position of the business. Indicators are reviewed and altered to meet changes in both the internal and external environments. The directors do not consider the inclusion of an analysis using key performance indicators to be necessary to assist users of the financial statements in their understanding of the financial performance or position of the company.

##### ***Principal risks and uncertainties***

The management of the business and the execution of the strategy of the group to which the company belongs are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from both national and local providers of veterinary services and the general state of the veterinary industry.

**INDEPENDENT VETCARE LIMITED**

**STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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**Financial instruments**

***Objectives and policies***

The board constantly monitors the group's trading results and revise projections as appropriate to ensure that the company can meet its future obligations as they fall due

***Price risk, credit risk, liquidity risk and cash flow risk***

The group to which the company belongs is exposed to the usual credit and cashflow risks associated with selling on credit and manages this through credit control procedures. However most of the company's sales are paid in cash or by credit or debit card and are subject to little risk. The nature of its financial statements are such that they are not subject to price and liquidity risk.

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk Guidance for Directors of UK Companies 2009' the directors of all companies are required to provide disclosures regarding the adoption of the going concern basis of accounting.

The directors have prepared forecasts for the next 12 months that indicate the company has sufficient financial resources. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Approved by the Board on 16/2/15 and signed on its behalf by

  
D R G Hillier (Chief Executive Officer)  
Director



## **INDEPENDENT VETCARE LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
INDEPENDENT VETCARE LIMITED**

We have audited the financial statements of Independent Vetcare Limited for the year ended 30 September 2015, set out on pages 10 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

**Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 7), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.


**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
INDEPENDENT VETCARE LIMITED**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

  
Andrew Brookes (Senior Statutory Auditor)  
For and on behalf of Hazlewoods LLP, Statutory Auditors

Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

Date 16 December 2015

**INDEPENDENT VETCARE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
Turnover (including acquisitions of £18,718,300)	2	84,904,965	49,630,373
Cost of sales		(47,937,175)	(28,970,596)
Gross profit		36,967,790	20,659,777
Administrative expenses		(28,960,599)	(15,440,552)
Other operating income		87,410	81,514
Operating profit before amortisation and exceptional costs		8,094,601	5,300,739
Amortisation of goodwill		(11,974,441)	(8,389,118)
Costs of reorganisation and restructuring	4	-	(249,558)
Operating loss (including operating profit of acquisitions of £931,743)	3	(3,879,840)	(3,337,937)
Income from shares in group undertakings		6,778,474	1,957,630
Write off of fixed asset investments	4	(6,469,151)	(1,551,220)
Interest receivable		238	-
Interest payable and similar charges	7	(3,977,539)	(3,832,902)
Loss on ordinary activities before taxation		(7,547,818)	(6,764,429)
Tax on loss on ordinary activities	8	68,584	42,782
Loss for the financial year	18	<u>(7,479,234)</u>	<u>(6,721,647)</u>

Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

The table below illustrates the company EBITDAM

	<b>Year ended 30 September 2015 £</b>	<b>Year ended 30 September 2014 £</b>
Loss on ordinary activities before taxation	(7,547,818)	(6,764,429)
Interest payable (net of interest received)	3,977,301	3,832,902
Write off of fixed asset investments	6,469,151	1,551,220
Income from shares in group undertakings	(6,778,474)	(1,957,630)
Amortisation of goodwill	11,974,441	8,389,118
Depreciation	2,133,602	1,134,461
Costs of reorganising and restructuring	-	249,558
Profit on disposal of fixed assets	1,024	(12,000)
Intra group management charges	810,317	603,133
Earnings before interest, tax, depreciation, amortisation and management charges (EBITDAM) and before exceptional items	<u>11,039,544</u>	<u>7,026,333</u>

**INDEPENDENT VETCARE LIMITED**  
**(REGISTRATION NUMBER: 07746795)**  
**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2015**

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Intangible fixed assets	9	47,558,525	30,528,640
Tangible fixed assets	10	6,709,429	3,732,982
Investments	11	4,375,178	12,147,635
		<u>58,643,132</u>	<u>46,409,257</u>
<b>Current assets</b>			
Stocks	12	2,079,520	1,135,266
Debtors Amounts falling due within one year	13	7,930,692	4,746,720
Debtors Amounts falling due after more than one year	13	2,448,199	3,360,853
Cash at bank and in hand		6,280,532	1,660,785
		<u>18,738,943</u>	<u>10,903,624</u>
Creditors Amounts falling due within one year	14	(15,182,276)	(8,853,730)
Net current assets		<u>3,556,667</u>	<u>2,049,894</u>
Total assets less current liabilities		<u>62,199,799</u>	<u>48,459,151</u>
Creditors Amounts falling due after more than one year	15	82,630,639	61,410,757
		<u>82,630,639</u>	<u>61,410,757</u>
<b>Capital and reserves</b>			
Called up share capital	17	1	1
Profit and loss account	18	(20,430,841)	(12,951,607)
Shareholders' deficit	19	(20,430,840)	(12,951,606)
Total capital, reserves and long term liabilities		<u>62,199,799</u>	<u>48,459,151</u>

Approved by the Board and authorised for issue on 16/12/15 and signed on its behalf by

  
D R G Hillier (Chief Executive Officer)  
Director

**INDEPENDENT VETCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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**1 Accounting policies**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards

**Exemption from cashflow**

The company has not presented a cash flow statement on the grounds that it is a wholly owned subsidiary and a group cash flow statement is included in the financial statements of the parent company. The company is therefore exempt from the requirements of FRS1

**Exemption from preparing group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so under section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Independent Vetcare Holdings Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

**True and fair override on the transfer of trade and net assets of subsidiary undertaking**

On 31 December 2014, 31 January 2015, 28 February 2015, 31 July 2015 and 31 August 2015, group reorganisations were undertaken. The trade and net assets of eighteen of its subsidiary undertakings, as detailed in the Directors' Report, were transferred to the company with consideration for fifteen of the subsidiaries payable being equal to the carrying value in the balance sheet of their tangible net assets. As part of this reorganisation the Independent Vetcare Limited investment in those companies was written down, leaving a residual balance transferred to goodwill equal to the original goodwill arising on acquisition of the companies, this representing the substance of the impact of the reorganisation. The other three subsidiaries were acquired at market value. Following the transfer of the trade and assets, those companies have remained dormant.

**Going concern**

The company meets its day to day working capital requirements through loans from its intermediate parent company, IVC Bidco Limited. The financial statements have been prepared on a going concern basis, on the basis that the directors of IVC Bidco Limited have confirmed they have no intention of seeking repayment of the debt within the next 12 months from the date of approval of these financial statements.

**Turnover**

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

**Government grants**

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

**INDEPENDENT VETCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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**Goodwill**

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Acquired goodwill is written off in equal annual instalments over its useful economic life, which is considered by the directors to be 5 years.

**Tangible fixed assets and depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold properties	Over the term of the lease
Fixtures and surgery equipment	Straight line over 5 years
Motor vehicles	Straight line over 4 years
Computer equipment	Straight line over 3 years

**Fixed asset investments**

Fixed asset investments are stated at historical cost less provision for any diminution in value.

**Stock**

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

**Deferred tax**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

**Foreign currency**

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

**Hire purchase and leasing**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

**INDEPENDENT VETCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as an interest expense in the profit and loss account.

**Pensions**

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

**2 Turnover**

The total turnover for the group for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

**3 Operating loss**

Operating loss is stated after charging/(crediting)

	2015 £	2014 £
Operating leases - plant and machinery	292,399	217,288
Operating leases - other assets	2,863,618	1,738,581
Foreign currency losses	78	-
Loss/(profit) on sale of tangible fixed assets	1,024	(12,000)
Depreciation of owned assets	2,133,602	1,134,461
Hire purchase interest	7,943	-
Amortisation	11,974,441	8,389,118
Auditor's remuneration - the audit of the company's accounts	34,900	34,400
Auditor's remuneration - other compliance services	21,525	33,900
Auditor's remuneration - taxation compliance	16,100	15,900
Auditor's remuneration - other advisory services	120,038	-

In addition to the above, the auditors were paid £95,350 (2014: £140,610) in relation to financial due diligence and acquisitions advice which are included as part of the cost of investments in note 11.

All directors are remunerated through the company's parent undertaking IVC Bidco Limited.



**INDEPENDENT VETCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

**4 Write off of fixed asset investments**

	2015 £	2014 £
Amounts written off investments	<u>6,469,151</u>	<u>1,551,220</u>

Amounts written off investments are explained in the accounting policies on page 12 of the financial statements

**5 Particulars of employees**

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

	2015 No	2014 No.
Assistant vets	370	218
Nurses	510	304
Support staff	<u>585</u>	<u>298</u>
	<u>1,465</u>	<u>820</u>

The aggregate payroll costs were as follows

	2015 £	2014 £
Wages and salaries	35,365,731	19,102,560
Social security costs	2,977,100	1,620,983
Staff pensions	<u>413,898</u>	<u>132,651</u>
	<u>38,756,729</u>	<u>20,856,194</u>

**6 Other interest receivable and similar income**

	2015 £	2014 £
Bank interest receivable	<u>238</u>	<u>-</u>

**7 Interest payable and similar charges**

	2015 £	2014 £
Other interest payable	404	3,832,902
Intra group interest	<u>3,977,135</u>	<u>-</u>
	<u>3,977,539</u>	<u>3,832,902</u>

**INDEPENDENT VETCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

**8 Taxation**

**Tax on loss on ordinary activities**

	2015 £	2014 £
<b>Current tax</b>		
Adjustments in respect of previous years	(21,075)	(1,991)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(47,509)	(40,791)
<b>Total tax on loss on ordinary activities</b>	<u>(68,584)</u>	<u>(42,782)</u>

**Factors affecting current tax charge for the year**

Tax on loss on ordinary activities for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.5% (2014 - 22%)

The differences are reconciled below

	2015 £	2014 £
Loss on ordinary activities before taxation	(7,547,818)	(6,764,429)
Corporation tax at standard rate	(1,547,303)	(1,488,174)
Depreciation in excess of capital allowances	107,071	56,967
Other timing differences	(2,972)	3,539
Losses arising in period carried forward	44,855	481,266
Dividends received not taxable	(1,389,587)	(430,679)
Non deductible expenses (predominantly write-off of fixed asset investments and non-deductible goodwill amortisation)	2,787,936	1,377,081
Adjustments in respect of previous periods	(21,075)	(1,991)
<b>Total current tax</b>	<u>(21,075)</u>	<u>(1,991)</u>

The company has tax losses available to carry forward against future profits of £4,196,048 (2014 £3,977,243). A deferred tax asset in respect of the tax losses to carry forward against future profits of £839,210 (2014 £766,993) at the standard rate of UK corporation tax of 20% has not been recognised on the grounds that there is insufficient evidence that the asset will be recoverable. A deferred tax asset on losses of £nil (2014 £28,456) has been recognised and offset against deferred tax liabilities as disclosed in note 16 of the financial statements.

INDEPENDENT VETCARE LIMITED  
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**9 Intangible fixed assets**

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 October 2014	46,313,067
Additions	14,099,839
Transferred from investments	10,541,534
Transferred from group companies	<u>4,362,953</u>
At 30 September 2015	<u>75,317,393</u>
<b>Amortisation</b>	
At 1 October 2014	15,784,427
Charge for the year	<u>11,974,441</u>
At 30 September 2015	<u>27,758,868</u>
<b>Net book value</b>	
At 30 September 2015	<u>47,558,525</u>
At 30 September 2014	<u>30,528,640</u>

The amounts transferred from group companies relate to those transferred on 31 December 2014, 31 January 2015, 28 February 2015, 31 July 2015 and 31 August 2015 as detailed on page 3 (director's report) and on page 12 of these financial statements

The company acquired the trade and assets of a number of businesses during the year. The assets acquired comprised the goodwill, tangible fixed assets, stock and trade debtors. The tangible fixed assets acquired are disclosed in note 10 to the financial statements and the stock and trade debtors acquired are not considered material to be disclosed separately.

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**10. Tangible fixed assets**

	Short leasehold land and buildings £	Fixtures and surgery equipment £	Motor vehicles £	Computer equipment £	Total £
<b>Cost</b>					
At 1 October 2014	834,986	2,752,278	120,294	1,826,249	5,533,807
Additions	341,215	2,216,063	23,272	1,607,689	4,188,239
Disposals	-	(16,781)	(190)	(5,306)	(22,277)
Transferred from group companies	262,021	612,893	20,827	48,346	944,087
At 30 September 2015	1,438,222	5,564,453	164,203	3,476,978	10,643,856
<b>Depreciation</b>					
At 1 October 2014	224,685	965,318	47,497	563,325	1,800,825
Charge for the year	140,058	1,120,495	54,156	818,893	2,133,602
At 30 September 2015	364,743	2,085,813	101,653	1,382,218	3,934,427
<b>Net book value</b>					
At 30 September 2015	1,073,479	3,478,640	62,550	2,094,760	6,709,429
At 30 September 2014	610,301	1,786,960	72,797	1,262,924	3,732,982

The amounts transferred from group companies relate to those transferred on 31 December 2014, 31 January 2015, 28 February 2015, 31 July 2015 and 31 August 2015 as detailed on page 3 (director's report) and on page 12 of these financial statements

Included within additions are £298,508 of leasehold property, £332,383 of fixtures and surgery equipment, £6,500 of motor vehicles and £23,277 of computer equipment that were acquired from various trade and asset purchases of unincorporated businesses during the year

**Leased assets**

Included within the net book value of tangible fixed assets is £54,522 (2014 - £71,684) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £17,162 (2014 - £5,541)

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**11 Investments held as fixed assets**

	2015 £	2014 £
Shares in group undertakings and participating interests	<u>4,375,178</u>	<u>12,147,635</u>
<b>Shares in group undertakings and participating interests</b>		
		<b>Subsidiary undertakings £</b>
<b>Cost</b>		
At 1 October 2014		12,147,635
Additions		9,470,012
Amounts written off (note 4)		(198,431)
Transferred to goodwill (note 9)		<u>(17,044,038)</u>
At 30 September 2015		<u>4,375,178</u>
<b>Net book value</b>		
At 30 September 2015		<u>4,375,178</u>
At 30 September 2014		<u>12,147,635</u>

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**Details of undertakings**

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

<b>Undertaking</b>	<b>Holding</b>	<b>Proportion of voting rights and shares held</b>	<b>Principal activity</b>
<b>Subsidiary undertakings</b>			
Chase Vets Limited	Ordinary	100%	Dormant
Chase Vets Eastbourne Limited	Ordinary	100%	Dormant
Richard Hillman Veterinary Centre Limited	Ordinary	100%	Dormant
St Marys Veterinary Clinic Limited	Ordinary	100%	Dormant
The Cambushinnie Service Company Limited	Ordinary	100%	Dormant
Westwood Veterinary Practice Limited	Ordinary	100%	Dormant
Celyn House Limited	Ordinary	100%	Dormant
K and M Donald Limited	Ordinary	100%	Dormant
The Island Veterinary Associates Limited	Ordinary	100%	Dormant
Gatehouse Veterinary Centre Limited	Ordinary	100%	Dormant
Northdale Veterinary Practice Limited	Ordinary	100%	Dormant
Lowesmoor House Veterinary Centre Limited	Ordinary	100%	Dormant
Croft Vets Limited	Ordinary	100%	Veterinary services
Well House Vets Limited	Ordinary	100%	Dormant
Clifton Veterinary Practice Limited	Ordinary	100%	Dormant
Shore Veterinary Centre Limited	Ordinary	100%	Dormant
J Dinsdale Limited	Ordinary	100%	Dormant
Alexander Veterinary Centre Limited	Ordinary	100%	Dormant
Rhyd Broughton Veterinary Group Limited	Ordinary	100%	Dormant
Boyce & Houston Limited	Ordinary	100%	Veterinary services
Abbeyvet (North East) Limited	Ordinary	100%	Dormant
Burch Tree Vets Limited	Ordinary	100%	Veterinary services
A and J Practice Management Limited	Ordinary	100%	Veterinary services

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Details of the fair values of assets acquired relating to each company are disclosed in the financial statements of Independent Vetcare Holdings Limited

All of the above companies are registered in England and Wales with exception of The Cambushinnie Service Company Limited, K and M Donald Limited, Boyce and Houston Limited and Shore Veterinary Centre Limited which are registered in Scotland

Independent Vetcare Limited owns a number of other wholly owned subsidiaries all of which were dormant as at 30 September 2015 and are disclosed in the financial statements of Independent Vetcare Holdings Limited

**12 Stocks**

	2015 £	2014 £
Goods for resale	<u>2,079,520</u>	<u>1,135,266</u>

**13 Debtors**

	2015 £	2014 £
Trade debtors	4,093,144	2,478,941
Amounts owed by group undertakings	2,448,199	3,360,853
Other debtors	2,342,464	1,473,988
Prepayments and accrued income	<u>1,495,084</u>	<u>793,791</u>
	<u>10,378,891</u>	<u>8,107,573</u>

Debtors includes £2,448,199 (2014 - £3,360,853) receivable after more than one year

**14 Creditors Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	8,913,692	5,340,143
Obligations under finance lease and hire purchase contracts	30,795	25,646
Corporation tax	146,138	86,244
Other taxes and social security	3,448,683	1,653,927
Other creditors	541,265	603,095
Accruals and deferred income	<u>2,101,703</u>	<u>1,144,675</u>
	<u>15,182,276</u>	<u>8,853,730</u>

**15 Creditors Amounts falling due after more than one year**

	2015 £	2014 £
Obligations under finance lease and hire purchase contracts	30,112	5,106
Amounts owed to group undertakings	<u>82,600,527</u>	<u>61,405,651</u>
	<u>82,630,639</u>	<u>61,410,757</u>

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**16 Provisions**

	<b>Deferred tax £</b>
At 1 October 2014	-
On transfer of assets from group companies	47,509
Credited to the profit and loss account	<u>(47,509)</u>
At 30 September 2015	<u>-</u>

**17 Share capital**

**Allotted, called up and fully paid shares**

	<b>2015</b>		<b>2014</b>	
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
Ordinary share of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

**18 Reserves**

	<b>Profit and loss account £</b>
At 1 October 2014	(12,951,607)
Loss for the year	<u>(7,479,234)</u>
At 30 September 2015	<u>(20,430,841)</u>

**19 Reconciliation of movement in shareholders' funds**

	<b>2015 £</b>	<b>2014 £</b>
Loss attributable to the members of the company	(7,479,234)	(6,721,647)
Net reduction to shareholders' funds	<u>(7,479,234)</u>	<u>(6,721,647)</u>
Shareholders' deficit at 1 October	<u>(12,951,606)</u>	<u>(6,229,959)</u>
Shareholders' deficit at 30 September	<u>(20,430,840)</u>	<u>(12,951,606)</u>



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**20 Contingent liabilities**

The company is bound by an intra-group cross guarantee in respect of bank debt with other members of the group headed by its ultimate UK parent undertaking, IVC Bidco Limited. The amount guaranteed at 30 September 2015 is £80,000,000 (2014 £54,262,535) and is secured by a debenture over the assets and undertakings of certain companies in the group.

**21 Commitments**

**Operating lease commitments**

As at 30 September 2015 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire

	2015 £	2014 £
<b>Land and buildings</b>		
Within one year	62,125	32,105
Within two and five years	357,895	208,500
Over five years	3,059,501	1,781,196
	<u>3,479,521</u>	<u>2,021,801</u>
<b>Other</b>		
Within one year	155,854	148,727
Within two and five years	399,252	127,072
Over five years	1,454	6,767
	<u>556,560</u>	<u>282,566</u>

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**22 Post balance sheet events**

After the year end, the company acquired the entire share capital of Terrington Vets Limited, Abbeydale Veterinary Centre Limited, Vermuyden Veterinary Practice Limited, Forest Lodge Veterinary Practice Limited and Kilbarchan Veterinary Practice Limited. In addition the company also acquired the trade and net assets of Wards Veterinary Centre.

The principal activity of each of these is the provision of veterinary services and the total consideration payable in respect of these acquisitions amounted to £2,269,158.

**23 Related party transactions**

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

**24 Control**

The ultimate parent undertaking is IVC Holdings 1 Sarl, a company registered in Luxembourg, which is controlled by funds managed by Summit Partners Europe Private Equity Fund LP. The immediate parent undertaking is Independent Vetcare Finance Limited.

Independent Vetcare Holdings Limited prepares consolidated financial statements, copies of which may be obtained from Companies House.