

PRECISION HISTOLOGY INTERNATIONAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022



PRECISION HISTOLOGY INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	R Fairman R Alfonso B Jacklin
Company secretary	J Farrer
Registered number	02161963
Registered office	The School House One Eyed Lane Weybread Diss Norfolk IP21 5TT United Kingdom
Independent auditors	Deloitte LLP Statutory Auditor Cambridge United Kingdom

PRECISION HISTOLOGY INTERNATIONAL LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 6
Independent auditors' report	7 - 10
Statement of comprehensive income	11
Statement of financial position	12 - 13
Statement of changes in equity	14
Notes to the financial statements	15 - 37

PRECISION HISTOLOGY INTERNATIONAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2022

Introduction

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

The principal activity of the Company is the provision of veterinary diagnostic, advisory, analytical and consultancy services for the veterinary and allied professions.

Business review

Revenue for the Company of £16,510,000 (2021: £16,583,000) was ahead of expectations. While revenue has marginally fallen, the performance remains strong. The Company made a profit after tax of £4,502,000 (2021: £4,682,000).

The Company has seen an increase in net current assets of £4,476,000, and an increase in net assets of £4,502,000.

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

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

Outlook

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

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

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

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

Principal risks and uncertainties

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

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

Financial risk factors

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

a) Market risk

Cash flow and fair value interest rate risk

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

b) Credit risk

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

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

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

The maximum exposure to credit risk at 30 June 2022 is the fair value of each class of receivable as disclosed in note 13 to the financial statements.

c) Liquidity risk

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

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

Key performance indicators (KPI's)

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

Future developments

The Directors expect the general level of activity to at least remain consistent with prior years, however the Company is well positioned for future growth through the provision of new products and services to customers.

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



R Alfonso
Director

PRECISION HISTOLOGY INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

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

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

Directors

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

R Fairman
R Alfonso
B Jacklin

Directors' third-party indemnity provision

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

Dividends

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

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

Disclosure in the Strategic Report

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

Going concern

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

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

Disclosure of information to auditors

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

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

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

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed as reappointed as auditor in the absence of an Annual General Meeting.


Events since the year end

Information relating to events since the end of the year is given in the notes to the financial statements. For more information refer to note 20.

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

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


.....
R Alfonso
Director

PRECISION HISTOLOGY INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRECISION HISTOLOGY INTERNATIONAL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Precision Histology International Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 24.

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

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

PRECISION HISTOLOGY INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRECISION HISTOLOGY INTERNATIONAL LIMITED

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's compliance with GDPR and Health and Safety Executive.

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

PRECISION HISTOLOGY INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

PRECISION HISTOLOGY INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRECISION HISTOLOGY INTERNATIONAL LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 7 November 2022

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

	Note	2022 £'000	2021 £'000
Revenue	3	16,510	16,583
Cost of sales		(7,244)	(7,479)
Gross profit		9,266	9,104
Administration Expenses		(3,756)	(3,287)
Other operating income	4	-	2
Operating profit		5,510	5,819
Interest payable and similar expenses	6	(4)	(5)
Profit before tax	7	5,506	5,814
Tax on profit	8	(1,004)	(1,132)
Profit for the financial year		4,502	4,682
Other comprehensive income		-	-
Total comprehensive income for the year		4,502	4,682

All activities derive from continuing operations.

The notes on pages 15 to 37 form part of these financial statements.

PRECISION HISTOLOGY INTERNATIONAL LIMITED
REGISTERED NUMBER: 02161963

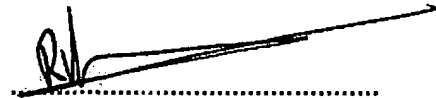
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	9	23	3
Tangible assets	10	1,475	1,416
Right of use assets	11	64	112
Deferred tax		46	95
		<u>1,608</u>	<u>1,626</u>
Current assets			
Stocks	12	1,223	621
Trade and other receivables	13	21,833	18,160
Cash at bank and in hand	14	36	30
		<u>23,092</u>	<u>18,811</u>
Creditors: amounts falling due within one year	15	(3,186)	(3,381)
Net current assets		<u>19,906</u>	<u>15,430</u>
Total assets less current liabilities		<u>21,514</u>	<u>17,056</u>
Creditors: amounts falling due after more than one year	16	(23)	(67)
Net assets		<u><u>21,491</u></u>	<u><u>16,989</u></u>
Capital and reserves			
Called up share capital	18	-	-
Revaluation reserve	19	125	125
Retained earnings		21,366	16,864
Shareholders' funds		<u><u>21,491</u></u>	<u><u>16,989</u></u>

PRECISION HISTOLOGY INTERNATIONAL LIMITED
REGISTERED NUMBER: 02161963

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2022

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



R Alfonso
Director

Date: 04 NOVEMBER 2022

The notes on pages 15 to 37 form part of these financial statements.

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

	Called up share capital £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 July 2020	-	125	12,182	12,307
Comprehensive income for the year				
Profit for the year	-	-	4,682	4,682
Total comprehensive income for the year	-	-	4,682	4,682
At 30 June 2021	-	125	16,864	16,989
Comprehensive income for the year				
Profit for the year	-	-	4,502	4,502
Total comprehensive income for the year	-	-	4,502	4,502
At 30 June 2022	-	125	21,366	21,491

The notes on pages 15 to 37 form part of these financial statements.

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

1. Statutory information

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

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

The principal activity of the Company is the provision of veterinary diagnostic, advisory, analytical and consultancy services for the veterinary and allied professions.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements present the financial record for the year ended 30 June 2022 of Precision Histology International Limited.

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

The Company is a qualifying entity for the purposes of FRS 101 as a member of a Group where the parent of that Group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that entity must be included in the consolidation. Note 22 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

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

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52 and the requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Standards adopted by the Company for the first time

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

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

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

2. Accounting policies (continued)

2.4 Going concern

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

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

2.5 Revenue

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

Service revenue

Revenue represents amounts receivable from customers for veterinary diagnostics, histopathology and histology services provided during the period. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured; typically, this is when a diagnostics procedure is completed. Revenue is measured at the fair value of the consideration received, excluding value added tax.

Products

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

2.6 Cash and cash equivalents

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

2.7 Intangible assets

Computer software

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

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

2. Accounting policies (continued)

2.8 Tangible fixed assets

Freehold property is stated in the statement of financial position at its revalued amount, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the statement of financial position date.

Any revaluation increase arising on the revaluation of such freehold property is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case it is credited to profit or loss to the extent of the decreased as previously expensed. A decrease in the carrying amount arising on the revaluation of such freehold property is charged as an expense to the extent that it exceeds the balance, if any held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued freehold property is charged to profit or loss. On the subsequent sale or scrapping of revalued freehold property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to the profit and loss account.

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

Freehold property	2% straight line
Improvements to property	Straight line over the life of the lease
Plant and machinery	20% - 33% straight line
Motor vehicles	25% straight line

Freehold land is not depreciated on the basis that land has an unlimited life.

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

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

2. Accounting policies (continued)

2.9 Financial instruments

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

(a) Trade and other receivables

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

(b) Financial liabilities and equity

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

(c) Trade payables

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

(d) Stocks

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

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

2. Accounting policies (continued)

2.10 Taxation

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

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

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

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

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

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

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

2. Accounting policies (continued)

2.11 Foreign currency translation

(a) Functional and presentational currency

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

(b) Transactions and balances

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

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

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

2. Accounting policies (continued)

2.12 Leases - The Company as lessee

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

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

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

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

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

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

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

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

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

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

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

2. Accounting policies (continued)

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

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

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

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

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

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

2.13 Retirement benefit costs

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

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

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

2. Accounting policies (continued)

2.14 Government grants

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

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

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

2.15 Impairment of non-current assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount.

As permitted by IAS 36 Impairment of Assets for the purposes of assessing impairment, individual cash-generating units ("CGUs") are grouped at a level consistent with the Company's operating segments. Recoverable amounts for CGUs are based on value in use, which is calculated from cash flow projections using data from the Company's latest internal forecasts, being a one-year detailed forecast and extrapolated forecasts thereafter, the results of which are approved by the Board. The key assumptions for the value-in-use calculations are those regarding discount rates and growth rates.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

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

2. Accounting policies (continued)

2.16 Critical judgments and key sources of estimation uncertainty

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

Judgement: Leases

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

When determining the lease term in accordance with IFRS 16 paragraph 18 - 21, management have applied the following policy for all leases:

- a) For properties in contract, the lease term has been determined as to the end of the contractual lease term;
- b) For properties out of contract and therefore occupied on a rolling basis, in accordance with legislation that permits this, the lease term has been determined to be 7.5 years from the end of the contractual lease term; and
- c) For properties where management have committed to close the site, the lease term is determined to be until the next break clause.

The discounted rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The Company has determined a weighted incremental borrowing rate of 4.0% for the right-of-use assets. The directors considered all Company borrowings at the date of adoption in the determination of the incremental borrowing rates. The standard permits the use of a single discount rate to a portfolio of leases with reasonably similar characteristics. The Company has applied this practical expedient to its operating leases on adoption for leases with similar class and remaining lease terms. Refer to note 16 for additional disclosures related to leases.

There are no key sources of estimation uncertainty.

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

3. Revenue

The revenue and profit before taxation are attributable to the one principle activity of the company.

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

	2022 £'000	2021 £'000
Veterinary diagnostic services	16,510	16,583
	<u>16,510</u>	<u>16,583</u>

An analysis of revenue by geographical market is given below:

	2022 £'000	2021 £'000
United Kingdom	16,510	16,583
	<u>16,510</u>	<u>16,583</u>

4. Other operating income

	2022 £'000	2021 £'000
Sundry receipts	-	2
	<u>-</u>	<u>2</u>

The Company has received £nil (2021: £2,000), included within Sundry receipts, through the Coronavirus Job Retention Scheme ("CJRS").

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

5. Employees and directors

Staff costs were as follows:

	2022 £'000	2021 £'000
Wages and salaries	3,443	3,062
Social security costs	330	288
Other pension costs	74	65
	<u>3,847</u>	<u>3,415</u>

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

	2022 No.	2021 No.
Veterinary surgeons and pathologists	75	72
Laboratory technicians and support staff	35	30
	<u>110</u>	<u>102</u>

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

The total recharge for the year amounted to £3,847,000 (2021: £3,415,000) and are included within the values shown above.

Employee benefit expense included within cost of sales is £1,278,000 (2021: £1,288,000)

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

6. Interest payable and similar expenses

	2022 £'000	2021 £'000
Interest expense - leases	4	5
	<u>4</u>	<u>5</u>

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

7. Profit before taxation

	2022 £'000	2021 £'000
Cost of inventories recognised as expense	746	813
Depreciation - owned assets	446	479
Depreciation - right-of-use assets	58	56
Profit on disposal of fixed assets	(2)	-
Computer software amortisation	4	1
Employees and directors	3,847	3,415
	<u> </u>	<u> </u>

Services provided by the Company's auditor and its associates

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

	2022 £000	2021 £000
Audit services:		
Fees payable to the Company's auditor for the audit of the Company's financial statements	13	15
	<u> </u>	<u> </u>

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

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

8. Taxation

	2022 £'000	2021 £'000
Corporation tax		
Current tax on profits for the year	977	1,125
Adjustments in respect of prior periods	(22)	(5)
Total current tax	<u>955</u>	<u>1,120</u>
Deferred tax		
Origination and reversal of timing differences	71	43
Adjustments in respect of prior periods	(22)	(9)
Tax rate change on opening balance	-	(22)
Total deferred tax	<u>49</u>	<u>12</u>
Taxation on profit on ordinary activities	<u>1,004</u>	<u>1,132</u>

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

8. Taxation (continued)

Factors affecting tax charge for the year

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

	2022	2021
	£'000	£'000
Profit on ordinary activities before tax	5,506	5,814
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,046	1,105
Effects of:		
Effect of tax rate change on deferred tax balance	-	(22)
Adjustments to current tax charge in respect of previous periods	(22)	(5)
Adjustments to deferred tax charge in respect of previous periods	(22)	(9)
Expenses not deductible for tax purposes	(6)	8
(Loss)/Profit on disposal of non-qualifying assets	(1)	24
Effect of difference between deferred tax and current tax rate	9	31
Total tax charge for the year	1,004	1,132

Factors that may affect future tax charges

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

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

9. Intangible assets

	Computer software £'000
Cost or valuation	
At 1 July 2021	110
Additions	24
At 30 June 2022	<u>134</u>
Amortisation	
At 1 July 2021	107
Amortisation for year	4
At 30 June 2022	<u>111</u>
Net book value	
At 30 June 2022	<u><u>23</u></u>
At 30 June 2021	<u><u>3</u></u>

Amortisation expense has been charged to administrative expenses.

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

10. Tangible fixed assets

	Freehold property £'000	Improvements to property £'000	Plant and machinery £000	Motor vehicles £'000	Total £'000
Cost					
At 1 July 2021	516	331	4,785	109	5,741
Additions	-	30	270	205	505
Disposals	-	-	-	(21)	(21)
At 30 June 2022	516	361	5,055	293	6,225
Depreciation					
At 1 July 2021	88	240	3,891	106	4,325
Charge for year	7	38	385	16	446
Eliminated on disposal	-	-	-	(21)	(21)
At 30 June 2022	95	278	4,276	101	4,750
Net book value					
At 30 June 2022	421	83	779	192	1,475
At 30 June 2021	428	91	894	3	1,416

The directors believe that the market value of freehold land is not materially different from its book value.

At 30 June 2022, had the freehold property been carried at historical cost less accumulated depreciation and accumulated impairment losses, its carrying amount would have been approximately £296,000 (2021: £303,000).

The depreciation expense has been charged to administrative expenses.

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

11. Right of use assets

The majority of the Company's veterinary practices, specialist referral centres are leased, with remaining lease terms of between 1 and 15 years. The Company also has a number of non-property leases relating to vehicle, equipment and material handling equipment, with remaining lease terms of between 1 and 4 years. Additions to right-of-use assets include new leases; extensions and amendments to existing lease agreements are disclosed as remeasurements.

	Property £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 1 July 2021	157	3	68	228
Additions	-	-	10	10
At 30 June 2022	<u>157</u>	<u>3</u>	<u>78</u>	<u>238</u>
Depreciation				
At 1 July 2021	72	3	41	116
Charge for the year	34	-	24	58
At 30 June 2022	<u>106</u>	<u>3</u>	<u>65</u>	<u>174</u>
Net book value				
At 30 June 2022	<u>51</u>	<u>-</u>	<u>13</u>	<u>64</u>
At 30 June 2021	<u>85</u>	<u>-</u>	<u>27</u>	<u>112</u>

12. Stocks

	2022 £'000	2021 £'000
Finished goods	1,223	621
	<u>1,223</u>	<u>621</u>

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

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

13. Trade and other receivables

	2022	2021
	£000	£000
Amounts falling due within one year:		
Trade receivables	944	754
Amounts owed by group undertakings	20,865	17,362
Prepayments and accrued income	24	44
	<u>21,833</u>	<u>18,160</u>

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

14. Cash and cash equivalents

	2022	2021
	£'000	£'000
Cash at bank	36	30
	<u>36</u>	<u>30</u>

15. Creditors: Amounts falling due within one year

	2022	2021
	£'000	£'000
Lease liabilities (see note 21)	38	39
Trade creditors	447	790
Corporation tax	2,076	1,906
Social security and other taxes	54	31
Amounts owed to group undertakings	183	143
Other creditors	42	125
Accruals and deferred income	346	347
	<u>3,186</u>	<u>3,381</u>

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

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

16. Creditors: Amounts falling due after more than one year

	2022 £'000	2021 £'000
Lease liabilities (see note 21)	23	67
	<u>23</u>	<u>67</u>

17. Deferred taxation

	2022 £000
At beginning of year	95
Charged to profit or loss	(49)
At end of year	<u>46</u>

The deferred tax asset is made up as follows:

	2022 £000	2021 £000
Accelerated capital allowances	45	94
Other temporary differences	1	1
	<u>46</u>	<u>95</u>

Deferred tax assets and liabilities are offset where the Company has the legally enforceable right to do so.

Deferred tax balances are calculated using tax rates expected to apply in the period when the liability or asset is expected to be realised based on rates enacted or substantively enacted by the reporting date.

The deferred tax balance is considered to be non-current.

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

18. Called up share capital

	2022 £	2021 £
Authorised, allotted, called up and fully paid		
240 (2021 - 240) Ordinary shares of £1.00 each	240	240

Each class of share attracts the same standard capital, voting and dividend rights as the other classes.

19. Reserves

Revaluation reserve

The revaluation reserve is used to record any surplus following a revaluation of property, plant and equipment. The revaluation reserve arose on the revaluation of a property. The revaluation is not a distributable reserve until realised.

20. Events after the reporting period

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

21. Lease liabilities

	2022 £000	2021 £000
Current:		
Leases	38	39
Non-current:		
Leases	23	67
	61	106

Terms and debt repayment schedule:

	1 year or less £'000	2-5 years £'000	More than 5 years £'000	Totals £'000
Leases	40	24	-	64

Total cash outflow for leases in the year amounted to £61,000 (2021: £56,000).

PRECISION HISTOLOGY INTERNATIONAL LIMITED

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

22. Ultimate controlling party

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

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

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

23. Pension schemes

The Company contributes to certain employees' personal pensions schemes in accordance with their service contracts. The amounts are charged to the statement of comprehensive income as they fall due. The amounts charged during the year amounted to £74,000 (2021: £65,000). The amount outstanding at the end of the year included in creditors was £Nil (2021: £Nil).

24. Guarantees and other financial commitments

Bank guarantees

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