

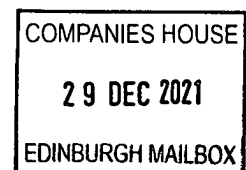
Veterinary Solutions Limited

Report and Financial Statements

Year Ended

31 December 2020

Company Number 4207571



Veterinary Solutions Limited

Report and financial statements for the year ended 31 December 2020

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Directors

Michael Ellis
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 2020

The directors present their report and financial statements for year ended 31 December 2020.

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 2020 was £7,195k compared to £7,584k with reduced sales of computer hardware and services to existing customers accounting for the year on year shortfall with customers less inclined to commit to capital projects in the COVID19 environment. Gross profit margin grew to 83.5% compared to 80.2% in 2019 following stronger sales mix towards higher margin products. Distribution costs were £367k lower in the year following reduced travel and trade show costs due to COVID19 travel restrictions. Operating profit in the 12 months of 2020 was £1,744k compared to £1,277k in 2019 on a like for like basis. Cash at bank and in hand increased by £1,530k compared to an increase of £1,645k in 2019.

We believe the veterinary market showed a small decline in the year impacted by COVID19, however market conditions have improved recently and this is expected to benefit the company's growth in the near term.

The consolidation of the veterinary industry with large veterinary groups buying small independent veterinary clinics continued during the period but at a slower pace than previous years. The rate of acquisition is expected to go back to pre-COVID19 levels in 2021.

The company will continue to invest over the next 12 months in developing both its existing product range and new product offerings through integrated software partners to meet its customer's needs.

Going concern

In the opinion of the directors the company will continue for the foreseeable future and 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 to the end of 2021 and for a further 12 months ending December 2022. The forecast included an assessment of current and future trading conditions and considered the impact of material changes to those assumptions.

Key Performance Indicators


Key performance indicators as set out in paragraph 3 above have been established and are utilised to ensure the company meets its objectives.

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 statement of financial position date.

Signed by order of the directors



G Rhodes
Director

22 December 2021

Veterinary Solutions Limited

Report of the directors for the year ended 31 December 2020

The directors present their report and the financial statements of the company for the year ended 31 December 2020.

Directors

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

M Ellis

G Rhodes (appointed 8th December 2020)

I Bryant (appointed 8th December 2020)

D Dollar (resigned 31st December 2019)

Results and Dividends

The profit for the year, after taxation, amounted to £1,200,667 (2019 - £713,597). The directors have not recommended a dividend in the year (2019: £17,724,507).

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 2020

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 22nd Dec 2021 and signed on behalf of the board by:


Director

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 2020 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 2020 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 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.

Veterinary Solutions Limited

Independent auditor's report (continued)

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 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.

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 2020; 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
Edinburgh

Date 22 December 2021

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 2020

	Note	2020 £	2019 £
Turnover	3	7,194,911	7,583,388
Cost of sales		(1,188,537)	(1,499,712)
Gross profit		6,006,374	6,083,676
Distribution costs		(419,367)	(786,820)
Administrative expenses		(3,972,197)	(4,019,759)
Other operating income	6	128,895	-
Operating profit	4	1,743,705	1,277,097
Interest payable and similar charges	9	(198,690)	(393,655)
(Loss)/profit on ordinary activities before taxation		1,545,015	883,442
Tax (charge) on profit on ordinary activities	10	(344,348)	(169,845)
Profit for the financial year and total comprehensive income		1,200,667	713,597


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

Veterinary Solutions Limited

Statement of financial position at 31 December 2020

Company number 4207571	Note	2020	2020	2019	2019
		£	£	£	£
Fixed assets					
Intangible assets	12		451,432		359,353
Tangible assets	13		48,766		37,329
Investments	14		6,106,100		6,106,100
			<u>6,606,298</u>		<u>6,502,782</u>
Current assets					
Stock	15	47,213		93,441	
Debtors	16	1,519,115		1,723,082	
Cash at bank and in hand		6,144,274		4,614,031	
		<u>7,710,602</u>		<u>6,430,554</u>	
Creditors: amounts falling due within one year	18	<u>2,907,705</u>		<u>2,731,047</u>	
Net current liabilities			<u>4,802,897</u>		<u>3,699,507</u>
Total assets less current liabilities			<u>11,409,195</u>		<u>10,202,289</u>
Creditors: amounts falling due after more than one year	19		<u>(5,441,585)</u>		<u>(5,435,346)</u>
Net assets			<u>5,967,610</u>		<u>4,766,943</u>
Capital and reserves					
Called up share capital	20		160,002		160,002
Profit and loss account	25		4,138,487		2,937,820
Capital reserve	25		8,500,348		8,500,348
Merger reserve	25		(6,831,227)		(6,831,227)
Shareholders' funds			<u>5,967,610</u>		<u>4,766,943</u>

These financial statements were approved by the board of directors and authorised for issue on 22nd Dec 21, and are signed on behalf of the board by:


G Rhodes
Director

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

Veterinary Solutions Limited

Statement of changes in equity for the year ended 31 December 2020

	Share capital £	Capital reserve £	Retained earnings £	Merger reserve £	Total equity £
Balance at 30 December 2018	160,002	10,006,357	1,320,938	(6,831,227)	4,656,070
Profit for the year	-	-	713,597	-	713,597
Capital contribution	-	8,500,348	-	-	8,500,348
Dividend			(17,724,507)		(17,724,507)
Balance at 31 December 2019	160,002	8,500,348	2,937,820	(6,831,227)	4,766,943
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

On 8th February 2019 Veterinary Solutions Limited's ultimate parent company, Henry Schein Inc, divested its Animal Health businesses including Veterinary Solutions Limited. These businesses were combined with Vets First Choice Inc. to form Covetrus Inc. Covetrus Inc is the company's ultimate parent company. As part of this transaction the intercompany balance between Veterinary Solutions Limited and its former parent company, Software of Excellence UK Holdings Ltd, was waived and recorded as a capital contribution of £8,500,348.

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

Veterinary Solutions Limited

Notes forming part of the financial statements for the year ended 31 December 2020

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 licenses (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 coronavirus strain COVID19 pandemic continues to affect the economy and although the most severe restrictions have now been removed the UK government regularly reviews its policies in this matter.

The company has gone into this period with a strong balance sheet, has strong cash reserves and has continued to maintain positive cashflows throughout the pandemic. The company has produced a detailed profit and loss, balance sheet and cashflow forecast to the end of 2021 and for a further 12 months ending December 2022. The forecast included an assessment of current and future trading conditions and considered the impact of material changes to those assumptions. 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

Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

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.

Debtors

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

Veterinary Solutions Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

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 2020 (continued)

2 Judgement and estimations note

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

- 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.

3 Turnover

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

	2020 £	2019 £
Analysis of turnover by country of destination:		
United Kingdom	7,043,029	7,095,039
Rest of Europe	151,882	488,349
	<u>7,194,911</u>	<u>7,583,388</u>

4 Operating profit

	2020 £	2019 £
Operating profit is stated after charging/ (crediting):		
(Loss)/profit on disposal	-	(27,298)
Amortisation of intangible assets	163,155	144,112
Depreciation of tangible assets	34,571	93,999
Foreign exchange differences	4,927	216,604
Defined contribution plans expense	155,712	127,665
Rent charged under operating leases	25,217	195,573
Research and development expenditure	947,009	922,935
Government furlough income	(128,895)	-
	<u></u>	<u></u>

5 Auditor's remuneration

	2020 £	2019 £
Fees payable for the audit of the financial statements	30,850	30,000
	<u></u>	<u></u>

6 Other operating income

	2020 £	2019 £
Amount received under Coronavirus Jobs Retention Scheme	(128,895)	-
	<u></u>	<u></u>

Veterinary Solutions Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)

7 Employees

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

	2020 Number	2019 Number
Distribution staff	8	10
Trainers, support and project managers	53	56
Office and management	4	4
	<u>65</u>	<u>70</u>

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

	2020 £	2019 £
Wages and salaries	2,502,788	2,319,020
Social security costs	260,024	252,266
Pension costs	155,712	127,665
	<u>2,918,524</u>	<u>2,698,951</u>

8 Directors' remuneration

	2020 £	2019 £
The directors' aggregate remuneration in respect of qualifying services was:		
Remuneration	105,355	46,406
	<u>105,355</u>	<u>46,406</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:

	2020 £	2019 £
Key management emoluments	193,313	224,925
	<u>193,313</u>	<u>224,925</u>

Veterinary Solutions Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (*continued*)

9 Interest payable and similar charges

	2020 £	2019 £
Interest on related party loan	164,868	158,630
Loss on foreign exchange transactions	4,927	216,604
	<u>198,690</u>	<u>393,655</u>

10 Tax charge on profit on ordinary activities

	2020 £	2019 £
<i>Current tax</i>		
In respect of the year:		
UK corporation tax at 19.00% (PY:19.00%)	328,618	189,142
Adjustments in respect of prior periods	-	506
Total current tax charge/(credit)	<u>328,618</u>	<u>189,648</u>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	15,730	(16,831)
Effect of tax rate change on opening balance	-	(2,972)
Total deferred tax charge/(credit)	<u>15,730</u>	<u>(19,803)</u>
Tax charge/(credit) on profit on ordinary activities	<u>344,348</u>	<u>169,845</u>

Veterinary Solutions Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (*continued*)

10 Tax charge on profit on ordinary activities (*continued*)

Reconciliation of tax expense

	2020 £	2019 £
Profit on ordinary activities before taxation	1,545,015	883,442
Tax on profit on ordinary activities at standard CT rate of 19.00% (PY:19.00%)	293,553	1,677,919
<i>Effects of:</i>		
Fixed asset differences	29,900	(3,002)
Expenses not deductible for tax purposes	20,895	7,459
Income not taxable for tax purposes	-	-
Adjustments to tax charge in respect of previous periods	-	506
Adjust closing deferred tax to average rate of 19.00%	-	-
Adjust opening deferred tax to average rate of 19.00%	-	(2,972)
Tax charge/(credit) for the year	344,348	169,845

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/balance sheet 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. (2019: - £17,724,507).

Veterinary Solutions Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (*continued*)

12. Intangible Assets

	WIP - Capitalised Development £	Development Costs £	Computer Software £	Total £
<i>Cost</i>				
At 31 December 2019	-	1,118,192	75,877	1,194,069
Additions	69,002	-	186,232	255,234
Transfers	(49,986)	49,986	-	-
At 31 December 2020	19,016	1,168,178	262,109	1,449,303
<i>Amortisation</i>				
At 31 December 2019	-	774,300	60,416	834,716
Charge for the year	-	131,035	32,120	163,155
At 31 December 2020	-	905,335	92,536	997,871
<i>Net Book Value</i>				
At 31 December 2020	19,016	262,843	169,573	451,432
At 31 December 2019	-	343,892	15,461	359,353

13. Tangible Assets

	Computer Equipment £	Fixtures and Fittings £	Total £
<i>Cost</i>			
At 31 December 2019	130,540	48,201	178,741
Additions	41,551	4,457	46,008
At 31 December 2020	171,091	52,658	224,749
<i>Depreciation</i>			
At 31 December 2019	102,206	39,206	141,412
Charge for the year	32,892	1,679	34,571
At 31 December 2020	135,098	40,885	175,983
<i>Net Book Value</i>			
At 31 December 2020	36,993	11,773	48,766
At 31 December 2019	28,334	8,995	37,329

Veterinary Solutions Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (*continued*)

14 Investments

Shares in subsidiary and associated undertakings at cost

	£
Cost	
As at 31 December 2019	6,106,100
As at 31 December 2020	<u>6,106,100</u>
Net Book Value	
As at 31 December 2020	<u>6,106,100</u>
As at 31 December 2019	<u>6,106,100</u>

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 2020 RxWorks Limited made a profit after tax of £138,448 (2018: £128,447) and had net assets of £7,100,680 (2018: £6,962,232)

15 Stocks

	2020 £	2019 £
Finished goods and goods for resale	<u>47,213</u>	<u>93,441</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 2020 (*continued*)

16 Debtors

	2020 £	2019 £
Trade debtors	1,297,653	1,444,050
Prepayments and accrued income	185,298	216,195
Other debtors	-	12,355
Amounts owed by group undertakings	6,828	5,416
Deferred taxation (note 17)	29,336	45,066
	<u>1,519,115</u>	<u>1,723,082</u>

17 Deferred tax

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

	2020 £	2019 £
Accelerated capital allowances	28,238	44,115
Tax losses carried forward and other deductions	1,098	951
	<u>29,336</u>	<u>45,066</u>

Movement in asset:

Asset at start of period	45,066	25,263
Deferred tax credited/(charged) in the statement of comprehensive income	(15,730)	19,803
	<u>29,336</u>	<u>45,066</u>

18 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	61,808	31,246
Amounts owed to group undertakings	805,668	591,651
Accruals and deferred income	1,455,291	1,786,958
VAT	558,213	248,385
Corporation Tax	26,425	72,807
	<u>2,907,705</u>	<u>2,731,047</u>

Veterinary Solutions Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (*continued*)

19 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Amounts owed to group undertakings	<u>5,441,585</u>	<u>5,435,346</u>

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

20 Share capital

	2020 £	2019 £
160,002 Ordinary Shares of £1 each	<u>160,002</u>	<u>160,002</u>

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:

	2020 £	2019 £
Motor Vehicles		
Operating leases due:		
Within 1 year	27,301	35,038
Within 2 to 5 years	5,647	35,164
	<u>35,164</u>	<u>70,202</u>

22 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.

23 Ultimate parent company

On 8th February 2019 Veterinary Solutions Limited's ultimate parent company, Henry Schein Inc, divested its Animal Health businesses including Veterinary Solutions Limited. These businesses were combined with Vets First Choice Inc. to form Covetrus Inc.

Covetrus Inc, incorporated and registered in the USA, is regarded by the directors as being the company's ultimate parent undertaking and is the largest group of which Veterinary Solutions Limited is a member.

The only company within the Covetrus Inc group for which group financial statements are drawn up and of which the company is a member of 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.

Veterinary Solutions Limited

**Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)**

24 Controlling party

On 8th February 2019 Veterinary Solutions Limited's ultimate parent company, Henry Schein Inc, divested its Animal Health businesses including Veterinary Solutions Limited. As part of this transaction Software of Excellence UK Holdings Limited sold its shares in Veterinary Solutions Limited to Animal Health Holding (Netherlands) B.V.

The company is owned by Animal Health Holdings (Netherlands) B.V.

25 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.