

Animal Healthcare Services Limited

Report of the Directors and

Financial Statements for the Period 31 December 2017 to 29 December 2018

Company Number: 03736547

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Animal Healthcare Services Limited (Registered number: 03736547)

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for the Period 31 December 2017 to 29 December 2018

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Animal Healthcare Services Limited

Company Information
for the Period 31 December 2017 to 29 December 2018

DIRECTORS:

T Carse
G Rhodes
M Ellis
W Pelling

REGISTERED OFFICE:

Distington House
Atlas Way
Sheffield
S4 7QQ

REGISTERED NUMBER:

03736547 (England and Wales)

AUDITOR:

BDO LLP
4 Atlantic Quay
70 York Street
Glasgow
United Kingdom
G2 8JX

Animal Healthcare Services Limited (Registered number: 03736547)

Strategic Report
for the Period 31 December 2017 to 29 December 2018

The directors present their strategic report for the period 31 December 2017 to 29 December 2018.

Principal activities, trading review and future developments

There are two divisions within the company; Veterinary Instrumentation (VI) and Premier Buying Group (PBG). The principal activity of the VI division is the development, manufacturing and sale of veterinary instruments globally. The principal activity of the PBG division is to negotiate rebates with manufacturers on behalf of its members for which it retains a management fee.

The results for the period and the financial position of the company are shown in the financial statements.

The company's net assets were £15.9m at 29 December 2018 (2017: £14.1m), an increase of £1.8m.

The company is committed to delivering technical expertise through the training and recruitment of its employees and the provision of training and technical assistance to its customers.

Looking forward growth is expected to continue as new trading partners are developed in export markets and through technical advancements. While the market place remains very competitive the company is well placed in terms of technical expertise and global reach.

Financial Key Performance Indicators

The company's key performance indicators are turnover and operating profit. Turnover for the year was £11.5m, an increase of 9%, (2017: £10.5m). Operating profit for the year was £2.5m (2017: £2.9m). Operating profit for 2018 is stated after an impairment of intangible assets which resulted in a charge of £0.7m.

Principal risks and uncertainties

The main area of financial risk is credit risk. This is monitored by the board of directors and is not considered to be significant at the balance sheet date. The company's policy in respect of credit risk is to monitor debtors to ensure that appropriate credit limits are applied and its terms and conditions of trade are met.

A substantial proportion of the company's purchases are in currencies other than sterling. The directors minimise this risk where possible by hedging potential risk and reviewing margins to ensure that any adverse movement in rates have the least impact on operating income.

Brexit remains an area of uncertainty for the directors' however we are confident that this will not impact our customers ability to source product from us. We are actively working with our suppliers and courier companies to mitigate any issues within our supply chain as a result of Brexit.

ON BEHALF OF THE BOARD:



.....
William Pelling - Director

Date: 26/02/2020

Animal Healthcare Services Limited (Registered number: 03736547)

Report of the Directors
for the Period 31 December 2017 to 29 December 2018

The directors present their report with the financial statements of the company for the period 31 December 2017 to 29 December 2018.

Results and Dividends

The results are set out on page 8. No dividends were paid or proposed for the year ended 29 December 2018.

Directors

The directors who served during the year were;

M Mlotek (resigned 4 February 2019)
P McCarthy (resigned 7 January 2019)
S Paladino (resigned 4 February 2019)
D Fenna (resigned 11 July 2018)
W Flack (resigned 09 March 2018)
T Carse
G Rhodes
Michael Ellis (appointed 4 February 2019)
William Pelling (appointed 7 January 2019)

Directors' responsibilities

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

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

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

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

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

Animal Healthcare Services Limited (Registered number: 03736547)

Report of the Directors
for the Period 31 December 2017 to 29 December 2018

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 directors are aware, there is no relevant audit information of which the company's auditor is unaware.
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

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

Auditor

The auditor, BDO LLP is deemed to be reappointed in accordance with section 487 of the Companies Act 2006.

APPROVED ON BEHALF OF THE BOARD:



.....
William Pelling - Director

Date: 26/02/2020
.....

**Independent Auditor's Report to the Members of
Animal Healthcare Services Limited (Registered number: 03736547)**

Opinion

We have audited the financial statements of Animal Healthcare Services Limited ("the company") for the year ended 29 December 2018 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 December 2018 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.

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the strategic report and directors' 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.

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

We have nothing to report in this regard.

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

Independent Auditor's Report to the Members of
Animal Healthcare Services Limited (Registered number: 03736547)

Matters on which we are required to report by exception

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 material misstatements in the strategic report and directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

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

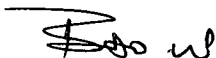
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Glasgow
G2 8JX

Date 28 February 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Animal Healthcare Services Limited (Registered number: 03736547)

Statement of Income and Retained Earnings
for the Period 31 December 2017 to 29 December 2018

	Notes	Period 31/12/17 to 29/12/18 £	Period 01/01/17 to 30/12/17 £
TURNOVER	4	11,511,477	10,542,492
Cost of sales		<u>(5,076,567)</u>	<u>(4,839,800)</u>
GROSS PROFIT		6,434,910	5,702,692
Administrative expenses		(3,885,778)	(2,780,147)
Other operating income		<u>-</u>	<u>97</u>
OPERATING PROFIT AND PROFIT BEFORE TAX	7	2,549,132	2,922,642
Tax on profit on ordinary activities	8	<u>742,554</u>	<u>680,364</u>
PROFIT AFTER TAX		<u><u>1,806,578</u></u>	<u><u>2,242,278</u></u>
Retained earnings at the beginning of the period		13,911,527	11,669,249
Profit for the period		<u>1,806,578</u>	<u>2,242,278</u>
RETAINED EARNINGS AT THE END OF THE PERIOD		<u><u>15,718,105</u></u>	<u><u>13,911,527</u></u>

The notes on pages 10 to 21 form part of these financial statements.

Animal Healthcare Services Limited (Registered number: 03736547)

Balance Sheet
29 December 2018

	Notes	2018	2017
		£	£
FIXED ASSETS			
Intangible assets	10	4,479,315	5,851,949
Tangible assets	11	<u>201,042</u>	<u>137,048</u>
		4,680,357	5,988,997
CURRENT ASSETS			
Stocks	12	1,979,536	1,955,351
Debtors	13	1,435,228	1,494,926
Cash at bank and in hand	14	<u>9,372,975</u>	<u>6,890,396</u>
		12,787,739	10,340,673
CREDITORS			
Amounts falling due within one year	15	<u>1,559,989</u>	<u>2,228,141</u>
NET CURRENT ASSETS		<u>11,227,750</u>	<u>8,112,532</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,908,107</u>	<u>14,101,529</u>
NET ASSETS		<u>15,908,107</u>	<u>14,101,529</u>
CAPITAL AND RESERVES			
Called up share capital	18	190,002	190,002
Profit and loss account	19	<u>15,718,105</u>	<u>13,911,527</u>
SHAREHOLDERS' FUNDS		<u>15,908,107</u>	<u>14,101,529</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26/02/2020 and were signed on its behalf by:



William Pelling - Director

The notes on pages 10 to 21 form part of these financial statements.

Notes to the Financial Statements
for the Period 31 December 2017 to 29 December 2018

1. GENERAL INFORMATION

Animal Healthcare Services Limited is a private company limited by shares and incorporated in England. Its registered address is Distington House, Atlas Way, Sheffield, S4 7QQ. The nature of the company's operations and principal activities are set out in the strategic report.

2. ACCOUNTING POLICIES

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 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 judgement in applying the company's accounting policies (see note 3).

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The requirements of Section 4 Statement of Financial Position paragraph 4.12 (a) (iv);
- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17 (d);
- The requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

The presentational currency of the financial statements is GBP. Rounding to the nearest £1 has been applied within their preparation.

The following principal accounting policies have been applied:

Turnover

Revenue from sale of goods 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. Revenue 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 revenue is recognised:

- 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 revenue can be measured reliably;
- it is probable that the company will receive consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Buying group revenue is recognised when the underlying service has been delivered: buying group commissions are recognised when the related purchases are made; direct debit collection and administration fees are recognised when transactions are processed; member joining, and set up fees are recognised when agreements are made; and annual membership fees are recognised over the year of membership.

Animal Healthcare Services Limited (Registered number: 03736547)

Notes to the Financial Statements
for the Period 31 December 2017 to 29 December 2018

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 the company's share of its identifiable assets and liabilities 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 income and retained earnings over its useful economic life which shall not exceed 11 years.

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.

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 of other intangibles are based on their contracted lives. Intangible assets are amortised using the straight line method.

The estimated useful lives range as follows:

Goodwill	- 11 years
Software	- 5 years

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.

Depreciation is charged so as to allocate the cost of the assets less their residual value over their estimated useful lives, using the straight line method.

The estimated useful lives range as follows:

Plant and machinery	- 7 years
Fixtures and fittings	- 5 to 10 years
Computer equipment	- 5 years
Other assets	- 3 years

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 income and retained earnings.

Acquisition accounting policy

The financial statements incorporate the results of a business combination using the purchase method. In the statement of financial position, the acquiree's identifiable assets are initially recognised at their fair values at the acquisition date. The results from the acquired operations are included in the Statement of Income and Retained Earnings from the date on which control was obtained.

Animal Healthcare Services Limited (Registered number: 03736547)

Notes to the Financial Statements
for the Period 31 December 2017 to 29 December 2018

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 average cost of purchase.

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 the statement of income and retained earnings.

Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the lease term.

Termination benefit policy

Termination benefits are accrued by the company when there is a constructive obligation to pay them. This is normally via a contractual, legislative or other agreement with employees or other representatives.

Pension costs and other post-retirement benefits

The company makes gross contributions to individual employee personal pension schemes. Pension contributions are charged to the statement of income and retained earnings in the period to which they relate.

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 rate method, less any impairment.

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.

Financial instruments

The company only enters into basic financial instrument 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 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 and received.

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 rate model.

Animal Healthcare Services Limited (Registered number: 03736547)

Notes to the Financial Statements
for the Period 31 December 2017 to 29 December 2018

Foreign currencies

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the date 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 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 income and retained earnings.

Finance costs

Finance costs are charged to the statement of income and retained earnings 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.

Interest receivable

Interest income is recognised in the statement of income and retained earnings using the effective interest method.

Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive liability 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 income and retained earnings in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet 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 balance sheet.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings, 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 by the reporting date in the countries where the company operates and generate income.

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

- the recognition of deferred tax assets is limited to the extent that it is probable that they will recovered against the reversal of a deferred tax liability or other future taxable profits;
- 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.

Notes to the Financial Statements
for the Period 31 December 2017 to 29 December 2018

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNDERTAINTY

In preparing these financial statements the directors have made the following judgements;

- Determine whether leases entered into by the company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been passed from the lessor to the lessee on a lease by lease basis.
- Tangible and intangible assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Determine whether there are indicators of impairments of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- The carrying amount of trade debtors is reduced by a bad debt provision that reflects management's best estimate of the amounts that will not be collected. The provision for trade debtors is comprised of a provision for doubtful debt and sales returns. Management consider many factors in estimating the bad debt and sales return provision, including historical data, experience, customer types, credit worthiness and economic trends.
- Stocks consist primarily of finished goods and are valued at the lower of cost or net realisable value. In accordance with the company's policy for stock provision, many factors are taken into consideration including the condition of the stock, historical sales, forecasted sales and market trends.
- Considered the assets acquired on business combinations and made a judgement on whether an adjustment was required to the book value to ensure that the carrying amount represents the fair value of the assets.

Animal Healthcare Services Limited (Registered number: 03736547)

**Notes to the Financial Statements - continued
for the Period 31 December 2017 to 29 December 2018**

4. TURNOVER

Analysis by class of business:

	Period 31/12/17 to 29/12/18 £	Period 01/01/17 to 30/12/17 £
Sale of goods	10,519,462	9,848,183
Buying group revenue	<u>992,015</u>	<u>694,309</u>
	<u>11,511,477</u>	<u>10,542,492</u>

Analysis of turnover by geographical market:

	Period 31/12/17 to 29/12/18 £	Period 01/01/17 to 30/12/17 £
United Kingdom	5,920,015	5,472,530
European Union	2,612,000	2,571,418
Outside European Union	<u>2,979,462</u>	<u>2,498,544</u>
	<u>11,511,477</u>	<u>10,542,492</u>

5. STAFF COSTS

	Period 31/12/17 to 29/12/18 £	Period 01/01/17 to 30/12/17 £
Wages and salaries	1,277,021	1,154,369
Social security costs	107,193	100,387
Cost of defined contribution scheme	<u>34,455</u>	<u>35,722</u>
	<u>1,418,669</u>	<u>1,290,478</u>

The average number of employees during the period was as follows:

	Period 31/12/17 to 29/12/18	Period 01/01/17 to 30/12/17
Sales	17	15
Management	2	1
Operations	<u>19</u>	<u>18</u>
	<u>38</u>	<u>34</u>

Animal Healthcare Services Limited (Registered number: 03736547)

Notes to the Financial Statements - continued
for the Period 31 December 2017 to 29 December 2018

6. DIRECTORS' EMOLUMENTS

	Period 31/12/17 to 29/12/18 £	Period 01/01/17 to 30/12/17 £
Directors' remuneration	154,983	162,329
Pension contributions to defined contribution schemes	<u>1,612</u>	<u>9,437</u>

The number of directors to whom retirement benefits were accruing was as follows:

Defined contribution scheme	<u>1</u>	<u>1</u>
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The parent company provided a share option incentive plan to this director. These options have not been exercised as yet. The cost of the share options awarded in this period was £7,645 (2017: £21,505). No other directors received share options for their services as directors of the company.

7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	Period 31/12/17 to 29/12/18 £	Period 01/01/17 to 30/12/17 £
Operating leases	32,970	33,467
Depreciation - owned assets	84,949	43,021
Computer software amortisation	30,990	19,737
Auditors' remuneration	26,255	22,500
Goodwill amortisation	667,516	476,512
Goodwill impairment	703,125	-
Foreign exchange differences	<u>(15,492)</u>	<u>(9,337)</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period was as follows:

	Period 31/12/17 to 29/12/18 £	Period 01/01/17 to 30/12/17 £
Current tax:		
Current tax on profits for the year	751,630	681,133
Adjustment in respect of previous periods	<u>(6,446)</u>	<u>4,324</u>
UK corporation tax	745,184	685,457
Deferred tax	<u>(2,630)</u>	<u>(5,093)</u>
Tax on profit on ordinary activities	<u>742,554</u>	<u>680,364</u>

**Notes to the Financial Statements - continued
for the Period 31 December 2017 to 29 December 2018**

8. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 30/12/17 to 29/12/18 £	Period 01/01/17 to 30/12/17 £
Profit on ordinary activities before tax	<u>2,549,132</u>	<u>2,917,549</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	484,335	561,528
Effects of:		
Expenses not deductible for tax purposes	3,933	24,204
Fixed asset amortisation impairment	260,422	91,712
Depreciation in excess of capital allowances		
Adjustments to tax charge in respect of previous periods	(6,446)	4,324
Adjustments to tax charge in respect of previous periods (deferred tax)	-	(2,079)
Other short term differences	<u>310</u>	<u>675</u>
Current tax charge	<u>742,554</u>	<u>680,364</u>

Factors affecting future tax charges

A reduction in the standard rate of UK corporation tax to 17% has been enacted and will take effect from 1 April 2020.

9. PENSION COSTS

The company operates a defined contribution scheme. The pension cost charge represents contributions payable by the company to the fund and amounted to £34,455 (period ended 29 December 2017: £35,722). Contributions totalling £5,020 (2017: £7,098) were payable to the fund at the period end and are included in other creditors.

**Notes to the Financial Statements - continued
for the Period 31 December 2017 to 29 December 2018**

10. INTANGIBLE FIXED ASSETS

	Computer software £	Goodwill £	Total £
COST			
At 30 December 2017	135,997	6,221,025	6,357,022
Additions	42,449	-	42,449
Disposals	-	(13,452)	(13,452)
At 29 December 2018	178,446	6,207,573	6,386,019
AMORTISATION			
At 30 December 2017	28,562	476,511	505,073
Amortisation for period	30,990	667,516	698,506
Impairment charge		703,125	703,125
At 29 December 2018	59,552	1,847,152	1,906,704
NET BOOK VALUE			
At 29 December 2018	118,895	4,360,421	4,479,315
At 30 December 2017	107,435	5,744,514	5,851,949

11. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixture and fittings £	Computer equipment £	Other assets £	Totals £
COST					
At 30 December 2017	2,611	40,945	116,929	112,795	273,280
Additions	-	-	68,185	80,758	148,943
Disposals	(2,611)	(16,241)	(34,317)	(533)	(53,702)
At 29 December 2018	-	24,704	150,797	193,020	368,521
DEPRECIATION					
At 29 December 2017	2,611	35,431	72,157	26,033	136,232
Charge for the period	-	3,165	21,993	59,791	84,949
Disposals	(2,611)	(16,241)	(34,317)	(533)	(53,702)
At 29 December 2018	-	22,355	59,833	85,291	167,479
NET BOOK VALUE					
At 29 December 2018	-	2,349	90,964	107,729	201,042
At 30 December 2017	-	5,514	44,772	86,762	137,048

Animal Healthcare Services Limited (Registered number: 03736547)

Notes to the Financial Statements - continued
for the Period 31 December 2017 to 29 December 2018

12. STOCKS

	2018	2017
	£	£
Components	<u>1,979,536</u>	<u>1,955,351</u>

Stock recognised in cost of sales during the period as an expense was £4,661,575 (2017: £4,411,398)

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	747,466	823,653
Amounts owed by group undertakings	317,879	250,859
Other debtors	241,479	303,915
Deferred tax asset	10,036	7,405
Prepayments	<u>118,368</u>	<u>109,094</u>
	<u>1,435,228</u>	<u>1,494,926</u>

14. CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash at bank and in hand	<u>9,372,975</u>	<u>6,890,396</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	255,051	456,173
Amounts owed to group undertakings	112,023	295,210
Corporation tax	206,066	350,527
Social security and other taxes	21,567	23,580
Other creditors	507,006	620,670
Accrued expenses	<u>458,276</u>	<u>481,981</u>
	<u>1,559,989</u>	<u>2,228,141</u>

16. OPERATING LEASE COMMITMENTS

As at 29 December 2018 the company had future minimum commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2018	2017
	£	£
Within one year	19,233	33,600
In two to five years	-	53,200
	<u> </u>	<u> </u>

Animal Healthcare Services Limited (Registered number: 03736547)

Notes to the Financial Statements - continued
for the Period 31 December 2017 to 29 December 2018

17. DEFERRED TAX ASSET

	2018
	£
Deferred tax	<u>(10,035)</u>
	Deferred tax
	£
Balance at 30 December 2017	(7,405)
Movement in the year	<u>(2,630)</u>
Balance at 29 December 2018	<u>(10,035)</u>
	2018
	£
Accelerated capital allowances	(6,978)
Short term timing differences	<u>(3,057)</u>
	<u>(10,035)</u>
	2017
	£
	(1,570)
	<u>(5,835)</u>
	<u>(7,405)</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017
			£	£
190,002	Ordinary	£1	<u>190,002</u>	<u>190,002</u>

19. RESERVES

Profit and loss account represents cumulative profits or losses, net of dividends and other adjustments.

20. RELATED PARTY TRANSACTIONS

The company is a member of the Henry Schein Inc. group and has taken advantage of the reduced disclosure exemptions conferred by FRS 102 not to disclose transactions with members of the group on the grounds that the company is included in the consolidated financial statements.

Sales of £157,879 (2017: £110,668) were made to non-wholly owned subsidiary undertakings of Henry Schein Inc. As at 29 December 2018 £28,915 (2017: £23,980) was owed by these companies to Animal Healthcare Services Limited.

Notes to the Financial Statements - continued
for the Period 31 December 2017 to 29 December 2018

21. ULTIMATE CONTROLLING PARTY

The company was a 100% owned subsidiary of Victory Alpha Limited. Victory Alpha Limited was a 100% wholly owned subsidiary of Henry Schein Animal Health Holdings Limited, a company registered in England and Wales, company number 07402799. The ultimate holding company of Henry Schein Animal Health Holdings Limited was Henry Schein Inc, a company registered in the United States. Subsequent to 29 December 2018, the ultimate holding company became Covetrus Inc. a company registered in the United States.

For the year, Henry Schein Inc is the largest and smallest group for which consolidated financial statements are drawn up and of which the company is a member. Copies of Henry Schein Inc. group financial statements are available from 135 Durylea Road, Melville, New York 11747.

22. SHARE-BASED PAYMENTS

Restricted Stock Plan

Covetrus Inc. grants restricted stock. These are common stock awards granted to recipients with specified vesting provisions. Restricted stock may vest based on the recipient's continued service over a period of time (vesting after four years). With respect to time based restricted stock, the fair value is determined on the date of the grant, based on the closing stock price. The fair value of performance based restricted stock is estimated on the date of grant based on the closing stock price, assuming that performance targets will be achieved.

Restricted stock was first granted to employees of the Group in 2006.

The company recognised total expenses of £7,645 (2017: £21,505) in respect of equity-settled share-based payment transactions which represent charges from Henry Schein Inc. to the company. At the balance sheet date liabilities arising from share-based transactions totalled US\$1,757 (2017: US\$23,694) and are included in creditors.

Animal Healthcare Services Limited (Registered number: 03736547)

Trading and Profit and Loss Account
for the Period 31 December 2017 to 29 December 2018

	Period 31/12/17 29/12/18		Period 01/01/17 30/12/17	
	£	£	£	£
Sales		11,511,477		10,542,492
Cost of sales				
Opening stock	1,955,351		1,991,778	
Purchases	5,059,147		4,729,793	
Repairs/ Servicing machines	<u>41,605</u>		<u>73,580</u>	
	7,056,103		6,795,151	
Closing stock	<u>(1,979,536)</u>		<u>(1,955,351)</u>	
		<u>5,076,567</u>		<u>4,839,800</u>
GROSS PROFIT		6,434,910		5,702,692
Other income				
Deposit account interest	<u>-</u>		<u>97</u>	
		<u>-</u>		<u>97</u>
		6,434,910		5,702,692
Expenditure				
Rent	51,370		39,618	
Rates and water	18,447		18,013	
Insurance	20,937		17,481	
Light and heat	9,197		8,165	
Directors' salaries	154,983		157,968	
Directors' bonuses	(28,449)		15,951	
Directors' pension contributions	1,612		9,437	
Wages	1,150,612		980,449	
Social security	107,194		100,387	
Pensions	32,843		26,285	
Telephone	16,053		10,883	
Post and stationery	26,655		26,552	
Advertising and marketing	37,171		90,264	
Travelling	132,641		119,658	
Motor expenses	5,795		5,910	
Exhibition expenses	80,820		44,866	
Catalogue and postage	68,154		43,440	
Repairs and renewals	7,326		3,234	
Computer running costs	66,777		48,347	
Household and cleaning	6,677		7,057	
Charitable donations	-		-	
Subscriptions	12,137		3,683	
Refuse collection	3,523		2,921	
Sundry expenses	17,859		87,788	
	<u>2,000,334</u>	<u>6,434,910</u>	<u>1,868,357</u>	<u>5,702,789</u>
Carried forward				

Animal Healthcare Services Limited (Registered number: 03736547)

Trading and Profit and Loss Account
for the Period 31 December 2017 to 29 December 2018

	Period 31/12/17 to 29/12/18		Period 01/01/17 to 30/12/17	
	£	£	£	£
Brought forward	2,000,334	6,434,910	1,868,357	5,702,789
Recruitment expenses	74,442		9,500	
Accountancy	-		3,050	
Consultancy	10,350		9,167	
Management fees	150,848		123,527	
Management accountancy	107,181		112,079	
Legal and professional fees	31,776		35,959	
Options cost	7,645		21,505	
Auditor's remuneration	26,256		22,500	
Foreign exchange loss/gain	(15,492)		9,337	
Amortisation of intangible fixed assets	698,506		496,249	
Impairment of intangible fixed assets	703,125		-	
Depreciation of tangible fixed assets				
Plant and machinery	-		-	
Fixtures and fittings	3,165		3,197	
Other Assets	59,791		26,033	-
Computer equipment	21,993		15,256	
Entertainment	5,397		6,944	
Bad debts	(30,326)		3,893	
		<u>3,854,991</u>		<u>2,746,413</u>
		2,579,919		2,956,376
Finance costs				
Bank charges		<u>30,787</u>		<u>33,734</u>
NET PROFIT		<u><u>2,549,132</u></u>		<u><u>2,922,545</u></u>