

**INDEPENDENT VETCARE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

INDEPENDENT VETCARE LIMITED

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INDEPENDENT VETCARE LIMITED

Company Information

Directors	G Avent S J Caton D L Chapman S M Clarke P A W Cowling M A Gillings A J Hewson P M Kenyon
Registered office	The Chocolate Factory Keynsham Bristol BS31 2AU
Bankers	HSBC Bank PLC Second Floor HSBC Building Mitchell Way Southampton SO18 2XU
Auditor	Deloitte LLP Bristol

INDEPENDENT VETCARE LIMITED

Strategic Report for the Year Ended 30 September 2020

The directors present their strategic report for the year ended 30 September 2020.

Principal activity

The principal activity of the company is that of the provision of veterinary services.

Strategy & Progress

The group's 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 35 share acquisitions and 10 trade and asset acquisitions comprising of 101 practices (2019 - 87 share acquisitions and 13 trade and asset acquisitions comprising of 261 practices) and 25 practice closures (2019 - nil). This has created a group of 1,000 practices (2019 - 924) at 30 September 2020.

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

Goodwill arising from acquisitions is written off over 5 years which creates a charge to the Profit and Loss account but has no effect on cash flow.

The group is cash generating from operating activities and has a policy of paying all creditors within terms. Cash on the balance sheet rose from £16.4M to £95.6M due to a strong operational performance but also due to the deferral of taxes following Covid-19 government initiatives which increased the social security and other taxes creditor by £42.1M.

During the year, the company took advantage of certain Covid-19 government initiatives and was able to claim £16M (2019 - £Nil) of government support. This is shown gross of associated costs in the Statement of Profit or Loss. In addition, the company was also able to defer £29.6M of payments in respect of VAT, which would otherwise have been due in current year. Of this, a minimum of £20.7M has to be paid by 30 September 2021 with the remainder needing being paid by 30 September 2022.

Fair review of the business

The results for the year, which are set out in the profit and loss account, show turnover of £667M (2019 - £474M). Most of this increase related to subsidiaries' trade and assets hived up in the year. They also show an operating profit before amortisation of £79M (2019 - £27M). This equates to an operating loss of £106M (2019 - £123M) after charging mainly amortisation of £161M (2019 - £119M). The company adjusted EBITDA (earnings before interest, tax, depreciation, mainly amortisation and other one-off items) was £112M (2019 restated - £54M). The loss on ordinary activities before taxation for the year ended 30 September 2020 was £161M (2019 - £165M). At 30 September 2020, the company had net liabilities of £446M (2019 - £290M). 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 like for like sales growth for the year was 4.7% (2019 - 7.5%) and since June 2020 was 12%.

Future developments

The company plans to continue with its strategy of acquiring high quality veterinary practices. The group has funding facilities in place to fund the planned acquisitions. The company is strongly cash generating before investing in additional acquisitions. The directors have considered the impact of Brexit and concluded that they have an appropriate mitigation plan in place.

INDEPENDENT VETCARE LIMITED

Strategic Report for the Year Ended 30 September 2020

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 custom 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 a recession in the UK in which this company operates in. Recessions invariably lead 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.

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.

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.

INDEPENDENT VETCARE LIMITED

Strategic Report for the Year Ended 30 September 2020

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 loss making and has net liabilities of £446M at 30 September 2020 (including £1,284M 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 has been made. The group meets its day-to-day working capital requirements through operating cash flows and its acquisition requirements through senior debt facilities. The group's forecasts and projections, covering a period of at least 12 months from the approval of these financial statements, 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.

As part of the going concern assessment, the group modelled various scenarios including the impact of reasonable possible changes related to the Covid-19 pandemic. These reflected the learnings and changes implemented as a result of the pandemic thus far and Government initiatives or grants were assumed to be unavailable. It was assumed that the impact will be less severe than the first wave, as, since that point in time:

- The industry regulators have accepted that the veterinary sector is an essential service so restrictions on services would be minimal.
- Clinics would remain open having the personal, protective equipment they need and having tried and tested alternative working procedures in place.
- Following the first national lock down that ended in July 2020, the group has seen no significant impact on revenue in areas which have been subject to subsequent local lock downs, indicating that the actions taken by the group, and the reaction of customers, has been such that trading at or above pre-lock down levels will continue despite subsequent national lock downs.

The sensitivities applied were as follows:

- impact of Brexit in the form of delays in receiving inventory;
- increase in bank interest rates by 1%;
- a devaluation of GBP vs Swedish Krona/Euro by 10%; and
- a reduction of revenue corresponding to 25% of FY20 revenue with a reduction in Gross profit at the same margin as FY20 and assuming no additional Covid-19 initiatives are available.

The sensitivity analyses showed that the group and therefore the company would still have sufficient cash flows to allow it to service the company and its' subsidiaries' debt and settle trading liabilities, and comply with covenant requirements under its banking facilities for a period of at least 12 months from the date of signing of the financial statements.

The directors therefore have a reasonable expectation that the group and therefore the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

In addition, given the net liabilities position of the company's balance sheet, the company has received a letter of support from its parent undertaking, IVC Acquisition Midco Limited.

INDEPENDENT VETCARE LIMITED

Strategic Report for the Year Ended 30 September 2020

Section 172 (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 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.

Customers

The directors initiate the design, implementation and regular review of a platform of care that promotes the welfare of animals we treat, adhering to all relevant national legislation. Customers expect the highest clinical standards and care to be observed. When a clinic joins IVC Evidensia, its staff are trained in safety and clinical standards to ensure animals receive care of a consistently high standard. The IVC Evidensia Hygiene Booklet was approved by the directors to ensure hygiene safety in the clinics is maintained at consistently high levels.

To ensure clinical excellence across the group, Clinical Boards are established in each country the group operates in, which review clinical procedures and ensure clinical guidance reflects best practice. These country boards are overseen by the Group Veterinary Medical Board. This guides the group on matters of ethics or professional standards, making recommendations on matters such as laboratory quality, education, hygiene, anti-microbial resistance and professional conduct, as well as promoting an exchange of ideas between countries.

During the year, the directors communicate with their customers by receiving updates on key customer issues at regular board meetings and, prior to lockdown, members of the Board of Directors attended site visits so they can hear first-hand about customer concerns. The directors also review customer feedback through social media channels, surveys and mail and this helps to inform its actions. For example, IVC Evidensia tracks and scores highly in customer net promoter score surveys (an average score of 93.0 during the year) and in customer 'Onswitch' surveys. Based on these communications, the directors take appropriate actions to make sure customers are in the highest regard such as the nutrition programme based on consumer feedback mentioned below.

This year, the directors reluctantly took a decision to temporarily close a limited number of vet practices during the main period of the Covid-19 pandemic, for the safety of customers and our own staff. Social distancing policies, additional protective personal equipment was sourced and provided to all surgeries, and other safety measures were implemented before clinics were re-opened. Other decisions that show the directors have the highest regard for customers include the adoption of a new nutrition programme this year to support improved health of customers' pets. Insurance initiatives and healthcare plans, such as the Pet Health Club in the UK, are also offered to customers to help provide visibility of costs throughout the year.

Recently IVC Evidensia launched a Care Fund, to assist customers who could not otherwise afford lifesaving treatment for their animal. This not only protects animal welfare, it also protects the well-being of our customers and staff by providing support to an often challenging and immensely stressful decision making process. This was introduced following feedback from staff and, in turn, from customers.

INDEPENDENT VETCARE LIMITED

Strategic Report for the Year Ended 30 September 2020

Employees

The ethical statement commits the group to provide a safe, happy and secure work environment where we treat all our people with care, respect, empathy and kindness.

Vets joining IVC Evidensia gain access to regular training, clinical guidance and are supported in health and safety, human resources, finance and marketing activities. This enables them to focus on the clinical aspects of their work, and for many this is a key motivation in joining IVC Evidensia. The directors take their interests into account by making vets part of a professional network of clinics, providing training via the IVC Evidensia Academy and setting standards via the in-country clinical boards.

The directors had employees' and customers' safety interests as their highest priority during the Covid 19 pandemic. Safety equipment was quickly put in place, clinical operating procedures were changed, and support provided so that office staff could work from home. The group complies with the local statutory guidance on managing the risk of Covid-19 and carried out a Covid-19 risk assessment. Cleaning, handwashing and hygiene procedures are all performed in line with that guidance and the directors have taken all reasonable steps to help people work from home and maintain social distancing in the office or practice workplaces. The directors acted swiftly by furloughing staff where required to protect their roles for the future during periods of reduced activity.

The directors also showed commitment to the mental wellbeing of staff by developing a mental health strategy in conjunction with Mental Health First Aid England. A Wellbeing week held in November 2019 was highly successful with mass staff participation at the support centre in Keynsham, UK. Support for the LGBT+ community within the group is provided through wellbeing champions, and the company also makes a counselling service available to all employees.

The directors communicate key messages and group performance with its staff through monthly meetings where questions are asked by employees and via bi-weekly video newsletters sent to all employees. In addition, there are regular meetings coordinated throughout the group, based on areas of interest or specialism, for example the farm animal clinical directors meetings. This gives clinicians an opportunity to share experience and best practice. Based on these communications, the directors change staff policy appropriately.

Suppliers

The directors are committed to the fair treatment of suppliers and the company is committed to paying within agreed terms of credit. Our operational teams build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships, engaging through regular interactions and formal reviews.

The directors recognise that relationships with suppliers are important to the group's long-term success. They communicate with them by being briefed on supplier feedback and issues on a regular basis. Based on these communications, the directors adjust certain practices with suppliers in order to improve the company's supply chain. Our ethical statement prohibits engagement with corruption or bribery, and a zero-tolerance policy towards suppliers is taken with this.

Environment

The ethical statement commits the Board to act and implement procedures that minimise the impact our business has on the environment and to develop relationships with suppliers who share this ideal.

The group set up a "Green Team" in its support centre in the UK which looks at initiatives to reduce the group's carbon footprint and improve the environment. Examples of initiatives introduced include encouraging staff to join community litter picking activities and the sharing of vegan recipes to help staff reduce their carbon footprint through their diet.

INDEPENDENT VETCARE LIMITED

Strategic Report for the Year Ended 30 September 2020

Community

The directors take the interests of the community and their social responsibility very seriously. This was illustrated to a global extent when the group provided a quick response to the Australian bushfires in January 2020, taking a decision to fully fund teams of our own vets and nurses to work in Australia to aid wildlife recovery.

Nearer to home, the group considers the social impact its business has on local communities and puts in policies and strategies in relation to this. At the UK support centre in Keynsham, local animal charities are supported with frequent fund-raising activities. In addition to providing direct employment to c.20K people, IVC Evidensia has invested in its Vets Graduate Academy, with an intake this year of 400, and its Nurse Academy.

The directors communicate with the community through senior management attending local community forums (prior to lockdown) such as the Somerdale community forum at its support centre at Keynsham. This has led to the directors changing policies in the community such as local fundraisers.

Investors

The group is funded by a mixture of equity and loan finance, meaning the directors have to consider the interests of both shareholders and lenders. The directors are committed to providing stakeholders with sustainable, profitable growth over the longer term. This is underpinned by the group's highly acquisitive strategy. During the year the directors took the decision to refresh the group's Revolving Credit Facility, thereby providing funding for future acquisitions whilst maintaining liquidity for protection of the business through the pandemic, ensuring the group had sufficient cash and working capital.

Encouraging practices to join the group's network increases its purchasing power and economies of scale, allowing investment into existing and new surgeries. The group can then offer customers access to a greater range of treatments. In addition, this creates increased shareholder returns.

The group also made the difficult decision undertaking a limited scope redundancy programme in its UK support office.

The group has an open dialogue with shareholders and lenders through email communication, individual and group meetings. Discussions cover a wide range of topics including financial performance, strategy, outlook, governance and ethical practices.

Government and regulators

The group regularly interacts with local governments and regulators in each market to ensure animal safety is maintained in the group's practices.

The group regularly communicates with the respective regulators in a variety of ways through its Group Veterinary Medical Board and national Clinical Boards in each market.

Illustration of how the directors considers all stakeholder views in the acquisition strategy

The group has continued its highly acquisitive strategy this year by purchasing another 230 practices. The Group had 1,331 practices at the start of the year and now has 1,536 practices across the UK, Ireland and Mainland Europe. The directors consider all stakeholders' interests as part of the acquisition strategy.

Employees benefit through the acquisition strategy. Employees have access to a professional network with high quality training and this can be achieved by being part of a bigger group. In addition, as the group increases its economies of scale, further investment can be made into existing surgeries, increasing the range of treatment made available. Customers want their pet to have the highest care possible and this is achieved by bringing sites into the group where vets can access the highest safety and hygiene standards as well as access to more referral centres. This means that the customer can get high quality care by sending their pet to a vet in a larger network.

Suppliers can also benefit from the group's acquisition strategy. They want to access more vets and can achieve higher volumes by the group acquiring further sites. Investors seek a return on their investment, and this is in part achieved by purchasing more sites and increasing the scale of operations.

INDEPENDENT VETCARE LIMITED

Strategic Report for the Year Ended 30 September 2020

Approved by the Board on 15 June 2021 and signed on its behalf by:

.....
D L Chapman
Director

INDEPENDENT VETCARE LIMITED

Directors' Report for the Year Ended 30 September 2020

The directors present their report and the financial statements for the year ended 30 September 2020.

During the year, the entire issued share capital of a number of companies, whose principal activities are the provision of veterinary services, were acquired by the company. The total consideration for these acquisitions was £92.4M (see note 15 for more detail).

The company also acquired during the year the trade and net assets of a number of unincorporated businesses whose principal activities are also the provision of veterinary services. The total consideration for these acquisitions was £75.7M (see note 13 for more detail).

Directors of the company

The directors who held office during the year, and up to the date of approving the annual report, were as follows:

G Avent (appointed 24 January 2020)

S J Caton

D L Chapman (appointed 11 June 2020)

S M Clarke (appointed 12 May 2020)

P A W Cowling

M A Gillings

A J Hewson (appointed 24 January 2020)

P M Kenyon (appointed 24 January 2020)

D R G Hillier (resigned 2 March 2020)

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 (2019 - £nil).

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

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

INDEPENDENT VETCARE LIMITED

Directors' Report for the Year Ended 30 September 2020

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.

Statement of Corporate Governance Arrangements

The directors recognise that due to the rapid and sustained period of growth of the group over the past 9 years and following a detailed review of the group's current corporate governance arrangements during 2020, the Board has decided to align with the Wates principles. While not formally adopted during this financial year, the group's overall governance currently conforms to some of the principles within the "Wates Corporate Governance Principles for Large Companies" as demonstrated in the paragraphs below. The Board has a plan in place to achieve governance maturity within 24 months. This encapsulates clear policies and detailed guidelines aligned to the six principles which the Board has already acknowledged and formally approved.

Purpose & Leadership

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.

Board Composition

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.

Opportunity & Risk

The group has recruited an experienced Interim Director of Risk Management & Internal Audit tasked with establishing and embedding an appropriate Risk Management Framework and Internal Audit programme. An Executive Risk Committee has been established, Principal Risks identified and a group risk register established.

Directors' responsibilities

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.

Remuneration

The group is in the process of developing its policies on remuneration structures and practices. This will take account of the broader operating context, including the pay and conditions of the wider workforce and the group's response to matters such as any gender pay gap.

Stakeholder relationships and engagement

This is covered under section 172 on page 7 of the Strategic Report.

INDEPENDENT VETCARE LIMITED

Directors' Report for the Year Ended 30 September 2020

Important non adjusting events after the financial period

On 9 February 2021 it was announced that, as part of its long-term commitment to IVC, EQT Private Equity is making a substantial 15% investment through its EQT IX fund, and with the transaction EQT VII fund is partially exiting its stake but will remain invested in the company. In addition, Silver Lake, a leading global technology investment firm, will be making a new 15% minority investment in IVC to help further unlock and accelerate growth from digital and technology opportunities. Lastly, Nestlé, which joined EQT Private Equity in 2019 as a minority investor and strategic partner, is also increasing its minority stake in IVC by 5% as part of this transaction. The transaction completed on 25 May 2021.

Also as part of this transaction, Islay New Group Holding SA, a company registered in Luxembourg acquired the entire shareholding of IVC New Top Holding S.A. (an indirect parent company of the Company) which was controlled by Browne Holding S.à.r.l. As no shareholder owns more than 50% of Islay New Group Holding SA, Islay New Group Holding SA became the new ultimate parent company from 25 May 2021.

During the period from 1 October 2020 through 11 June 2021, the company has entered into agreements to acquire 100% of the issued shares or trade and net assets of 30 additional veterinary practices within the United Kingdom. The aggregate enterprise value of these acquisitions totals £145,428,000.

For further details on these acquisitions refer to note 27 of the financial statements. There have been no material acquisitions between 11 June 2021 and the date of signing of the financial statements.

Disclosure of information to the auditor

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of the auditor

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 15 June 2021 and signed on its behalf by:

.....
D L Chapman
Director

INDEPENDENT VETCARE LIMITED

Statement of Directors' Responsibilities

The directors are responsible 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 - "The Financial Reporting Standard applicable in the UK and the Republic of Ireland". 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We 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

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

INDEPENDENT VETCARE LIMITED

Independent Auditor's Report to the Members of Independent Vetcare Limited Report on the audit of the financial statements

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

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

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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.

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 (Senior Statutory Auditor)

For and on behalf of Deloitte LLP, Statutory Auditor,
Bristol, United Kingdom.

15 June 2021

INDEPENDENT VETCARE LIMITED

Profit and Loss Account for the Year Ended 30 September 2020

		(As restated see note 2)	
	Note	2020 £ 000	2019 £ 000
Turnover	<u>3</u>	667,373	474,467
Other income	<u>4</u>	8,764	-
Cost of sales		<u>(380,881)</u>	<u>(278,047)</u>
Gross profit		295,256	196,420
Exceptional items	<u>7</u>	(13,498)	(12,420)
Administrative expenses	<u>5</u>	(387,540)	(287,593)
Other operating income	<u>4</u>	18,083	8,605
Income from shares in group undertakings		43,423	62,498
Write off of fixed asset investments	<u>8</u>	<u>(61,622)</u>	<u>(90,504)</u>
Operating loss	<u>5, 6</u>	(105,897)	(122,994)
Interest receivable		110	259
Interest payable and similar charges	<u>11</u>	<u>(55,362)</u>	<u>(42,537)</u>
Loss on ordinary activities before taxation		(161,149)	(165,272)
Tax on loss on ordinary activities	<u>12</u>	<u>4,463</u>	<u>559</u>
Loss for the financial year		<u><u>(156,687)</u></u>	<u><u>(164,713)</u></u>

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 6.

INDEPENDENT VETCARE LIMITED

(Registration number: 07746795)

Balance Sheet as at 30 September 2020

		2020	(As restated) 2019
	Note	£ 000	£ 000
Fixed assets			
Intangible assets	<u>13</u>	500,807	445,306
Tangible assets	<u>14</u>	58,473	51,747
Investments	<u>15</u>	250,191	360,415
		<u>809,471</u>	<u>857,468</u>
Current assets			
Stocks	<u>17</u>	17,002	19,341
Debtors: Amounts falling due within one year	<u>18</u>	74,257	61,804
Cash at bank and in hand		97,190	16,377
		<u>188,449</u>	<u>97,522</u>
Current liabilities			
Creditors	<u>19</u>	(168,316)	(114,483)
Provisions for liabilities	<u>20</u>	(56,751)	(30,622)
Net current liabilities		(36,618)	(47,583)
Debtors: Amounts falling due after more than one year	<u>18</u>	90,883	54,499
Total assets less current liabilities		863,736	864,384
Long term liabilities			
Creditors	<u>19</u>	(1,290,479)	(1,122,875)
Provisions for liabilities	<u>20</u>	(16,050)	(31,083)
Other provision	<u>20</u>	(3,468)	-
Net liabilities		<u>(446,261)</u>	<u>(289,574)</u>
Capital and reserves			
Called up share capital	<u>22</u>	-	-
Profit and loss account		(446,261)	(289,574)
Total deficit		<u>(446,261)</u>	<u>(289,574)</u>

Approved and authorised by the Board on 15 June 2021 and signed on its behalf by:

.....

D L Chapman
Director

The notes on pages 18 to 53 form an integral part of these financial statements.

INDEPENDENT VETCARE LIMITED**Statement of Changes in Equity for the Year Ended 30 September 2020**

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 October 2019	-	(289,574)	(289,574)
Loss for the year and total comprehensive loss	-	(156,687)	(156,687)
At 30 September 2020	-	(446,261)	(446,261)

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
Balance at 1 October 2018	-	(124,861)	(124,861)
Loss for the year and total comprehensive loss	-	(164,713)	(164,713)
At 30 September 2019	-	(289,574)	(289,574)

The notes on pages 18 to 53 form an integral part of these financial statements.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

The Chocolate Factory

Keynsham

Bristol

BS31 2AU

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.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The group has early adopted the 'Amendments to FRS 102' published in December 2017 in preparing these financial statements and they do not expect this to impact the financial statements.

Cash flow exemption

The company has not presented a cash flow statement on the grounds that the company's cash flows are included in the financial statements of the consolidated financial statements of its ultimate parent undertaking in the UK, IVC Acquisition Pikco Limited.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest thousand pounds.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, related party transactions, presentation of a cash flow statement and remuneration of key management personnel.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

2 Accounting policies (continued)

Exceptional items

Exceptional items refer to items of income or expense within the profit and loss account, 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, non-recurring items and certain non-cash items.

On this basis, the following items were included as adjusting items to arrive at adjusted EBITDA:

- Interest payable (net of interest received) - this is a significant expense in the period and relates to the financing of the company;
- Write off of fixed asset investments - this is a significant expense in the period and relates to restructuring of the group in which the company is included as disclosed in note 8;
- Income from shares in group undertakings - this is a significant expense in the period and relates to restructuring of the group in which the company is included;
- Waiver of intra-group loans - this is a significant expense in the period and relates to restructuring of the group in which the company is included;
- Depreciation - this is a non-cash item in the period;
- Amortisation of goodwill - this is a non-cash item and a significant expense in the period;
- Exceptional items - this is a significant expense in the period and details are disclosed in note 7.

Name of parent of group

These financial statements are consolidated in the financial statements of IVC Acquisition Midco Limited and IVC Acquisition Pikco Limited, both parent companies.

The financial statements of IVC Acquisition Midco Limited and IVC Acquisition Pikco may be obtained from Companies House.

Group accounts not prepared

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 are incorporated in England and Wales.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

2 Accounting policies (continued)

Going concern

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

2 Accounting policies (continued)

The company's business activities together with the factors likely to affect its future development, performance and position are set out on pages 2-3. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described on page 2. The company is loss making and had net liabilities at the current and prior year end. In addition, the notes to the financial statements include the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The company meets its day-to-day working capital requirements through free cash and its acquisition requirements through senior debt facilities. The company's forecasts and projections, covering a period of at least 12 months from the approval of these financial statements, show that the company should be able to operate within the level of its current debt facilities. After taking account of reasonably possible changes in trading performance, and having completed a refinancing after the year end under which lenders are providing enlarged debt facilities to the company via its parent undertakings, no material uncertainty exists regarding covenant compliance on the new facilities.

The company is part of the IVC Evidensia Group ("the group") in which a detailed going concern assessment has been made. The group meets its day-to-day working capital requirements through operating cash flows and its acquisition requirements through senior debt facilities. The group's forecasts and projections, covering a period of at least 12 months from the approval of these financial statements, 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.

As part of the going concern assessment, the group modelled various scenarios including the impact of reasonable possible changes related to the Covid-19 pandemic. These reflected the learnings and changes implemented as a result of the pandemic thus far and Government initiatives or grants were assumed to be unavailable. It was assumed that the impact will be less severe than the first wave, as, since that point in time:

- The industry regulators have accepted that the veterinary sector is an essential service so restrictions on services would be minimal.
- Clinics would remain open having the personal, protective equipment they need and having tried and tested alternative working procedures in place.
- Following the first national lock down that ended in July 2020, the group has seen no significant impact on revenue in areas which have been subject to subsequent local lock downs, indicating that the actions taken by the group, and the reaction of customers, has been such that trading at or above pre-lock down levels will continue despite subsequent national lock downs.

The sensitivities applied were as follows:

- impact of Brexit in the form of delays in receiving inventory;
- increase in bank interest rates by 1%;
- a devaluation of GBP vs Swedish Krona/Euro by 10%; and
- a reduction of revenue corresponding to 25% of FY20 revenue with a reduction in Gross profit at the same margin as FY20 and assuming no additional Covid-19 initiatives are available.

The sensitivity analyses showed that the group and therefore the company would still have sufficient cash flows to allow it to service the company and its' subsidiaries' debt and settle trading liabilities, and comply with covenant requirements under its banking facilities for a period of at least 12 months from the date of signing of the financial statements.

The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing its financial statements.

In addition, given that the company is loss making and has net liabilities in its balance sheet, the company has received a letter of support from a parent undertaking, IVC Acquisition Midco Limited.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

2 Accounting policies (continued)

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

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

The directors have concluded the substance of the transaction means that; where there is no employment condition, the amount should be accounted for as consideration, and not remuneration; and where there is an employment condition and an amount dependent on future performance (usually relating to revenue or EBITDA growth), the amount should be accounted for as remuneration not consideration.

Adjustments to deferred consideration not relating to employment conditions are booked against goodwill and therefore just a balance sheet reclassification.

See note 20 for more information.

Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

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 trade acquired. Contingent consideration is estimated based on the terms of the purchase contract and the entity's knowledge of the business 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 certain assumptions requiring significant judgement and actual results may differ from assumed and estimated amounts. The carrying value of contingent consideration is disclosed in note 20.

In certain cases, these are dependent on the continued employment of the vendor, and in other cases these are not dependent on employment condition. These amounts have been estimated at acquisition date based on the terms of the purchase agreements and the expected future performance based on the information available at the year end and may vary depending on actual results.

For potential payments related to financial performance the expected payment is determined separately in respect of each earn-out or growth payment agreement taking into consideration the expected level of profitability of each material acquisition. For individually immaterial acquisitions, historical pay-out percentages have been used to determine the fair value of contingent consideration. Contingent consideration is remeasured at each reporting period and goodwill or investments adjusted accordingly.

For details of the assumptions used for contingent consideration and sensitivity analysis refer to note 13.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

2 Accounting policies (continued)

Revenue recognition

Revenue represents amounts receivable from customers for veterinary services, related veterinary products, the sale of products on-line and crematoria services provided during the year.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The revenue recognition point is when a veterinary consultation, a veterinary procedure or a cremation is completed. Sales of goods are recognised when goods are dispatched and title has passed; for example, on-line sales are recognised when the goods are dispatched from the warehouse. Revenue is measured at the fair value of the consideration received or receivable, excluding value added tax and discounts.

Members of customer loyalty schemes, for example the Pet Health Plan, generally pay subscription fees on a monthly basis and receive consultation and treatments periodically. Revenue from the Pet Health Plan is recognised when the service is provided to customers. In the 2019 financial statements, it was considered that the cash paid monthly was akin to the services provided and differences between cash received and when the service was provided were not material to the financial statements. Therefore, revenue was recognised when the cash was received from the customer.

However, given the large expansion of the Pet Health Plan in the past year, a review of the services and the accounting has been completed. Services such as the microchipping of the pet, the annual vaccination and health checks are performed earlier in the annual subscription. This has meant that in general, the service and therefore the revenue is recognised before the cash is received and a debtor is recognised on the balance sheet until the subscription monies are received. The change in accounting policy was not material to the prior year financial statements and so no restatement of the comparative has been performed.

Changes in accounting estimate

Recognition of contingent consideration liability

Following a review of the timing of recognition of contingent consideration liability balances in relation to acquisitions made in the year ended 30 September 2019 it was determined that at the time of certain acquisitions that additional balances were expected to be paid to sellers which were previously unidentified. A correction has been made to recognise these liabilities upon acquisition as it was determined at the time of acquisition using information available at that time that it was probable that the contingent consideration would be paid to the sellers. As a result of the restatement, the company recognised additional contingent consideration of £51.2M.

The effect of this change is summarised below:

	Period ending 30 September 2019 (as previously stated) £000	Movement £000	Period ending 30 September 2019 (as restated) £000
Balance sheet			
Increase in investments	309,122	51,293	360,415
Increase in provision for liabilities falling due within one year	(5,280)	(25,342)	(30,622)
Increase in provision for liabilities falling due after more than one year	(5,132)	(25,951)	(31,083)

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

2 Accounting policies (continued)

Restatement of maturity of amounts owed to and by parent and group undertakings

During the 30 September 2020 financial year end, an exercise was undertaken to review intercompany agreements and balances in the IVC Evidensia group. It was discovered that certain intercompany balances had been incorrectly classified in the 2019 financial statements between being due after more than one year and being due within one year. This has now been restated accordingly as shown below. These changes do not change the reported net assets or profits of the company in 2019.

	Period ending 30 September 2019 (as previously stated) £000	Movement £000	Period ending 30 September 2019 (as restated) £000
Debtors			
Amounts owed by group undertakings - due after more than one year	-	54,499	54,499
Amounts owed by group undertakings - due within one year	55,106	(54,499)	607
	<u>55,106</u>	<u>-</u>	<u>55,106</u>
Creditors			
Amounts owed by group undertakings - due after more than one year	(1,121,595)	200	(1,121,395)
Amounts owed by group undertakings - due within one year	-	(200)	(200)
	<u>1,121,595</u>	<u>-</u>	<u>(1,121,595)</u>

Grants

Grants (including donations) 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 revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income. 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.

Other operating income and other income

Other operating income mainly comprises Coronavirus Job Retention Scheme (CJRS) grant income together with rental income and is recognised on an accrual basis in accordance with the substance of the relevant agreement. CJRS grant income is shown gross as per the requirements of the Companies Act.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. 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 date. 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.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

2 Accounting policies (continued)

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current 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 and 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.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, 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

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

2 Accounting policies (continued)

Asset class	Amortisation method and rate
Goodwill	Straight line over 5 years

This is the period over which the directors expect to derive economic benefit from the acquisition.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

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.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

2 Accounting policies (continued)

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

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.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even 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.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

2 Accounting policies (continued)

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non-financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

3 Turnover

The analysis of the company's revenue for the year from continuing operations is as follows:

	2020 £ 000	2019 £ 000
Sale of goods	53,006	39,220
Rendering of services	614,367	435,247
	<u>667,373</u>	<u>474,467</u>

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

4 Other operating income

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

	2020 £ 000	2019 £ 000
Government grants (above gross profit)	<u>8,764</u>	<u>-</u>
Government grants	7,377	68
Sub lease rental income	942	747
Miscellaneous other operating income	3,770	2,517
Management charges receivable	5,994	5,273
	<u>18,083</u>	<u>8,605</u>

Other operating income this year mainly relates to income from certain government Covid-19 initiatives such as the CJRS scheme. This amounted to £16,062,000 during the year (2019 - £nil), of which £8,764,000 was included in cost of sales. Also included in other operating income within the income statement is rent received and income received from charities and donations.

5 Operating loss

Arrived at after charging/(crediting):

	2020 £ 000	2019 £ 000
Operating leases - plant and machinery	2,741	1,969
Operating leases - other assets	21,748	15,634
Foreign currency (gains)/losses	(89)	64
Depreciation	19,795	14,301
Amortisation	160,831	118,572
Auditor's remuneration - The audit of the company's annual accounts	<u>198</u>	<u>185</u>

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

6 Adjusted EBITDA

During the year the directors have reconsidered the measures used by the investors and management to assess the performance of the business and concluded the current presentation is a fairer reflection of these measures compared to those used in the prior year. The table below illustrates the company's adjusted Adjusted EBITDA for the year. Management uses this non-GAAP measure to assess the underlying profitability of the company's day to day trading activities. This also strips out certain exceptional items as detailed in note 7. Management has reassessed the definition of exceptional items in the year and the prior year comparative has been restated to reflect this. More detail on how Adjusted EBITDA is calculated can be found on page 18.

	2020	(As restated) 2019
	£ 000	£ 000
Loss on ordinary activities before taxation	(161,149)	(165,272)
Interest payable (net of interest received)	55,252	42,278
Write off of fixed asset investments	61,622	90,504
Income from shares in group undertakings	(43,423)	(62,498)
Amortisation of goodwill	160,831	118,572
Depreciation	19,795	14,301
Waiver of intra-group loans	5,409	3,428
Exceptional items	13,498	12,420
Earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA)	111,835	53,734

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

7 Exceptional items

	2020	(As restated) 2019
	£ 000	£ 000
Exceptional expenses	13,498	12,420

Exceptional items comprise £9M (2019 - £4.4M) of non-recurring staff costs, £3M (2019 - £6.2M) of restructure and reorganisation costs, £2.8M (2019 - £0.04M) of onerous lease costs and £(1.4)M (2019 - £1.8M) of other non-recurring costs. During the 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 items have been stripped out of adjusted EBITDA to give the reader of the accounts a more informed view of the underlying profitability of the company. These amounted to £3M (2019 - £6.2M) in the year.

In the prior year, non-recurring staff costs of £4.4M, restructure and reorganisation costs of £6.2M, onerous lease costs of £(0.3)M and other non-recurring costs of £1.6M were included in administrative expenses. These have now been included in exceptional items and the comparatives restated to give the reader a better view on the long term underlying profitability of the company.

8 Write off of fixed asset investments

	2020	2019
	£ 000	£ 000
Amounts written off investments - pre-acquisition reserves	30,403	42,626
Amounts written off investments - accumulated amortisation	31,586	47,122
Amounts written off investments - other	(367)	756
	61,622	90,504

Amounts written off investments are explained in the Non-GAAP measures accounting policies in note 2 of the financial statements. They relate to the group restructure as further disclosed in note 13.

9 Particulars of employees

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

	2020	2019
	£ 000	£ 000
Wages and salaries	295,172	229,022
Social security costs	22,601	17,377
Pension costs, defined contribution scheme	8,464	5,396
	326,238	251,795

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

9 Particulars of employees (continued)

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

	2020 No.	2019 No.
Vets	2,846	1,953
Nurses	3,415	2,489
Support staff	5,023	3,683
	<u>11,284</u>	<u>8,125</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £ 000	2019 £ 000
Remuneration	372	-
Contributions paid to money purchase schemes	8	-
	<u>380</u>	<u>-</u>

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

	2020 No.	2019 No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>-</u>

In respect of the highest paid director:

	2020 £ 000	2019 £ 000
Remuneration	190	-
Company contributions to money purchase pension schemes	4	-
	<u>194</u>	<u>-</u>

The directors remunerated within this company are disclosed above and include G Avent, D Chapman and A J Hewson. The remaining directors of this company are remunerated through other entities within the IVC group. In the prior year, all directors were remunerated through other entities within the IVC group. The directors do not believe it is practical to apportion these amounts between the company and other group entities.

11 Interest payable and similar expenses

	2020 £ 000	2019 £ 000
Other interest payable	17	56
Intra group interest	55,184	42,343
Interest on obligations under finance leases and hire purchase contracts	161	138
	<u>55,362</u>	<u>42,537</u>

Intra-group interest has been charged at 4.7% per annum.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

12 Taxation

Tax credited in the profit and loss account

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	10	-
UK corporation tax adjustment to prior periods	(686)	343
	(676)	343
Tax charge incurred on behalf of hived up subsidiaries	449	133
Total current income tax	(227)	476
Deferred taxation		
Arising from origination and reversal of timing differences	(4,062)	(1,035)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(173)	-
Total deferred taxation	(4,235)	(1,035)
Tax receipt in the income statement	(4,463)	(559)

The tax on loss before tax for the year is lower than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £ 000	(As restated) 2019 £ 000
Loss before tax	(161,149)	(165,272)
Corporation tax at standard rate	(30,618)	(31,402)
Non deductible expenses (predominantly write-off of fixed asset investments and non-deductible goodwill amortisation)	42,785	37,652
Deferred tax expense relating to changes in tax rates or laws	(113)	305
Adjustments in respect of previous periods	(859)	356
Deferred tax expense from unrecognised tax loss or credit	(2,366)	1,679
Depreciation in excess of capital allowances	101	324
Other timing differences	-	719
Tax increase / (decrease) arising from group relief	(4,848)	700
Dividends received not taxable	(8,250)	(10,962)
Other tax effects for reconciliation between accounting profit and tax expense (income)	(293)	70
Total tax credit	(4,463)	(559)

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

12 Taxation (continued)

Deferred tax

Deferred tax assets

	Asset £ 000
2020	
Fixed asset timing differences	2,699
Short term timing differences	1,817
	<u>4,517</u>
	<u><u>4,517</u></u>
2019	Asset £ 000
Fixed asset timing differences	671
Short term timing differences	120
	<u>791</u>
	<u><u>791</u></u>

Deferred tax balances have been calculated based on a tax rate of 19% (2019 - 17%).

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 30 September 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as result deferred tax balances as at 30 September 2020 continue to be measured at 19%.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

13 Intangible assets

	Goodwill £ 000
Cost	
At 1 October 2019	736,152
Additions	40,955
Disposals	(269)
Transferred from investments	<u>206,964</u>
At 30 September 2020	983,802
Amortisation	
At 1 October 2019	290,846
Charge for the year	160,831
Amortisation eliminated on disposals	(268)
Impairment charge for the year	<u>31,586</u>
At 30 September 2020	<u><u>482,995</u></u>
Net book value	
At 30 September 2020	<u><u>500,807</u></u>
At 30 September 2019	<u><u>445,306</u></u>

Included in the additions balance of £41M (2019 - £54.2M) are adjustments of £1.7M (2019 - £20.9M) relating to prior year acquisitions.

The directors have considered the accounting requirements of FRS102 and have concluded that there were no other material intangible assets acquired with the above businesses. There are no contractual commitments for acquisition of intangibles (2019 - £Nil). There are no intangibles with restricted title or pledged as security for liabilities.

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 tangible fixed assets, which are shown as Transfers from Investments in Note 14, and stock and trade debtors, are now included in the company's accounts under those captions. The impairment charge disclosed above relates to accumulated amortisation upon the transfer of investments to goodwill.

The directors have considered further triggers of impairment and have not deemed there to be any in the current or prior period. During the year the company also acquired, from third parties, the trade and assets of a number of businesses. The assets acquired are included in Note 16.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

14 Tangible assets

	Land and buildings £ 000	Fixtures and surgery equipment £ 000	Motor vehicles £ 000	Computer equipment £ 000	Total £ 000
Cost					
At 1 October 2019	22,262	39,824	1,031	24,229	87,347
Additions	1,789	6,971	402	7,778	16,940
Disposals	(688)	(502)	(144)	(143)	(1,478)
Transfers from Investments	5,713	4,407	85	323	10,527
At 30 September 2020	29,076	50,700	1,374	32,186	113,336
Depreciation					
At 1 October 2019	4,097	17,254	746	13,502	35,600
Charge for the year	3,065	10,024	593	6,113	19,795
Eliminated on disposal	(52)	(292)	(119)	(69)	(532)
At 30 September 2020	7,110	26,986	1,220	19,547	54,863
Carrying amount					
At 30 September 2020	21,966	23,714	154	12,639	58,473
At 30 September 2019	18,165	22,570	285	10,727	51,747

"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 £0.1M (2019 - £nil) in respect of freehold land and buildings and £21.8M (2019 - £18.2M) in respect of short leasehold land and buildings. Freehold land is not depreciated.

Included within additions are £0.03M (2019 - £0.3M) of leasehold property, £0.7M (2019 - £0.7M) of fixtures and surgery equipment, £0.2M (2019 - £0.04M) of motor vehicles and £0.02M (2019 - £0.2M) of computer equipment that were acquired from various trade and asset purchases of unincorporated businesses during the year.

Assets held under hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2020 £ 000	2019 £ 000
Fixtures and surgery equipment	1,525	2,361
Motor vehicles	35	37
Computer equipment	114	15
	1,674	2,414

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

15 Investments held as fixed assets

	2020 £ 000	2019 £ 000
Shares in group undertakings and participating interests	250,191	360,415
		Subsidiary undertakings £ 000
Shares in group undertakings		
Cost		
At 1 October 2019		360,415
Additions		127,142
Transferred to goodwill (note 13)		(206,964)
Amounts written off (note 8)		(30,403)
At 30 September 2020		250,191
Carrying amount		
At 30 September 2020		250,191
At 30 September 2019		360,415

Included in the additions balance of £127.1M are adjustments of £3.6M relating to prior year acquisitions. The directors include an estimate for consideration payable where this has not been finalised at the year end which is subsequently finalised in the following period, resulting in an adjustment to prior year acquisitions.

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
Arg Belyn Limited	Isle of Man	Ordinary	100%	100%
Milan Veterinary Limited	Isle of Man	Ordinary	100%	100%
Orwell Vets Limited	England and Wales	Ordinary	100%	100%
Pet Prescription Limited	England and Wales	Ordinary	100%	100%
Vale Animal Limited *	England and Wales	Ordinary	100%	100%
Tibrogargun Limited**	England and Wales	Ordinary	100%	100%
Aniwell Veterinary Company Limited *	England and Wales	Ordinary	100%	100%
Aniwell Limited	England and Wales	Ordinary	100%	100%
Brown And Bentley Ltd *	England and Wales	Ordinary	100%	100%
CVG (D.C.) Limited	Northern Ireland	Ordinary	100%	100%
Aniwell Veterinary Clinic Limited	England and Wales	Ordinary	100%	100%

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

15 Investments held as fixed assets (continued)

Walpole & Bingham Limited *	England and Wales	Ordinary	100%	100%
Kapsapea Limited *	England and Wales	Ordinary	100%	100%
MBM Vets Limited *	Scotland	Ordinary	100%	100%
Glenburn Veterinary Centre Limited *	Northern Ireland	Ordinary	100%	100%
Crieff Vets Limited *	Scotland	Ordinary	100%	100%
Avon Lodge Veterinary Group Limited *	England and Wales	Ordinary	100%	100%
Wherry Veterinary Practice Limited *	England and Wales	Ordinary	100%	100%
Glaven Veterinary Practice Limited *	England and Wales	Ordinary	100%	100%
London Road Veterinary Centre Limited *	England and Wales	Ordinary	100%	100%
Lawrence Veterinary Centre Limited *	England and Wales	Ordinary	100%	100%
Waterloo House Veterinary Services Limited *	England and Wales	Ordinary	100%	100%
McPhersons Veterinary Practice Limited *	England and Wales	Ordinary	100%	100%
Roe Valley Veterinary Clinic Limited *	Northern Ireland	Ordinary	100%	100%
Kingsteignton Vets Limited *	England and Wales	Ordinary	100%	100%
West Midlands Vets Limited *	England and Wales	Ordinary	100%	100%
Midforest Veterinary Practice Limited *	England and Wales	Ordinary	100%	100%
Hawthorne Lodge Veterinary Practice Limited *	England and Wales	Ordinary	100%	100%
NEVC Limited *	England and Wales	Ordinary	100%	100%
Carmel Veterinary Centre Limited *	England and Wales	Ordinary	100%	100%
The Veterinary Clinic Limited *	England and Wales	Ordinary	100%	100%
The Shreen Veterinary Practice Limited *	England and Wales	Ordinary	100%	100%
Woodland Veterinary Centre Limited *	England and Wales	Ordinary	100%	100%
Taylor Veterinary Practice Limited *	Scotland	Ordinary	100%	100%
Beech House (Southampton) Limited *	England and Wales	Ordinary	100%	100%
Avondale Veterinary Services Limited *	Scotland	Ordinary	100%	100%
Earlswood Veterinary Referrals Limited *	Northern Ireland	Ordinary	100%	100%
Avon Lodge Veterinary Centre Limited *	England and Wales	Ordinary	100%	100%
Mearley Vets Limited *	England and Wales	Ordinary	100%	100%
A.C. Rawlins Limited *	England and Wales	Ordinary	100%	100%
Aberdeen Veterinary Referrals Limited *	Scotland	Ordinary	100%	100%
Dohne And Friends Limited *	England and Wales	Ordinary	100%	100%
Alder Veterinary Practice Spalding Limited	England and Wales	Ordinary	100%	100%
Shedden Vets Limited *	Scotland	Ordinary	100%	100%
Wilton House Veterinary Clinic Limited *	England and Wales	Ordinary	100%	100%
Manor Vets Limited *	England and Wales	Ordinary	100%	100%
Foxcotte Veterinary Clinics Limited *	England and Wales	Ordinary	100%	100%

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

15 Investments held as fixed assets (continued)

Abivale Veterinary Group Limited *	England and Wales	Ordinary	100%	100%
Vale Vets Limited *	England and Wales	Ordinary	100%	100%
MVSL Limited *	England and Wales	Ordinary	100%	100%
Colebrook Vets Limited *	England and Wales	Ordinary	100%	100%
Lordswood Vets Limited *	England and Wales	Ordinary	100%	100%
Letchworth Veterinary Centre Limited *	England and Wales	Ordinary	100%	100%
Boness Veterinary Enterprises Limited *	England and Wales	Ordinary	100%	100%
Willow Veterinary Care Limited *	England and Wales	Ordinary	100%	100%
Veterinary Drugs to Go Limited	England and Wales	Ordinary	100%	100%
Lydon Veterinary Centre Limited *	England and Wales	Ordinary	100%	100%
Shorewood Consultants Limited *	England and Wales	Ordinary	100%	100%
Deane Veterinary Centre Limited *	England and Wales	Ordinary	100%	100%
Alpha Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
Chapelfield Veterinary Partnership Limited *	England and Wales	Ordinary	100%	100%
Corner House Vets Limited	England and Wales	Ordinary	100%	100%
Forest Vets Limited	England and Wales	Ordinary	100%	100%
Derbyshire Veterinary Services Limited	England and Wales	Ordinary	100%	100%
Inglis Veterinary Centres Limited	Scotland	Ordinary	100%	100%
IVC (TB) Limited *	England and Wales	Ordinary	100%	100%
The Colourful Consultancy Limited *	England and Wales	Ordinary	100%	100%
Independent Vetcare Finance Limited *	England and Wales	Ordinary	100%	100%
Berry House Limited	England and Wales	Ordinary	100%	100%
Chase Vets Limited	England and Wales	Ordinary	100%	100%
Rhodes Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
Purton Vets Limited	England and Wales	Ordinary	100%	100%
Oakfield Pet Health Centre Limited	England and Wales	Ordinary	100%	100%
Chase Vets Eastbourne Limited	England and Wales	Ordinary	100%	100%
Congleton Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Fields Vets Limited	England and Wales	Ordinary	100%	100%
Cheshire Vets Medical Centre Limited	England and Wales	Ordinary	100%	100%
Wellpetclinic Limited	England and Wales	Ordinary	100%	100%
Orchard Vets Limited	England and Wales	Ordinary	100%	100%
Crown Veterinary Services Limited	Scotland	Ordinary	100%	100%
Westwood Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
1066 Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Corinium Veterinary Clinic Limited	England and Wales	Ordinary	100%	100%
Millpark Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Well Pets Veterinary Centre Limited	England and Wales	Ordinary	100%	100%

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

15 Investments held as fixed assets (continued)

Kingston Veterinary Group Limited	England and Wales	Ordinary	100%	100%
The Veterinary Hospital Limited	England and Wales	Ordinary	100%	100%
Richard Hillman Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
St Mary's Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
The Cambushinnie Service Company Limited	Scotland	Ordinary	100%	100%
Celyn House Limited	England and Wales	Ordinary	100%	100%
K & M Donald Limited	Scotland	Ordinary	100%	100%
Island Veterinary Service Limited	England and Wales	Ordinary	100%	100%
Gatehouse Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Northdale Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
Lowesmoor House Vets Limited	England and Wales	Ordinary	100%	100%
Croft Vets Limited	England and Wales	Ordinary	100%	100%
Well House Vets Limited	England and Wales	Ordinary	100%	100%
Clifton Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
Shore Veterinary Centre Limited	Scotland	Ordinary	100%	100%
J Dinsdale Limited	England and Wales	Ordinary	100%	100%
Alexander Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Rhyd Broughton Veterinary Group Limited	England and Wales	Ordinary	100%	100%
Boyce & Houston Limited	Scotland	Ordinary	100%	100%
Abbey Vets (NE) Limited	England and Wales	Ordinary	100%	100%
Burch Vets Limited	England and Wales	Ordinary	100%	100%
A & J Practice Management Limited	England and Wales	Ordinary	100%	100%
Terrington Vets Limited	England and Wales	Ordinary	100%	100%
Abbeydale Vets Limited	England and Wales	Ordinary	100%	100%
Vermuyden Veterinary Practice Limited	Scotland	Ordinary	100%	100%
Forest Lodge Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
Kilbarchan Veterinary Practice Limited	Scotland	Ordinary	100%	100%
Zetland Limited	England and Wales	Ordinary	100%	100%
Thanet One Limited	England and Wales	Ordinary	100%	100%
The Veterinary Clinic (Bearwood) Limited	England and Wales	Ordinary	100%	100%
Boothroyds and Woodwards Limited	Scotland	Ordinary	100%	100%
Barton Lodge Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Three Rivers Vets Limited	England and Wales	Ordinary	100%	100%
St Georges Veterinary Group Limited	England and Wales	Ordinary	100%	100%
The Croft Veterinary Centre (Wolverhampton) Limited	England and Wales	Ordinary	100%	100%
Acorn Veterinary Practice Limited	England and Wales	Ordinary	100%	100%

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

15 Investments held as fixed assets (continued)

Mintlaw Vets Limited	England and Wales	Ordinary	100%	100%
Budget Vets Limited	England and Wales	Ordinary	100%	100%
Williams and Cummings Veterinary Group	England and Wales	Ordinary	100%	100%
WellPets Animal Care Limited	England and Wales	Ordinary	100%	100%
Mill House Vets Limited	England and Wales	Ordinary	100%	100%
Albert Cottage Veterinary Clinic Limited	England and Wales	Ordinary	100%	100%
Grove Lodge Veterinary Group Limited	England and Wales	Ordinary	100%	100%
Fenaghy Veterinary Clinic (NI) Limited	Northern Ireland	Ordinary	100%	100%
PVG (Fife) Limited	Scotland	Ordinary	100%	100%
Robson & Prescott Limited	England and Wales	Ordinary	100%	100%
Abbeymoor Veterinary Centres Limited	England and Wales	Ordinary	100%	100%
DentalVets Limited	Scotland	Ordinary	100%	100%
Rosehill Vets Limited	England and Wales	Ordinary	100%	100%
Blenheim Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Kirks Vets Ltd	England and Wales	Ordinary	100%	100%
Ardene House Vet Practice Limited	Scotland	Ordinary	100%	100%
Beeches Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Shipley Vets Limited	England and Wales	Ordinary	100%	100%
Brownlow Veterinary Group Limited	England and Wales	Ordinary	100%	100%
Victoria Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
Parkvets Limited	England and Wales	Ordinary	100%	100%
My Vet Limited			100%	100%
Haughley Veterinary Centre Ltd	England and Wales	Ordinary	100%	100%
Moorview Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
Usk Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Cardiff Pet Health Limited	England and Wales	Ordinary	100%	100%
Summerhill Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Abbotskerswell Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Adamsvet - Pet Care Limited	England and Wales	Ordinary	100%	100%
AlphaPet Management Services Limited	England and Wales	Ordinary	100%	100%
Ark House Vets Limited	England and Wales	Ordinary	100%	100%
Ashleigh Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Avenue Veterinary Centre (Malvern) Limited	England and Wales	Ordinary	100%	100%
Beech House Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Blake Veterinary Group Limited	England and Wales	Ordinary	100%	100%
Clare Veterinary Group Limited	England and Wales	Ordinary	100%	100%
Clent Hills Veterinary Group Limited	England and Wales	Ordinary	100%	100%
Cogges Veterinary Practice Limited	England and Wales	Ordinary	100%	100%

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

15 Investments held as fixed assets (continued)

Cootes Veterinary Clinic Limited	England and Wales	Ordinary	100%	100%
Darley House Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Fenwold Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
Fielding & Cumber Limited	England and Wales	Ordinary	100%	100%
George Hunt & Son Ltd	England and Wales	Ordinary	100%	100%
Glenbrae Veterinary Clinic Limited	England and Wales	Ordinary	100%	100%
Grove Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Highcliff Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
Highfield Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
IVC Group International Limited	England and Wales	Ordinary	100%	100%
IVC Ltd	England and Wales	Ordinary	100%	100%
Jackson Vets Limited	England and Wales	Ordinary	100%	100%
Kernow Veterinary Group Limited	England and Wales	Ordinary	100%	100%
Kingsway Veterinary Group Ltd	England and Wales	Ordinary	100%	100%
Knockanboy Veterinary Clinic Limited	England and Wales	Ordinary	100%	100%
Lynton House Veterinary Group Limited	England and Wales	Ordinary	100%	100%
Mansion Hill Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
Martin Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
November Limited	England and Wales	Ordinary	100%	100%
Paxton Veterinary Clinics Limited	England and Wales	Ordinary	100%	100%
Petcare Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
Pool Farm Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
Robson Vets Limited	England and Wales	Ordinary	100%	100%
Scarsdale Vets (Derby) Limited	England and Wales	Ordinary	100%	100%
Simply Pets - Cheltenham	England and Wales	Ordinary	100%	100%
South Lakes Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Straid Veterinary Clinic Limited	England and Wales	Ordinary	100%	100%
Strathmore Veterinary Clinic Limited	England and Wales	Ordinary	100%	100%
The Animal House Limited	England and Wales	Ordinary	100%	100%
The Cheshire Pet Medical Centre (Sandbach) Limited	England and Wales	Ordinary	100%	100%
The Dermatology Referral Service Limited	Scotland	Ordinary	100%	100%
Vet On The Hill Limited	England and Wales	Ordinary	100%	100%
Vets Now Emergency Limited	England and Wales	Ordinary	100%	100%
Vets Now Limited	England and Wales	Ordinary	100%	100%
VN Holdings Limited	England and Wales	Ordinary	100%	100%
Westmorland Veterinary Services (Farm Animal) Limited	England and Wales	Ordinary	100%	100%

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

15 Investments held as fixed assets (continued)

Westmorland Veterinary Services Limited	England and Wales	Ordinary	100%	100%
Wheelhouse Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Leonard Brothers Veterinary Centre Limited	England and Wales	Ordinary	100%	0%
Horsehead Nebula Limited	England and Wales	Ordinary	100%	0%
South Lincs Vet Group Limited	England and Wales	Ordinary	100%	0%
Tother Services Limited	England and Wales	Ordinary	100%	0%
Greg Toth Limited	England and Wales	Ordinary	100%	0%
Animates Veterinary Clinic Limited	England and Wales	Ordinary	100%	0%
Moy Vets Limited	England and Wales	Ordinary	100%	0%
Azure Blue Services Limited	England and Wales	Ordinary	100%	0%
Vetspeed Limited	England and Wales	Ordinary	100%	0%
Paws Colchester Veterinary Centre	England and Wales	Ordinary	100%	0%
Park Issa Vets Limited	England and Wales	Ordinary	100%	0%
Tern Vets Limited	England and Wales	Ordinary	100%	0%
Eden Veterinary Centre Limited	England and Wales	Ordinary	100%	0%
Marshlands Animal Care Limited	England and Wales	Ordinary	100%	0%
Bowden & Charlesworth Limited	England and Wales	Ordinary	100%	0%
Axe Valley Veterinary Practice Limited	England and Wales	Ordinary	100%	0%
Green Lane Vets Limited	England and Wales	Ordinary	100%	0%
The Vet Centre Limited	England and Wales	Ordinary	100%	0%
Carterton Veterinary Surgery Limited	England and Wales	Ordinary	100%	0%
Veterinary Healthcare Limited	England and Wales	Ordinary	100%	0%
Bell & Partners Limited	England and Wales	Ordinary	100%	0%
Fyrnwy Equine Group Limited	England and Wales	Ordinary	100%	0%
Manor Farm Vets Limited	England and Wales	Ordinary	100%	0%
Priory Vets Cardigan Limited	England and Wales	Ordinary	100%	0%
Ark Veterinary Practice Limited	England and Wales	Ordinary	100%	0%
New Priory Vets Brighton Limited	England and Wales	Ordinary	100%	0%
Cedar Grove Veterinary Clinic Limited	England and Wales	Ordinary	100%	0%
Orby Vets Limited	England and Wales	Ordinary	100%	0%
The Mobile Vet Limited	England and Wales	Ordinary	100%	0%
Animal House Vets Limited	England and Wales	Ordinary	100%	0%
Highcroft (Hailsham) Limited	England and Wales	Ordinary	100%	0%
Heartland Veterinary Services Limited	England and Wales	Ordinary	100%	0%
ISVR Limited	England and Wales	Ordinary	100%	0%
Wellpet Veterinary Practice Limited	England and Wales	Ordinary	100%	0%
Catley Cross Veterinary Clinic Limited	England and Wales	Ordinary	100%	0%
Bowden South Normanton Limited	England and Wales	Ordinary	100%	0%

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

15 Investments held as fixed assets (continued)

Ashbank Vet Centre Limited	England and Wales	Ordinary	100%	0%
Ashbank Holdings Limited	England and Wales	Ordinary	100%	0%
Lansdown Veterinary Services Limited	England and Wales	Ordinary	100%	100%
Hall Place Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Easipetcare Limited	England and Wales	Ordinary	100%	100%
Market Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
LWAH Limited	England and Wales	Ordinary	100%	100%
Taverham Veterinary Practice Holdings Limited	England and Wales	Ordinary	100%	100%
Taverham Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
DVG Limited	England and Wales	Ordinary	100%	100%
Saxon Vets Limited	England and Wales	Ordinary	100%	100%
Steffan Veterinary Services Limited	England and Wales	Ordinary	100%	100%
Gilmore Pet Surgery Limited	England and Wales	Ordinary	100%	100%
Bilton Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
New Street Vets Limited	England and Wales	Ordinary	100%	100%
AVC 35 Limited	England and Wales	Ordinary	100%	100%
Castle Vets Pet Healthcare Limited	England and Wales	Ordinary	100%	100%
Barrow Hill Veterinary Group Limited	England and Wales	Ordinary	100%	100%
Bourne Practice Limited	England and Wales	Ordinary	100%	100%
Twickenham Vets Limited	England and Wales	Ordinary	100%	100%
Ark Veterinary Centre (Colchester) Limited	England and Wales	Ordinary	100%	100%
Hart Veterinary Limited	England and Wales	Ordinary	100%	100%
Blackberry Veterinary Clinic Limited	England and Wales	Ordinary	100%	100%
Hook Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Fivelands Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
H G H (V S) Limited	England and Wales	Ordinary	100%	100%
Petsco Limited	England and Wales	Ordinary	100%	100%
Petsco 2 Limited	England and Wales	Ordinary	100%	100%
Oakmount Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
The Barn Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
Biscot Mill Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Amery Vets Limited	England and Wales	Ordinary	100%	100%
Towerwood Holdings Limited	England and Wales	Ordinary	100%	100%
Towerwood Vets Limited	England and Wales	Ordinary	100%	100%
Mainstone Veterinary Clinic Limited	England and Wales	Ordinary	100%	100%
Pets First Limited	England and Wales	Ordinary	100%	100%
The Vets' Place Limited	England and Wales	Ordinary	100%	100%

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

15 Investments held as fixed assets (continued)

Holmefield Veterinary Clinics Limited	England and Wales	Ordinary	100%	100%
Advanced Vetcare Limited	England and Wales	Ordinary	100%	100%
Pro-Vets Group Limited	England and Wales	Ordinary	100%	100%
Frontfoot Consultancy Suffolk Limited	England and Wales	Ordinary	100%	100%
Wellpets Limited	England and Wales	Ordinary	100%	100%
Crossroads Veterinary Services Limited	England and Wales	Ordinary	100%	100%
GP Vets Limited	England and Wales	Ordinary	100%	100%
Lakeside Veterinary Surgery Limited	England and Wales	Ordinary	100%	100%
Sampson Park Limited	England and Wales	Ordinary	100%	100%
Stamford Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Norcross Veterinary Limited	England and Wales	Ordinary	100%	100%
Alexandra & Hillyfields Vets Limited	England and Wales	Ordinary	100%	100%
Kieren Peterkin Limited	England and Wales	Ordinary	100%	100%
FramVet Limited	England and Wales	Ordinary	100%	100%
Earl Soham Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Waverley Veterinary Services Limited	England and Wales	Ordinary	100%	100%
Companion Veterinary Clinic Limited	England and Wales	Ordinary	100%	100%
Oval Pet Centre Limited	England and Wales	Ordinary	100%	100%
Mondocane Limited	England and Wales	Ordinary	100%	100%
Hungerford Vets Limited	England and Wales	Ordinary	100%	100%
Shield Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Bray House Veterinary Services Limited	England and Wales	Ordinary	100%	100%
Belmont Vets Limited	England and Wales	Ordinary	100%	100%
Rufford Veterinary Group Limited	England and Wales	Ordinary	100%	100%
Alcombe Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
The Laurels Veterinary Centre (Hereford) Limited	England and Wales	Ordinary	100%	100%
Pet Vets Limited	England and Wales	Ordinary	100%	100%
Cambridge Veterinary Group Limited	England and Wales	Ordinary	100%	100%
Brackley Pet Healthcare Limited	England and Wales	Ordinary	100%	100%
North Downs Vets Limited	England and Wales	Ordinary	100%	100%
Shaw Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
Crossways Animal Care Limited	England and Wales	Ordinary	100%	100%
Birch Veterinary Centre Limited	England and Wales	Ordinary	100%	100%
The Riverside Veterinary Practice Limited	England and Wales	Ordinary	100%	100%
The Neighbourhood Veterinary Centre Ltd	England and Wales	Ordinary	100%	100%
Hawkedon and Holmefield Vets Limited	England and Wales	Ordinary	100%	100%
Border Vets (Longtown) Limited	England and Wales	Ordinary	100%	100%

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

15 Investments held as fixed assets (continued)

WHVC Limited	England and Wales	Ordinary	100%	100%
Gordon Vets Limited	Scotland	Ordinary	100%	0%
Nithsdale Vets Limited	Scotland	Ordinary	100%	0%

* dormant

** intermediate holding company

The following companies are owned indirectly: KVG Ltd, KVG (Hull) Ltd, GLVG Ltd, Worthing Emergency Vets Ltd, Vets@Home Ltd, Vale 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 and Cambridge Veterinary Group 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, Inverness 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.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

16 Business combinations

During the year, the company acquired the trade and net assets of a number of businesses.

The amounts recognised in respect of the combined identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 2020 £ 000
Assets and liabilities acquired	
Financial assets	1,299
Stocks	685
Tangible assets	<u>599</u>
Total identifiable assets	<u>2,583</u>
Goodwill	<u>23,101</u>
Total consideration	<u><u>25,684</u></u>
Satisfied by:	
Cash	24,510
Costs of acquisition	<u>1,174</u>
Total consideration transferred	<u><u>25,684</u></u>

The useful life of goodwill is 5 years. The fair value of assets acquired is not deemed to be materially different to the book value.

17 Stocks

	2020 £ 000	2019 £ 000
Goods for resale and consumables	<u>17,002</u>	<u>19,341</u>

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

18 Debtors

			As restated (see note 2)
	Note	2020 £ 000	2019 £ 000
Trade debtors		31,511	22,908
Amounts owed by group undertakings		91,490	55,106
Other debtors		26,663	26,835
Prepayments		10,837	10,030
Deferred tax assets	<u>12</u>	4,517	791
Corporation tax asset		123	633
		<u>165,140</u>	<u>116,304</u>
Less amounts falling due after more than one year		<u>(90,883)</u>	<u>(54,499)</u>
Total debtors: amounts falling due within one year		<u>74,257</u>	<u>61,804</u>

Details of debtors: amounts falling due after more than one year

£90,883,000 (2019 - £54,499,000) of amounts owed by group undertakings is classified as due after more than one year.

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.

19 Creditors

			As restated (see note 2)
	Note	2020 £ 000	2019 £ 000
Due within one year			
Loans and borrowings	<u>21</u>	1,027	933
Trade creditors		44,314	52,737
Amounts owed to group undertakings		221	200
Social security and other taxes		61,384	19,301
Outstanding defined contribution pension costs		2,141	1,396
Other creditors		18,633	21,511
Accrued expenses		40,013	18,402
Deferred income		583	3
		<u>168,316</u>	<u>114,483</u>
Due after one year			
Loans and borrowings	<u>21</u>	1,047	1,480
Amounts owed to group undertakings		<u>1,289,431</u>	<u>1,121,395</u>

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

19 Creditors (continued)

Note	As restated (see note 2)	
	2020 £ 000	2019 £ 000
	1,290,479	1,122,875

Amounts owed to 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.

20 Provisions for liabilities

Provisions for liabilities due within one year and after one year includes deferred consideration of £72,801K (2019 - £61,705K) in relation to acquisitions. These balances are held at fair value and have not been discounted by the company's cost of borrowing as the time value of money was not significant. A breakdown can be seen below.

	(As restated see note 2)	
	2020 £ 000	2019 £ 000
Balance as at start of year	61,705	2,626
Adjustments to prior period estimates	5,922	-
Utilised in the period	(16,033)	(3,583)
From acquisitions	21,207	62,662
	<u>72,801</u>	<u>61,705</u>

Provisions for liabilities due after more than one year are £16,050K (2019 restated - £31,083K). Other provisions due after more than one year of £3,468K (2019 - £nil) relate to onerous leases.

21 Loans and borrowings

	2020 £ 000	2019 £ 000
Current loans and borrowings		
Finance lease liabilities	<u>1,027</u>	<u>933</u>
	<u>1,027</u>	<u>933</u>
Non-current loans and borrowings		
Finance lease liabilities	<u>1,047</u>	<u>1,480</u>

22 Share capital and reserves

The company had £1 Ordinary share of £1 each as at 30 September 2019 and 30 September 2020.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

23 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2020 £ 000	2019 £ 000
Not later than one year	1,027	933
Later than one year and not later than five years	1,047	1,480
	<u>2,074</u>	<u>2,413</u>

Operating leases

The total of future minimum lease payments is as follows:

	2020 £ 000	2019 £ 000
Not later than one year	22,758	21,902
Later than one year and not later than five years	79,004	92,494
Later than five years	112,304	97,713
	<u>214,066</u>	<u>212,109</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £24,237,000 (2019 - £17,603,000).

24 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 £8,463,912 (2019 - £5,395,500).

Contributions totalling £2,141,377 (2019 - £1,395,938) were payable to the scheme at the end of the year and are included in creditors.

25 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 2020 is £1,393,824,348 (2019 - £1,220,930,265) and is secured by a debenture over the assets and undertakings of certain companies in the group.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

26 Parent and ultimate parent undertaking

The company is controlled by IVC Acquisition Limited, incorporated in England and Wales. The ultimate parent undertaking at the financial year end was Browne Holding S.à.r.l., a company registered in Luxembourg. On 25 May 2021, Islay New Group Holding SA, a company registered in Luxembourg acquired the entire shareholding of IVC New Top Holding S.A.(an indirect parent company of the Company) which was controlled by Browne Holding S.à.r.l. As no shareholder owns more than 50% of Islay New Group Holding SA, Islay New Group Holding SA became the new ultimate parent company from 25 May 2021.

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.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

27 Non adjusting events after the financial period

On 9 February 2021 it was announced that, as part of its long-term commitment to IVC, EQT Private Equity is making a substantial 15% investment through its EQT IX fund, and with the transaction EQT VII fund is partially exiting its stake but will remain invested in the company. In addition, Silver Lake, a leading global technology investment firm, will be making a new 15% minority investment in IVC to help further unlock and accelerate growth from digital and technology opportunities. Lastly, Nestlé, which joined EQT Private Equity in 2019 as a minority investor and strategic partner, is also increasing its minority stake in IVC by 5% as part of this transaction. The transaction completed on 25 May 2021.

Also as part of this transaction, Islay New Group Holding SA, a company registered in Luxembourg acquired the entire shareholding of IVC New Top Holding S.A. (an indirect parent company of the Company) which was controlled by Browne Holding S.à.r.l. As no shareholder owns more than 50% of Islay New Group Holding SA, Islay New Group Holding SA became the new ultimate parent company from 25 May 2021.

During the period from 1 October 2020 through 11 June 2021, the company has entered into agreements to acquire 100% of the issued shares or trade and net assets of 30 additional veterinary practices within the United Kingdom. The aggregate enterprise value of these acquisitions totals £145,428,000. 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 2020 consist of the following:

Acquiree	Country	Type	Enterprise value £'000
Beast Mode Limited	UK	Issued shares - 100%	10,612
Donnington Grove Veterinary Group Limited	UK	Issued shares - 100%	25,169
Yorkshire Vets Limited	UK	Issued shares - 100%	12,000
Cherry Tree Veterinary Practice Limited & Hamilton Specialist Referrals Limited	UK	Issued shares - 100%	11,000
Dragon Veterinary Group & ChelVets	UK	Issued shares - 100%	15,000

There have been no material acquisitions between 11 June 2021 and the date of signing of the financial statements.

INDEPENDENT VETCARE LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2020

28 Related party transactions

Summary of transactions with key management

Key management personnel are considered to be the directors of the company and key management personnel compensation is disclosed in note 10 to the financial statements.

Summary of transactions with entities with significant influence

Related party relationship	Type of transaction	Transactions		Outstanding balance	
		2020	2019	2020	2019
		£000	£000	£000	£000
Subsidiaries of a minority shareholder of the Group to which the company belongs which is deemed to have significant influence over the Group	Rebates received	221	-	221	-

The company has taken advantage of the exemption available and has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary of the group.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.