Registration number: 07746795

Independent Vetcare Limited

Annual Report and Financial Statements

For the Year Ended 30 September 2021

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Independent Vetcare Limited

Contents

Independent Vetcare Limited

Company Information

Directors

D L Chapman

S M Clarke

M A Gillings

A J Hewson

P M Kenyon

P M McNally

D H Phillips

S M Smith

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Bankers

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Auditors

Deloitte LLP
Temple Quay
3 Rivergate
Redcliffe
Bristol
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Independent Vetcare Limited

Strategic Report for the Year Ended 30 September 2021

The directors present their strategic report for the year ended 30 September 2021.

Principal activity
The principal activity of the Company is that of the provision of veterinary services.

Strategy & Progress
The IVC Evidensia group ("Group) strategy is to build the highest quality veterinary services group in the UK by the acquisition of high quality groups and practices and continuing to grow existing practices organically. The practices are locally branded and led by clinically focused staff benefiting from enhanced buying power, marketing, training and back office support.

During the year we made 30 share acquisitions and 11 trade and asset acquisitions comprising of 60 practices (2020 - 35 share acquisitions and 10 trade and asset acquisitions comprising of 101 practices) and 1 practice closures (2020 - 25). This has created a group of 1,059 practices (2020 - 1,000) at 30 September 2021.

Acquisitions are funded by a combination of funds from Group cash flows, shareholders and debt facilities. This funding is shown on the Statement of Financial Position of the ultimate United Kingdom parent company, IVC Acquisition Pikco Limited, as loans and borrowings within non-current liabilities.

The Company is cash generating from operating activities and has a policy of paying all creditors within terms. Cash on the Statement of Financial Position decreased from £97.2M to £38.4M , due to the deferral of taxes following Covid-19 government initiatives which decreased the social security and other taxes creditor by £37M.

During the year, the company took advantage of certain Covid-19 government initiatives and was able to claim £0.09M (2020 - £16M) of government support.

Fair review of the business
The results for the year, which are set out in the income statement, show turnover of £885M (2020 - £667M). Most of this increase related to subsidiaries' trade and assets hived up in the year. They also show an operating profit of £150M (2020 - £71M). The Company adjusted EBITDA (earnings before interest, tax, depreciation, mainly amortisation and other one-off items) was £231M (2020 - £141M). The adjusted EBITDA calculation can be found in note 30. The profit on ordinary activities before taxation for the year ended 30 September 2021 was £77M (2020 - £8M). At 30 September 2021, the Company had net liabilities of £30M (2020 - £90M).

The directors are pleased with the results for the year and consider the financial position of the Company at the year end to be satisfactory.

Key performance indicators
The Company uses a number of indicators to monitor and improve the development, performance and the position of the business. Indicators are reviewed and altered to meet changes in both the internal and external environments. The three main KPIs are the number of acquisitions during the year, the increase in adjusted EBITDA, which can be found above and in note 30, and like for like sales growth for the year was 15.6% (2020 – 4.7%) and since June 2021 was 19.5%.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy (of which the Company resides) are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to competition from both national and local providers of veterinary services, for both customers and staff resources, the risk of a downturn in business as result of the impact of the Covid-19 pandemic, the risk of being unable to obtain supplies of drugs and medical products and risks associated with climate change.

The Covid-19 pandemic has led to an economic downturn in the UK in which this Company operates in, which invariably leads to a reduction in consumer discretionary spend. However, the veterinary sector has historically been resilient to economic downturns as people continue spending on the welfare of their pets. The Company's diverse range of services and products, including referral centres, on-line sales and Pet Health Plans means that the business is fairly resistant to economic pressures. The Company adjusted the resources in practices and made necessary changes to processes in order for its sites to function from the varying national and local government lockdowns across different regions. The effect of these changes was demonstrated by the limited impact of the Covid-19 restrictions on the Company's trading after the reporting date.

The ability to source key pharmaceutical supplies and complying with changes in laws and regulations are also key risks that the business faces. If the continued impact of Covid-19 leads to key suppliers having to reduce operations, there may be extended delivery periods or increased costs for supplies which could reduce profitability. Although this situation has not arisen, to mitigate this ongoing risk, the group has increased inventory levels during the year.

Climate change is becoming an increased risk for the group and the directors take this issue seriously. The success of the business over the long term will partly depend on how environmentally sustainable operations can become as well as economical. Climate risks include:

- Reputational risk if the group does not reduce its environmental impact and carbon footprint across operations and supply chain and customers may go to a different provider.
- Climate change may produce extreme weather events affecting demand as people delay using the group's services. Extreme weather could also cut off supply meaning the group is unable to offer services.
- Stricter environmental legislation could affect the group's competitiveness and cost of services. This in turn could reduce demand as well as limiting supply if governments deem that parts of the supply chain or operations are not environmentally sustainable.
- The potential shift to move to a more vegetarian diet or sustainable meat production has been noted but we do not see an immediate risk to the business, in particular the large animal practices.

To mitigate these risks, the Board is committed to producing an environmental strategy that will reduce the group's environmental footprint over the long term and enhance the group's reputation as an environmentally friendly vet. Although no formal non-financial environmental KPIs are monitored at present by the Board, the data has been assessed as to what will be used going forward, metrics defined and there is a strategy to reduce the carbon footprint.

In terms of extreme weather events, appropriate insurance is in place to deal with any loss of demand and damage. The geographically diverse range of locations of clinics across the countries in which IVC Evidensia offers services and purchases supplies, does mitigate the risk of significant disruption to activities from extreme weather events.

Financial instruments

Objectives and policies

The directors constantly monitors the group's trading results and revise projections as appropriate to ensure that the Company can meet its future obligations as they fall due.

Price risk, credit risk, liquidity risk and cash flow risk

The group to which the Company belongs is exposed to the usual credit and cash flow risks associated with selling on credit and manages this through credit control procedures. However most of the Company's sales are paid in cash or by credit or debit card and are subject to little risk. The nature of its financial statements are such that they are not subject to price and liquidity risk.

Going concern

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2016' the directors of all companies are required to provide disclosures regarding the adoption of the going concern basis of accounting.

The company is profit making and has net liabilities of £30M at 30 September 2021 (including £1,578M owed to group companies that is repayable after more than 1 year). The financial statements include details of the financial position of the company, its liquidity position and borrowing.

The company is part of the IVC Evidensia group ("the group") in which a detailed going concern assessment was made in December 2021 and modelled various scenarios to assess the group going concern position. Subsequently at the time of signing of these financial statements, the directors of the Company re-assessed the group going concern position. The group's forecasts, projections and current financial position show that the group should be able to operate within the level of its current debt facilities. After taking account of reasonably possible changes in trading performance, no material uncertainty exists regarding covenant compliance on the group's existing facilities.

The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In addition, IVC Acquisition Midco Limited, company parent undertaking, has provided a letter of support confirming and committing to support the company for at least 12 months from the date of the approval of these financial statements.

Section172 (1) statement

The directors of the Company are required to act in accordance with the duties detailed in section 172 of the Companies Act 2006, which are summarised as follows:

A director of a Company must act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a) The likely consequences of any decision in the long term;
b) The interest of the Company's employees;
c) The need to foster the Company's business relationships with suppliers, customers and others;
d) The impact of the Company's operations on the community and the environment;
e) The desirability of the Company maintaining a reputation for high standards of business conduct; and
f) The need to act fairly as between members of the Company.

The statement below sets out how the Directors have acted in accordance with these duties.

Section172 (1) statement (continued)

The directors have established procedures that enable them to be informed on a regular basis as to:

- the financial position of its Group, including assets and liabilities, profits and losses;
- projected profitability, cash flows and funding requirements;
- the financial procedures in place for all Group companies; and
- the controls in place for all Group companies.

The board identified its stakeholders by assessing which resources are relied upon to deliver the Company's strategy. Stakeholders that the Directors identified from this process comprise six categories. These are outlined below with an overview of their interests, their concerns, how the board communicates with them and the ways in which the board and Group Board has acted with regard to these Groups when taking key decisions throughout the year. The Company belongs to the Group of IVC Evidensia Group of companies (the "Group"). References to the Group Board are to the board of directors of the IVC Evidensia Group of companies.

Stakeholders	**Customers** Our customers are pet owners and their pets	**Employees** We employ under 20,000 employees	**Supplier** Our suppliers include manufacturers of drugs and consumables and suppliers of indirect goods and services used to support our operations.
Key issues for stakeholders	• Animal care & well-being • Need for tele-health services • Highest clinical standards • Emergency & critical care	• Health and safety • Recruitment development and retention • Tools to do the job • Mental Health and Wellbeing • Reward • Culture and values • Equality, Diversity and Inclusion (EDI) • Daily working hours • Work-life balance	• Long-term engagement and innovation • Control of price increases and delivery of cost savings • Continuous improvement approach • High standards of product quality and service delivery • Governance and corporate responsibility, including modern slavery, anti-bribery and anti-corruption
Why we engage	The Group's purpose is to have healthy animals and happy owners by bringing people together to make animal care better.	We rely on the skills, experience and commitment of our people to meet our purpose.	We recognise that strategic partnerships with suppliers deliver more value to our business and our customers than short-term deals.

Independent Vetcare Limited

Strategic Report for the Year Ended 30 September 2021 (continued)

Section172 (1) statement (continued)

How we engage/ methods of engagement	• Newsletters • Customer • Surveys	• District and Company level meetings • Newsletters • Employee survey • Annual personal development reviews • Intranet • Speak Up ethics hotline	• Supplier Assessment assurance process • Carried out Modern Slavery risk assessment Principal engagement is undertaken by operational management, especially the Group procurement and supply chain function.
Impact/value created/ Outcome	• Clinical excellence • Establishment of Care Fund to support lifesaving treatment • Emergency and critical care services open during pandemic • Brand value • Nutrition programme • Delivered a research platform through Group Veterinary Medical Board • Customer net promoter score surveys (Score:91)	• Launched EDI strategy in 2021 • Ethnic Diversity Scholarship for vets • Training & development opportunities • Farm animal clinical directors' meetings to share experience and best practises • Training via IVC Evidensia Academy • Conducted employee survey on mental health • Wellbeing portal offering helplines and access to counselling and training • Supporting LGBTQ+	• Optimised supply chain • Built up inventory reserves on key articles • Achieving continuity of supply • No material shortages of key articles • No driver shortages with deliveries

Stakeholders	**Investors** The Group is funded by a mixture of equity and loan finance so considers the interests of both shareholders and lenders.	**Government & Regulators** The Company operates in a regulated sector and its operations are subject to laws, regulations and professional standards.	**Environment & Community** Our sustainability strategy, known as the Positive Pawprint strategy, is based on three pillars: People, Planet and Pets
Key issues for stakeholders	• Growth in revenue (organic/M&A) and profit • Brand and reputation • Environmental, social and governance (ESG) performance	• Highest clinical standards • Development to offer modern veterinary healthcare	• Responsible waste management • Conservation of natural resources • Energy, supply chain deliveries, travel and medicines • Climate change • Diversity • Respect the culture and traditions of communities • Jobs and investment

Section172 (1) statement (continued)

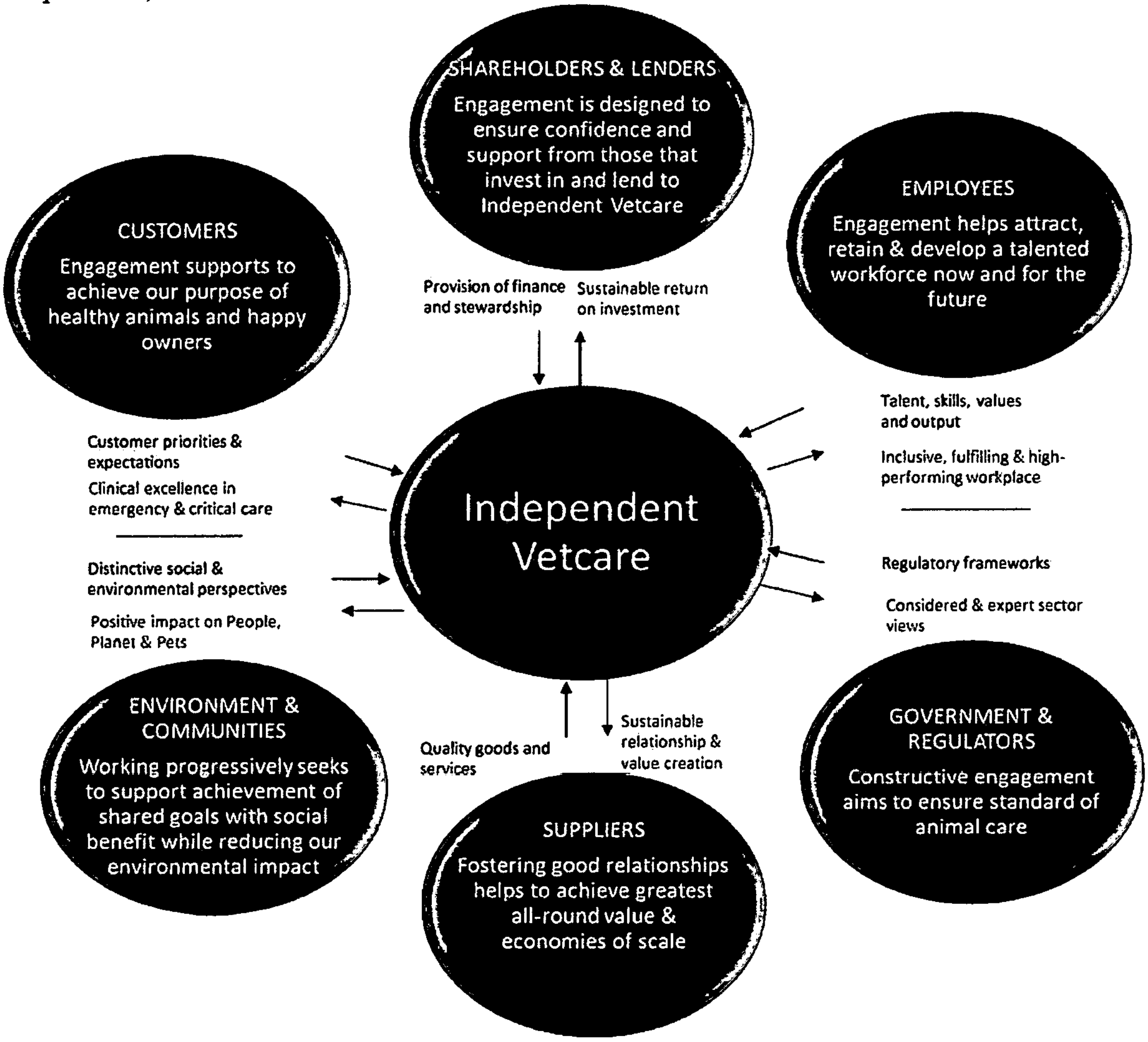
Why we engage	Continued access to capital is vital to our long-term performance. We want our investors and lenders to have a strong understanding of our business, strategy and performance, and to understand their priorities.	To ensure we continue to deliver a standard of care, protect animal welfare and assess the impact of any regulations on us commercially.	We work to protect the health and happiness of people and their pets, while reducing our environmental impact to promote a cleaner and more sustainable environment.
How we engage/ methods of engagement	• Shareholder representation in Group Board • Correspondence with retail shareholders • Annual Report & Accounts • Corporate website • Pawprint report	Group Veterinary Medical Board and National Clinical Boards in each market communicates with respective regulator. Director of Professional Standards communicates with these boards	• Partnered with Mental Health First Aid to offer wellbeing training to our People • Partnered with MWI Animal Health to reduce delivery frequency. • Energy Audits • For more see Employees, Customers on page --- The strategy is led by Group Sustainability & ESG Director supported by our Positive Pawprint Steering Committee. Group Chief Operating Officer has accountability for sustainability issues at Executive board level and Group CEO has overall accountability for sustainability on the Group Board.
Impact/value created/ Outcome	We aim to generate long-term sustainable, profitable growth to help deliver value for our investors. • Internal rate of return • Refinancing with lower interest loans • Economies of scale through acquisitions	• Clinical excellence • Development opportunity to offer comprehensive access to digital healthcare (Ex: During the Covid pandemic, relaxation of regulatory positions on delivery of remote consultation offered development in telemedicine).	• Installed photovoltaic panels • Buying renewable energy • Reduction in CO_2 emissions • IVC Evidensia Care fund. • Infection Prevention and Control portal • Partnering with MWI Animal Health reduced delivery frequencies and removed over 260k miles since Feb 2021 for the Group.

Independent Vetcare Limited

Strategic Report for the Year Ended 30 September 2021 (continued)

Section172 (1) statement (continued)
Independent Vetcare's stakeholder relationships

Independent Vetcare aims to have two-way constructive relationship with the following key stakeholders Groups. By considering their perspectives, insights and opinions, Independent Vetcare seeks to ensure outcomes of operational, investment or business decisions are more robust and sustainable.



Below are some examples of decisions undertaken by the board and Group Board and how considerations were given to relevant stakeholder Group and the outcomes.

Section172 (1) statement (continued)

Example	**Tuk's Law-response to proposal**
Context	IVC Evidensia joined the profession in its concern that Tuk's Law could over-legislate a situation, reducing a vet's ability to respond quickly to an animal's welfare needs. This law if passed would require all animals to be microchip-scanned and identified prior to euthanasia, by searching a database for both a primary owner, and any potential secondary charity owners. Our concern was that this could introduce an unnecessary delay to euthanasia.
Stakeholder considerations	Our concern was that this could introduce an unnecessary delay to euthanasia increasing pressure on pets, owners and vets.
Strategic actions supported by the Board	The Group responded through engagement with professional associations and the government.
Outcomes	This profession-wide response resulted in an improvement to the proposed legislation, implemented through the RCVS Code of Conduct and supported by the BVA (British Veterinary Association) and the Department of Environment, Food and Rural Affairs (DEFRA). This improved guidance-led approach suggests that any procedure requiring euthanasia on welfare grounds can be performed without first checking an animals' microchip. The updated RCVS guidance requires vets to check the microchip of any healthy patients where euthanasia is requested for any reason, but significantly reduces the risk that any vet could be seen as non-compliant, as these situations are uncommon.

Decision	**Maintain its acquisition strategy**
Context	The Company has continued its highly acquisitive strategy this year by purchasing another 60 sites.

Section172 (1) statement (continued)

Stakeholder considerations	The Group Board considers all stakeholders' interests as part of its acquisition strategy. **Employees**: Employees benefit from the acquisition strategy as it brings access to one of the world's largest professional veterinary networks, with high-quality training. In addition, as the Group increases its scale its greater financial resources enable employees to benefit from investments made in its practices to broaden the range of treatments offered. The enlarged Group can also offer enhanced career opportunities as well as supporting relocations where family circumstances require it. **Customers**: Customers benefit from the Group's growth, both through the aforementioned investment in a broader range of treatment options in its local practices, as well as through access to the Group's growing network of specialist referral centres. The Group also offers greater certainty of cost through its subscription schemes (for example the Pet Health Club in the UK) and access to its Care Fund. **Suppliers**: Suppliers can benefit from the Group's acquisition strategy as they gain access to a fast-growing Group operating across multiple geographies. They want to access more vets and can achieve higher volumes by the Group acquiring further sites. **Investors**: Investors benefit from the acquisition strategy through the increased value of the Group as it executes its integration and leverages its scale in areas such as procurement.
Strategic actions supported by the Board	Evaluate and approve new acquisitions and regions.
Outcomes	The Company had 1,000 sites at the start of the year and now has 1,059 sites across the United Kingdom.

Approved by the Board on 13 July 2022 and signed on its behalf by:

Donna Chapman

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D L Chapman
Director
Date

Independent Vetcare Limited

Directors' Report for the Year Ended 30 September 2021

The directors present their report and the financial statements for the year ended 30 September 2021.

Directors' of the company
The directors, who held office during the year, were as follows:

D L Chapman

S M Clarke

M A Gillings

A J Hewson

P M Kenyon

G Avent (resigned 31 March 2022)

S J Caton (resigned 31 March 2022)

P A W Cowling (resigned 28 February 2022)

Directors appointed after year end:

D H Phillips (appointed 28 February 2022)

S M Smith (appointed 28 February 2022)

P M McNally (appointed 28 February 2022)

Financial risk management objectives and policies
Details of the Company's financial risk management objectives and policies can be found in the Strategic Report on page 3.

Directors' insurance
The Company maintains insurance policies on behalf of all directors against liability arising from negligence, breach of duty and breach of trust in relation to the Company.

Dividends
The directors do not propose a dividend in the current year (2020 - £nil).

Statement of Corporate Governance Arrangements

As a large privately owned company, the Company and its parent group has adopted the 'Wates Corporate Governance Principles for Large Companies' ("the Wates Principles") as its governing code, as provided for under The Companies (Miscellaneous Reporting) Regulations 2018 (SI 2018/860), to report on its arrangements for corporate governance. The Company Board together with the Group Board, recognises the importance of good governance.

The Wates Principles comprise a set of six high level principles of corporate governance as set out below and provide a framework for the Company/Group's Board and senior management to monitor its corporate governance. The Wates Principles have been chosen as they provide an approach to corporate governance that offers sufficient flexibility without being overly prescriptive. The Company and the Group has seen rapid growth and the Wates Principles offer an effective means to ensure that an appropriate corporate governance framework is in place. The Company has a plan to develop governance over the next 24 months. This includes clear policies and processes for the year ended 2021 whilst not all aspects have been completed the Company made significant progress and is committed to delivering further improvements in FY22.

The Company is reporting against the Wates Principles on the "apply and explain" approach set out in the Wates Principles, on a consistent basis across its group companies that meet the threshold of a large company, under The Companies (Miscellaneous Reporting) Regulations 2018 (SI 2018/860).

Principle One
An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.

Our values - to care, to share and to dare and our key principles are aligned to that purpose in focusing on exceptional veterinary services and customer satisfaction. By putting patients first and making significant investment in training and innovation we seek to expand continuously and to improve current veterinary service offerings to the benefit of patients and customers.

The Company and Group strategy of growing organically and through acquisition of high-quality veterinary practices ensures our services grow in depth and in breadth as our coverage expands nationally and internationally.

Members of the Group Board, in addition to the Company's Board and senior management, take a close interest in operational matters and rigorously challenge strategy, operational activity and performance. The impact of the Covid 19 pandemic on colleagues and practices has been a particular focus in FY2021, together with the ongoing effects of Brexit affecting UK business having been particular focuses in the past year.

The Group's culture (how things are done) is entrepreneurial and collaborative, leveraging the clinical and functional expertise of our teams. It is informed by what our dedicated veterinary practitioners (veterinary surgeons, veterinary nurses and veterinary care assistants) establish as the standard of care. The tone from the top comes from the Group Board and a highly experienced group senior leadership team including Kate Swann (Chair), Stephen Clarke (Group CEO), and Paul Kenyon (Group CFO).

The Company acknowledges the importance of our licence to operate, and the nature of the service that we provide means doing the right thing is critical. In the last financial year an extensive compliance programme, appropriate to the size of the Company and of the Group, was developed and is in the process of being implemented. We have introduced a new Code of Conduct which sets the base line and provides the framework for our compliance culture. Supporting policies and guidance are planned or in progress; for example, we launched a new anti-bribery policy in July 2021 together with related tools and launched a new whistleblowing policy and speak-up line ahead of the EU requirement that came into force in November 2021. Our Conflicts of Interest policy, re-adopted by the Group Board in July 2021, sets out how we will deal with conflicts of interest (by transparency and appropriate approvals/safeguards) and is supported by an on-line register.

The Group Board includes representatives of key shareholders such as EQT, SilverLake and Nestlé, as well as non-executives and management. This ensures there is an active and engaged board which receives regular updates on performance and strategic and operational matters and drives informed debate.

Principle Two
Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

Tone from the top is led by the Board and a highly experienced senior leadership team including Kate Swann (Chair), Stephen Clarke (Group CEO), and Paul Kenyon (Group CFO). These appointments were made in 2017, 2020 and 2019 respectively and significantly strengthened Executive management. The group has a clear set of values and an established healthy culture and is about to launch a formal code of business ethics supported by appropriate policies approved by the Board. The Group has developed a strategy and business model to generate long-term sustainable value.

The Board has the appropriate combination of skills, backgrounds, experience and knowledge that promotes accountability and incorporates objective thought, which in turn provides constructive challenge to achieve effective decision-making. It includes experienced executive and non-executive directors. The Board includes several committees, including an Audit & Risk Committee. Further Board committees will be established as appropriate.

The Board and individual directors have clear accountability and responsibilities and the Board's revised policies and procedures support effective decision-making and independent challenge. The Company Board includes appropriate senior management. As at 30 September 2021 it is made up of 7 men and 1 woman (FY 20: 7 men, 1 woman).

Principle Three
The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.

As noted in the introductory paragraphs to this Corporate Governance section, the Company, as part of the IVC Evidensia group, has in the past year strengthened its corporate governance policies and practices, including defining certain authority limits and adopting a Group wide conflict of interest policy. The Group has also reviewed and expanded the information provided to the Group Board between or ahead of board meetings.

The Group Board makes use of an audit and risk committee focusing on financial reporting and risk. As of 1 July 2021, Clare Bousfield became the chair of the Audit Committee. Clare is one of the new independent non-executive directors and has an extensive background in financial reporting. In recent years Clare has been the CFO of M&G Plc, a non-executive Director of RSA, the CEO of Prudential UK and the CFO of Aegon UK.

The Company Board understands the role it plays in the management of the company, and within the Group.

Principle Four
A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.

The Company Board is focused on the long-term growth and new business opportunities of significance are discussed with the Group Board by members of the Company Board. The Group Board has been expanded in the past year and has an expanded capacity to identify and assess opportunity and manage risk. The Group Board includes an Audit and Risk Committee which maintains oversight of the Group's risk and how it is managed. The Group has also recently appointed a new Group Head of Internal Audit and Risk, who will support the Audit and Risk Committee.

IVC Evidensia maintains a group risk register of principal risks, each of which are 'owned' by a member of the group executive management team, including members of the Company Board, and regularly reviewed by the group executive. Any emerging risks faced by the Group are also considered and reviewed at these meetings. Any notable risks are escalated to the Group Board and any risks associated with Company activity are discussed by the directors within their discussions regarding the respective activity.

Principle Five
A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, considering pay and conditions elsewhere in the company.

Remuneration for Group directors and senior managers, including the directors of the Company, is aligned with performance, behaviours, and the achievement of group and company purpose, values and strategy. The Group continues to develop its remuneration structures, including its internal reward team. An exercise to map and align reward structures is ongoing. This includes Company reward structures.

Principle Six
Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

The Group and Company Boards maintain contact with stakeholders, including colleagues, suppliers and investors.

The Group Board, via the executive management team, ensures meaningful two-way dialogue via several workforce communications channels such as regular Connect calls, professional group meetings (e.g., Clinical Director meetings, GVMB (Group Veterinary Medical Board), Group Leadership Meetings and time with colleagues in practice). The Group regularly consults with practices and teams on new initiatives and projects, often piloting before implementation.

The Company's directors, together with the IVC Evidensia Group Board, are conscious of the potential impact of the Company and Group on wider society, for example at an environmental and a community level. Within the financial year to 30 September 2021, IVC Evidensia group appointed a Head of ESG and Sustainability, one of whose responsibilities is to consider wider stakeholders and IVC Evidensia's relationship with and impact on them.

Employment of disabled persons
The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement
The Company encourages the involvement of employees in its management through regular departmental meetings. Information is provided to employees on matters that concern them in regular meetings, email communications and through the Company's intranet. Regular consultations are done with employees on matters affecting them through regular team and one to one meetings. Staff appraisals are also performed twice a year in connection with this. To encourage employee involvement in the Company's performance, bonuses linked to the Company performance are paid out twice a year to certain employees. To make employees aware of financial and economic factors affecting the performance of the Company, regular meetings and consultations happen as mentioned above.

Engagement with suppliers, customers and other relationships
For more detail on how the group engages with its suppliers and customers, refer to the Section 172 (1) statement on page 5.

Future developments
The Company plans to continue with its strategy of acquiring high quality veterinary practices. The Company has funding facilities in place to fund the planned acquisitions. The Company is strongly cash generating before investing in additional acquisitions. The Board have considered the impact of Brexit and the impact the Covid-19 pandemic has had on the veterinary sector and the wider economy and concluded there are appropriate mitigation plans in place. The veterinary sector has historically been resilient to economic downturns and the Company is well placed to deal with this as mentioned in the principal risks and uncertainties section of the Strategic Report.

Disclosure of information to the auditors

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

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and;
- The director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Reappointment of auditors

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

Approved by the Board on 13 July 2022 and signed on its behalf by:

Donna Chapman

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D L Chapman

Director

Date

Independent Vetcare Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

UK 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 international accounting standards, including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under UK 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Independent Vetcare Limited

Independent auditor's report to the members of Independent Vetcare Limited

Report on the audit of the financial statements
Opinion
In our opinion the financial statements of Independent Vetcare Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- Income Statement;
- the statement of financial position;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 32.

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

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

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

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

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis included:

- Review latest results of the company and challenge of the key assumptions within the going concern assessment with reference to historical trading performance, company's strategic objectives and market; and
- Evaluation of the sophistication of IVC Acquisition Midco Limited (group) forecasts and our assessment of the historical accuracy of forecasts prepared by management including an understanding of finance facilities available to the group.

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.

Independent Vetcare Limited

Independent auditor's report to the members of Independent Vetcare Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)
We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

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

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

As a result of performing above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address them are discussed below:

- Contingent Consideration
  - Challenged forecasts based on historical information and known factors at the time of the acquisition;
  - Evaluated post-acquisition performance to challenge conclusions reached;
  - Re-performed the earn-out calculation ensuring that contingent consideration recognised is accurate; and
  - Assessed the key assumptions in the contingent consideration model and performed sensitivity analysis on the revenue growth rates and discount rate assumptions.

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

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

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

Report on other legal and regulatory requirements
Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

Independent auditor's report to the members of Independent Vetcare Limited (continued)

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

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

We have nothing to report in respect of these matters.

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.

Andrew Wright

Andrew Wright (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom
13 July 2022

Independent Vetcare Limited

Income Statement for the Year Ended 30 September 2021

	Note	2021 £ 000	2020 £ 000
Revenue	4	885,205	667,373
Other income	5	-	8,764
Cost of sales		(458,963)	(380,881)
Gross profit		426,242	295,256
Administrative expenses	7	(309,762)	(285,655)
Other operating income	5	9,508	18,083
Income from shares in group undertakings		24,116	43,423
Operating profit	6	150,104	71,107
Finance income	8	5	110
Finance expense	9	(72,730)	(63,657)
Profit before tax		77,379	7,560
Tax (expense)/ credit	13	(17,402)	5,548
Profit for the year		59,977	13,108

Turnover and operating profit derive wholly from continuing operations.

The Company has no recognised gains or losses for the year other than the results above.

Management use the non-GAAP measure of adjusted EBITDA to assess the underlying profitability of the Company. The adjusted EBITDA calculation can be found in note 30.

Independent Vetcare Limited

(Registration Number: 07746795)
Statement of Financial Position as at 30 September 2021

	Note	30 September 2021 £ 000	30 September 2020 £ 000
Non-current assets			
Property, plant and equipment	14	234,177	224,332
Goodwill	16	840,409	755,314
Other intangible assets	16	144,985	134,039
Trade and other receivables	20	302,797	90,883
Other investments	17	299,296	250,191
Total non-current assets		1,821,664	1,454,759
Current assets			
Inventories	19	22,219	17,002
Trade and other receivables	20	94,377	69,617
Income tax receivable		6,987	123
Deferred tax asset	24	-	70
Cash and Cash equivalents		38,394	97,190
Total current assets		161,977	184,002
Total assets		1,983,641	1,638,761
Current liabilities			
Trade and other payables	21	(187,097)	(165,994)
Lease liabilities	15	(18,420)	(17,129)
Deferred tax liability	24	(772)	-
Provision for Onerous lease	22	(211)	-
Contingent consideration	22	(23,726)	(56,751)
Total current liabilities		(230,226)	(239,874)
Total assets less current liabilities		1,753,415	1,398,887
Non-current liabilities			
Trade and other payables	21	(1,577,614)	(1,290,479)
Lease liabilities	15	(151,011)	(158,936)
Deferred tax liability	24	(30,060)	(19,751)
Provision for Onerous lease	22	(1,006)	(3,468)
Contingent consideration	22	(23,544)	(16,050)
Total non-current liabilities		(1,783,235)	(1,488,684)

The notes on pages 25 to 77 form an integral part of these financial statements

Independent Vetcare Limited
(Registration Number: 07746795)
Statement of Financial Position at 30 September 2021 (continued)

	Note		
Total liabilities		(2,013,461)	(1,728,558)
Net liabilities		(29,820)	(89,797)
Equity			
Called up share capital	25	-	-
Accumulated deficit	26	(29,820)	(89,797)
Total Equity		(29,820)	(89,797)

Approved by the Board on 13 July 2022 and signed on its behalf by:

Donna Chapman
....
D L Chapman
Director
Date

Independent Vetcare Limited

Statement of Changes in Equity for the Year Ended 30 September 2021

	Called up share capital £ 000	Accumulated deficit £ 000	Total £ 000
At 1 October 2020	-	(89,797)	(89,797)
Profit for the year	-	59,977	59,977
At 30 September 2021	-	(29,820)	(29,820)

	Called up share capital £ 000	Accumulated deficit £ 000	Total £ 000
At 1 October 2019	-	(102,905)	(102,905)
Profit for the year	-	13,108	13,108
At 30 September 2020	-	(89,797)	(89,797)

The notes on pages 25 to 77 form an integral part of these financial statements

1 General information

Independent Vetcare Limited ("the Company") is a private Company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office of the Company is The Chocolate Factory, Keynsham, Bristol, BS31 2AU.

The principal activity of the Company is that of the provision of veterinary services in the United Kingdom.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). For all periods up to and including the year ended 30 September 2020, the Company prepared its financial statements in accordance with Financial Reporting Standard 102 ("FRS 102"). These financial statements for the year ended 30 September 2021 and comparative periods are the first the Company has prepared in accordance with FRS 101. For more information on the adoption of FRS 101 and the transitional adjustments, refer to note 31.

The financial statements are presented in Pounds Sterling which is the Company's functional currency. Monetary amounts are rounded to the nearest thousand.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in Inventories ("IAS 2") or value in use in Impairment of Assets ("IAS 36").

Summary of disclosure exemptions

In these financial statements, the Company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 3- Paragraphs 6 and 21 to present an opening statement of financial position at the date of transition.
- Paragraphs 45(b) and 46 to 52 of IFRS 2 - 'Share-based payments' (how the fair value of goods/services received or equity instruments granted was determined and details of the number and weighted average exercise prices of share options).
- Paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j)-(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66, B67 of IFRS 3 - 'Business combinations'.
- Paragraph 33(c) of IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations' (disclosure of net cash flows attributable to operating, investing and financing activities of discontinued operations).
- IFRS 7 - 'Financial instruments: Disclosures'.

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- Paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 - 'Revenue from Contracts with Customers' (disaggregation of revenue, significant changes in contract assets and liabilities, details on transaction price allocation, timing of the satisfaction of performance obligations and significant judgements made in the application of IFRS 15).
- The requirements of paragraph 52 [lessee], the second sentence of paragraph 89, and paragraphs 90, 91 and 93 [lessor] of IFRS 16 - 'Leases' (lessee disclosures and lessor disclosures in relation to finance leases and lease income on operating leases).
- IAS 7 - 'Statement of cash flows'.
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets.
- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):
  - Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
  - Paragraph 17 of IAS 24 - 'Related party disclosures' (key management compensation);
  - The requirements in IAS 24, 'Related party disclosures' (to disclose related party transactions entered into between two or more members of a group); and
  - The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

The above disclosures have been made in the consolidated financial statements of the Company's intermediary parent company, IVC Acquisition Pikco Limited. The registered office of the Company is The Chocolate Factory, Keynsham, Bristol, BS31 2AU. Copies of the financial statements can be obtained from this address.

Going concern

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2016' the directors of all companies are required to provide disclosures regarding the adoption of the going concern basis of accounting.

The company is profit making and has net liabilities of £18M at 30 September 2021 (including £1,578M owed to group companies that is repayable after more than 1 year). The financial statements include details of the financial position of the company, its liquidity position and borrowing.

The company is part of the IVC Evidensia group ("the group") in which a detailed going concern assessment was made in December 2021 and modelled various scenarios to assess the group going concern position. Subsequently at the time of signing of these financial statements, the directors of the Company re-assessed the group going concern position. The group's forecasts, projections and current financial position show that the group should be able to operate within the level of its current debt facilities. After taking account of reasonably possible changes in trading performance, no material uncertainty exists regarding covenant compliance on the group's existing facilities.

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

2 Accounting policies (continued)

Going concern (continued)

The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In addition, IVC Acquisition Midco Limited, company parent undertaking, has provided a letter of support confirming and committing to support the company for at least 12 months from the date of the approval of these financial statements.

Exemption from preparing group accounts

The financial statements contain information about Independent Vetcare Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, IVC Acquisition Midco Limited and the consolidated financial statements of IVC Acquisition Pikco Limited, both of which incorporated in England and Wales.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 October 2020 have had a material effect on the financial statements.

Revenue recognition

Revenue represents amounts earned from customers for veterinary services and the sale of products on-line ("E-commerce"). The Company identifies performance obligations arising from these services. The transaction price is derived from fixed prices. The Company assesses whether control of goods or services transfers to the customer at a point in time or over time to determine when satisfaction of performance obligations occurs.

Revenue for the delivery of veterinary services is recognised at the point in time a veterinary consultation or procedure is completed. A majority of veterinary services are performed as one-off treatments, however the Company also operates the Pet Health Club ("PHC"), where members pay an annual subscription fee on a monthly basis and receive a variety of benefits including various consultations and treatments periodically plus discounts for the year of membership. Those benefits which give members a material right that would not have been received without being a PHC member are identified as performance obligations. The transaction price, being the annual subscription fee, is allocated to each of the identified performance obligations based on the stand-alone selling prices of the performance obligations. Revenue from the PHC is recognised as performance obligations are satisfied which is at the point in time services are provided to customers, with the exception of worm and flea treatments and discounts which are recognised over time. Where transfer of PHC services to the customer does not match the pattern of monthly payments made by members, contract assets or contract liabilities are recognised. The IFRS 15 Revenue from Contracts with Customers ("IFRS 15") practical expedient to not disclose information about performance obligations not yet satisfied at the reporting date has been applied in respect of the PHC since these performance obligations are part of a contract originally expected to have a duration of one year.

Revenue from the sale of products, primarily being those sold in the E-commerce revenue stream but also including the sale of products within veterinary practices, is recognised when title has passed to the customer. For E-commerce, this is the point customers receive goods following delivery. The Company uses 3rd party providers to deliver goods and acts as principal in arranging this delivery for the customer. Delivery costs are therefore presented gross in the Income Statement.

Government grants

The Company records both grants from governments and grants or donations from other organised bodies or individuals. The Company has applied the same accounting treatment to all grants and donations recognised in the period. Grants and donations are recognised only when there is reasonable assurance that the Company will comply with any conditions of the grant and that the grants will be received. Conditions include specific requests from the donor or government that the proceeds should be spent on a certain item of equipment.

2 Accounting policies (continued)

Government grants (continued)
Grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to income or to assets. Grants relating to income are recognised in 'Other operating income' or netted against the associated expense, over the period in which the related costs are recognised. Grants relating to assets are recognised in deferred income and released to the Consolidated Income Statement over the expected useful life of the asset. The Company has not participated in any such asset schemes in the year ended 30 September 2021. Where there are associated conditions attached to a grant, recognition within the Income Statement reflects the fulfilment of those conditions. The impact of these grants is a reduction in the expense which the grant covers or a reduction in depreciation or amortisation if relating to an asset.

During the year, the Company took advantage of certain government Covid-19 initiatives such as the job furlough schemes. The proceeds from these government initiatives have been recognised on an accrual basis and have been netted against the associated costs within the Income Statement, either above gross profit or below gross profit depending on the category of employee or type of cost they are associated with.

Research and development (R&D) tax credit recognition

Judgement is required around the timing and quantum of the recognition of income from R&D tax credits. These are recognised within EBITDA, matching the income with the associated labour costs incurred in conducting the research.

R&D claims are prepared on behalf of the Company by specialist tax advisors with a history of successful claims using a proven methodology. Accordingly, they are submitted with a high degree of certainty that they will be approved.

Therefore, Management has determined that the income related to R&D tax credits should be recognised in the Income Statement in the period in which the R&D claim is submitted to the tax authorities, and in amount equal to the amount claimed.

Other operating income
Other operating income mainly comprises rental income and is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Interest income
Interest income is recognised using the effective interest method.

Borrowing costs
Interest expense is recognised on the basis of the effective interest method and is included in finance expense in the Income Statement.

Foreign currency transactions and balances
Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period end date. Any exchange gains or losses arising on the re-translation of monetary items are recorded within finance income or finance costs as the gains and losses relate primarily to movements in loans and borrowings which are financing activities. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

2 Accounting policies (continued)

Exceptional items
Exceptional items refer to items of income or expense within the consolidated statement of comprehensive income, which are of such size, nature or incidence that their exclusion is considered necessary to explain the performance of the Company and improve the comparability between periods. They are one-off, non-recurring events which the business considers exceptional in nature, therefore relevant to users of the accounts in analysing underlying trading performance. It is noted that these are costs that management considers are of a size, nature or incidence and therefore may not be material in size but in management's view are necessary to exclude in achieving comparability between periods.

EBITDA is defined as earnings before interest, tax, depreciation and amortisation. Adjusted EBITDA is defined as EBITDA adjusted for exceptional items and also the costs of entering markets with significant regulatory barriers to entry, gains/losses on foreign exchange and changes in fair value of contingent consideration as laid out in note 30.

Tax
The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except for differences arising on:

• The initial recognition of goodwill;
• The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
• Investments in subsidiaries where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax is also recognised on unused tax losses or tax credits in the Company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

IFRIC 23- Uncertain tax positions

IFRIC 23 provides clarity on how companies should reflect uncertainty in the recognition and measurement of tax treatments of items within the financial statements. IFRIC 23 is treated as applying to the Company from the date of adoption of IFRS.

IFRIC 23 only applies to taxes within the scope of IAS 12 and therefore it does not cover taxes such as payroll taxes or VAT. The adoption of this interpretation has not had a material effect on the Company's net assets or results.

Tangible assets
Tangible assets are stated in the Statement of Financial Position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

2 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Freehold land	Nil
Freehold property	Straight line over 50 years
Short leasehold property	Over the term of the lease
Fixtures and surgery equipment	Straight line over 5 years
Computer equipment	Straight line over 3 years
Motor vehicles	Straight line over 4 years

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

A summary of the policies applied to the Company's intangible assets is:

Intangible asset	Customer relationships	Brand
Useful life	9 - 11 years	20 years
Amortisation method	Straight line basis over the useful life	Straight line basis over the useful life

Under IFRS 3 there is a requirement to consider what types of intangible assets are acquired through business combinations. In assessing what intangible assets are likely to exist within the Company, Management has considered what are the main drivers for customers choosing an IVC Evidensia practice, crematorium or other service, and why they stay with their chosen provider.

For Vet operations, Management's view is that customers choose a practice primarily based on location, typically searching the internet or obtaining a personal reference for a nearby veterinary practice with a good reputation, and will remain with that practice as long as the service and care they receive meets their needs and expectations. Therefore, future economic benefits and the ability to attract of new customers will flow from repeat business and the goodwill of a practice's customers at the date of acquisition. Management has therefore concluded that a customer relationship intangible asset is appropriate to be recognised for all veterinary practice acquisitions.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Income Statement in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement.

2 Accounting policies (continued)

Investments in subsidiaries
Investments in subsidiaries in the separate financial statements are carried at cost less any provision for losses arising on impairment.

Impairment of non-financial assets (excluding inventories and deferred tax assets)
Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Goodwill is allocated on initial recognition to sites expected to benefit from a business combination that gives rise to the goodwill.

Inventories
Inventories comprise drugs and consumables at practices.

Inventories are stated at the lower of cost and net realisable value (i.e. estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale). Cost comprises all cost of purchase and other costs incurred in bringing the inventories to their present condition and location. The cost of inventories is assigned using the first in-first out (FIFO) formula.

Inventories are assessed for impairment at each reporting date. The carrying amount of each item of inventory, or group of similar items, is compared with its selling price less costs to complete and sell. If an item is found to be impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss recognised immediately in profit or loss.

Rebates
The company receives cash refunds or creditors against purchases from suppliers for purchasing a certain amount of inventories or participating in promotions. Rebates are recognised within cost of sales in the Income Statement and are recognised as they are earnt by the Company based on the expected entitlement for each relevant supplier contract up to the reporting date. To ensure that rebates are reflected within inventory valuation, an adjustment is by the Company at the reporting date to reduce inventories by the average percentage manufacturer rebate received in the year, with the corresponding entry recognised in cost of sales, For rebates receivable in cash, amounts accrued are included within other receivables in the Statement of Financial Position.

Financial assets
All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

Fair value through other comprehensive income
The Company does not have any financial assets classified as being at fair value through other comprehensive income.

2 Accounting policies (continued)

Financial assets (continued)

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect the contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or (where appropriate) a shorter period, to the amortised cost of a financial instrument.

Impairment provisions for current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses ("ECL"). Current trade receivables are grouped by those that share similar credit risk characteristics. During this process the probability of the non-payment of the trade receivables is assessed based on the number of days that they have been past due. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account, with the loss being recognised within administrative expenses in the Income Statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

For all other financial assets, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The Company defines a default event as a breach of contract and amounts past due.

In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default that was expected to occur at the reporting date on the financial instrument as estimated at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2 Accounting policies (continued)

Financial assets (continued)
Fair value through profit or loss
Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Financial liabilities
The Company does not have any financial liabilities held for trading.

Financial liabilities include loans and borrowings and contingent consideration which are initially recognised at fair value net of any transaction cost directly attributable to the issue of the instrument. Such liabilities are subsequently measured at amortised cost using the effective interest method, with the exception of contingent consideration, which ensures that any interest expense over the period of repayment is at a constant rate on the balance of the liability carried in the Statement of Financial Position. Contingent consideration is measured at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid and received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or (where appropriate) a shorter period, to the amortised cost of a financial instrument.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Modification of financial instruments
If the terms of a financial instrument are modified, then the Company evaluates whether the cash flows of the modified financial instrument are substantially different in qualitative and quantitative terms. The cash flows are considered to be substantially different in quantitative terms if the difference between the adjusted discounted present value and the original carrying amount of the financial instrument is more than ten percent. If this is the case, or the modification is substantial qualitatively by virtue of the nature of the change to the terms, then the contractual rights to cash flows from the original financial instrument are deemed to have expired. In this case, the original financial instrument is derecognised and a new financial instrument is recognised at fair value plus any eligible transaction costs. Deferred financing costs are deferred and amortised to financial costs over the term of the relevant loan, using the effective interest method. When the relevant loan is terminated or extinguished, the unamortised loan fees are written-off in the Income Statement.

If the modification of a financial instrument measured at amortised cost or FVOCI does not result in derecognition of the financial instrument, then the Company first recalculates the gross carrying amount of the financial instrument using the original effective interest rate of the financial instrument and recognises the resulting difference as a modification gain or loss in profit or loss. For floating-rate financial instruments, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial instrument and are amortised over the remaining term of the modified financial instrument.

2 Accounting policies (continued)

Financial guarantee contracts
Financial guarantee contracts are recognised as at the time the financial guarantee contract is issued.

Liabilities arising are initially measured at fair value and subsequently at the higher of:
- the amount determined in accordance with the expected credit loss model under IFRS 9; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the requirements of IFRS 15.

The fair value of financial guarantee contracts is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the financial guarantee contract or the estimated amount that would be payable to a third party for assuming the obligations. The fair values of financial guarantee contracts that are issued in relation to borrowings or other payables of group undertakings for no compensation are recognised as part of the cost of the investment.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Leases

Identifying Leases
The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:
(a) There is an identified asset;
(b) The Company obtains substantially all the economic benefits from use of the identified asset; and
(c) The Company has the right to direct use of the identified asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

2 Accounting policies (continued)

Leases (continued)

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16 *Leases* ("IFRS 16").

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

The Company has elected to use the recognition exemptions listed above and thus does not apply the right-of-use asset and lease liability measurement requirements to these items. Leases of low value assets and short-term leases are expensed on a straight-line basis over the life of the lease.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. To determine the IBR, the Company has used entity-specific synthetic credit ratings for each operating territory as a starting point and has adjusted this for conditions specific to each lease, such as its term and security. Based on this methodology, the Company has assessed IBRs in the range of 2.4% to 5.0%. The large majority of the portfolio was within 3%-4%.

Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

The company has applied the modified retrospective approach to all of its leases on adoption of FRS101 as explained in note 31.

2 Accounting policies (continued)

Leases (continued)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Where a variable lease payment that is dependent on an index or rate is present in the lease, the lease liability and right-of-use asset is re-measured once the rate is known. Any variable lease payments that are not dependent on an index or rate are expensed in the period they are incurred.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is re-measured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

A key consideration in the accounting treatment of leases under IFRS 16 Leases is the term of each lease used to calculate the lease liability and related right-of-use assets. A large majority by value of the Company's leases are for the rental of properties from which the Company carries out veterinary services. The leases may contain break clauses or options to extend the lease. A key judgment has to be made regarding the term of the leases, and importantly is whether or not break or extensions options will be exercised. Frequently, the leases are newly entered into at the date of acquisition and are for periods of fifteen or more years, ie are terminating at a point of time well into the future. Therefore, Management considers there is no basis on which to assess that the leases will be extended. In addition, there are very limited circumstances in which we have or would exercise a break option. Accordingly, for the purpose of IFRS 16, the lease term for each lease is considered to be the period to the lease termination date in each lease agreement.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

Management has considered the application of the Company's accounting policies, and related judgements (other than those involving estimations) that have a significant impact on the amounts recognised, and related estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

As a consequence of that consideration, management have concluded that there are no critical judgements (other than those involving estimations).

Key sources of estimation uncertainty in the consolidated financial statements

Valuation of intangible assets acquired in business combinations
The Company has performed a valuation analysis in order to determine the value of intangible assets, customer relationships, to be recorded in relation to each acquisition. The details of carrying amounts of intangible assets acquired are disclosed in note 16 and note 18.

The calculation utilised a multiple period excess earnings model, an income-based valuation approach. This analysis involves certain assumptions requiring some judgement, including the following:

	Range used for material acquisitions (over £10m or strategic acquisitions)	**Range used for portfolio (all other acquisitions under £10m)**
Attrition rates applied	5% - 20%, 2% for Vets Now	20%
Discount rates	8.1% - 19.4%	8.5% - 10.1%

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Contingent consideration

The Statement of Financial Position includes amounts which are payable for the acquisition of subsidiaries which are dependent on the future performance of the business acquired. Contingent consideration is estimated based on the terms of the purchase contract, the Company's knowledge of the business acquired and how the current economic environment is likely to impact it. The assumptions utilised in the calculation based on financial performance include projected revenue and/or earnings before interest, tax, depreciation and amortisation amounts and risk adjusted discount rates. Contingent consideration involves making certain assumptions requiring some judgement and actual results may differ from assumed and estimated amounts.

In certain cases, payments of contingent consideration are dependent on the continued employment of the vendor. These payments are treated as employment costs and accrued on a time basis over the period for which they are assessable. In other cases, now the significant majority, payments are not dependent on an employment condition, and a provision for the expected payment is made. In accordance with the group accounting policy, which was updated during FY21, the amounts payable are estimated at each accounting reference date based on information available at that date. The actual amounts payable may vary depending on subsequent financial performance.

For potential payments related to financial performance, the expected contingent consideration payment is determined separately in respect of each acquisition, unless as stated below. Contingent consideration and subsequent changes in its fair value, including accretion for the passage of time, are recognised in the Profit or Loss, unless the change is due to additional information of circumstances at the date of acquisition. In this case the change in fair value is booked to Goodwill.

For acquisitions more than £10m, and for all acquisitions made prior to six months before the accounting reference date, the default provision calculation method is to apply actual and current future budget projections to the terms of the agreement with the vendor for determining the amount payable. For acquisitions within 6 months of the accounting reference date, the provision for contingent consideration is, by default, calculated based on historical payout percentages.

The amount recognised as a liability in respect of contingent consideration as at 30 September 2021 amounted to £47.3m. For acquisition made during FY21, contingent consideration recognised at the year end was £25.2m and the range of possible outcomes in respect of these payments was between zero and £33.1m. The range of possible outcomes in respect of total contingent consideration at 30 September 2021 was between zero and £69.9m. The impact on the amount payable of a 5% increase or decrease in the revenue rate is to increase the amount by £1m or reduce it by £3.4m respectively.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

The historical payment rates used were determined as follows:

The historical payout rate for periods prior to March 2020, at which point the impact of Covid restrictions significantly impacted the extent to which vets in the UK were able to provide services, was 44%. This was the rate at which provisions based on historical payment percentages were made at the prior year end. Management noted that during FY21, payments (based on trading performances impacted by the Covid restrictions) were, on average, at a lower percentage rate.

It is now considered the impact on vet operations of the Covid restriction and of the pandemic generally was substantially overcome by the end the FY20 year. Management therefore considered that it would be inappropriate to use the historical payout rate at 30 September 21 as a basis for payments made in FY22 and beyond, as it is depressed by the Covid impact. It was therefore considered appropriate to use a payment percentage of 44%.

Strong growth in pet ownership over the last 18 months will have the effect of increasing financial performance and this will generally increase the amount of contingent consideration being paid, potentially leading to a material difference. This has been factored into the expected future performance contributing to the calculation of the large provisions (acquisitions over £10m) of the contingent consideration, as the calculations are (other than for very recent acquisitions below £10m) based on actual performance since acquisition and the current forecast or budget (which would reflect this pet ownership growth).

In addition, Management has closely reviewed the provisions for contingent consideration for acquisitions where the KPIs of acquired operation is close to the thresholds for a payment to be due, in order to ensure we are fairly reflecting the substance of the likely outcome those deals.

For details of the assumptions used for contingent consideration and sensitivity analysis refer to note 22.

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

4 Turnover

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2021 £ 000	2020 £ 000
Sale of goods	82,378	60,129
Rendering of services	709,710	539,478
Pet Health Club	93,117	67,766
	885,205	667,373

The Company's turnover which is derived from its principal activity is wholly undertaken in the United Kingdom.

5 Other operating income

The analysis of the Company's other operating income for the year is as follows:

	2021 £ 000	2020 £ 000
Government grants (above gross profit)	-	8,764
Government grants	92	7,377
Sub lease rental income	1,099	942
Miscellaneous other operating income	8,317	9,764
	9,508	18,083

Other operating income in the current and prior year includes income from certain government COVID-19 initiatives such as the CJRS scheme. This amounted to £92,000 during the year (2020 - £16,141,000), of which £Nil (2020 - £8,764,000) was included in costs of sales. Also included in other operating income within the income statement is rent received and income received from charities and donations.

6 Operating profit

Arrived at after charging/(crediting)

	2021 £ 000	2020 £ 000
Depreciation expense	40,400	37,838
Amortisation expense	22,399	18,178
Foreign exchange gains/(losses)	5	(89)
Loss on disposal of property, plant and equipment	(88)	-

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

7 Impairment of fixed asset investments

Included within administrative expenses, is impairment of fixed asset investments as detailed below:

	Note	2021 £ 000	2020 £ 000
Amounts written off investments - pre-acquisition reserves	17	15,937	30,403
Amounts written off investments - accumulated amortisation		-	31,586
Amounts written off investments - other		-	(367)
		15,937	61,622

8 Finance income

	2021 £ 000	2020 £ 000
Interest income on bank deposits	5	110

9 Finance expense

	2021 £ 000	2020 £ 000
Interest expense on lease liabilities	8,141	8,456
Interest expense on bank borrowings	15	-
Other interest payable	10	17
Intra-group interest	64,564	55,184
	72,730	63,657

Intra-group interest is charged at 4.7% per annum.

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	335,127	295,174
Social security costs	27,875	22,601
Pension costs, defined contribution scheme	10,856	8,463
	373,858	326,238

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Vets	4,225	3,415
Nurses	4,710	2,846
Support staff	6,358	3,683
	15,293	9,944

11 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Remuneration	108	372
Contributions paid to money purchase schemes	6	8
	114	380

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2021 No.	2020 No.
Accruing benefits under money purchase pension scheme	1	3

In respect of the highest paid director:

	2021 £ 000	2020 £ 000
Remuneration	-	190
Company contributions to money purchase pension schemes	-	4
	-	194

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

12 Auditors' remuneration

	2021 £ 000	2020 £ 000
Audit of the financial statements	292	198

Non-audit fees payable to company auditors amounted to £Nil (2020 - £Nil).

13 Taxation

Tax charged/(credited) in the Income Statement

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax	11,816	20
UK corporation tax adjustment to prior periods	770	(686)
UK corporation tax incurred on behalf of hived up subsidiaries	-	449
	12,586	(217)
Deferred taxation		
Arising from origination and reversal of temporary differences	(1,113)	(7,493)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	(173)
Arising from hived up subsidiaries	-	(596)
Effect of changes in tax rate	5,929	2,931
Total deferred taxation	4,816	(5,331)
Tax charge/(credit)	17,402	(5,548)

13 Taxation (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before tax	77,379	7,560
Corporation tax at standard rate	14,702	1,436
Increase from effect of expenses not deductible in determining taxable profit	8,818	6,701
Decrease arising from group relief not paid	(8,415)	(4,848)
Deferred tax credit from tax losses utilised	-	(2,366)
Effects of changes in tax rates	5,929	2,931
Decrease from effect of dividends from UK companies	(5,266)	(8,250)
Uncertain tax positions	973	-
Other tax effects for reconciliation between accounting profit and tax income	(162)	(293)
Increase in tax from temporary differences relating to the timing of provisions	53	-
Increase/(decrease) in current and deferred tax from adjustment for prior periods	770	(859)
Total tax credit	17,402	(5,548)

The company's deferred tax assets and liabilities are calculated using tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates that have been enacted or substantively enacted by the reporting date.

Finance Act 2020 enacted provision to increase the UK Corporation tax rate to 19% from 1 April 2020 and accordingly the deferred tax at 30/09/2020 was calculated at this rate.

Finance Act 2021 which was Substantively Enacted on 24 May 2021 included provisions to increase the rate further to 25% effective from 1 April 2023. In valuing the deferred tax balances at the year-end a combination of 19% and 25% have been used based on the expected periods of reversals.

14 Property, plant and equipment

	Land and buildings £'000	Fixtures and surgery equipment £'000	Motor vehicles £'000	Computer equipment £'000	Right-of-use assets £'000	Total £'000
Cost						
At 1 October 2020	29,076	46,983	1,259	32,042	213,232	322,592
Additions	5,567	11,604	40	20,562	3,904	41,677
Disposals	(4,966)	(5,228)	(194)	(573)	-	(10,961)
Transferred from investments	1,472	2,585	230	161	2,456	6,904
Acquired through business combinations	-	-	-	-	4,395	4,395
Remeasured and modified leases	-	-	-	-	840	840
Termination of leases	-	-	-	-	(344)	(344)
At 30 September 2021	31,149	55,944	1,335	52,192	224,483	365,103
Accumulated depreciation and impairment						
At 1 October 2020	7,110	24,895	1,140	19,517	45,598	98,260
Charge for the year	3,436	9,414	55	7,097	20,398	40,400
Eliminated on disposals	(3,238)	(3,454)	(184)	(528)	-	(7,404)
Impairment	-	-	-	-	14	14
Termination of leases	-	-	-	-	(344)	(344)
At 30 September 2021	7,308	30,855	1,011	26,086	65,666	130,926
Net Book Value						
At 30 September 2021	23,841	25,089	324	26,106	158,817	234,177
At 30 September 2020	21,966	22,088	119	12,525	167,634	224,332

14 Property, plant and equipment (continued)

The net book value and depreciation charge for right-of-use assets by class of underlying asset is as follows:

Right-of-use assets	Land and buildings	Fixtures and surgical equipment	Motor vehicles	Computer equipment	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 October 2020	204,984	5,961	1,882	405	213,232
Additions	3,421	287	161	35	3,904
Acquired through business combinations	4,169	12	214	-	4,395
Acquired through hive up	2,322	91	43	-	2,456
Remeasured and modified leases	834	3	3	-	840
Terminated leases	(221)	(123)	-	-	(344)
At 30 September 2021	215,509	6,231	2,303	440	224,483
Accumulated depreciation					
At 1 October 2020	41,663	3,127	654	154	45,598
Charge for the year	17,879	1,544	834	141	20,398
Impairment	14	-	-	-	14
Terminated leases	(221)	(123)	-	-	(344)
At 30 September 2021	59,335	4,548	1,488	295	65,666
Net Book Value					
At 30 September 2021	156,174	1,683	815	145	158,817
At 30 September 2020	163,321	2,834	1,228	251	167,634

14 Property, plant and equipment (continued)

"Transfers from Investments" comprises Tangible Fixed Assets transferred from subsidiary companies that ceased operations during the year and moved their trade and net assets to the Company.

Included within the net book value of land and buildings above is £Nil (2020 - £0.1M) in respect of freehold land and buildings and £23.8M (2020 - £22M) in respect of short leasehold land and buildings. Freehold land is not depreciated

Included within additions are £NilM (2020 - £0.03M) of leasehold property, £1.1M (2020 - £0.7M) of fixtures and surgery equipment, £0.09M (2020 - £0.2M) of motor vehicles and £0.003M (2020 - £0.02M) of computer equipment that were acquired from various trade and asset purchases of unincorporated businesses during the year.

In the year ended 30 September 2021, an impairment charge of £14,000 (30 September 2020 - £Nil) was made to the right-of-use asset in respect of onerous leases. Those leases that were deemed to be onerous at each period end were subject to an impairment review in line with IAS 36. Given the onerous leases arose as a result of the Company abandoning the properties, these are deemed to no longer be revenue-generating and would therefore have no value in use. As such, these right-of-use assets were written down in full through an impairment charge.

15 Leases

Nature of lease activities

The Company leases a number of properties in the multiple jurisdictions from which it operates. In these jurisdictions the periodic rent is fixed over the lease term. Where rental agreements include market rate escalations that are unknown at the time of the lease inception, the lease liability is re-measured when the change in cash payments takes effect.

The Company also leases fixtures and surgery equipment, motor vehicles and computer equipment. All equipment leases comprise only fixed payments over the lease terms.

The Company sometimes negotiates break clauses in its property leases. On a case-by-case basis, the Company will consider whether the absence of a break clause would expose the Company to excessive risk.

Typically factors considered in deciding to negotiate a break clause include:

- the length of the lease term;
- the economic stability of the environment in which the property is located; and
- whether the location represents a new area of operations for the Company.

At 30 September 2021 and 30 September 2020, the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses because on all dates it was considered reasonably certain that the Company would not exercise its right to exercise any right to break the lease. Total lease payments of £43,047,000 (30 September 2020 - £49,554,000) are potentially avoidable were the Company to exercise break clauses at the earliest opportunity.

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

15 Leases (continued)

Lease liabilities

	Land and buildings £'000	Fixtures and surgical equipment £'000	Motor vehicles £'000	Computer equipment £'000	Hire purchase £'000	Total £'000
At 1 October 2019	(158,699)	(1,283)	(589)	(156)	(3,185)	(163,912)
Additions	(25,509)	(460)	(1,012)	(38)	-	(27,019)
Interest expense	(8,166)	(64)	(58)	(7)	-	(8,295)
Lease payments	22,269	583	472	63	803	24,190
Lease modifications	(1,020)	(4)	(4)	(1)	-	(1,029)
At 30 September 2020	(171,125)	(1,228)	(1,191)	(139)	(2,382)	(176,065)
Additions	(9,835)	(102)	(250)	-	-	(10,187)
Lease modifications	(865)	(3)	(9)	-	-	(877)
Interest expense	(8,026)	(46)	(64)	(5)	-	(8,141)
Lease payments	23,532	609	752	64	882	25,839
At 30 September 2021	(166,319)	(770)	(762)	(80)	(1,500)	(169,431)

Amounts not included in the measurement of lease liabilities are as follows:

	30 September 2021 £'000	30 September 2020 £'000
Short-term lease expense	16	110
Low value lease expense	63	85
Aggregate undiscounted commitments for short-term leases	79	141

The total cash outflow of leases during the reporting period was £25,839,000 (2020 - £24,190,000).

15 Leases (continued)

The maturity of lease liabilities are as follows:

	Within 1 Year £'000	Between 1 and 5 years £'000	Over 5 years £'000	Total £'000
30 September 2021				
Lease liabilities	(18,420)	(59,028)	(91,983)	(169,431)
30 September 2020				
Lease liabilities	(17,129)	(60,632)	(98,304)	(176,065)

The total undiscounted commitments for leases are as follows:

	Within 1 year £'000	Between 1 and 5 years £'000	Over 5 years £'000	Total £'000
30 September 2021				
Lease liabilities	(24,390)	(81,756)	(110,482)	(216,628)
30 September 2020				
Lease liabilities	(24,091)	(83,315)	(120,073)	(227,479)

The right-of-use asset disclosures are given in note 14.

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

16 Intangible assets

	Customer Lists £ 000	Goodwill £ 000	Total £ 000
Cost			
At 1 October 2020	169,652	823,277	992,929
Acquisitions	10,534	27,007	37,541
Transferred from investments	22,811	61,076	83,887
Disposals	-	(2,988)	(2,988)
At 30 September 2021	202,997	908,372	1,111,369
Amortisation			
At 1 October 2020	35,613	67,963	103,576
Charge for the year	22,399	-	22,399
At 30 September 2021	58,012	67,963	125,975
Carrying Amount			
At 30 September 2021	144,985	840,409	985,394
At 30 September 2020	134,039	755,314	889,353

During the year the operations of several subsidiary companies and net assets were transferred to the company. Goodwill relating to these transfers of trade were generated by transferring value from investments to Intangible Assets and is disclosed separately above in the Transfers from Investments line. Other assets acquired include property, plant and equipment which are shown as Transfers from Investments in Note 14, and inventory and trade receivables, are now included in the Company's accounts under those captions.

17 Investment

	Investment in subsidiaries £'000
Cost	
At 1 October 2019	360,415
Additions	127,143
Transferred to goodwill	(206,964)
Amounts written off	(30,403)
At 30 September 2020	250,191
Additions	148,928
Transferred to goodwill	(83,886)
Amounts written off	(15,937)
At 30 September 2021	299,296
Impairment	
At 1 October 2019	-
At 30 September 2020	-
At 30 September 2021	-
Net Book Value	
At 30 September 2021	299,296
At 30 September 2020	250,191
At 30 September 2019	360,415

Subsidiary undertakings and associated undertakings
The undertakings in which the Company's interest at the year end is 20% or more is shown in note 32.

18 Business combinations

Independent Vetcare Limited acquired 11 business through trade and asset transactions during the year. These acquisitions are not individually material to include the identifiable assets acquired and liabilities assumed separately.

Details of the aggregate fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Provisional fair value on acquisition £'000
Assets and liabilities acquired	
Intangible assets	10,786
Property, plant and equipment	923
Right-of-use assets	4,395
Inventories	839
Trade and other receivables	927
Payables	(4,395)
Deferred tax liability	(3,480)
Total fair value of identifiable net assets upon acquisition	**9,995**
Fair value of consideration paid	
Cash	31,217
Contingent consideration	3,493
Total consideration	34,710
Goodwill (see note 16 and 30)	**24,715**

19 Inventories

	30 September 2021 £'000	30 September 2020 £'000
Finished goods and consumables	22,219	17,002

There are no material differences between the carrying value of inventories and their replacement cost.

There is no inventory pledged as securities for liabilities.

20 Trade and other receivables

Current	**30 September 2021 £'000**	**30 September 2020 £'000**
Trade receivables at amortised cost	40,054	40,013
Less: expected credit loss provision	(7,573)	(8,503)
Trade receivables at amortised cost - net	32,481	31,510
Other receivables	50,012	26,664
Prepayments	11,884	10,837
Amounts owed by group companies	-	606
Total current trade and other receivables	94,377	69,617

Non-Current	**30 September 2021 £'000**	**30 September 2020 £'000**
Amounts owed by parent company	302,797	90,883
Total non-current trade and other receivables	302,797	90,883

Other receivables include rebate receivables of £25,024,000 (30 September 2020 - £17,325,000).

Amounts owed from group undertakings carry interest at 4.7% per annum (2020 – 4.7% per annum). They are repayable upon demand other than the amounts due after more than one year where agreements have been signed before the relevant reporting date that the repayment notice is a year and one day.

Exposure to credit risk

The Company applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables. To measure lifetime expected credit losses on a collective basis, trade receivables are grouped based on ageing. The expected loss rates are based on the Company's historical credit loss experience. As part of credit risk management practices, the Company differentiates between veterinaries that monitor and report cash flows in a robust manner and those that do not.

The table below reconciles the expected credit loss for trade receivables as at the beginning of the year to that of the end of the year.

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

20 Trade and other receivables (continued)

	30 September 2021 £'000	30 September 2020 £'000
Opening provision for impairment of trade receivables	8,503	4,281
Increase during the year	(930)	4,222
Closing provision for impairment of trade receivables	7,573	8,503

The lifetime expected loss provision for trade receivables is as follows:

	Current £'000	More than 30 days past due £'000	More than 60 days past due £'000	More than 120 days past due £'000	Total £'000
30 September 2021					
Expected loss rate-insured/uninsured	0.00%	0.00%	45%	45%/90%	
Gross carrying amount	21,971	6,200	3,029	8,854	40,054
Loss provision	-	-	1,416	6,157	7,573
30 September 2020					
Expected loss rate-insured/uninsured	0.00%	0.00%	45%	45%/90%	
Gross carrying amount	19,867	6,865	3,516	9,765	40,013
Loss provision	-	-	1,582	6,921	8,503

No loss provision has provided for balances less than 60 days past due in the current year. This expected loss is not material. Expected credit losses arising in relation to other financial assets for which such a loss is to be measured under IFRS 9 are not material and associated expected credit loss disclosures are therefore not presented in these financial statements for these balances.

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

21 Trade and other payables

	30 September 2021	30 September 2020
Current	**£'000**	**£'000**
Trade payables	61,239	45,978
Accruals	67,208	39,161
Other payables	-	14,646
Other taxation and social security	55,590	62,237
Amounts owed to group undertakings	-	221
Deferred income	604	583
Outstanding defined pension contribution costs	2,456	3,168
Total current trade and other payables	187,097	165,994
Non-current		
Amounts owed to parent companies	1,577,614	1,289,431
Accruals	-	1,048
Total non-current trade and other payables	1,577,614	1,290,479

Amounts owed from group undertakings carry interest at 4.7% per annum. They are repayable upon demand other than the amounts due after more than one year where agreements have been signed before the relevant reporting date that the repayment notice is a year and one day.

The maturity profile of amounts due after one year is below:

	Due within one and five years £'000	Due after five years £'000	Total £'000
30 September 2021			
Amounts owed to parent companies	1,377,693	199,921	1,577,614
30 September 2020			
Amounts owed to parent companies	1,107,360	182,071	1,289,431
Accruals	1,048	-	1,048
	1,108,408	182,071	1,290,479

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

22 Provisions

The Company carries certain contingent liabilities resulting from its business combinations. Certain sellers of the Company's acquired entities are entitled to earn additional earn-out payments in cash based on the entities' subsequent operating performance or future acquisitions by the acquired business. This operating performance is based on target revenues or earnings before interest, tax, depreciation and amortisation to be achieved by the acquiree and are contingent on maintaining historical levels of staff costs and operating expenses. The Company recorded the acquisition date fair values of these contingent liabilities, based on the likelihood of contingent earn-out payments, as part of the consideration transferred. The earn-out payments are subsequently remeasured to fair value at each reporting date, based on actual and forecasted operating performance.

The contingent consideration balance is a Level 3 fair value measurement, as the calculation of these amounts utilises unobservable inputs. The inputs included are projected revenue and/or earnings before interest, tax, depreciation, historical pay-out rates and amortisation amounts and risk-adjusted discount rates. The discount rate utilised in the calculation of these fair value measurements ranges from 3.25% - 3.41%. There have been no transfers between Level 1 or 2 throughout the year ending 2021.

Included in the contingent consideration balance as at 30 September 2021 is a balance of £Nil (30 September 2020 - £41,447,903) related to the acquisition of Vets Now.

The following table provides a roll-forward of the fair value of contingent consideration for the years ended 30 September 2021, 2020 and 2019:

	Contingent consideration £'000
At 30 September 2019	61,705
Issuance of contingent consideration in connection with acquisition	21,207
Adjustment to prior period estimates	5,922
Payment of contingent consideration	(16,033)
At 30 September 2020	72,801
Issuance of contingent consideration in connection with acquisition	25,206
Change in fair value of contingent consideration	5,134
Payment of contingent consideration	(55,871)
At 30 September 2021	47,270

The total amount recognised in the Income Statement in each year is:

	30 September 2021 £'000	30 September 2020 £'000
Revaluation of financial instruments	5,134	5,922

The fair value is determined considering the expected payment, discounted to present value using a risk adjusted discount rate. The expected payment is determined separately in respect of each individual earn-out agreement taking into consideration the expected level of profitability of each acquisition. The provision for contingent consideration is principally in respect of acquisitions completed during 2017 to 2021.

22 Provisions (continued)

The significant unobservable input is forecast revenue growth rates. For the reporting period ended 30 September 2021 these were 5% - 12% (30 September 2020: 5% - 15%).

The estimated fair value would increase/(decrease) if the revenue growth rate was higher/(lower). A number of acquisitions made more than 6 months before the year end contain maximum contingent consideration payable of £2m or greater. 4 acquisitions meet this criteria, these represent a maximum payable amount of £17.8M with recognised contingent consideration liability of £8.4M. If revenues for these acquisitions increased or decreased by 5%, then the amount payable would increase by £1M and decrease by £3.4M respectively.

For the contingent consideration of acquisitions completed during the year ended 30 September 2021 that are valued based on a historical payout percentage basis, a 5% increase or decrease in the payout percentage would increase or decrease the amount payable by £178k.

The maturity profile of contingent consideration is as follows:

	Due within one year £'000	Due after more than one year £'000	Total £'000
30 September 2021			
Contingent consideration	23,726	23,544	47,270
30 September 2020			
Contingent consideration	56,751	16,050	72,801

Other provisions of £1,217,000 (2020 - £3,468,000) include balance due after more than one year of £1,006,000 (2020 - £3,468,000) relate to onerous leases.

23 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £10,855,736 (2020 - £8,463,912).

Contributions totalling £2,456,487 (2020 - £2,141,377) were payable to the scheme at the end of the year and are included in creditors.

24 Deferred tax

Deferred tax

Deferred tax assets and liabilities

Deferred tax movement during the year:

	At 1 October 2020 £ 000	On acquisition £000	Recognised in income £000	At 30 September 2021 £ 000
Fixed asset timing differences	(21,486)	(6,335)	(4,677)	(32,498)
Short term timing differences	1,805	-	(139)	1,666
Net tax assets/(liabilities)	(19,681)	(6,335)	(4,816)	(30,832)

Deferred tax movement during the prior year:

	At 1 October 2019 £ 000	On acquisition £000	Recognised in income £000	At 30 September 2020 £ 000
Fixed asset timing differences	(22,803)	(2,412)	3,729	(21,486)
Short term timing differences	120	83	1,602	1,805
Net tax assets/(liabilities)	(22,683)	(2,329)	5,331	(19,681)

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	30 September 2021 £'000	30 September 2020 £'000
Deferred tax asset	1,666	1,805
Deferred tax liability	(32,498)	(21,486)
Net deferred tax	(30,832)	(19,681)

The deferred taxation has been split between amounts arising within one year and over year as follows:

	30 September 2021 £'000	30 September 2020 £'000
Within one year	(772)	70
Over one year	(30,060)	(19,751)
Net deferred tax	(30,832)	(19,681)

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

25 Share capital

The Company had £1 Ordinary share of £1 each as at 30 September 2020 and 30 September 2021.

26 Reserves

The following describes the nature and purpose of each reserve within equity:

Called up share capital represents the nominal value of shares subscribed for.

The share premium reserve contains the share premium arising on issue of equity shares, net of issue expenses.

The accumulated deficit represents cumulative profits or losses, net of dividends paid and other adjustments.

27 Contingent liabilities

The Company is bound by an intra-group cross guarantee in respect of bank debt with other members of the group headed by its parent undertaking, IVC Acquisition Limited. The amount guaranteed at 30 September 2021 is £2,052,665,134 (2020 - £1,393,824,348) and is secured by a debenture over the assets and undertakings of certain companies in the group.

28 Events after the reporting date

During the period from 1 October 2021 through 6 July 2022 the company has entered into agreements to acquire 100% of the issues shares or trade and net assets of 33 additional veterinary practices within the United Kingdom. The aggregate enterprise value of these acquisitions total £115,096,000. The initial accounting for these acquisitions has not been completed, and as such has not been included in the disclosures below. The material acquisitions made subsequent to 30 September 2021 consist of the following:

	Country	Type	Enterprise Value £'000
Swayne & Partners Limited	UK	Issued shares- 100%	25,000
The Park Veterinary Centre	UK	Trade and asset	9,100
Mercer and Hughes Limited	UK	Issued shares- 100%	12,833
Chipping Norton Veterinary Services Limited	UK	Issued shares- 100%	11,300
Sussex Equine Topco Limited	UK	Issued shares- 100%	12,313

29 Immediate and ultimate parent company and controlling party

The Company's immediate parent undertaking is Independent Vetcare Limited, incorporated in England and Wales.

Up to 25 May 2021, the ultimate parent undertaking was IVC New TopHolding S.A., a company incorporated in Luxembourg.

Since 25 May 2021, the ultimate parent undertaking is Islay New Group Holding SA, a company incorporated in Luxembourg.

The parent of the largest group in which these financial statements are consolidated is IVC Acquisition Pikco Limited, incorporated in England and Wales.

The address of IVC Acquisition Pikco Limited is:
The Chocolate Factory
Keynsham
Bristol
BS31 2AU

The parent of the smallest group in which these financial statements are consolidated is IVC Acquisition Midco Limited, incorporated in England and Wales.

The address of IVC Acquisition Midco Limited is:
The Chocolate Factory
Keynsham
Bristol
BS31 2AU

The address of the smallest and largest subsidiary undertakings are the same as above.

30 Alternative performance measures

Adjusted EBITDA is a non-GAAP measure and is the Company's measure of underlying profitability, which is used by the Board and senior management to measure and monitor the Company's performance.

In determining the adjustments to arrive at the Adjusted result, we use a set of established principles relating to the nature and materiality of individual items or groups of items, excluding, for example, events which are:

(i) outside the normal course of business,
(ii) incurred in a pattern that is unrelated to the trends in the underlying financial performance of our ongoing business or happen infrequently in a timeframe that could not have been foreseen, given the rate of technological, political and market trends in the veterinary sector.
(iii) related to major acquisitions, to ensure that investors' ability to evaluate and analyse the underlying financial performance of our ongoing business is enhanced.
(iv) When inclusion is considered necessary to explain the underlying performance of the Company and to improve the comparability between periods and/or peers.

The table below illustrates the Company EBITDA:

	2021 £'000	2020 £'000
Revenue	885,205	667,373
Profit for the year	59,977	13,108
Depreciation	40,400	37,838
Amortisation	22,399	18,178
Interest expense on lease liabilities, bank borrowings and other interest (note 9)	72,730	63,657
Interest income (note 8)	(5)	(110)
Tax charge / (credit)	17,402	(5,548)
EBITDA	212,903	127,173
Exceptional items	18,194	13,498
Adjusted EBITDA	231,097	140,621
Margin	26.11%	21.07%

Adjusted EBITDA is defined as profit or loss for the period before interest, tax, depreciation and amortisation, adjusted for exceptional items and also the costs of entering markets with significant regulatory barriers to entry, gains/losses on foreign exchange and changes in fair value of contingent consideration.

Exceptional items comprise £(3.8M) (2020 - £9M) of non-recurring staff costs, £4M (2020 - £3M) of restructure and reorganisation costs, £(2.6)M (2020 - £2.8M) of onerous leases costs, £20.5m of deferred consideration payments and £Nil (2020 - £(1.4)M of other non-recurring costs.

During the prior year, the Company had significant costs in relation to transforming IVC Group systems and processes. The costs of doing so have been disclosed as exceptional as they are significant in nature and quantum to the period. These amount to £Nil (2020- £3M).

31 Transition to FRS 101

These financial statements, for the year ended 30 September 2021, are the first the Company has prepared in accordance with FRS 101. For periods up to and including the year ended 30 September 2020, the Company prepared its financial statements in accordance with FRS 102.

Exemptions applied

IFRS 1 sets out the procedures that the Company must follow when it adopts IFRS for the first time as the basis for preparing its consolidated financial statements. The Company is required to establish its IFRS accounting policies as at 30 September 2021, and in general, apply these retrospectively to determine the IFRS opening Statement of Financial Position at its date of transition, 1 October 2019. IFRS 1 allows certain exemptions from this general principle. These are set out below, together than a description in each case of the exemption adopted by the Company.

The Company has applied the following exemptions:

- The Company has become a first-time adopter later than its parent company, IVC Acquisition Midco Limited. As such the company has applied the exemption in IFRS 1:D16 which allows the company to measure its assets and liabilities at the carrying amounts that would be included in the parent's consolidated financial statements based on the parent's date of transition to IFRS. IVC Acquisition Midco Limited's transition date was 1 October 2017.
- IFRS 3 *Business Combinations* has not been applied to acquisitions of businesses that occurred before 1 October 2017. Use of this exemption means that the UK GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position.
- The exemption from reassessing contracts which have been completed before the date of transition to IFRSs (IFRS 1:D35).

The Company has applied the following approach to all of its leases (subject to the practical expedients described below):

- Measure the lease liability at the date of transition to IFRSs at the present value of the remaining lease payments discounted using the Company's incremental borrowing rate at the date of transition to IFRSs.
- Measure the right-of-use asset at the date of transition to IFRSs at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognise in the Statement of Financial Position immediately before the date of transition to IFRSs, and apply IAS 36 to right-of-use assets at the date of transition to IFRS Standards.

The Company has chosen to utilise the following practical expedients available on transition under IFRS 1:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics (for example, a similar remaining lease term for a similar class of underlying asset in a similar economic environment).
- Elect not to apply the principals of IFRS 16 to leases for which the lease term ends within 12 months of the date of transition to IFRSs. Instead, the Company accounts for these leases as if they were short-term leases i.e. expensed on a straight line basis over the life of the lease.
- Elect not to apply the principals of IFRS 16 to leases for which the underlying asset is of low value. Instead, the Company accounts for these leases in the same way as short-term leases described above i.e. expensed on a straight line basis over the life of the lease.
- Exclude initial direct costs from the measurement of the right-of-use asset at the date of transition to IFRS.

Use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

31 Transition to FRS 101 (continued)

The following is a summary of the effects of the differences between FRS 101 and FRS 102 on the total equity shareholders' funds and profit/loss for the financial year:

Statement of Financial Position at 1 October 2019

	Note	As presented under FRS102 £'000	Reclassifications and remeasurement £'000	As presented under FRS101 £'000
Non-current assets				
Property, plant and equipment	c	51,747	156,433	208,180
Goodwill	a,b	445,306	72,059	517,365
Other intangible assets	a	-	142,377	142,377
Trade and other receivables		54,499	-	54,499
Other investments		360,415	-	360,415
Total non-current assets		911,967	370,869	1,282,836
Current assets				
Inventories		19,341	-	19,341
Trade and other receivables		60,380	-	60,380
Income tax receivable		633	-	633
Deferred tax asset	b	791	(791)	-
Cash and cash equivalents		16,377	-	16,377
Total current assets		97,522	(791)	96,731
Total assets		1,009,489	370,078	1,379,567
Current liabilities				
Trade and other payables		(114,483)	3,185	(111,298)
Lease liabilities	c	-	(14,315)	(14,315)
Contingent consideration		(30,622)	-	(30,622)
Total current liabilities		(145,105)	(11,130)	(156,235)
Non- current liabilities				
Trade and other payables		(1,122,875)	-	(1,122,875)
Lease liabilities	c	-	(149,596)	(149,596)
Deferred tax liability	b	-	(22,683)	(22,683)
Contingent consideration		(31,083)	-	(31,083)
Total non-current liabilities		(1,153,958)	(172,279)	(1,326,237)
Total liabilities		(1,299,063)	(183,409)	(1,482,472)

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

31 Transition to FRS 101 (continued)

Statement of Financial Position at 1 October 2019 (continued)

Net assets/(liabilities)	(289,574)	186,669	(102,905)
Total equity	(289,574)	186,669	(102,905)

Statement of Financial Position at 30 September 2020

	Note	As presented under FRS102 £'000	Reclassifications and remeasurement £'000	As presented under FRS101 £'000
Non-current assets				
Property, plant and equipment	c	58,473	165,859	224,332
Goodwill	a,b	500,807	254,507	755,314
Other intangible assets	a	-	134,039	134,039
Trade and other receivables		90,883	-	90,883
Other investments		250,191	-	250,191
Total non-current assets		900,354	554,405	1,454,759
Current assets				
Inventories		17,002	-	17,002
Trade and other receivables		69,617	-	69,617
Income tax receivable		123		123
Deferred tax asset	b	4,517	(4,447)	70
Cash and cash equivalents		97,190	-	97,190
Total current assets		188,449	(4,447)	184,002
Total assets		1,088,803	549,958	1,638,761
Current liabilities				
Trade and other payables	c	(168,316)	2,322	(165,994)
Lease liabilities	c	-	(17,129)	(17,129)
Contingent consideration		(56,751)	-	(56,751)
Total current liabilities		(225,067)	(14,807)	(239,874)

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

31 Transition to FRS 101 (continued)

Statement of Financial Position at 30 September 2020 (continued)

Non- current liabilities				
Trade and other payables		(1,290,479)	-	(1,290,479)
Lease liabilities	c	-	(158,936)	(158,936)
Deferred tax liability	b	-	(19,751)	(19,751)
Provision for onerous lease		(3,468)	-	(3,468)
Contingent consideration		(16,050)	-	(16,050)
Total non-current liabilities		(1,309,997)	(178,687)	(1,488,684)
Total liabilities		(1,535,064)	(193,494)	(1,728,558)
Net assets/(liabilities)		(446,261)	356,464	(89,797)
Total equity		(446,261)	356,464	(89,797)

Income Statement at 30 September 2020

	Note	As presented under FRS102 £'000	Reclassifications and remeasurement £'000	As presented under FRS101 £'000
Revenue		667,373	-	667,373
Other income		8,764	-	8,764
Cost of sales		(380,881)	-	(380,881)
Gross Profit		295,256	-	295,256
Other operating income		18,083	-	18,083
Exceptional items		(13,498)	-	(13,498)
Administrative expenses	a,c	(387,540)	177,005	(210,535)
Income from shares in group undertakings		43,423	-	43,423
Write off fixed asset investments		(61,622)	-	(61,622)
Operating profit		(105,898)	177,005	71,107
Finance income		110	-	110
Finance expense	c	(55,362)	(8,295)	(63,657)
Profit before tax		(161,150)	168,710	7,560
Tax expense	b	4,463	1,085	5,548
Profit for the year		(156,687)	169,795	13,108

31 Transition to FRS 101 (continued)

Notes to the reconciliation of equity as at 30 September 2020 and 2019 and 1 October 2019 and total comprehensive income for the year ended 30 September 2020 and 2019

a) Goodwill and intangibles

IAS 38, "Intangible Assets" requires that goodwill is not amortised. Instead it is subject to an annual impairment review. As the Company has elected not to apply IFRS 3 retrospectively to business combinations prior to the opening statement of financial position date under IFRS, the UK GAAP goodwill balance, has been included in the opening IFRS consolidated statement of financial position and is no longer amortised. Under IFRS certain intangible assets and business combination liabilities qualify for separate recognition that are excluded under UK GAAP. As of 30 September 2020, the Company recognised intangible assets of £134.0m (2019: £142.4m) arising from trade and asset purchases that were not recognised under UK GAAP. Additionally, amortisation of goodwill was reversed increasing the goodwill balance by £415.0m and £222.6m as at 30 September 2020 and 2019 respectively.

b) Deferred tax

The recognition of the intangible assets in (a) and right-of-use assets (c) resulted in the recognition of a deferred tax liability of £24.1m as at 30 September 2020 (2019: £23.5m).

c) Leases

Under UK GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, as explained in note 2, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to IFRS, the Company applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments.

As a result, at the date of transition of 1 October 2019 the Company recognised an increase of £163.7m of lease liabilities and £156.4m of right-of-use assets. The difference between lease liabilities and right-of-use assets has been recognised in retained earnings. Under UK GAAP, assets held under finance leases are capitalised and included in property, plant and equipment. Under IFRS, they are presented in right-of-use assets. At the date of transition of 1 October 2019 to IFRS, £1.9m was reclassified from property, plant and equipment to right-of-use assets.

32 – List of Companies

Subsidiary undertakings	Country of incorporation	Class	2021 Shares held %	2020 Shares held %
Petprescriptions Limited*	England & Wales	Ordinary	100%	100%
Orwell Vets Limited	England & Wales	Ordinary	100%	100%
Wellpetclinic Limited*	England & Wales	Ordinary	100%	100%
Orchard Vets Limited*	England & Wales	Ordinary	100%	100%
Westwood Veterinary Practice*	England & Wales	Ordinary	100%	100%
1066 Veterinary Centre*	England & Wales	Ordinary	100%	100%
Corinium Veterinary Clinic Limited*	England & Wales	Ordinary	100%	100%
Millpark Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Well Pets Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Kingston Veterinary Group Limited*	England & Wales	Ordinary	100%	100%
The Veterinary Hospital Limited*	England & Wales	Ordinary	100%	100%
Richard Hillman Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
St Mary's Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Celyn House Limited*	England & Wales	Ordinary	100%	100%
Island Veterinary Service Limited*	England & Wales	Ordinary	100%	100%
Gatehouse Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Northdale Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Lowesmoor House Vets Limited*	England & Wales	Ordinary	100%	100%
Croft Vets Limited*	England & Wales	Ordinary	100%	100%
Well House Vets Limited*	England & Wales	Ordinary	100%	100%
Clifton Veterinary Practice*	England & Wales	Ordinary	100%	100%
J Dinsdale Limited*	England & Wales	Ordinary	100%	100%
Alexander Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
IVC (TB) Limited	England & Wales	Ordinary	100%	100%
Lansdown Veterinary Services Limited*	England & Wales	Ordinary	100%	100%
Berry House Limited*	England & Wales	Ordinary	100%	100%
Chase Vets Limited*	England & Wales	Ordinary	100%	100%
Rhodes Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Purton Vets Limited*	England & Wales	Ordinary	100%	100%
Oakfield Pet Health Centre Limited*	England & Wales	Ordinary	100%	100%
Chase Vets Eastbourne Limited*	England & Wales	Ordinary	100%	100%
Congleton Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Fields Vets Limited*	England & Wales	Ordinary	100%	100%
Cheshire Vets Medical Centre Limited*	England & Wales	Ordinary	100%	100%
Rhyd Broughton Veterinary Group Limited*	England & Wales	Ordinary	100%	100%
Abbey Vets (NE) Limited*	England & Wales	Ordinary	100%	100%
Burch Vets Limited (Burch Tree Vets)*	England & Wales	Ordinary	100%	100%
A & J Practice Management Limited*	England & Wales	Ordinary	100%	100%
Terrington Vets Limited*	England & Wales	Ordinary	100%	100%
Abbeydale Vets Limited*	England & Wales	Ordinary	100%	100%
Forest Lodge Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Zetland Limited*	England & Wales	Ordinary	100%	100%
Thanet One Limited*	England & Wales	Ordinary	100%	100%
The Veterinary Clinic (Bearwood) Limited*	England & Wales	Ordinary	100%	100%
Barton Lodge Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

32 – List of Companies (continued)

Subsidiary undertakings	Country of incorporation	Class	2021 Shares held %	2020 Shares held %
Three Rivers Vets Limited*	England & Wales	Ordinary	100%	100%
St Georges Veterinary Group Limited*	England & Wales	Ordinary	100%	100%
The Croft Veterinary Centre (Wolverhampton) Limited*	England & Wales	Ordinary	100%	100%
Acorn Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Mintlaw Vets Limited*	England & Wales	Ordinary	100%	100%
Budget Vets Limited*	England & Wales	Ordinary	100%	100%
Williams and Cummings Veterinary Group*	England & Wales	Ordinary	100%	100%
Usk Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Cardiff Pet Health Limited*	England & Wales	Ordinary	100%	100%
Summerhill Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
My Vet Limited*	England & Wales	Ordinary	100%	100%
Haughley Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Moorview Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Wellpets Animal Care Limited*	England & Wales	Ordinary	100%	100%
Mill House Vets Limited*	England & Wales	Ordinary	100%	100%
Albert Cottage Veterinary Clinic Limited*	England & Wales	Ordinary	100%	100%
Grove Lodge Veterinary Group Limited*	England & Wales	Ordinary	100%	100%
Robson & Prescott Limited*	England & Wales	Ordinary	100%	100%
Abbeymoor Veterinary Centres Limited*	England & Wales	Ordinary	100%	100%
Rosehill Vets Limited*	England & Wales	Ordinary	100%	100%
Blenheim Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
IVSR Limited*	England & Wales	Ordinary	100%	100%
My Family Vets Limited *	England & Wales	Ordinary	100%	100%
Heartland Veterinary Services Limited*	England & Wales	Ordinary	100%	100%
Kirk Vets Limited*	England & Wales	Ordinary	100%	100%
Beeches Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Shipley Vets Limited*	England & Wales	Ordinary	100%	100%
Brownlow Veterinary Group Limited*	England & Wales	Ordinary	100%	100%
Victoria Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Parkvets Limited*	England & Wales	Ordinary	100%	100%
Hall Place Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Easipetcare Limited*	England & Wales	Ordinary	100%	100%
Alpha Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Kapsapea Limited*	England & Wales	Ordinary	100%	100%
The Veterinary Clinic Limited*	England & Wales	Ordinary	100%	100%
Wherry Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%

32 – List of Companies (continued)

Subsidiary undertakings	Country of incorporation	Class	2021 Shares held %	2020 Shares held %
Market Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
LWAH Limited*	England & Wales	Ordinary	100%	100%
NEVC Limited*	England & Wales	Ordinary	100%	100%
Avon Lodge Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Glaven Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Taverham Veterinary Practice Holdings Limited*	England & Wales	Ordinary	100%	100%
Taverham Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
DVG Limited*	England & Wales	Ordinary	100%	100%
Saxon Vets Limited*	England & Wales	Ordinary	100%	100%
Steffan Veterinary Services Limited*	England & Wales	Ordinary	100%	100%
Gilmore Pet Surgery Limited*	England & Wales	Ordinary	100%	100%
A.C. Rawlins Limited*	England & Wales	Ordinary	100%	100%
Bilton Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
New Street Vets Limited*	England & Wales	Ordinary	100%	100%
AVC 35 Limited*	England & Wales	Ordinary	100%	100%
Castle Vets Pet Heathcare Limited*	England & Wales	Ordinary	100%	100%
Dohne and Friends Limited*	England & Wales	Ordinary	100%	100%
Barrow Hill Veterinary Group Limited*	England & Wales	Ordinary	100%	100%
Bourne Practice Limited*	England & Wales	Ordinary	100%	100%
Twickenham Vets Limited*	England & Wales	Ordinary	100%	100%
Ark Veterinary Centre (Colchester) Limited*	England & Wales	Ordinary	100%	100%
Hart Veterinary Limited*	England & Wales	Ordinary	100%	100%
Blackberry Veterinary Clinic Limited*	England & Wales	Ordinary	100%	100%
Springfield Veterinary Centre Ltd*	England & Wales	Ordinary	100%	100%
Hook Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Fivelands Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
H G H (V S) Limited*	England & Wales	Ordinary	100%	100%
Petsco Limited*	England & Wales	Ordinary	100%	100%
Petsco 2 Limited*	England & Wales	Ordinary	100%	100%
Oakmount Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
The Barn Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
J Williams Vet Care Limited*	England & Wales	Ordinary	100%	100%
Forest Vets Limited*	England & Wales	Ordinary	100%	100%
Gilmore Pet Surgery Limited*	England & Wales	Ordinary	100%	100%
Biscot Mill Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Amery Vets Limited*	England & Wales	Ordinary	100%	100%

32 – List of Companies (continued)

Subsidiary undertakings	Country of incorporation	Class	2021 Shares held %	2020 Shares held %
Towerwood Holdings Limited*	England & Wales	Ordinary	100%	100%
Towerwood Vets Limited(	England & Wales	Ordinary	100%	100%
Mainstone Veterinary Clinic Limited*	England & Wales	Ordinary	100%	100%
Corner House Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Pets First Limited*	England & Wales	Ordinary	100%	100%
Crown House Surgery Limited*	England & Wales	Ordinary	100%	100%
The Vets' Place Limited*	England & Wales	Ordinary	100%	100%
Holmefield Veterinary Clinics Limited*	England & Wales	Ordinary	100%	100%
Aniwell Veterinary Company Limited*	England & Wales	Ordinary	100%	100%
Avon Lodge Veterinary Group Limited*	England & Wales	Ordinary	100%	100%
Lawrence Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
London Road Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Hawthorne Lodge Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Mcphersons Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Midforest Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Carmel Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
The Shreen Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Wilton House Veterinary Clinic Limited*	England & Wales	Ordinary	100%	100%
Woodland Veterinary Centre*	England & Wales	Ordinary	100%	100%
Beech House Veterinary Centre*	England & Wales	Ordinary	100%	100%
Advanced Vetcare Limited*	England & Wales	Ordinary	100%	100%
Mearley Vets Limited	England & Wales	Ordinary	100%	100%
Alder Veterinary Practice (Spalding Limited) *	England & Wales	Ordinary	100%	100%
Chapelfield Veterinary Partnership Limited*	England & Wales	Ordinary	100%	100%
Pro-Vets Group Limited*	England & Wales	Ordinary	100%	100%
Manor Vets Limited*	England & Wales	Ordinary	100%	100%
Foxcotte Veterinary Clinics Limited*	England & Wales	Ordinary	100%	100%
Abivale Veterinary Limited*	England & Wales	Ordinary	100%	100%
Vale Vets Limited*	England & Wales	Ordinary	100%	100%
Vale Animal Limited*	England & Wales	Ordinary	100%	100%
Colebrook Vets Limited*	England & Wales	Ordinary	100%	100%
Lordswood Vets Ltd*	England & Wales	Ordinary	100%	100%
Letchworth Veterinary Care Limited*	England & Wales	Ordinary	100%	100%
Willow Veterinary Care Limited*	England & Wales	Ordinary	100%	100%
Boness Veterinary Enterprises*	England & Wales	Ordinary	100%	100%

32 – List of Companies (continued)

Subsidiary undertakings	**Country of incorporation**	**Class**	**2021 Shares held %**	**2020 Shares held %**
Lydon Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Deane Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Brown & Bentley Limited*	England & Wales	Ordinary	100%	100%
Walpole & Bingham Limited*	England & Wales	Ordinary	100%	100%
Shorewood Consultants Limited*	England & Wales	Ordinary	100%	100%
Kingsteignton Vets Limited*	England & Wales	Ordinary	100%	100%
West Midlands Vets Limited*	England & Wales	Ordinary	100%	100%
Veterinary Drugs To Go*	England & Wales	Ordinary	100%	100%
Frontfoot Consultancy Suffolk Limited*	England & Wales	Ordinary	100%	100%
Amery Vets Limited*	England & Wales	Ordinary	100%	100%
Wellpets Limited*	England & Wales	Ordinary	100%	100%
Crossroads Veterinary Services Limited*	England & Wales	Ordinary	100%	100%
GP Vets Limited*	England & Wales	Ordinary	100%	100%
Lakeside Veterinary Surgery Limited*	England & Wales	Ordinary	100%	100%
Sampson Park Limited*	England & Wales	Ordinary	100%	100%
Stamford Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Norcross Veterinary Limited*	England & Wales	Ordinary	100%	100%
Pool Farm Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Alexandra & Hillyfields Vets Limited*	England & Wales	Ordinary	100%	100%
Kieren Peterkin Limited*	England & Wales	Ordinary	100%	100%
FramVet Limited*	England & Wales	Ordinary	100%	100%
Earl Soham Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Waverley Veterinary Services Limited*	England & Wales	Ordinary	100%	100%
Companion Veterinary Clinic Limited*	England & Wales	Ordinary	100%	100%
Oval Pet Centre Limited*	England & Wales	Ordinary	100%	100%
Mondocane Limited*	England & Wales	Ordinary	100%	100%
Hungerford Vets Limited*	England & Wales	Ordinary	100%	100%
Shield Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Bray House Veterinary Services Limited *	England & Wales	Ordinary	100%	100%
Belmont Vets Limited *	England & Wales	Ordinary	100%	100%
Rufford Veterinary Group Limited*	England & Wales	Ordinary	100%	100%
Alcombe Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
The Laurels Veterinary Centre (Hereford) Limited*	England & Wales	Ordinary	100%	100%
Pet Vets Limited*	England & Wales	Ordinary	100%	100%
Twin Enterprise Limited Subsidiary Limited*	England & Wales	Ordinary	100%	100%
Cambridge Veterinary Group Limited*	England & Wales	Ordinary	100%	100%

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

32 – List of Companies (continued)

Subsidiary undertakings	Country of incorporation	Class	2021 Shares held %	2020 Shares held %
Brackley Pet Healthcare Limited *	England & Wales	Ordinary	100%	100%
Westmorland Veterinary Services Limited*	England & Wales	Ordinary	100%	100%
Westmorland Veterinary Services (Pets) Limited*	England & Wales	Ordinary	100%	100%
Simply Pets – Cheltenham*	England & Wales	Ordinary	100%	100%
North Downs Vets Limited*	England & Wales	Ordinary	100%	100%
Shaw Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Crossways Animal Care Limited*	England & Wales	Ordinary	100%	100%
Birch Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Westmorland Veterinary Services (Farm Animal) Limited*	England & Wales	Ordinary	100%	100%
The Riverside Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Strathmore Veterinary Clinic Limited*	England & Wales	Ordinary	100%	100%
Kingsway Veterinary Group*	England & Wales	Ordinary	100%	100%
Kingsway Holdings (Skipton) Limited*	England & Wales	Ordinary	100%	100%
Fielding & Cumber Limited*	England & Wales	Ordinary	100%	100%
The Neighbourhood Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Abbotskerswell Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Avenue Veterinary Centre (Malvern) Limited*	England & Wales	Ordinary	100%	100%
Grove Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Clent Hills Veterinary Group Limited*	England & Wales	Ordinary	100%	100%
Hawkedon and Homefield Vets Limited*	England & Wales	Ordinary	100%	100%
Wheelhouse Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
November Limited *	England & Wales	Ordinary	100%	100%
Kernow Veterinary Group Limited*	England & Wales	Ordinary	100%	100%
Lynton House Veterinary Group Limited*	England & Wales	Ordinary	100%	100%
South Lakes Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Blake Veterinary Group Limited*	England & Wales	Ordinary	100%	100%
The Cheshire Pet Medical Centre (Sandbach) Limited*	England & Wales	Ordinary	100%	100%
Eden Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Border Vets (Longtown) Limited*	England & Wales	Ordinary	100%	100%
Ashleigh Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Vet On The Hill Limited *	England & Wales	Ordinary	100%	100%
Adamsvet – Pet Care Limited*	England & Wales	Ordinary	100%	100%
Darley House Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Straid Veterinary Clinic Limited *	England & Wales	Ordinary	100%	100%

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

32 – List of Companies (continued)

Subsidiary undertakings	Country of incorporation	Class	2021 Shares held %	2020 Shares held %
AlphaPet Management Services Limited*	England & Wales	Ordinary	100%	100%
Tother Services Limited*	England & Wales	Ordinary	100%	100%
Mansion Hill Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
George Hunt & Son Limited*	England & Wales	Ordinary	100%	100%
WHVC Limited *	England & Wales	Ordinary	100%	100%
Cootes Veterinary Clinic Limited*	England & Wales	Ordinary	100%	100%
Scarsdale Vets (Derby) Limited ("Pride Referrals") *	England & Wales	Ordinary	100%	100%
Derbyshire Veterinary Services Limited*	England & Wales	Ordinary	100%	100%
Cogges Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Ark House Vets Limited*	England & Wales	Ordinary	100%	100%
Highfield Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
The Animal House Limited*	England & Wales	Ordinary	100%	100%
Highcliff Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Fenwold Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Paxton Veterinary Clinics Limited*	England & Wales	Ordinary	100%	100%
Petcare Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Leonard Brothers Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Horsehead Nebula Limited*	England & Wales	Ordinary	100%	100%
South Lincs Vet Group Limited*	England & Wales	Ordinary	100%	100%
Tother Services Limited*	England & Wales	Ordinary	100%	100%
Greg Toth Limited*	England & Wales	Ordinary	100%	100%
Animates Veterinary Clinic Limited	England & Wales	Ordinary	100%	100%
Moy Vets Limited	England & Wales	Ordinary	100%	100%
Azure Blue Services Limited*	England & Wales	Ordinary	100%	100%
Vetspeed Limited**	England & Wales	Ordinary	100%	100%
Paws Colchester Veterinary Centre*	England & Wales	Ordinary	100%	100%
Park Issa Vets Limited*	England & Wales	Ordinary	100%	100%
Tern Vets Limited	England & Wales	Ordinary	100%	100%
Eden Veterinary Centre Limited*	England & Wales	Ordinary	100%	100%
Marshlands Animal Care Limited	England & Wales	Ordinary	100%	100%
Bowden & Charlesworth Limited*	England & Wales	Ordinary	100%	100%
Axe Valley Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Green Lane Vets Limited*	England & Wales	Ordinary	100%	100%
The Vet Centre Limited*	England & Wales	Ordinary	100%	100%
Beast Mode Ltd	England & Wales	Ordinary	100%	-
Copeland Veterinary Practice Ltd *	England & Wales	Ordinary	100%	-
The Equine Vet Clinic Limited *	England & Wales	Ordinary	100%	-

32 – List of Companies (continued)

Subsidiary undertakings	Country of incorporation	Class	2021 Shares held %	2020 Shares held %
Blue House Veterinary Centre Ltd	England & Wales	Ordinary	100%	-
Donnington Grove Veterinary Group Ltd	England & Wales	Ordinary	100%	-
Yorkshire Vets Ltd	England & Wales	Ordinary	100%	-
The Oak Veterinary Group Ltd	England & Wales	Ordinary	100%	-
Isle Veterinary Group Ltd	England & Wales	Ordinary	100%	-
Cherry Tree Veterinary Practice Ltd	England & Wales	Ordinary	100%	-
Hamilton Specialist Referrals Ltd*	England & Wales	Ordinary	100%	-
Chelvets Ltd*	England & Wales	Ordinary	100%	-
Walton Lodge Veterinary Group Ltd	England & Wales	Ordinary	100%	-
Penson Rayley Ltd*	England & Wales	Ordinary	100%	-
T&K Veterinary Services Ltd*	England & Wales	Ordinary	100%	-
Pawz Ltd	England & Wales	Ordinary	100%	-
Sunninghill Veterinary Centre Ltd	England & Wales	Ordinary	100%	-
Lime Trees Vets Ltd	England & Wales	Ordinary	100%	-
Carterton Veterinary Surgery Limited*	England & Wales	Ordinary	100%	100%
Veterinary Healthcare Limited	England & Wales	Ordinary	100%	100%
Bell & Partners Limited*	England & Wales	Ordinary	100%	100%
Fyrnwy Equine Group Limited*	England & Wales	Ordinary	100%	100%
Manor Farm Vets Limited*	England & Wales	Ordinary	100%	100%
Priory Vets Cardigan Limited*	England & Wales	Ordinary	100%	100%
Ark Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
New Priory Vets Brighton Limited*	England & Wales	Ordinary	100%	100%
Cedar Grove Veterinary Clinic Limited*	England & Wales	Ordinary	100%	100%
Orby Vets Limited*	England & Wales	Ordinary	100%	100%
The Mobile Vet Limited*	England & Wales	Ordinary	100%	100%
Animal House Vets Limited*	England & Wales	Ordinary	100%	100%
Highcroft (Hailsham) Limited*	England & Wales	Ordinary	100%	100%

Independent Vetcare Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

32 – List of Companies (continued)

Subsidiary undertakings	Country of incorporation	Class	2021 Shares held %	2020 Shares held %
Heartland Veterinary Services Limited*	England & Wales	Ordinary	100%	100%
IVSR Limited*	England & Wales	Ordinary	100%	100%
Wellpet Veterinary Practice Limited*	England & Wales	Ordinary	100%	100%
Catley Cross Veterinary Clinic Limited*	England & Wales	Ordinary	100%	100%
Bowden South Normanton Limited*	England & Wales	Ordinary	100%	100%
Ashbank Vet Centre Limited	England & Wales	Ordinary	100%	100%
Asbank Holdings Limited*	England & Wales	Ordinary	100%	100%
Chestnut Vets Ltd	England & Wales	Ordinary	100%	-
Kenwyn Veterinary Centre Ltd *	England & Wales	Ordinary	100%	-
Heathside Veterinary Practice Ltd*	England & Wales	Ordinary	100%	-
Norwood Road Veterinary Practice Ltd*	England & Wales	Ordinary	100%	-
Axe Valley Veterinary Practice Ltd *	England & Wales	Ordinary	100%	-
At Home Veterinary Services Ltd*	England & Wales	Ordinary	100%	-
Wheelhouse Veterinary Centre Limited *	England & Wales	Ordinary	100%	-
Cliffe Veterinary Group Ltd*	England & Wales	Ordinary	100%	-
Otter Vets Ltd	England & Wales	Ordinary	100%	-
Kevin Castle (Pet Care) Ltd	England & Wales	Ordinary	100%	-
West Midlands Vets Limited	England & Wales	Ordinary	100%	-
Penrose Veterinary Group Ltd	England & Wales	Ordinary	100%	-
Petair Ltd	England & Wales	Ordinary	100%	-
Easy Direct Debits Ltd	England & Wales	Ordinary	100%	-
Milan Veterinary Limited	Isle of Man	Ordinary	100%	100%
Arg Beiyn Limited	Isle of Man	Ordinary	100%	100%
Glenshane Veterinary Clinics Limited	Northern Ireland	Ordinary	100%	100%
Fenaghy Veterinary Clinic (NI) Limited*	Northern Ireland	Ordinary	100%	100%
Roe Valley Veterinary Clinic Limited*	Northern Ireland	Ordinary	100%	100%

32 – List of Companies (continued)

Subsidiary undertakings	Country of incorporation	Class	2021 Shares held %	2020 Shares held %
CVG (D.C.) Limited*	Northern Ireland	Ordinary	100%	100%
Glenburn Veterinary Centre Limited*	Northern Ireland	Ordinary	100%	100%
Drumahoe Veterinary Clinic Limited*	Northern Ireland	Ordinary	100%	100%
Clare Veterinary Practice Limited*	Northern Ireland	Ordinary	100%	100%
Knockanboy Veterinary Clinic Limited*	Northern Ireland	Ordinary	100%	100%
Crown Veterinary Services Limited*	Scotland	Ordinary	100%	100%
The Cambushinnie Service Company Limited*	Scotland	Ordinary	100%	100%
K & M Donald Limited*	Scotland	Ordinary	100%	100%
Shore Veterinary Centre Limited*	Scotland	Ordinary	100%	100%
Boyce & Houston Limited*	Scotland	Ordinary	100%	100%
Vermuyden Veterinary Practice Limited*	Scotland	Ordinary	100%	100%
Kilbarchan Veterinary Practice Limited*	Scotland	Ordinary	100%	100%
Boothroyds and Woodwards Ltd*	Scotland	Ordinary	100%	100%
Avondale Veterinary Services Limited*	Scotland	Ordinary	100%	100%
Aberdeen Veterinary Referrals*	Scotland	Ordinary	100%	100%
PVG (Fife) Limited*	Scotland	Ordinary	100%	100%
Forth Valley Vets Limited*	Scotland	Ordinary	100%	100%
DentalVets Limited*	Scotland	Ordinary	100%	100%
Taylor Veterinary Practice Limited*	Scotland	Ordinary	100%	100%
Ardene House Vet Practice Limited*	Scotland	Ordinary	100%	100%
Crieff Vets Limited*	Scotland	Ordinary	100%	100%
The Lamond Veterinary Clinic Limited*	Scotland	Ordinary	100%	100%
Easter Ross Vets Limited*	Scotland	Ordinary	100%	100%
Robson Vets Limited*	Scotland	Ordinary	100%	100%
Macmerry Pet and Horse Centre Limited*	Scotland	Ordinary	100%	100%
ICR Veterinary Group Limited*	Scotland	Ordinary	100%	100%
Shedden Vets Limited*	Scotland	Ordinary	100%	100%
Fife Referrals Limited*	Scotland	Ordinary	100%	100%
Martin Veterinary Centre Limited*	Scotland	Ordinary	100%	100%
Jackson Vets Limited*	Scotland	Ordinary	100%	100%

32 – List of Companies (continued)

Subsidiary undertakings	Country of incorporation	Class	2021 Shares held %	2020 Shares held %
Vets Now Limited	Scotland	Ordinary	100%	100%
VN Holdings Limited	Scotland	Ordinary	100%	100%
Vets Now Emergency Limited	Scotland	Ordinary	100%	100%
Inglis Veterinary Centres Limited*	Scotland	Ordinary	100%	100%
Gordon Vets Limited*	Scotland	Ordinary	100%	100%
Nithsdale Vets Limited*	Scotland	Ordinary	100%	100%
Glenbrae Veterinary Clinic Limited*	Scotland	Ordinary	100%	100%
MBM Vets Limited*	Scotland	Ordinary	100%	100%
Abervet 2015 Limited*	Scotland	Ordinary	100%	100%
The Dermatology Referral Service Limited*	Scotland	Ordinary	100%	100%

*Dormant
**The principal activity of this company is that of the provision of cremation services.

The following companies are owned indirectly: KVG Ltd, KVG (Hull Ltd), GLVG Ltd, Worthing Emergency Vets Ltd, Vets@Home Ltd, Value Animal Ltd, Mondocane Limited, Taverham Veterinary Practice Limited, Saxon Vets Limited, Foreman & Hanna Ltd, Petsco Limited, Petsco 2 Limited, Towerwood Vets Limited, Framvet Limited, Earl Soham Veterinary Centre Limited, Cambridge Veterinary Group Limited, Ashbank Veterinary Centre Limited, VN Holdings Limited and Vets Now Emergency Limited.

All the companies listed above, unless otherwise stated, have a principal activity of the provision of veterinary services.

The registered office for all companies registered in England and Wales is The Chocolate Factory, Keynsham, Bristol, BS31 2AU. The registered office for all companies registered in Scotland is 58 Argyle Street, Iverness, IV2 3BB. The registered office for all companies registered in Northern Ireland is 133 Galgorm Road, Ballymena, BT42 1DE. The registered office for all companies registered in the Isle of Man is 33-37 Athol Street, Douglas, Isle of Man, IM1 1LB.