

Veterinary Solutions Limited

Report and Financial Statements

Year Ended

31 December 2021

Company Number 4207571

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Veterinary Solutions Limited

**Report and financial statements
for the year ended 31 December 2021**

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Directors

Graham Rhodes
Ian Bryant

Registered office

The Point, 37 North Wharf Road, London, England, W2 1AF

Company number

4207571

Auditors

BDO LLP, Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD

Veterinary Solutions Limited

Strategic Report for the year ended 31 December 2021

The directors present their report and financial statements for year ended 31 December 2021.

Principal activities, trading review and future developments

The principal activity of the company during the year was to supply proprietary Windows based software, computer hardware and services to practitioners in veterinary industries.

The company's turnover for the 12 months of 2021 was £7,256k compared to £7,195k with increased sales of computer hardware and professional services to existing customers accounting for the year on year improvement. Customer confidence returned to the market with practices more inclined to commit to capital projects post the COVID19 lockdown environment. Gross profit margin grew to 84.2% compared to 83.5% in 2020 following stronger sales mix towards higher margin products. Administrative costs were £690k higher over the previous year. Staff costs, following the cessation of the furlough scheme, increased significantly together with higher management fees levied by other group companies. Operating profit in the 12 months of 2021 was £986k compared to £1,715k in 2020 on a like for like basis. Cash at bank and in hand increased by £1,405k compared to an increase of £1,530k in 2020. Revenue, gross profit margin and cashflow are considered to be the key performance indicators of the business.

We believe the veterinary market grew by approximately 2% over the previous year following the opening up of its markets post COVID19 lockdowns. This improvement has continued in the first half of 2022. However, the impact of the war between Russia and Ukraine is contributing to inflation running at 40 year highs and is affecting the health of the economy. The veterinary industry has proven to be relatively resilient to global influences of this nature as demonstrated during the Covid pandemic however the directors continue to monitor the situation closely.

The Practice Management Software (PMS) market is moving away from on-premise server based technologies and towards cloud based solutions. To meet this demand, in 2022, the company launched a cloud PMS product called Ascend initially aimed at small independent veterinary practices. The company will continue to develop Ascend together with investing in its existing product range of PMS solutions to better benefit its customers.

Subsequent events

On 16th May 2022 the company repaid the loan it had with RxWorks Limited following agreement with its directors. The amount paid was £5,337,317 including accrued interest at the point of repayment.

In 2022 RxWorks Limited made a dividend payment of £7,270,000 to the company. At the same time the company's investment in RX Works was impaired.

On the 13th October 2022 Covetrus Inc was acquired by CD&R VFC Holdings L.P, CD&R Corgi Holdings L.P. and TPG Corgi Aggregation L.P. No single entity has ultimate control.

Going concern

In the opinion of the directors the company will continue for the foreseeable future and they consider it appropriate to prepare the financial statements on the going concern basis. In reaching this conclusion the directors relied upon a detailed profit and loss, balance sheet and cashflow forecast through to June 2024. The forecast included an assessment of current and future trading conditions and considered the impact of material changes to those assumptions including the impact of lower market adoption of its new Ascend product and a recession in the UK. The directors also considered the change of ownership in producing the forecast and do not believe that this materially impacts the ongoing activities of the company.

The directors are confident that, together with its strong cash reserves, the business can continue to meet its liabilities as they fall due for the foreseeable future and therefore no material uncertainty exists around the ability to continue as a going concern.

Veterinary Solutions Limited

**Strategic Report (continued)
for the year ended 31 December 2021**

Principal risks and uncertainties

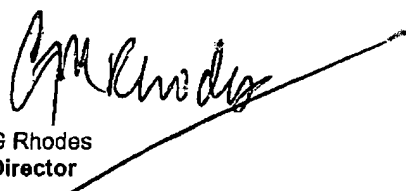
The main financial risk arising from the company's activities is credit risk. This is monitored by the board of directors and is not considered to be significant at the statement of financial position date. The company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made and to ensure terms and conditions of trade are adhered to on an ongoing basis.

Other risks and uncertainty arising from the company's activities include price, cashflow and liquidity. Price risk is mitigated through development of its core products to ensure value to the customer is maintained. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions through short and long term cashflow forecasts.

Both forms of risk are monitored by the board of directors and are not considered to be significant at the date of approval of the financial statements.

Signed by order of the directors

02/05/2023



G Rhodes
Director



GRAHAM RHODES

Veterinary Solutions Limited

Report of the directors for the year ended 31 December 2021

The directors present their report and the financial statements of the company for the year ended 31 December 2021.

Directors

The directors who served the company during the year were as follows:

M Ellis (resigned 19th October 2021)

G Rhodes

I Bryant

Results and Dividends

The profit for the year, after taxation, amounted to £898,303 (2020 - £1,200,667). The directors have not recommended a dividend in the year (2020: £Nil).

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 the profit or loss of the company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Veterinary Solutions Limited

Report of the directors
for the year ended 31 December 2021


Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 02/05/23 and signed on behalf of the board by:


Director

GRAHAM RHODES

Veterinary Solutions Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VETERINARY SOLUTIONS LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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.

We have audited the financial statements of Veterinary Solutions Limited ("the Company") for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

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

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

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

Other information

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

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

Veterinary Solutions Limited

Independent auditor's report (continued)

statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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 Responsibilities of directors, 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.

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

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

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud and tested accordingly;

Veterinary Solutions Limited

Independent auditor's report (continued)


- reading minutes of management meetings and of those charged with governance and reviewing correspondence with regulatory bodies, such as HMRC, and reviewing documentation for indications of non-compliance with laws and regulations.
- assessing whether the accounting policies, treatments and presentation adopted in the financial statements is in accordance with 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) and whether there are instances of potential bias in areas with significant degrees of judgement such as deferred tax assets being recognised;
- addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- addressing the risk of fraud in revenue recognition through substantive testing of a sample of revenue transactions with a particular focus on the accuracy of deferred revenue.
- vouching balances and reconciling items in management's key control account reconciliations to supporting documentation as at 31 December 2021; and
- carrying out detailed testing, on a sample basis, of material transactions, financial statement categories and balances to appropriate documentary evidence to verify the completeness, occurrence and accuracy of the reported financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on 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.

DocuSigned by:

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Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Glasgow, UK
03 May 2023

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

Veterinary Solutions Limited

Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	3	7,256,332	7,194,911
Cost of sales		(1,144,623)	(1,188,537)
Gross profit		6,111,709	6,006,374
Distribution costs		(434,428)	(419,367)
Administrative expenses		(4,690,924)	(3,972,197)
Other operating income	6	-	128,895
Operating profit	4	986,357	1,743,705
Interest payable and similar charges	9	(144,429)	(198,690)
Profit on ordinary activities before taxation		841,928	1,545,015
Tax (charge) on profit on ordinary activities	10	56,375	(344,348)
Profit for the financial year and total comprehensive income		898,303	1,200,667

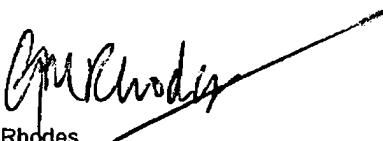
The notes on pages 11 to 22 form part of these financial statements.

Veterinary Solutions Limited

Statement of financial position at 31 December 2021

<i>Company number 4207571</i>	<i>Note</i>	2021	2021	2020	2020
		£	£	£	£
Fixed assets					
Intangible assets	12		487,175		451,432
Tangible assets	13		29,072		48,766
Investments	14		6,106,100		6,106,100
			<u>6,622,347</u>		<u>6,606,298</u>
Current assets					
Stock	15	60,317		47,213	
Debtors	16	976,733		1,519,115	
Cash at bank and in hand		7,549,619		6,144,274	
		<u>8,586,669</u>		<u>7,710,602</u>	
Creditors: amounts falling due within one year	18	8,343,103		2,907,705	
Net current assets			<u>243,566</u>		<u>4,802,897</u>
Total assets less current liabilities			<u>6,865,913</u>		<u>11,409,195</u>
Creditors: amounts falling due after more than one year	19		-		(5,441,585)
Net assets			<u>6,865,913</u>		<u>5,967,610</u>
Capital and reserves					
Called up share capital	20		160,002		160,002
Profit and loss account	26		5,036,790		4,138,487
Capital reserve	26		8,500,348		8,500,348
Merger reserve	26		(6,831,227)		(6,831,227)
Shareholders' funds			<u>6,865,913</u>		<u>5,967,610</u>

These financial statements were approved by the board of directors and authorised for issue on 02/05/2023, and are signed on behalf of the board by:


 G Rhodes
 Director

The notes on pages 11 to 22 form part of these financial statements.

Veterinary Solutions Limited

Statement of changes in equity for the year ended 31 December 2021

	Share capital £	Capital reserve £	Retained earnings £	Merger reserve £	Total equity £
Balance at 31 December 2019	160,002	8,500,348	2,937,820	(6,831,227)	4,766,943
Profit for the year	-	-	1,200,667	-	1,200,667
Balance at 31 December 2020	160,002	8,500,348	4,138,487	(6,831,227)	5,967,610
Balance at 31 December 2020	160,002	8,500,348	4,138,487	(6,831,227)	5,967,610
Profit for the year	-	-	898,303	-	898,303
Balance at 31 December 2021	160,002	8,500,348	5,036,790	(6,831,227)	6,865,913

On 29th July 2022 the company received payment of a dividend from its subsidiary RxWorks Limited in the sum of £7,270,000.

The notes on pages 11 to 22 form part of these financial statements.

Veterinary Solutions Limited

Notes forming part of the financial statements
for the year ended 31 December 2021

1 Accounting policies

Basis of preparation

Veterinary Solutions Limited is a limited company registered and incorporated in England and Wales. The address of the registered office is given on the contents page and its principal activities are set out in the report of the directors.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the company's management to exercise judgement in applying the company's accounting policies (Note 2).

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 7 statement of Cash Flows;
- The requirement of Section 3 Financial Statement Presentation paragraph 3.17 (d);
- The requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48(A);
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- The requirements of Section 33 Related Party Disclosures paragraph 33.7

The company is exempt from the requirement to prepare consolidated financial statements as the group which it heads is small as defined by The Companies Act 2006. These financial statements present information about the company as an individual undertaking and not about its group.

Turnover

Turnover represents the total invoice value, excluding value added tax of sales made during the year after adjusting for licence and support fees received in advance and hardware installation not yet completed.

The company supplies hardware to customers for use with its software and customers are normally invoiced shortly after orders are received. Income arising from hardware sales is recognised when installation is completed.

The company supplies annual software licences (including software support fees) and hardware support packages to customers. Income arising is recognised on a straight line basis over the period of the licence and support contract.

Going Concern

The company has emerged from the worst effects of the Coronavirus with a strong statement of financial position including high cash reserves and continues to maintain positive cashflows. The company has produced a detailed profit and loss, balance sheet and cashflow forecast through to June 2024. The forecast included an assessment of current and future trading conditions and considered the impact of material changes to those assumptions including the impact of lower market adoption of its new Ascend product and a recession in the UK. The directors also considered the change of ownership in producing the forecast and do not believe that this materially impacts the ongoing activities of the company.

Veterinary Solutions Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

The directors are confident that, together with its strong cash reserves, the business can continue to meet its liabilities as they fall due for the foreseeable future and therefore no material uncertainty exists around the ability to continue as a going concern.

Intangible assets

Intangible assets are initially recorded at cost and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Research and development

Computer software and other development costs are charged to the statement of comprehensive income in the year of expenditure, unless individual projects satisfy the following criteria:

- The project is clearly defined and related expenditure is separately identifiable;
- The project is technically feasible and commercially viable;
- Current and future costs are expected to be exceeded by future sales; and
- Adequate resources exist for the project to be completed

In such circumstances the costs are carried forward and amortised over a period not exceeding 3 years commencing in the year the company starts to benefit from the expenditure.

Amortisation

Amortisation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method. Amortisation is not charged on assets until they are capitalised. The estimated useful lives range as follows:

Computer software - 33% straight line
Computer development - 20% straight line

Tangible fixed assets

Tangible fixed assets 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

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

Fixtures and fittings	- 33% straight line
Computer equipment	- 33% straight line

Stock

Stocks comprise the cost of hardware where customers' installation has not yet been completed. Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Net realisable value is based on estimated selling price less additional costs of disposal.

Veterinary Solutions Limited

**Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)**

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

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

Operating lease agreements

Annual operating lease rentals are charged to the statement of comprehensive income on a straight line basis over the lease term.

Pension costs

Contributions to the company's defined contribution scheme are charged to the statement of comprehensive income in the year which they become payable.

Government Grants

Payments received under the UK government's Coronavirus Job Retention Scheme are a form of grant. This grant money is receivable as compensation for expenses already incurred. It is recognised in income in the period in which it becomes receivable and the related expense is incurred.

Financial assets

Financial assets, other than derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the statement of comprehensive income.

Financial Liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instruments contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Deferred taxation

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 the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Veterinary Solutions Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

2 Judgement and estimations note

In preparing these financial statements the directors have made the following judgements and estimates:

- Determine whether there are indicators of impairment 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 directors review amortisation rates on an annual basis and assess intangible assets for indicators of impairment at least annually. Amortisation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

3 Turnover

The company's turnover arises mainly from software, associated hardware and value added products.

	2021 £	2020 £
Analysis of turnover by country of destination:		
United Kingdom	7,119,401	7,043,029
Rest of Europe	136,931	151,882
	<u>7,256,332</u>	<u>7,194,911</u>

4 Operating profit

	2021 £	2020 £
Operating profit is stated after charging/ (crediting):		
Amortisation of intangible assets	210,628	163,155
Depreciation of tangible assets	37,804	34,571
Foreign exchange differences	(18,211)	4,927
Defined contribution plans expense	174,325	155,712
Rent charged under operating leases	20,836	25,217
Research and development expenditure	708,479	947,009
Government furlough income	-	(128,895)
Intercompany markup	18,763	-
Management fee	207,485	-
	<u>2,106,330</u>	<u>1,235,596</u>

5 Auditor's remuneration

	2021 £	2020 £
Fees payable for the audit of the financial statements	32,300	30,850
	<u>32,300</u>	<u>30,850</u>

6 Other operating income

	2021 £	2020 £
Amount received under Coronavirus Jobs Retention Scheme	-	(128,895)
	<u>-</u>	<u>(128,895)</u>

Veterinary Solutions Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

7 Employees

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021 Number	2020 Number
Distribution staff	9	8
Trainers, support and project managers	54	53
Office and management	6	4
	<u>69</u>	<u>65</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021 £	2020 £
Wages and salaries	2,837,071	2,502,788
Social security costs	296,803	260,024
Pension costs	174,325	155,712
	<u>3,308,199</u>	<u>2,918,524</u>

8 Directors' remuneration

	2021 £	2020 £
The directors' aggregate remuneration in respect of qualifying services was:		
Remuneration	222,132	105,355
	<u>222,132</u>	<u>105,355</u>

Certain directors serving in the year are remunerated by other group companies.

The remuneration of key management is shown below.

Key management personnel consists of chief operating and financial decision makers in the business:

	2021 £	2020 £
Key management emoluments	315,975	193,313
	<u>315,975</u>	<u>193,313</u>

Veterinary Solutions Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 *(continued)*

9 Interest payable and similar charges

	2021 £	2020 £
Interest on related party loan	162,640	164,868
Loss on foreign exchange transactions	(18,211)	4,927
	<u>144,429</u>	<u>198,690</u>

10 Tax charge on profit on ordinary activities

	2021 £	2020 £
<i>Current tax</i>		
In respect of the year:		
UK corporation tax at 19.00% (PY:19.00%)	-	328,618
Adjustments in respect of prior periods	(27,349)	-
Total current tax charge/(credit)	<u>(27,349)</u>	<u>328,618</u>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(2,810)	15,730
Adjustments in respect of prior periods	(12,209)	
Effect of tax rate change on opening balance	(14,007)	-
Total deferred tax charge/(credit)	<u>(29,026)</u>	<u>15,730</u>
Tax charge/(credit) on profit on ordinary activities	<u>(56,375)</u>	<u>344,348</u>

Veterinary Solutions Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

10 Tax charge on profit on ordinary activities (continued)

Reconciliation of tax expense

	2021 £	2020 £
Profit on ordinary activities before taxation	841,928	1,545,015
	<hr/>	<hr/>
Tax on profit on ordinary activities at standard CT rate of 19.00% (PY:19.00%)	159,968	293,553
Effects of:		
Fixed asset differences	-	29,900
Expenses not deductible for tax purposes	13,186	20,895
Adjustments to tax charge in respect of previous periods	(39,558)	-
Tax rate changes	(14,007)	-
UK group relief	(175,962)	-
	<hr/>	<hr/>
Tax charge for the year	(56,375)	344,348
	<hr/>	<hr/>

Factors that may affect future tax charges

Increases in the UK Corporation tax rate from 19% to 25% (19% effective from 1 April 2017, and 25% effective from 1 April 2023) have been substantively enacted. This will impact the company's future tax charge accordingly. The value of the deferred tax asset/liability at the statement of financial position date has been calculated using the applicable rate when the asset/liability is expected to be realised..

11 Dividend payable

The directors do not recommend a dividend payment in the year. (2020: - £Nil).

Veterinary Solutions Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

12. Intangible Assets

	WIP - Capitalised Development £	Computer Development £	Computer Software £	Total £
<i>Cost</i>				
At 31 December 2020	19,016	1,168,178	262,109	1,449,303
Additions	212,569	-	33,802	246,371
Transfers	(204,090)	204,090	-	-
At 31 December 2021	27,495	1,372,268	295,911	1,695,674
<i>Amortisation</i>				
At 31 December 2020	-	905,335	92,536	997,871
Charge for the year	-	130,711	79,917	210,628
At 31 December 2021	-	1,036,046	172,453	1,208,499
<i>Net Book Value</i>				
At 31 December 2021	27,495	336,222	123,458	487,175
At 31 December 2020	19,016	262,843	169,573	451,432

13. Tangible Assets

	Computer Equipment £	Fixtures and Fittings £	Total £
<i>Cost</i>			
At 31 December 2020	171,091	52,658	224,749
Additions	15,687	2,423	18,110
At 31 December 2021	187,778	55,081	242,859
<i>Depreciation</i>			
At 31 December 2020	135,098	40,885	175,983
Charge for the year	35,645	2,159	37,804
At 31 December 2021	170,743	43,044	213,787
<i>Net Book Value</i>			
At 31 December 2021	17,035	12,037	29,072
At 31 December 2020	36,993	11,773	48,766

Veterinary Solutions Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

14 Investments

Shares in subsidiary and associated undertakings at cost		£
Cost		
As at 31 December 2020		6,106,100
As at 31 December 2021		<u>6,106,100</u>
Net Book Value		
As at 31 December 2021		<u>6,106,100</u>
As at 31 December 2020		<u>6,106,100</u>

In 2022 RxWorks Limited made a dividend payment of £7,270,000 to the company. At the same time the company's investment in RX Works was impaired.

Subsidiary undertakings, associated undertakings and their investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

Name	Proportion of voting rights and ordinary share capital held	Nature of business
RxWorks Limited	100%	Provides a loan to its parent company, Veterinary Solutions Limited.

In the year ending 31 December 2021 RxWorks Limited made a profit after tax of £160,870 (2020: £138,448) and had net assets of £7,261,550 (2020: £7,100,680). In 2022 the balance of the loan was repaid and RxWorks is now considered dormant. Details of this event can found in the post balance sheet events note.

15 Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>60,317</u>	<u>47,213</u>

The directors do not consider the replacement cost of stock to be materially different from that shown.

Veterinary Solutions Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

16 Debtors

	2021 £	2020 £
Trade debtors	571,467	1,297,653
Prepayments and accrued income	207,755	185,298
Amounts owed by group undertakings	20,725	6,828
Prepaid tax	118,424	-
Deferred taxation (note 17)	58,362	29,336
	<u>976,733</u>	<u>1,519,115</u>

17 Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021 £	2020 £
Accelerated capital allowances	51,507	28,238
Tax losses carried forward and other deductions	6,855	1,098
	<u>58,362</u>	<u>29,336</u>

Movement in asset:

Asset at start of period	29,336	45,066
Adjustment in respect of prior years	12,209	-
Deferred tax credited/(charged) in the statement of comprehensive income	16,817	(15,730)
	<u>58,362</u>	<u>29,336</u>

18 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	129,515	61,808
Amounts owed to group undertakings	6,581,795	805,668
Accruals and deferred income	1,337,367	1,455,291
VAT	294,426	558,513
Corporation Tax	-	26,425
	<u>8,343,103</u>	<u>2,907,705</u>

The amount owed to group undertakings represents a loan and is repayable in December 2022, interest is charged at 3.04%. On 16th May 2022, the company repaid the loan from RxWorks Limited.

Veterinary Solutions Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

19 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Amounts owed to group undertakings	-	5,441,585

The amount owed to group undertakings represents a loan and is repayable in December 2022, interest is charged at 3.04%

On the 16th May 2022, the company repaid the loan from RxWorks Limited.

20 Share capital

	2021 £	2020 £
160,002 Ordinary Shares of £1 each	160,002	160,002

21 Commitments under operating leases

At the statement of financial position date, the company had outstanding commitments for the total future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Motor Vehicles		
Operating leases due:		
Within 1 year	15,693	27,301
Within 2 to 5 years	2,628	5,647
	<u>18,321</u>	<u>35,164</u>

22 Contingent liabilities

The entity is subject to a composite company unlimited multilateral guarantee in relation to a group banking arrangement.

23 Related party transactions

The company has taken advantage of the exemptions allowed under section 33 of FRS 102 not to disclose any related party transactions within the group as it is a wholly owned subsidiary and consolidated financial statements are publicly available.

Veterinary Solutions Limited

**Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)**

24 Controlling party

The company's immediate parent is Animal Health Holdings (Netherlands) B.V. and ultimate parent is Covetrus Inc, a company registered in the United States of America.

The only company within the Covetrus Inc group for which group financial statements are drawn up and of which the company is a member is Covetrus Inc. Copies of the group financial statements can be obtained from the registered office at The Point, 37 North Wharf Road, London, England, W2 1AF.

On the 13th October 2022 Covetrus Inc was acquired by CD&R VFC Holdings, L.P, CD&R Corgi Holdings, L.P. and TPG Corgi Aggregation, L.P. No single entity has ultimate control.

25 Post balance sheet events

In 2022 RxWorks Limited made a dividend payment of £7,270,000 to the company. At the same time the company's investment in RX Works was impaired.

On 16th May 2022 the company repaid the loan it had with RxWorks Limited following agreement with its directors. The amount paid was £5,337,317 including accrued interest at the point of repayment.

26 Reserves

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Capital reserve

Capital reserve represents the capital contributions made by the shareholders arising as described in the statement of changes in equity.

Merger reserve

Merger accounting has been applied under FRS 102 in relation to the corporate restructure through which RxWorks Limited transferred all of its assets to Veterinary Solutions Limited. A Merger Reserve has been created to reflect net movement of cash paid and net assets transferred from RxWorks Limited at book value.