

Registered number: 03481736

Medivet Group Limited

Annual Report and Financial Statements

For the Year Ended 30 April 2017

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Medivet Group Limited

Company Information

Directors

A S Levy
G Carter
J Smithers
K L Morris

Registered number

03481736

Registered office

Unit 4 Mowat Industrial Estate
Sandown Road
Watford
WD24 7UY

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
30 Finsbury Sqaure
London
EC2P 2YU

Medivet Group Limited

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**Strategic Report
For the Year Ended 30 April 2017**

Introduction

The Directors set out their Strategic Review of the Company below. A more detailed Strategic Review of the Group is disclosed in the financial statements of Medivet Partnership LLP.

Business review

The Company performed strongly during the year. Revenue was £78.62m, a 51% increase over the same period last year. This was in part due to the hive up of trade and assets from Medivet Acquisitions Limited on 1 January 2017 as well as the sale of branches from Medivet Partnership LLP to Medivet Group Limited on that date. Operating profit before exceptional items has increased from £4.1m to £5.0m.

On 1 January 2017, the trade and assets of Medivet Acquisitions Limited, a fellow group company, were hived across to Medivet Group Limited. On the same date, the trade and related assets of Medivet Partnership LLP were hived down to Medivet Group Limited.

Charitable events

During the year, the Company has continued to raise funds for its nominated charity. In the year to 30 April 2017 the group, of which this company is a part, and its clients have donated in excess of £150,000 to help Will Fowlds's work in South Africa to Save the Rhino. Collections have come from a number of charitable events held through the year as well as donating all the proceeds from the mandatory sale of carrier bags.

This work continues into 2018 and additionally the company is working closely with Battersea Dogs Home to provide treatment to a number of their animals as well as sponsoring a number of Battersea Dogs Home's initiatives.

Principal risks and uncertainties

Liquidity risk

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the group of which the company is part, has credit facilities available. Given the maturity of the bank loan in the group accounts, the company is in position to meet its commitments and obligations as they come due.

Customer credit exposure

The company may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships.

Interest rate risk

The company and group borrows from its bankers using either overdrafts or term loans whose tenure depends on the nature of the asset and management's view of the future direction of interest rate.

Financial key performance indicators

The directors manage the company on key performance indicators including growth in turnover, profitability, cash generation and the ability to fund its financial obligations from operating cash flow.

Other key performance indicators

Other non-financial indicators include the acquisition of new customers and retention of existing ones. Furthermore, the directors are always considering improved and new sources of supply and cost effectiveness.

Medivet Group Limited

**Strategic Report (continued)
For the Year Ended 30 April 2017**

This report was approved by the board on 24 January 2018 and signed on its behalf.


A S Levy
Director

Medivet Group Limited

Directors' Report For the Year Ended 30 April 2017

The directors present their report and the financial statements for the year ended 30 April 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £2,971,397 (2016 - £2,052,061).

Directors

The directors who served during the year were:

A S Levy
G Carter
J Smithers
K L Morris

Future developments

Future developments of the company are discussed in the Strategic Report contained in the financial statements of Medivet Partnership LLP.

Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company.

**Directors' Report (continued)
For the Year Ended 30 April 2017**

Disabled employees

Applications for disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons, should, as far as possible, be identical with that of other employees.

Disclosure of Information to auditor

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 auditor is 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 auditor is aware of that information.

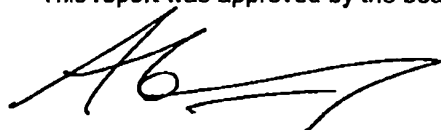
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 January 2018 and signed on its behalf.



A S Levy
Director

Independent Auditor's Report to the Shareholders of Medivet Group Limited

We have audited the financial statements of Medivet Group Limited for the year ended 30 April 2017, set out on pages 7 to 30. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the 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.

Medivet Group Limited

Independent Auditor's Report to the Shareholders of Medivet Group Limited (continued)

Matters on which we are required to report by exception

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

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



Philip Westerman
(Senior Statutory Auditor)

for and on behalf of
Grant Thornton UK LLP

30 Finsbury Square
London
EC2P 2YU

24 January 2018

Medivet Group Limited

**Statement of Comprehensive Income
For the Year Ended 30 April 2017**

	Note	2017 £	2016 £
Turnover	4	78,621,682	52,198,631
Cost of sales		(44,880,421)	(27,676,542)
Gross profit		33,741,261	24,522,089
Administrative expenses		(29,258,271)	(20,827,537)
Exceptional administrative expenses	9	(1,794,041)	(471,451)
Other operating income	5	491,021	400,931
Operating profit	6	3,179,970	3,624,032
Income from participating interests		769,400	330,450
Interest receivable and similar income	10	270	114
Interest payable and expenses	11	(365,687)	(970,419)
Profit before tax		3,583,953	2,984,177
Tax on profit	12	(612,556)	(932,116)
Profit for the financial year		2,971,397	2,052,061

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 11 to 30 form part of these financial statements.

Statement of Financial Position
As at 30 April 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	13	90,776,961	24,808,547
Tangible assets	14	7,231,424	4,302,816
Investments	15	7,288,968	585,670
		<u>105,297,353</u>	<u>29,697,033</u>
Current assets			
Stocks	16	2,565,643	1,171,834
Debtors: amounts falling due within one year	17	19,647,287	14,075,954
Cash at bank and in hand	18	590,331	705,209
		<u>22,803,261</u>	<u>15,952,997</u>
Creditors: amounts falling due within one year	19	(63,768,217)	(10,808,254)
Net current (liabilities)/assets		<u>(40,964,956)</u>	<u>5,144,743</u>
Total assets less current liabilities		<u>64,332,397</u>	<u>34,841,776</u>
Creditors: amounts falling due after more than one year	20	(47,269,832)	(20,792,094)
Provisions for liabilities			
Deferred tax	24	(6,910)	-
Other provisions	25	(34,576)	-
		<u>(41,486)</u>	<u>-</u>
Net assets		<u>17,021,079</u>	<u>14,049,682</u>
Capital and reserves			
Called up share capital	26	710,000	710,000
Profit and loss account	27	16,311,079	13,339,682
		<u>17,021,079</u>	<u>14,049,682</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 January 2018.


A S Levy
Director

The notes on pages 11 to 30 form part of these financial statements.

<p style="text-align: center;">Medivet Group Limited</p>

**Statement of Changes in Equity
For the Year Ended 30 April 2017**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 May 2016	710,000	13,339,682	14,049,682
Comprehensive income for the year			
Profit for the year	-	2,971,397	2,971,397
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	2,971,397	2,971,397
	<hr/>	<hr/>	<hr/>
At 30 April 2017	710,000	16,311,079	17,021,079
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Medivet Group Limited

**Statement of Changes in Equity
For the Year Ended 30 April 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 May 2015	710,000	11,287,621	11,997,621
Comprehensive income for the year			
Profit for the year	-	2,052,061	2,052,061
Total comprehensive income for the year	-	2,052,061	2,052,061
Total transactions with owners	-	-	-
At 30 April 2016	710,000	13,339,682	14,049,682

The notes on pages 11 to 30 form part of these financial statements.

Medivet Group Limited

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

1. General information

Medivet Group Limited is a private company limited by shares, incorporated in Great Britain. The registered office is Unit 4 Mowat Industrial Estate, Sandown Road, Watford, WD24 7UY. The principal activity of the company is the provision of veterinary services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

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

2.3 Revenue recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the provision of veterinary services is recognised in the period in which the services are provided, when the amount of revenue can be measured reliably and it is probable the company will receive the consideration due.

In addition, turnover also comprises management fee income from group companies. This is calculated on an arm's length basis and recognised as the management services are provided.

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

2. Accounting policies (continued)

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	15	years
Software development costs	-	15	% reducing balance

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Property improvements	-	15%
Motor vehicles	-	25%
Fixtures and fittings	-	15%
Computer equipment	-	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

2. Accounting policies (continued)

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.14 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 May 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.16 Leased assets: the Company as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

2. Accounting policies (continued)

2.17 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.19 Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

2.20 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.21 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Notes to the Financial Statements
For the Year Ended 30 April 2017

2. Accounting policies (continued)

2.23 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income 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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.24 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.25 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Medivet Group Limited

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Tax treatment on amortisation

The directors have exercised significant judgement when determining the accounting treatment for the acquisition of the branch practices from Medivet Partnership LLP. This has resulted in purchased goodwill of £41.2m being recognised on acquisition against which accumulated amortisation of £16.9m has been charged. The current year tax charge and year end liability have been reduced by £0.4m (2016: £0.4m) due to tax relief on this amortisation. The cumulative reduction on the tax liability arising from tax relief on this amortisation has been £2.3m. The directors have repeated this accounting treatment with the issue of another tranche of preference shares in the year. This has resulted in purchased goodwill of £24m being recognised on acquisition against which accumulated amortisation of £534,000 has been charged. The current year tax charge and liability have been reduced by £0.01m due to tax relief on this amortisation.

Branch acquisition costs

The company has invested heavily in the infrastructure and resource necessary to continue with the pace of acquisition. During the year, costs which are directly attributable to the specific acquisitions have been capitalised, added to the cost of the investment and amortised appropriately. These costs totalled £492,000 (2016: £nil). In the event of any aborted acquisitions, these costs would be expensed to the profit and loss account.

4. Turnover

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	78,621,682	51,817,558
Rest of the world	-	381,072
	<u>78,621,682</u>	<u>52,198,630</u>

5. Other operating income

	2017 £	2016 £
Net rents receivable	491,021	400,931
	<u>491,021</u>	<u>400,931</u>

Medivet Group Limited

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	859,492	718,429
Impairment of tangible fixed assets	-	228,646
Amortisation of intangible assets, including goodwill	3,515,720	3,322,202
Impairment of intangible assets	-	187,535
Exchange differences	3,050	934
Other operating lease rentals	3,385,790	2,436,824
Defined contribution pension cost	228,300	158,451
	<u>228,300</u>	<u>158,451</u>

Key management personnel (including directors) remuneration is disclosed in the accounts of Medivet Partnership LLP.

7. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>20,000</u>	<u>20,000</u>

8. Employees

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	27,526,900	16,911,827
Social security costs	2,013,616	1,439,655
Cost of defined contribution scheme	228,300	158,451
	<u>29,768,816</u>	<u>18,509,933</u>

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

	2017 No.	2016 No.
Veterinary staff	1,047	752
Administrative	251	103
	<u>1,298</u>	<u>855</u>

Medivet Group Limited

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

9. Exceptional items

	2017 £	2016 £
Exceptional items	<u>1,794,041</u>	<u>471,451</u>

Exceptional fees related to deal fees and associated costs in connection with the sale of a stake in the Group, exceptional staff bonuses and non recurring onerous costs incurred on aquisition of certain branches.

In 2016, exceptional costs relate to losses incurred on the cessation of trade at our overseas branches.

10. Interest receivable

	2017 £	2016 £
Other interest receivable	270	114
	<u>270</u>	<u>114</u>

11. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	4,360	3,902
Other loan interest payable	3,582	-
Interest on shares classified as debt	273,894	889,927
Finance leases and hire purchase contracts	83,851	76,590
	<u>365,687</u>	<u>970,419</u>

Medivet Group Limited

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

12. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	612,556	932,116
	<u>612,556</u>	<u>932,116</u>
Total current tax	<u>612,556</u>	<u>932,116</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>612,556</u>	<u>932,116</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	3,583,953	2,984,177
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	680,951	596,836
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	541,562	671,854
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	19,000	186,635
Capital allowances for year in excess of depreciation	(482,771)	(428,180)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	-	(28,939)
Non-taxable income	(146,186)	(66,090)
Total tax charge for the year	<u>612,556</u>	<u>932,116</u>

Factors that may affect future tax charges

The tax treatment on the amortisation arising on the group reconstruction is disclosed in the accounting policies.

Medivet Group Limited

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

13. Intangible assets

	Software development t £	Goodwill £	Total £
Cost			
At 1 May 2016	2,375,172	41,540,318	43,915,490
Additions	546,657	27,805,203	28,351,860
Disposals	-	(284,508)	(284,508)
On acquisition of subsidiaries	-	41,132,274	41,132,274
At 30 April 2017	<u>2,921,829</u>	<u>110,193,287</u>	<u>113,115,116</u>
Amortisation			
At 1 May 2016	2,320,165	16,786,778	19,106,943
Charge for the year	195,362	3,320,358	3,515,720
On disposals	-	(284,508)	(284,508)
At 30 April 2017	<u>2,515,527</u>	<u>19,822,628</u>	<u>22,338,155</u>
Net book value			
At 30 April 2017	<u>406,302</u>	<u>90,370,659</u>	<u>90,776,961</u>
At 30 April 2016	<u>55,007</u>	<u>24,753,540</u>	<u>24,808,547</u>

Amortisation of intangible fixed assets is included in administrative expenses.

As explained in the Strategic Report, the trade and associated assets were hived across into this company on 1 January 2017. This has resulted in a significant increase in goodwill recognised in this company but a corresponding reduction across the other group companies.

Medivet Group Limited

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

14. Tangible fixed asset

	Property improvements £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 May 2016	4,477,083	65,212	4,552,077	229,899	9,324,271
Additions	1,115,732	6,716	1,045,307	140,236	2,307,991
Acquisition of subsidiary	-	-	1,759,359	-	1,759,359
Disposals	(117,898)	(55,892)	(316,432)	-	(490,222)
At 30 April 2017	5,474,917	16,036	7,040,311	370,135	12,901,399
Depreciation					
At 1 May 2016	2,076,362	64,230	2,659,942	220,922	5,021,456
Charge for the year on owned assets	442,125	1,505	350,392	65,470	859,492
Disposals	(117,898)	(55,892)	(37,182)	-	(210,972)
At 30 April 2017	2,400,589	9,843	2,973,152	286,392	5,669,976
Net book value					
At 30 April 2017	3,074,328	6,193	4,067,159	83,743	7,231,423
At 30 April 2016	2,400,721	982	1,892,135	8,978	4,302,816

As explained in the Strategic Report, the trade and associated assets were hived across into this company on 1 January 2017. This has resulted in an increase in tangible fixed assets recognised in this company but a corresponding reduction across the other group companies.

The net book value of land and buildings may be further analysed as follows:

	2017 £	2016 £
Long leasehold	3,074,328	2,400,721
	<u>3,074,328</u>	<u>2,400,721</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Furniture, fittings and equipment	1,923,358	1,166,489

Medivet Group Limited

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

14. Tangible fixed asset (continued)

<u>1,923,358</u>	<u>1,166,489</u>
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15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 May 2016	585,670
Additions	6,703,298
At 30 April 2017	<u>7,288,968</u>
Net book value	
At 30 April 2017	<u>7,288,968</u>
At 30 April 2016	<u>585,670</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Complete Animal Care Limited	Ordinary	100 %	Supplier of veterinary products
Topbuild (UK) Limited	Ordinary	50 %	Building company
Lab Services Limited	Ordinary	52 %	Laboratory testing
Medivet Acquisitions Limited	Ordinary	100 %	Provision of veterinary services
The Animal Clinic Limited	Ordinary	100 %	Dormant
Lordship Lane Veterinary Practice Limited	Ordinary	100 %	Dormant

<p style="text-align: center;">Medivet Group Limited</p>

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

16. Stocks

	2017 £	2016 £
Finished goods and goods for resale	2,565,643	1,171,834
	<u>2,565,643</u>	<u>1,171,834</u>

Stock recognised in cost of sales during the year as an expense was £16,178,432 (2016: £10,599,166).

17. Debtors

	2017 £	2016 £
Trade debtors	3,857,961	1,399,571
Amounts owed by group undertakings	12,639,934	10,928,654
Amounts owed by joint ventures and associated undertakings	-	11,814
Other debtors	449,989	196,155
Prepayments and accrued income	2,699,403	1,539,760
	<u>19,647,287</u>	<u>14,075,954</u>

18. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	590,331	705,209
	<u>590,331</u>	<u>705,209</u>

Medivet Group Limited

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

19. Creditors: Amounts falling due within one year

	2017 £	2016 £
Other loans	51,899	41,093
Trade creditors	5,673,345	4,611,246
Amounts owed to group undertakings	47,481,914	1,307,869
Corporation tax	606,080	643,236
Other taxation and social security	3,524,535	2,551,738
Obligations under finance lease and hire purchase contracts	376,499	261,904
Other creditors	4,861,174	1,129,405
Accruals and deferred income	1,192,771	261,763
	<u>63,768,217</u>	<u>10,808,254</u>

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

	2017 £	2016 £
Other loans	36,559	25,088
Net obligations under finance leases and hire purchase contracts	856,733	680,558
Deferred consideration	319,143	1,451,458
Share capital treated as debt	46,057,397	18,634,990
	<u>47,269,832</u>	<u>20,792,094</u>

21. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year		
Other loans	51,899	41,093
	<u>51,899</u>	<u>41,093</u>
Amounts falling due 1-2 years		
Other loans	36,559	25,088
	<u>36,559</u>	<u>25,088</u>

Medivet Group Limited

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	376,500	261,904
Between 2-5 years	856,733	680,558
	<u>1,233,233</u>	<u>942,462</u>

23. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	16,947,884	9,907,744
	<u>16,947,884</u>	<u>9,907,744</u>
Financial liabilities		
Other financial liabilities measured at fair value through profit or loss	(46,057,397)	(18,634,990)
Financial liabilities measured at amortised cost	(59,657,266)	(4,869,036)
	<u>105,714,663</u>	<u>(23,504,026)</u>

Financial assets measured at amortised cost comprise accounts receivable balances and accrued income.

Financial liabilities measured at amortised cost comprise accounts payable and other liabilities. Financial liabilities held at fair value comprise the preference shares.

24. Deferred taxation

	2017 £
Arising on business combinations	(6,910)
At end of year	<u>(6,910)</u>

Medivet Group Limited

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

24. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2017 £
Accelerated capital allowances	(6,910)
	<u>(6,910)</u>

25. Provisions

	Onerous lease provision £
Utilised in year	34,576
At 30 April 2017	<u>34,576</u>

On acquisition of subsidiary companies, there are often leases which have no benefit to the company. These have been treated as onerous leases.

26. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
710,000 Ordinary shares of £1 each	<u>710,000</u>	<u>710,000</u>
	2017 £	2016 £
Shares classified as debt		
Allotted, called up and fully paid		
46,057,397 (2016 - 18,634,990) Preference shares of £1 each	<u>46,057,397</u>	<u>18,634,990</u>

On 1 May 2010, the company acquired the trade and assets of certain branch practices from Medivet Partnership LLP for a total consideration of £41.5m. The consideration has been settled through the issue of 34,727,200 £1 redeemable preference shares and deferred consideration of £6,772,800.

On 1 January 2017, the company acquired the trade and assets of certain branch practices from Medivet Partnership LLP and Medivet Acquisitions for a total consideration of £30.9m. The consideration has been settled through the issue of 30,927,422 £1 redeemable preference shares.

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

26. Share capital (continued)

During the year, the company paid £909,372 (2016: £947,688) against the deferred consideration and redeemed preference shares to the value of £3,856,638 (2016: £3,857,111).

The preference shares have no voting rights attached to them and no rights to dividend. They rank par passu with the ordinary shares in the event of a winding up of the company.

The key assumptions made in calculating the fair value of the preference shares were:

- a rate of 4.12% was assumed to be the Company's weighted average cost of capital; and
- a redemption period of 5 years.

27. Reserves

Profit and loss account

Profit and loss account – includes all current and prior period retained profits and losses.

28. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £228,300 (2016: £158,451).

29. Commitments under operating leases

At 30 April 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	3,098,927	938,120
Later than 1 year and not later than 5 years	14,691,945	3,656,480
Later than 5 years	17,150,644	6,718,275
	<u>34,941,516</u>	<u>11,312,875</u>

30. Other financial commitments

The bank holds a debenture over the assets of the company as a security for the borrowings of the group.

Medivet Group Limited

**Notes to the Financial Statements
For the Year Ended 30 April 2017**

31. Related party transactions

	2017 £	2016 £
Purchases from subsidiary - Topbuild (UK) Limited	1,720,293	1,023,898
Purchases from subsidiary - Lab Services Limited	1,345,481	1,084,224
Rent paid to Medivet Property Holdings Limited, a company related by virtue of common directors	866,246	820,275
Balance due from subsidiary company - Topbuild UK Limited	71,544	247,617
Balance due to subsidiary - Lab Services Limited	(273,252)	243,411
Balance due from Medivet Property Holdings Limited	188,856	139,983

32. Controlling party

The company is controlled by, and is a wholly owned subsidiary of, Medivet Partnership LLP. The largest and smallest group to prepare consolidated accounts which include this company is that headed by Medivet Partnership LLP. Copies of the consolidated accounts can be obtained from the registered office.

The company is exempt from the need to prepare consolidated accounts by virtue of its inclusion in the consolidated accounts prepared by Medivet Partnership LLP.