

Registration number: 10510862

IVC ACQUISITION MIDCO LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
Gloucestershire
GL50 3AT



IVC ACQUISITION MIDCO LIMITED

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IVC ACQUISITION MIDCO LIMITED

COMPANY INFORMATION

Directors

A J Davis
P G Franzen
D R G Hillier
N A Ringby

Registered Office

Station House East
Ashley Avenue
Bath
BA1 3DS

Bankers

HSBC Bank Plc
2nd Floor
HSBC House
Mitchell Way
Southampton
SO18 2XU

Auditors

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

IVC ACQUISITION MIDCO LIMITED

DIRECTORS' REPORT FOR THE PERIOD FROM 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

The directors present their report and the consolidated financial statements for the period from 5 December 2016 to 30 September 2017.

Incorporation

The company was incorporated on 5 December 2016 and commenced trading on 30 January 2017 following the acquisition of IVC Topco Limited and its subsidiaries in the United Kingdom, comprising of 317 sites. On 5 May 2017, the group acquired the entire issued share capital of Evidensia Holdings AB and its subsidiaries within Europe, comprising of 173 sites.

Further acquisitions in the UK and Europe during the period created a group of 640 practices as at 30 September 2017. The profit and loss account presented for the period therefore comprises the UK group results from 1 February 2017 (including pro-rata results for acquisitions made in the UK since that date), together with the European group results for the period since 6 May 2017 (including pro-rata results for acquisitions made in Europe since that date).

The full year internally reported results for the year ended 30 September 2017 show turnover of £338,784,608 and group EBITDA (earnings before interest, tax, depreciation, amortisation and exceptional costs) of £40,186,723. These figures are not represented in these statutory accounts, which report the period from 30 January 2017 to 30 September 2017, following the change of ownership of the group which took place on 30 January 2017.

Principal activity

The principal activity of the group is that of the provision of veterinary services.

The principal activity of the company is that of a non-trading holding company. The company was established to acquire independent veterinary groups that provide high quality care. A full list of acquisitions is detailed in the financial statements of Independent Vetcare Limited, the company's 100% subsidiary undertaking.

Directors of the company

The directors who held office during the period were as follows:

A J Davis (appointed 9 February 2017)
P G Franzen (appointed 9 February 2017)
D R G Hillier (appointed 9 February 2017)
N A Ringby (appointed 9 February 2017)
J C Campbell (appointed 5 December 2016 and resigned 9 February 2017)
J M Howard (appointed 5 December 2016 and resigned 9 February 2017)

Employment of disabled persons

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

Employee involvement

The group encourages the involvement of employees in its management through regular departmental meetings.

Future developments

The group 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 group is strongly cash generating before investing in additional acquisitions.

IVC ACQUISITION MIDCO LIMITED

DIRECTORS' REPORT FOR THE PERIOD FROM 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

Important post balance sheet events

After the year end, the group acquired the entire share capital of Brown & Bentley Ltd, CVG (D.C.) Limited, Walpole & Bingham Limited, Dierenkliniek Den Herd B.V., Dier En Dokter B.V., Dier En Dokter Eindhoven B.V., Kapsapea Limited, LWAH Limited, MBM Vets Limited, Glenburn Veterinary Centre Limited, Crieff Vets Limited, Kleintierpraxis ACR AG, Glaven Veterinary Practice Limited, Wherry Veterinary Practice Limited, Mijn Dierenkliniek Leiden B.V., Mijn Dierenkliniek De Mare B.V., Mijn Dierenkliniek Lisse B.V., Mijn Dierenkliniek Hillegom B.V., Waterloo House Veterinary Services Limited, Roe Valley Veterinary Clinic Limited, West Midlands Vets Limited, Northside Emergency Veterinary Clinic Limited, The Veterinary Clinic Limited, Taverham Veterinary Practice Holdings Limited, Taverham Veterinary Practice Limited, Taylor Veterinary Practice Limited, Dierenkliniek Benschop-Oudewater B.V., Avon Lodge Veterinary Centre Limited, DVG Limited, and Foreman & Hanna Limited.

After the year end, the group also acquired the trade and certain assets of Dierenkliniek Keizerskroon, The Brook Veterinary Clinic, Fair City Veterinary Group, Millburn Veterinary Practice, Bowler Lewis and Partners, Dierenkliniek Velp-Veluwezoo, Alphavet Veterinary Centre, Dierenkliniek Volendam, Delaware Veterinary Group, Aryton Veterinary Hospital, Nunhouse Veterinary Clinic, Seaview Veterinary Clinic, Bronshoj Dyrekliniek, Kleintierpraxis Schwänteramos, Vine Tree Vets, Bishopbriggs Veterinary Practice, Ivybank Veterinary Clinic and Dierenkliniek Lieshout.

The principal activity of the above companies and businesses is the provision of veterinary services and the total consideration payable in respect of these acquisitions amounted to £103,327,603.

Disclosure of information to the auditors

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 which they know the auditors are unaware of.

Appointment of auditors

Hazlewoods LLP were appointed as auditors to the company during the period and have expressed their willingness to continue in office.

Approved by the board on 19.2.18 and signed on its behalf by:


A J Davis
Director

IVC ACQUISITION MIDCO LIMITED

STRATEGIC REPORT FOR THE PERIOD FROM 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

The directors present their strategic report for the period from 5 December 2016 to 30 September 2017.

Business review

Strategy & Progress

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

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 within creditors.

Goodwill arising from acquisitions is written off over between 5 and 15 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.

Review of the business

The results for the period (from the date of each acquisition to 30 September 2017), which are set out in the profit and loss account show an operating profit before amortisation of goodwill and exceptional costs of £23,861,844. This equates to a group operating loss of £38,816,376 after charging amortisation of £50,312,704 and exceptional costs of £12,365,516. Group EBITDA (earnings before interest, tax, depreciation, amortisation and exceptional costs) was £33,255,990.

As at 30 September 2017, the group had total assets less current liabilities of £1,198,402,649.

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

Principal risks and uncertainties

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

Key performance indicators

Given the nature of the business, the group's directors are of the opinion that key performance indicators are important. The group 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 group.

Directors' insurance

The group maintains insurance policies on behalf of all directors against liability arising from negligence, breach of duty and breach of trust in relation to the group.

IVC ACQUISITION MIDCO LIMITED

**STRATEGIC REPORT
FOR THE PERIOD FROM 5 DECEMBER 2016 TO 30 SEPTEMBER 2017**

Financial instruments

Objectives and policies

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

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

The group is exposed to the usual credit and cash flow risk associated with selling on credit and manages this through credit control procedures. However, most of the group's sales are paid in cash or by credit or debit card and are subject to little risk.

Credit risk in respect of bank balances is safeguarded by using banks with high credit ratings.

Approved by the board on 19.2.18 and signed on its behalf by:


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A J Davis
Director

IVC ACQUISITION MIDCO LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

IVC ACQUISITION MIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IVC ACQUISITION MIDCO LIMITED

Opinion

We have audited the financial statements of IVC Acquisition Midco Limited (the 'parent company') and its subsidiaries (the 'group') for the period 5 December 2016 to 30 September 2017, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2017 and of the group's loss for the period 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Benjamin J. [Signature]

IVC ACQUISITION MIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IVC ACQUISITION MIDCO LIMITED

Opinion on other matter 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.


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

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Date:

19 February 2018

IVC ACQUISITION MIDCO LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

	Note	5 December 2016 to 30 September 2017 £
Turnover	3	272,266,786
Cost of sales		(165,679,278)
Gross profit		106,587,508
Administrative expenses		(84,515,200)
Other operating income		1,782,523
Share of operating profit in associate		7,013
Operating profit before amortisation and exceptional costs		23,861,844
Amortisation of intangible fixed assets	10	(50,312,704)
Exceptional costs	4	(12,365,516)
Group operating loss	5	(38,816,376)
Interest receivable and similar income		22,575
Interest payable and similar charges	8	(50,615,657)
Loss on ordinary activities before taxation		(89,409,458)
Tax on loss on ordinary activities	9	(814,336)
Loss for the financial period		(90,223,794)
Loss attributable to:		
Owners of the company		(90,191,096)
Non-controlling interest		(32,698)
		(90,223,794)

The above results were derived from continuing operations.

The table below illustrates the group EBITDA for the periods from the date of acquisition as detailed in note 10:

	5 December 2016 to 30 September 2017 £
Loss on ordinary activities before taxation	(89,409,458)
Interest payable (net of interest received)	50,593,082
Amortisation of intangible fixed assets	50,312,704
Depreciation of tangible fixed assets	9,394,146
Exceptional costs	12,365,516
Earnings before Interest, tax, depreciation, amortisation (EBITDA) and exceptional items	33,255,990

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 5 DECEMBER 2016 TO
30 SEPTEMBER 2017**

	5 December 2016 to 30 September 2017 £
Loss for the period	(90,223,794)
Currency translation differences on foreign currency net investments	4,124,972
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Total comprehensive income for the period	(86,098,822)
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The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED
(Registration number: 10510862)

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2017

		30 September 2017 £
Fixed assets	Note	
Intangible fixed assets	10	1,101,468,989
Tangible fixed assets	11	52,295,196
Investments	12	3,776,119
		<hr/> 1,157,540,304 <hr/>
Current assets		
Stocks	13	15,034,257
Debtors	14	35,703,169
Cash at band and in hand		101,001,204
		<hr/> 151,738,630 <hr/>
Creditors: Amounts falling due within one year	15	(110,876,285)
		<hr/>
Net current assets		40,862,345
		<hr/>
Total assets less current liabilities		1,198,402,649
		<hr/>
Creditors: Amounts falling due after more than one year	15	974,249,155
		<hr/>
Provisions for liabilities	17	268,133
		<hr/>
Capital and reserves		
Called up share capital	18	9,568,110
Share premium reserve		300,416,073
Profit and loss account		(86,066,124)
		<hr/>
Equity attributable to owners of the company		223,918,059
Non-controlling interest		(32,698)
		<hr/>
Total equity		223,885,361
		<hr/>
Total capital, reserves and long term liabilities		1,198,402,649
		<hr/>

Approved by the board and authorised for issue on 19.2.18 and signed on its behalf by:


A J Davis
Director


The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED
(Registration number: 10510862)

BALANCE SHEET
AS AT 30 SEPTEMBER 2017

	Note	30 September 2017 £
Fixed assets		
Investments	12	309,984,183
Current assets		
Debtors: Amounts falling due after more than one year	14	412,664,362
Creditors: Amounts falling due within one year	15	(6,850)
Net current assets		412,657,512
Total assets less current liabilities		722,641,695
Creditors: Amounts falling due after more than one year	15	412,664,362
Capital and reserves		
Called up share capital	18	9,568,110
Share premium		300,416,073
Profit and loss account		(6,850)
Shareholders' funds		309,977,333
Total capital, reserves and long term liabilities		722,641,695

Approved by the board and authorised for issue on 19.2.18 and signed on its behalf by:


A J Davis
Director

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

	Share capital	Share premium	Retained earnings	Total	Non- controlling interests	Total equity
	£	£	£	£	£	£
Loss for the period	-	-	(90,191,096)	(90,191,096)	(32,698)	(90,223,794)
Surplus relating to foreign exchange differences	-	-	4,124,972	4,124,972	-	4,124,972
Total comprehensive income	-	-	(86,066,124)	(86,066,124)	(32,698)	(86,098,822)
New share capital subscribed	9,568,110	300,416,073	-	309,984,183	-	309,984,183
Balance at 30 September 2017	9,568,110	300,416,073	(86,066,124)	223,918,059	(32,698)	223,885,361

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017**

	Share capital £	Share premium £	Retained earnings £	Total £
Loss for the period and total comprehensive income	-	-	(6,850)	(6,850)
Share capital subscribed	9,568,110	300,416,073	-	309,984,183
Balance at 30 September 2017	9,568,110	300,416,073	(6,850)	309,977,333

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

1 General Information

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

The address of its registered office is:

Station House East
Ashley Avenue
Bath
BA1 3DS

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Cash flow exemption

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

Basis of preparation

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

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

Basis of consolidation

These financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 September 2017.

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

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

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

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

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

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

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

Parent company profit

As permitted by section 480 of the Companies Act 2006, the parent company's statement of comprehensive income has not been included in these financial statements. The group loss for the period includes a loss of £6,850 dealt with in the profit and loss account of the parent company.

Disclosure of long or short period

The financial statements cover a period of 300 days. The accounting period has been shortened to bring the year end in line with that of its subsidiary undertaking, Independent Vetcare Limited.

Going concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

Judgements and key estimation uncertainty

The directors consider that there are no key areas of judgement or estimation uncertainty to be disclosed in these financial statements.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Interest income

Interest income is recognised using the effective interest method.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

The financial statements of overseas subsidiary undertakings are translated at the rate ruling at the balances sheet date. The exchange differences arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign enterprises, which are taken to reserves together with the exchange difference on the net investment in these enterprises. Tax charges and credits attributable to exchange differences on those borrowings are also taken to reserves.

Intangible fixed assets

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business. Goodwill recognised at acquisition is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill amortisation is charged on a straight line basis so as to write off the cost of the asset, less its residual value assumed to be zero, over its useful economic life. Goodwill acquired on the acquisition of IVC Topco Limited is being written off over a period of 15 years. Purchased goodwill and goodwill attributable to the acquisition of other subsidiaries is being written off over a period between 5 and 15 years.

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

Tangible assets

Tangible assets are carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on assets is calculated so as to write off the cost of an asset, less its residual value, over their estimated useful lives as follows:

Freehold property	Nil
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

No depreciation is provided on freehold land and buildings as it is the company's policy to maintain these assets so that they keep their previously assessed standard of performance. As the useful economic lives of these assets are of such length and the residual values are such that they are not materially different from the carrying amount any depreciation would not be material.

Cash and cash equivalents

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

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Inventories are also assessed for impairment at each reporting date. The carrying amount of each item of inventory, or group of similar items, is compared with its selling price less costs to complete and sell. If an item is found to be impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss recognised immediately in profit or loss.

Trade debtors

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

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Trade creditors

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

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

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Borrowings

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

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

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

Provisions

Provisions are recognised when the company has a legal or constructive obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Tax

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

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

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

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

Share capital

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

The notes on pages 15 to 38 form an integral part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017**

Defined contribution pension obligation

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

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

Financial instruments

Classification

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

Recognition and measurement

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

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

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, and impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

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

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

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

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

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017**

3 Turnover

The analysis of the group's turnover for the period from continuing operations is as follows:

	2017 £
Sale of goods	13,766,670
Rendering of services	258,500,116
	<hr/> 272,266,786 <hr/>

The total turnover of the group for the period has been derived from its principal activity undertaken in:

	2017 £
United Kingdom	169,490,721
Europe	102,776,065
	<hr/> 272,266,786 <hr/>

4 Exceptional items

	2017 £
Costs of reorganisation and restructuring	12,365,516
	<hr/>

5 Operating loss

	2017 £
Operating loss is stated after charging/(crediting):	
Amortisation	50,312,704
Depreciation	9,394,146
Operating leases – property	5,648,936
Operating lease rentals	401,981
Foreign currency gains	(3,423,725)
Profit on sale of tangible fixed assets	(446,674)
Auditors' remuneration – audit services	127,800
Auditors' remuneration – other compliance services	73,250
Auditors' remuneration – taxation compliance	47,950
Auditors' remuneration – other advisory services	395,376
	<hr/>

In addition to the above, the auditors were paid £116,000 in relation to financial due diligence and acquisitions advice, which is included as part of the cost of acquisitions in note 10.

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017**

6 Staff costs

The aggregate employee benefit expenses were as follows:

	2017 £
Wages and salaries	108,352,379
Social security costs	13,442,088
Expense of defined contribution pension scheme	5,366,833
	<hr/> 127,161,300 <hr/>

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

	2017 No.
Vets	1,966
Nurses	2,851
Support staff	2,601
	<hr/> 7,418 <hr/>

7 Directors' remuneration

The directors' remuneration for the period was as follows:

	2017 £
Remuneration (including benefits in kind)	432,292
Contributions paid to money purchase schemes	3,233
	<hr/> 435,525 <hr/>

During the period the number of directors who were receiving benefits and share incentives was as follows:

	2017 No.
Accruing benefits under money purchase pension scheme	2
	<hr/>

In respect of the highest paid director:

	2017 £
Remuneration (including benefits in kind)	274,385
Company contributions to money purchase pension schemes	2,000
	<hr/> 276,385 <hr/>

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017**

8 Interest payable and similar charges

	2017 £
Finance charges adjacent to interest	7,813,542
Bank loan interest	9,389,654
Group interest payable	32,769,543
Other interest payable	642,918
	<hr/>
Group interest payable and similar charges	50,615,657
	<hr/>

9 Corporation Tax

	2017 £
Current tax:	
UK corporation tax	1,233,225
UK corporation tax adjustment to pre-acquisition periods	(11,746)
European corporation tax	113,252
European corporation tax adjustment to pre-acquisition periods	9,194
	<hr/>
Total current tax	1,343,925
	<hr/>
Deferred tax:	
Origination and reversal of timing differences	(529,589)
	<hr/>
Total deferred tax	(529,589)
	<hr/>
Tax on profit on ordinary activities	814,336
	<hr/>

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017**

9 Corporation tax (continued)

Tax on profit on ordinary activities for the period is higher than the standard rate of corporate tax in the UK of 19.4%.

The differences are reconciled below:

	2017 £
Loss on ordinary activities before taxation	(89,409,458)
Corporation tax at standard rate	(17,345,435)
Non deductible expenses (predominantly goodwill amortisation on consolidation and element of loan note interest)	9,272,283
Depreciation in excess of capital allowances	3,222,143
Other timing differences	63,773
Adjustment for pre-acquisition periods	(2,552)
Taxable losses	6,133,713
Deferred tax – short term timing differences	(529,589)
	18,159,771
Total current tax	814,336
Deferred tax	
Deferred tax assets and liabilities	
2017	Asset £
Fixed asset timing differences	64,875

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

10 Intangible fixed assets

	Goodwill	Other intangibles	Total intangible assets
	£	£	£
Cost			
Additions and at 30 September 2017	1,150,785,545	996,148	1,151,781,693
Amortisation			
Charge for the period and at 30 September 2017	50,151,521	161,183	50,312,704
Net book value			
At 30 September 2017	1,100,634,024	834,965	1,101,468,989

The directors have considered the accounting requirements of FRS102 and have concluded that there were no other material intangible assets acquired with the above businesses.

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017**

10 Intangible fixed assets (continued)

On 30 January 2017, IVC Acquisition Limited acquired 100% of the issued share capital of IVC Topco Limited and its subsidiary undertakings, obtaining control.

The group (including further acquisitions made in the period) contributed £169,490,722 of revenue and £39,384,485 to the group's loss for the period between the date of acquisition and the balance sheet date.

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

	Fair value 30 September 2017 £
Assets and liabilities acquired	
Financial assets	186,763,219
Stocks	3,579,602
Tangible assets	14,475,931
Financial liabilities	(430,362,018)
	<u>(225,543,266)</u>
Total identifiable assets	
Goodwill	<u>586,302,403</u>
Total consideration	<u>360,759,137</u>
Satisfied by:	
Cash	353,662,990
Costs of acquisition	7,096,147
Deferred consideration	<u>-</u>
Total consideration transferred	<u>360,759,137</u>
Cashflow analysis:	
Cash consideration	360,759,137
Less: cash and cash equivalent balances acquired	<u>(13,702,437)</u>
Net cash outflow arising on acquisition	<u>347,056,700</u>

The useful life of goodwill is 15 years.

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017**

10 Intangible fixed assets (continued)

On 5 May 2017, IVC Acquisition Limited acquired 100% of the issued share capital of Evidensia Holdings AB and its subsidiary undertakings, obtaining control.

The group (including further acquisitions made in the period) contributed £102,776,065 of revenue and £13,329,655 to the group's loss for the period between the date of acquisition and the balance sheet date.

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

	Fair value 30 September 2017 £
Assets and liabilities acquired	
Financial assets	94,777,475
Stocks	8,866,266
Tangible assets	26,894,125
Financial liabilities	(221,581,297)
	<u>(91,043,431)</u>
Total identifiable assets	
Goodwill	<u>377,433,298</u>
Total consideration	<u>286,389,867</u>
Satisfied by:	
Cash	280,000,000
Costs of acquisition	6,389,867
Deferred consideration	<u>-</u>
Total consideration transferred	<u>286,389,867</u>
Cashflow analysis:	
Cash consideration	286,389,867
Less: cash and cash equivalent balances acquired	<u>(25,540,326)</u>
Net cash outflow arising on acquisition	<u>260,849,541</u>

The useful life of goodwill is 15 years.

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017****10 Intangible fixed assets (continued)**

On 31 July 2017, Independent Vetcare Limited acquired 100% of the issued share capital of Pro-vets Group Limited and its subsidiary undertakings, obtaining control.

The group contributed £3,812,275 of revenue and £326,737 of profit to the group's loss for the period between the date of acquisition and the balance sheet date.

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

	Fair value 30 September 2017 £
Assets and liabilities acquired	
Financial assets	2,357,736
Stocks	710,035
Tangible assets	2,053,820
Financial liabilities	(35,028,324)
	<u>(29,906,733)</u>
Total identifiable assets	
Goodwill	<u>61,030,993</u>
Total consideration	<u>31,124,260</u>
Satisfied by:	
Cash	30,290,255
Costs of acquisition	834,005
Deferred consideration	<u>-</u>
Total consideration transferred	<u>31,124,260</u>
Cashflow analysis:	
Cash consideration	31,124,260
Less: cash and cash equivalent balances acquired	<u>(1,010,238)</u>
Net cash outflow arising on acquisition	<u>30,114,022</u>

The useful life of goodwill is 15 years.

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

10 Intangible fixed assets (continued)

A subsidiary, Independent Vetcare Limited, acquired 25 companies and businesses in the period post 30 January 2017 (consolidated within these financial statements). All acquisitions have been accounted for using the acquisition method of accounting. No adjustments were considered necessary to restate the book value of net assets acquired to fair value.

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

	Fair value 30 September 2017 £
Assets and liabilities acquired	
Financial assets	10,134,591
Stocks	748,344
Tangible assets	4,632,663
Financial liabilities	(8,772,538)
	<hr/>
Total identifiable assets	6,743,060
Goodwill	100,561,989
	<hr/>
Total consideration	107,305,049
	<hr/>
Satisfied by:	
Cash	101,905,040
Costs of acquisition	2,910,009
Deferred consideration	2,490,000
	<hr/>
Total consideration transferred	107,305,049
	<hr/>
Cashflow analysis:	
Cash consideration	107,305,049
Less: cash and cash equivalent balances acquired	(6,478,498)
	<hr/>
Net cash outflow arising on acquisition	100,826,551
	<hr/>

The useful life of goodwill is 5 and 15 years.

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

10 Intangible fixed assets (continued)

A subsidiary, Evidensia Holdings AB, acquired 3 companies in the year (consolidated within these financial statements). All acquisitions have been accounted for using the acquisition method of accounting. No adjustments were considered necessary to restate the book value of net assets acquired to fair value.

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

	Fair value 30 September 2017 £
Assets and liabilities acquired	
Financial assets	379,449
Stocks	181,688
Tangible assets	343,943
Financial liabilities	(390,064)
	<hr/>
Total identifiable assets	515,016
Goodwill	25,456,862
	<hr/>
Total consideration	25,971,878
	<hr/>
Satisfied by:	
Cash	25,971,878
Costs of acquisition	-
Deferred consideration	-
	<hr/>
Total consideration transferred	25,971,878
	<hr/>
Cashflow analysis:	
Cash consideration	25,971,878
Less: cash and cash equivalent balances acquired	(235,848)
	<hr/>
Net cash outflow arising on acquisition	25,736,030
	<hr/>

The useful life of goodwill is 10 years.

The group acquired Veterinary Drugs 2 Go Limited, Easipetcare Limited, Shorewood Consultants Limited, Deane Veterinary Centre Limited, Alpha Veterinary Practice Limited, Chapelfield Veterinary Partnership Limited, Lesia AG, Kleine Huisdiern Kliniek Krimpen B.V., Kleintierpraxis Dr.Schiele Rosenheim GmbH, Dierenartsenpraktijk de Zuidwesthoek B.V., Dierenziekenhuis Rotterdam B.V, Veterinair Verwijscentrum de Pietersberg BV, and Mälarhöjden Veterinärpraktik AB which have not been consolidated within these financial statements, as they are not deemed to be material to the group.

The consideration above includes deferred consideration of £19,472,580 (of which £4,758,288 and £14,714,292 is included within other creditors of IVC Acquisition Limited and Evidensia Holdings AB respectively) and directly attributable legal and professional fees. All consideration other than deferred consideration was settled in cash.

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

11 Tangible assets

	Land & Buildings	Fixtures & surgery equipment	Motor vehicles	Computer equipment	Total
	£	£	£	£	£
Cost					
On acquisition	25,818,907	55,743,781	1,486,715	8,021,963	91,071,366
Additions	2,360,251	8,327,771	76,587	2,887,846	13,652,455
Disposals	(347,073)	(784,575)	(34,422)	(62,169)	(1,228,239)
Foreign exchange differences	(33,970)	317,994	-	-	284,024
Reclassification	514,267	(503,449)	-	(160)	10,658
At 30 September 2017	28,312,382	63,101,522	1,528,880	10,847,480	103,790,264
Depreciation					
On acquisition	7,201,539	30,210,205	978,921	4,280,219	42,670,884
Charge for the period	1,865,666	5,765,157	222,116	1,541,207	9,394,146
Disposals	(68,100)	(44,614)	(26,773)	(4,153)	(143,640)
Reclassification	298,248	(724,410)	-	(160)	(426,322)
At 30 September 2017	9,297,353	35,206,338	1,174,264	5,817,113	51,495,068
Net book value					
At 30 September 2017	19,015,029	27,895,184	354,616	5,030,367	52,295,196

Included within the net book value of land and buildings is £Nil in respect of freehold land and buildings, given it was disposed of in the period. It includes £19,015,029 in respect of short leasehold land and buildings.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts.

	2017 £
Fixtures and surgery equipment	5,345,499
Motor vehicles	75,933
Computer equipment	6,272
	<u>5,427,704</u>

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017**

12 Investments

Group

2017

£

Cost and carrying amount

Additions and at 30 September 2017

3,776,119

Details of undertakings

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

Company	Registered office	Class	Shares held %
Associates			
Dierenkliniek Wulven BV	Netherlands	Ordinary	50
Univet Kalanti Oy	Finland	Ordinary	51

The principal activity of both companies is that of the provision of veterinary services.

Aggregate financial information of associates

2017

£

Group share of profits in associates

7,013

The group's share of associates turnover and net assets at the balance sheet date was as follows:

Share of turnover	236,255
Share of assets	
Fixed assets	47,753
Current assets	87,922
	135,675
Share of liabilities	
Due within one year or less	75,778
Due after more than one year	66,966
	142,744
Share of net liabilities	(7,069)

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

Company

2017
£

Shares in group undertakings and participating interests

309,984,183

Shares in group
undertakings
£

Cost and net book value

Additions and 30 September 2017

309,984,183

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

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 disclosed in note 24.

13 Stocks

Group
2017
£

Company
2017
£

Finished goods and consumables

15,034,257

-

14 Debtors

Note

Group
2017
£

Company
2017
£

Trade debtors

17,217,690

-

Amounts owed by group undertakings

-

412,664,362

Other debtors

9,351,513

-

Deferred tax

9

64,875

-

Prepayments and accrued income

9,069,091

-

35,703,169

412,664,362

Parent company debtors includes £412,664,362 receivable after more than one year.

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

15 Creditors

Due within one year	Note	Group 2017 £	Company 2017 £
Loans and borrowings	16	635,303	-
Trade creditors		36,508,441	-
Corporation tax		1,236,906	-
Other taxes and social security costs		15,717,725	-
Other creditors		28,274,497	-
Accruals		28,503,413	6,850
		<u>110,876,285</u>	<u>6,850</u>
Due after one year			
Loans and borrowings	16	455,654,212	-
Amounts owed to group undertakings		518,594,943	412,664,362
		<u>974,249,155</u>	<u>412,664,362</u>

Other creditors due within one year includes deferred consideration of £19,472,580 in relation to certain acquisitions made by a subsidiary company. Details of debt including security are disclosed in note 16 to the financial statements.

16 Loans and borrowings

	Group 2017 £	Company 2017 £
Current loans and borrowings		
Bank loan	2,213	-
Hire purchase liabilities	633,090	-
	<u>635,303</u>	<u>-</u>
Non-current loans and borrowings		
Bank loan	451,869,385	-
Hire purchase liabilities	3,784,827	-
	<u>455,654,212</u>	<u>-</u>

Total bank loans outstanding of £451,871,598 are stated after deducting £6,696,061 of costs associated with the raising of this finance, which are being released to the profit and loss account over the term of the debt (i.e. total bank debt was £458,567,659 at 30 September 2017) and are repayable in 2025. The rate of interest on each loan for each interest period is the percentage rate per annum, which is the aggregate of the applicable margin and LIBOR as the case may be. Interest is paid in quarterly instalments, subject to the group's compliance with banking covenants.

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

17 **Provision for liabilities**

Group	Onerous lease provision £
Charged to the profit and loss account and at 30 September 2017	268,133

The group entered into a contract prior to the year end to lease new premises. The previous leases are due to run until 2018 and 2020 and as such a provision has been made in the year. This provision has been calculated based on the present value of the current rental payments payable up to the date of the next break clause in each lease.

18 **Share capital**

	2017 No	£
Ordinary shares of £0.01 each	359,431,606	3,594,316
Ordinary shares of £1 each	5,973,794	5,973,794
	<u>365,405,400</u>	<u>9,568,110</u>

New shares allotted

During the period 1 ordinary share having an aggregate nominal value of £0.01 was allotted for an aggregate consideration of £0.01. This occurred on 30 November 2016.

During the period 359,431,605 ordinary shares having an aggregate nominal value of £3,594,316 were allotted for an aggregate consideration of £3,594,316. This occurred on 31 January 2017.

During the period 5,018,795 ordinary shares having an aggregate nominal value of £5,018,795 were allotted for an aggregate consideration of £284,614,613. This occurred on 5 May 2017.

During the period 954,998 ordinary shares having an aggregate nominal value of £954,998 were allotted for an aggregate consideration of £1,775,256. This occurred on 29 June 2017.

During the period 1 ordinary share having an aggregate nominal value of £1 was allotted for an aggregate consideration of £20,000,000. This occurred on 7 August 2017.

19 **Pension schemes**

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represented contributions payable by the group to the scheme and amounted to £5,366,833.

Contributions totalling £253,385 were payable to the scheme at the end of the period and are included in creditors.

20 **Contingent liabilities**

Company

The company is bound by an intra-group cross guarantee in respect of bank debt with other members of the group headed by one of its UK parent undertakings, IVC Acquisition Limited. The amount guaranteed at 30 September 2017 is £458,567,659 and is secured by a debenture over the assets and undertakings of certain companies in the group.

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

21 Financial commitments

Finance leases

The total of future minimum lease payments is as follows:

	2017 £
Not later than one year	633,090
Later than one year and not later than five years	3,784,827
	<hr/> 4,417,917 <hr/>

Operating Leases

The total of future minimum lease payments is as follows:

	2017 £
Not later than one year	32,286,215
Later than one year and not later than five years	66,898,323
Later than five years	68,834,098
	<hr/> 168,018,636 <hr/>

22 Post balance sheet events

After the year end, the group acquired the entire share capital of Brown & Bentley Ltd, CVG (D.C.) Limited, Walpole & Bingham Limited, Dierenkliniek Den Herd B.V., Dier En Dokter B.V., Dier En Dokter Eindhoven B.V., Kapsapea Limited, LWAH Limited, MBM Vets Limited, Glenburn Veterinary Centre Limited, Crieff Vets Limited, Kleintierpraxis ACR AG, Glaven Veterinary Practice Limited, Wherry Veterinary Practice Limited, Mijn Dierenkliniek Leiden B.V., Mijn Dierenkliniek De Mare B.V., Mijn Dierenkliniek Lisse B.V., Mijn Dierenkliniek Hillegom B.V., Waterloo House Veterinary Services Limited, Roe Valley Veterinary Clinic Limited, West Midlands Vets Limited, Northside Emergency Veterinary Clinic Limited, The Veterinary Clinic Limited, Taverham Veterinary Practice Holdings Limited, Taverham Veterinary Practice Limited, Taylor Veterinary Practice Limited, Dierenkliniek Benschop-Oudewater B.V., Avon Lodge Veterinary Centre Limited, DVG Limited, and Foreman & Hanna Limited.

After the year end, the group also acquired the trade and certain assets of Dierenkliniek Keizerskroon, The Brook Veterinary Clinic, Fair City Veterinary Group, Millburn Veterinary Practice, Bowler Lewis and Partners, Dierenkliniek Velp-Veluwezoo, Alphavet Veterinary Centre, Dierenkliniek Volendam, Delaware Veterinary Group, Aryton Veterinary Hospital, Nunhouse Veterinary Clinic, Seaview Veterinary Clinic, Bronshøj Dyreklinik, Kleintierpraxis Schwantenmos, Vine Tree Vets, Bishopbriggs Veterinary Practice, Ivybank Veterinary Clinic, and Dierenkliniek Lieshout.

The principal activity of the above companies and businesses is the provision of veterinary services and the total consideration payable in respect of these acquisitions amounted to £103,327,603.

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

23 Parent and ultimate parent undertaking

The company is controlled by IVC Acquisition Pikco Limited, a company registered in England and Wales. The ultimate parent undertaking up to 31 January 2017 was IVC Lux Holdings 1 SARL, a company registered in Luxembourg. The ultimate controlling party up to 31 January 2017 was funds managed by Summit Partners Europe Private Equity Fund LP.

Since 31 January 2017, the ultimate parent undertaking has been Browne Holding SARL, a company registered in Luxembourg, and the ultimate controlling party was funds managed by EQT.

24 List of companies

Subsidiary undertakings	Country of incorporation	Class	Shares held %
IVC Topco Limited ***	England and Wales	Ordinary	100
IVC (TB) Limited	England and Wales	Ordinary	100
Independent Vetcare Limited	England and Wales	Ordinary	100
Aberdeen Veterinary Referrals Limited	Scotland	Ordinary	100
Abivale Veterinary Group Limited	England and Wales	Ordinary	100
Alder Veterinary Practice Spalding Limited	England and Wales	Ordinary	100
Alexander Veterinary Centre Limited	England and Wales	Ordinary	100
Arg Beiyin Limited	Isle of Man	Ordinary	100
Avondale Veterinary Services Limited	Scotland	Ordinary	100
Beech House Veterinary Centre (Southampton) Limited	England and Wales	Ordinary	100
Boness Veterinary Enterprises Limited	England and Wales	Ordinary	100
Carmel Veterinary Centre Limited	England and Wales	Ordinary	100
Colebrook Vets Limited	England and Wales	Ordinary	100
Earlswood Veterinary Referrals Ltd	England and Wales	Ordinary	100
Foxcotte Veterinary Clinics Limited	England and Wales	Ordinary	100
Landsdown Veterinary Services Limited	England and Wales	Ordinary	100
Letchworth Veterinary Care Limited	England and Wales	Ordinary	100
Lordswood Vets Limited	England and Wales	Ordinary	100
Lydon Veterinary Centre Limited	England and Wales	Ordinary	100
Manor Vets Limited	England and Wales	Ordinary	100
Mearley Vets Limited	England and Wales	Ordinary	100
Milan Veterinary Limited	Isle Of Man	Ordinary	100
Orwell Vets Limited	England and Wales	Ordinary	100
PetPrescription Limited	England and Wales	Ordinary	100
Pro-Vets Group Limited	England and Wales	Ordinary	100
The Shreen Veterinary Practice Limited	England and Wales	Ordinary	100
Vale Vets Limited	England and Wales	Ordinary	100
Vermuyden Veterinary Practice Limited	England and Wales	Ordinary	100
Willow Veterinary Care Limited	England and Wales	Ordinary	100
Wilton House Veterinary Clinic Limited	England and Wales	Ordinary	100
Woodland Veterinary Centre Limited	England and Wales	Ordinary	100
Evidensia Smådyr AS	Norway	Ordinary	100
Evidensai Kristiansand AS	Norway	Ordinary	100
Evje Dyreklinikk AS	Norway	Ordinary	100
Evidensia Dyrehospital A/S	Denmark	Ordinary	100
Evidensia Academy ApS	Denmark	Ordinary	100
Evidensia Eläinlääkäripalvelut Oy	Finland	Ordinary	100
Animagi Hevosklinikat Oy	Finland	Ordinary	100
Toijalan Eläinlääkäriasema Oy	Finland	Ordinary	100
Univet Kalanti Oy	Finland	Ordinary	51
Kiinteistö Oy Laukaan Ravitie 4	Finland	Ordinary	100

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IVC ACQUISITION MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 DECEMBER 2016 TO 30 SEPTEMBER 2017

Dierenzorggroep BV	Netherlands	Ordinary	100
Dierenkliniek Ridderkerk B.V.	Netherlands	Ordinary	100
VC Honselersdijk BV	Netherlands	Ordinary	100
Dierenziekenhuis Nunspeet B.V.	Netherlands	Ordinary	100
Evidensia Vets & Pets Facilities B.V.	Netherlands	Ordinary	100
Evidensia Spoedkliniek de Veluwe B.V.	Netherlands	Ordinary	100
Dierenkliniek Thorbeckelaan B.V.	Netherlands	Ordinary	100
Kleine huisdieren kliniek krimpden B.V.	Netherlands	Ordinary	100
Veterinair Verwijscentrum de Pietersberg B.V.	Netherlands	Ordinary	100
Dier Medisch Centrum Gouda B.V.	Netherlands	Ordinary	100
Bergen op Zoom BV	Netherlands	Ordinary	100
Evidensia 004 B.V.	Netherlands	Ordinary	100
Dierenziekenhuis Rotterdam B.V.	Netherlands	Ordinary	100
Dierenkliniek Wulven B.V.	Netherlands	Ordinary	50
Evidensia Vet Zentrum Berchtesgadener Land	Germany	Ordinary	100
Evidensia Tierärztliche Klinik für Kleintiere Norderstedt GmbH	Germany	Ordinary	100
Kleintiergesundheitszentrum Ravensburg Evidensia GmbH	Germany	Ordinary	100
Evidensia Tiergesundheitszentrum 002 GmbH	Germany	Ordinary	100
Evidensia Tierärztliche Klinik Betzdorf GmbH	Germany	Ordinary	100
Evidensia Tiergesundheitszentrum 004 GmbH	Germany	Ordinary	100
Kleintierpraxis dr schiele rosenheim gmbhGmbH	Germany	Ordinary	100
Kleintierspezialisten Dres. Schmerbach & Höpfner GmbH	Germany	Ordinary	100
Tierklinik am Nordring Evidensia Nürnberg GmbH	Germany	Ordinary	100
Lesia AG	Germany	Ordinary	100
Djursjukhuset i Närke AB	Sweden	Ordinary	100
Vätter Veterinärerna	Sweden	Ordinary	100
Mälarhöjden	Sweden	Ordinary	100
Evidensia Holding AB ***	Sweden	Ordinary	100
Evidensia Aquisition AB ***	Sweden	Ordinary	100
Evidensia Djursjukvård Holding AB ***	Sweden	Ordinary	100
Evidensia Djursjukvård AB ***	Sweden	Ordinary	100
Evidensia Häst AB ***	Sweden	Ordinary	100
Evidensia Smådjur AB ***	Sweden	Ordinary	100
Evidensia Dyrehelse AS ***	Sweden	Ordinary	100
Univet Holding Oy ***	Sweden	Ordinary	100
Evidensia Danmark Aps ***	Sweden	Ordinary	100
TKS Tierärztliche Klinik Stommeln GmbH	Sweden	Ordinary	100
Evidensia Nederland B.V. ***	Sweden	Ordinary	100
Bessy's Kleintierklinik AG	Sweden	Ordinary	100
Evidensia Deutschland GmbH ***	Sweden	Ordinary	100
ENNETSeeKLINIK für Kleintiere AG	Sweden	Ordinary	100
Tierklinik am Nordring Evidensia Nürnberg GmbH	Sweden	Ordinary	100

There are also a significant number of dormant subsidiaries that are not listed above.

The principal activity of all companies listed above is veterinary services except those marked *** which are intermediate holding companies.

* indirectly held via Kingston Veterinary Group Limited

** indirectly held via Grove Lodge Veterinary Group Limited

On 28 February 2017, the trade and net assets of the following fellow wholly owned group entities were transferred into Independent Vetcare Limited:

The notes on pages 15 to 38 form an integral part of these financial statements

IVC ACQUISITION MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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Mill House Vets Ltd
Albert Cottage Veterinary Clinic
Grove Lodge Veterinary Group
Fenaghy Veterinary Clinics (NI) Limited
PVG (Fife) Limited

On 31 May 2017, the trade and net assets of the following fellow wholly owned group entities were transferred into Independent Vetcare Limited:

Robson and Prescott Limited
Abbeymoor Veterinary Centres Limited
Dentalvets Limited
Rosehill Vets Limited
Blenheim Veterinary Centre Limited

On 30 June 2017 the trade and net assets of the following fellow wholly owned group entities were transferred into Independent Vetcare Limited:

Ardene House Vet Practice Limited
Kirks Vets Limited
Beeches Veterinary Centre Limited
Shipley Vets Limited

On 31 July 2017, the trade and net assets of the following fellow wholly owned group entities were transferred into Independent Vetcare Limited:

Brownlow Veterinary Group Limited
Victoria Veterinary Practice Limited

On 4 August 2017, the trade and net assets of the following fellow wholly owned group entity was transferred into Independent Vetcare Limited:

Veterinary Drugs to Go Ltd

On 31 August 2017, the trade and net assets of the following fellow wholly owned group entities were transferred into Independent Vetcare Limited:

Summerhill Veterinary Centre Limited
Cardiff Pet Health Limited
Usk Veterinary Centre Limited
Moorview Veterinary Practice Limited
Haughley Veterinary Centre Limited
My Vet Limited
Park Vets Limited

The notes on pages 15 to 38 form an integral part of these financial statements