Registration number: 10026937

VETPARTNERS GROUP LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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COMPANY INFORMATION

Directors	J C Malone M Stanworth M Giffin
Registered Office	Spitfire House Aviator Court York YO30 4UZ
Bankers	National Westminster Bank Plc 3rd Floor 2 Whitehall Quay Leeds LS1 4HR
Auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ

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

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to VetPartners Group Limited and its subsidiary undertakings (the "Group") when viewed as a whole.

Principal activity
The principal activity of the Group is the provision of veterinary services. The principal activity of the company is that of a holding company.

Business ownership
The Group is owned by BC European Capital X, advised by BC Partners LLP, who acquired the Group from Ares Management Limited and Ares Management UK Limited on 29 November 2018. Ares Management and Ares Management UK Limited previously owned the Group since 6 April 2018.

BC European Capital X's ownership of the Group is through a collection of limited partnerships with no individual or institutional investor holding, directly or indirectly, more than 10%.

Group Strategy

The Group's mission is to deliver the best possible care for pets and clients. We provide a secure home for veterinary practices and our people. We deliver this by working as true partners; investing in people and infrastructure and by listening and evolving.

VetPartners' vision is to be the veterinary group of choice for employees, customers, owners of vet practices and related businesses as well as other key stakeholders and suppliers.

The Group's key strategies centre around five key areas:

- **To be the veterinary employer of choice:** In order to attract and retain the very best clinical and non-clinical teams. The Group supports its team members at all stages of their career progression. During the year the Group undertook a group-wide employee engagement survey and has acted on the feedback by improving terms and conditions including enhancing sick pay; maternity, paternity and adoption leave; increasing minimum levels of holiday and CPD support. The Group has an active wellbeing group which provides literature and support to ensure focus on the wellbeing of its team members.
- **Provide excellence in customer care and service:** The Group's team members are developed with a customer-centric focus. All customer care team members are enrolled into the British Veterinary Receptionist Association in order to receive training and qualifications. All practices have social media pages in order to promote interaction with customers, advice and content is supplied by the Group, and key concepts shared. Practices are encouraged to get feedback from customers in order to further progress.
- **Provide outstanding care for our patients:** At all times the Group would expect its teams to put patient care at the forefront of what they do. The Group provides investment in facilities and equipment in order to aid the delivery of this. The Group also promotes training at all clinical levels in order to ensure the skill of our clinical teams can provide the fullest range of treatment options. Patient care is championed and promoted throughout the Group. Sharing of best practice happens at local and national facilitated events and training sessions. The Group's clinical boards and special interest groups share best practice and the latest innovations.
- **Develop our business in an efficient, ethical, sustainable and profitable way:** The Group uses its scale and community to leverage efficiencies. Sharing of out of hours teams is a key example of this. Whilst the Group's focus is on sustainable growth and profit levels we are also focused on environmental impact and sustainability in a much broader sense.
- **Be the acquirer of choice in the UK and across Europe:** A key strategy for the Group during 2021 and beyond is growth across Europe.

In addition to the Group's five core strategies, there has been a move to increase the expertise in the central support team.

Review of the business

The results of the year show that the Group is continuing to achieve significant growth driven by both acquisitions and organic growth with revenue up by 27%, whilst, at the same time, maintaining a healthy gross margin of 76% (2020: 75%). The results for the European businesses show turnover of £10,360,000 up from £4,204,000 last year representing an increase of 146%. Although Group overheads have increased due to continued expansion overheads have reduced, as a percentage of turnover, from 63% to 57%.

The Group's Adjusted EBITDA for the year ended 30 June 2021 was £88,993,000 (2020 £61,751,000). The Group's growth is partly driven by acquisitions, with thirty-five practices and two non-practice companies joining the Group in the year, in addition to organic growth. In each financial period the Group expects to incur professional fees for both completed and aborted transactions together with the costs of restructuring, integrating and combining acquired businesses. The Group operating result for the year ended 30 June 2021 included £2,486,000 of such costs (2020: £4,338,000).

Summary Financial Results	**2021 £'000**	**2020 £'000**
Revenue	430,660	339,732
Gross Profit	325,271	255,673
Adjusted EBITDA	88,993	61,751
Operating Profit	44,399	19,806

Adjusted EBITDA: is defined as profit or loss for the period before interest, tax, depreciation and amortisation, plus adjustments for exceptional items. It is a non-GAAP measure and is the Group's measure of underlying profitability, which is used by the Board and senior management to measure and monitor the Group's performance.

The following table provides a reconciliation of Adjusted EBITDA to IFRS Loss for the year.

	2021 £'000	**2020 £'000**
Loss for the year	(19,711)	(29,015)
Loss/(profit) on disposal of tangible fixed assets	698	(64)
Other gains and losses	2,344	1,871
Depreciation	20,664	17,171
Amortisation	14,655	12,763
Interest payable and similar charges	55,274	48,900
Interest receivable and similar income	(89)	(48)
Tax charge/(credit)	6,581	(1,798)
Exceptional Items	8,577	12,075
(Gain)/loss on foreign exchange	-	(104)
Adjusted EBITDA	88,993	61,751
Exceptional items include the following:		
Reorganisation and restructuring costs	2,804	2,595
Business transformation costs	2,062	794
Restructuring and integration costs	2,486	4,338
Other non-recurring exceptional costs	1,225	4,348
Exceptional Items	8,577	12,075

Across its operating divisions the Group identifies its revenue into four categories: Fees, Drugs, Pet Care Plans and Other Sales including testing, training and on-line sales. Veterinary Fees are the largest component and account for 65% of the Group's revenue (2020: 64%). The gross margin percentage has remained stable at 75%, due to changes in the sales mix offset by the Group's improved procurement processes.

People Costs, which include locum and consultant costs, training, recruitment and CPD expenses as well as staff costs, account for the largest element within Overheads and amounted to £179,549,000 representing 41.7% of turnover (2020: £141,722,000 representing 41.7% of turnover)

Consolidated Cash Flow Statement

Cash generated from operations amounted to £69,862,000 compared to £69,368,000 for the previous year; payments for acquisitions amounted to £177,316,000 (2020: £89,151,000) and proceeds from borrowings were £192,738,000 (2020: £93,060,000).

As at 30 June 2021, the Group's utilised bank borrowing facilities totalled £706,083,000 (June 2020: £518,564,000) – comprising Unitranche and Super Senior Debt and a Revolving Credit Facility.

Financial Risk Management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk and inflation risk.

Credit Risk: The Group's principal assets are bank balances and trade debtors, The Group's credit risk is primarily attributable to its trade debtors, which totalled £40.4m at 30 June 2021, (2020: £25.8m). This risk is managed through credit control procedures including limits on customer spending and the use of a dedicated central credit collection team supporting practice-based team members. The amounts presented in the balance sheet are net of the provision for doubtful debts. The credit risk in respect of bank balances is safeguarded by using banks with high credit ratings. The Group has no significant concentration of credit risk, with its exposure spread across a large number of customers.

Liquidity Risk: In order to maintain liquidity and to ensure that sufficient funds are available for ongoing operations and developments, the Group operates a centralised treasury function, including intercompany cash transfers. The Group has sufficient funds through existing cash balances, free cash flow and its credit facility to service the annual cost of its financing and to meet its other business needs. The Group manages the banking risk by only using banks with a high credit rating and by minimising the cash held overseas.

Interest Rate Risk: During the year to 30 June 2021 the Group's bank loans were at variable rates linked to LIBOR; the board continues to monitor the Group's position regarding interest rate risk and to implement strategies to manage this as is considered appropriate. Since the year end these loans are now linked to SONIA.

Development and Performance During the Year

In common with many businesses the main focus during the year came to terms with the implications of the Covid-19 pandemic and establishing robust and reliable ways of working that have enabled our people to operate safely whilst at the same time continuing to provide the same high level of service as before.

At the peak of the first lockdown 126 of our sites were closed and almost 2,000 employees were furloughed. The impact of the second and third lockdowns were less severe largely due to the RVCS, our governing body, not placing restrictions as strictly on the clinical work that could be performed. Also, partly due to the enhanced safety measures, including Perspex screens, PPE, risk assessments and other measures which were put in place. Those employees who were able to work from home continued to do so throughout the financial year.

Despite the challenging working environment our practice teams have demonstrated enormous commitment and professionalism meeting our clients' requirements.

In addition to the Group's organic growth we have continued to acquire more veterinary practices both in the UK and overseas. During the year a further eighteen UK practices joined VetPartners and we have continued our expansion into mainland Europe with eight Italian practices and nine French practices, including our first practice in France, joining the Group.

Since the year end the Group has also acquired its first practices in Germany and Switzerland

As part of our strategy to broaden the offering provided by VetPartners two non-practice businesses joined the Group during the year. VetUK is an online retailer of pet supplies and Time Right Group provides cremation and end of life care for pets.

Principal risks and uncertainties

The Group has identified the following major risks:

Group reputational risk: Internal reporting lines have been established to ensure fair and compliant processes are in place in order to avoid incidents and to manage PR risks if they occur.

Brexit and resultant risks: The Group continues to experience challenges with recruiting vets arising from the reduced number of EU vets registered with RCVS. There is a continued focus on the retention of people and effective networking to ensure timely visibility of regulatory changes. The procurement team continues to work with suppliers, in order to ensure continuity of supply of products.

Compliance Breach: Internal processes have been developed and shared alongside systems being implemented to mitigate this risk.

Regulatory or Legislative change: The Group undertakes professional networking, has a consultant to provide specialist sector knowledge and engages legal services for regular updates.

IT failure: Elements of the disaster recovery plan mean that redundancies are built in, such as duplicated servers in geographically distinct locations and appropriate service level agreements for third party suppliers. The Group's IT support has been brought in-house and this has helped to increase visibility and mitigate issues arising.

Significant data breach: The Group maintains an ongoing focus on training around policies regarding data breaches alongside IT resources being regularly stress tested and a clear escalation process for any possible issues.

Acquisitions reducing: This has been foreseen in more consolidated territories, hence the expansion into new territories.

Subsequent pandemic and ongoing effects: Continued dynamic response to unfolding situations, using a focused crisis-response team at senior management level planning for the "worst-case".

The attraction and retention of excellent clinical and non-clinical employees, including vets and nurses: Feminisation of the vet profession and comparatively low pay as a profession continues to drive vet shortages. Career breaks, part time working all impact on available working hours. The focus on attraction and retention of vet teams remains a key priority for the Group.

Remote prescribing of veterinary drugs is a potential revenue risk to the sector, both originating within the UK and from overseas – this area is imminently due for consultation by the Royal College of Veterinary Surgeons (RCVS). Since the year end RCVS have announced the end of remote prescribing.

Financial and Non-Financial key performance indicators

The KPIs set out in the table below are fundamental to the business and reflect the focus on the drivers that enable the management team to achieve the Group's business plans, strategic aims and objectives:

	2021	**2020**
Revenue (£'000)	430,660	339,732
Adjusted EBITDA (£000)	88,993	61,751
Operating Profit (£'000)	44,399	19,806
Gross Profit Margin	75.5%	75.3%
Net Debt – excluding lease liabilities (£'000)	686,462	500,524
Staff Numbers	5,977	5,236
Number of Sites	527	448
Number of Vets	1,700	1,503

Business Model

The Group aims to provide outstanding veterinary care to its patients and thereby build a long-term relationship with its clients, recognising that customer care and professionalism are key to customer retention. In order to help to achieve this the Group shares benchmarking and best practice across its various sites in order to improve performance both financially and operationally. This is promoted by the Group's clinical boards sharing knowledge and looking to enhance patient and customer care.

The Group's small animal practices work on a hub and spoke model with local practices sending out of hours and more complex cases to larger hospital sites. Team members are frequently shared between the local and hospital sites in order to maintain consistent standards of care and utilise the range of experience provided by our employees.

The Group business model is to allow veterinary practices to continue to operate under their original name in order to retain their local identity and their place in the community. The Group recognises that practices can only build sustainably by providing excellent value care and that organic growth is driven by reputation and word of mouth. Whilst the business model is to grow turnover locally at a practice level another key feature is to create a streamlined and centralised support function enabling savings to be made through enhanced purchasing power and more efficient administrative functions.

During the year the Group has acquired businesses other than veterinary practices to complement the Group's offering and to provide a more holistic approach to pet care. VetUK is an online retailer of pet care products and supplies and Time Right is the provider of cremation and end of life care for pets.

This model has proved to be successful in the UK and the Group is now expanding into mainland Europe where a similar model is being adopted.

In each country we expand into time is taken to ensure the country lead has the appropriate range of skills and experience, as well as critically endorsing and embodying our culture. All country leads are well networked in the veterinary sector.

The Group recognises that clients increasingly expect to be able to use technology to interact with our practices. Equally the use of the appropriate digital technology and expertise creates opportunities for us to improve the quality of care and service and improve the effectiveness of our teams, both in practices and centrally. We therefore started a new initiative to identify where the best opportunities to apply digital technology in the Group are and will be trialling then launching a variety of exciting new tools in the current financial year.

Future developments

The UK market for pet care is benefitting from a surge in pet ownership during the pandemic with 3.2m UK households acquiring a pet during the period. In Italy the estimate is that less than 35% of adults own a pet and in many European territories, there is a trend towards increased pet ownership which provides an increased market opportunity.

Whilst the underlying trend for the recent years has been for an increase in consumer spending in equine, the sector can be susceptible to economic downturns.

Consolidation levels in Italy and France are at around 5% and so the progression into Europe is an opportunity and priority for the Group. The growth in Italy and France will continue and we are expanding into other countries in mainland Europe where the recruitment of well-connected Country Leads in each target country has helped to facilitate this. If future and non-committed acquisitions require funding in excess of the current facilities, we would approach the provider of our current facilities who have significantly increased our acquisition facilities twice in the past two years.

The full impact of Brexit remains uncertain, and this may impact the Group, in particular our farm sector. Details of export agreements made with the EU will be of particular significance to the UK farming industry.

The RCVS is looking at the role of other members, or potential members, of the veterinary team, including Registered Veterinary Nurses, and consulting on bringing others into regulation. Within this lies a mix of risks and possible opportunities.

Environmental matters

As a veterinary company with an estate comprising over 500 sites operating throughout the UK and Europe, the Group recognises the potential scale of its environmental impact through resource and energy consumption and the size of our supply chain. The Group's sustainability strategy responds to this and is structured according to some of the core values upon which the Group was founded: ethical and sustainable business development and a commitment to providing excellent experiences for customers and colleagues.

The Group's sustainability strategy contains 21 targets for the next five years, including commitments to reduce energy use by 20%, to divert at least 90% of waste from landfill, to tackle the climate impacts of veterinary care, and to increase positive social impacts through volunteering and fundraising for charity. The strategy also incorporates a commitment to review and report on progress annually. Following the recruitment of the Group's first dedicated

Sustainability Manager in 2020 the Group's commitment to sustainability was underlined in June 2021 with the recruitment of two additional colleagues to the sustainability team.

Since October 2020, Group colleagues have prevented over 2.25 tonnes of PPE from going to waste by recycling through the TerraCycle Zero Waste Box service: an initiative which was expanded in Summer 2021 to include the provision of recycling boxes for medication blister packs, plastic packaging and animal food packaging for all mainland GB practices. In August 2021, a bespoke Practice Sustainability Guide for colleagues was launched via the e-learning platform to provide specific practical advice on all aspects of sustainability in veterinary practice. Several practices have also signed up to environmental accreditation scheme Investors in the Environment, with the first practice achieving a Silver award in June 2021.

Streamlined energy and carbon reporting (SECR)

The report covers the energy use and greenhouse gas (GHG) emissions arising from purchased electricity, consumption of transport fuels by company-owned vehicles, and the combustion of fuel for hot water and space heating. All the sites within this scope were assumed to use natural gas as fuel for hot water and space heating.

		Current reporting year 2020	Comparison reporting year 2019
Energy consumption used to calculate emissions: /kWh		19,453,216	13,989,310
Breakdown of above total energy by source	Electricity	12,110,926	5,333,796
	Gas	6,101,269	6,183,730
	Transport	1,241,021	2,471,784
	Other	-	-
Emissions from combustion of gas (Scope 1) / tCO2e		1,118	1,137
Emissions from combustion of fuel for transport purposes (Scope 1) / tCO2e		342	628
Emissions from purchased electricity (Scope 2, location-based) / tCO2e		2,572	1,244
Total gross CO2e based on above (location-based) / tCO2e		4,031	3,008
Emissions from purchased electricity (Scope 2, market-based) / tCO2e		190	-
Intensity ratio: tCO2e (gross) per m^2 floor area		0.032	0.074
Intensity ratio: tCO2e (gross) per number of practices		26.010	40.650
Number of Supplies Listed for Gas		302	187
% Invoice Coverage for SECR for Gas		16%	33%
Number of Supplies Listed for Electricity		531	239
% Invoice Coverage for SECR for Electricity		23%	33%

Method

The report has been prepared in accordance with the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate standard and the 2021 UK Government's Conversion Factors for Company Reporting

Adjustments to 2020 SECR figures

The 2019/20 gas figures have been adjusted down following two meters that were identified as having their consumption overstated in the original report

Electricity – Market Based Emissions

Market based emissions from purchased electricity has been added to this year's report but was not analysed as part of last year's SECR report. As such, market-based emissions for 2019/20 have not been stated.

Market based emissions have been calculated using published fuel mix disclosures from relevant suppliers for the reporting period. Where records of the appointed supplier are unavailable or where this information has not been published emissions have been calculated using the 2021 UK Conversion Factors for Company Reporting.

Transportation

All transportation emissions have been allocated as Scope 1 from company owned vehicles

Electricity and Gas

Due to acquisitions in the VetPartners portfolio and the takeover of a significant incumbent supplier, a large proportion of invoices for the year were unavailable. Where necessary to fill the gaps in available data a pro-rata calculation of the estimated annual consumption has been used. The estimated annual consumption has been derived from invoices where available and contracted volumes where invoices were not available.

Intensity Measurement

The chosen intensity measurement ratio is total gross emissions in tonnes of CO2e per m2 floor area and total gross emissions in tonnes of CO2e per practice.

Energy Efficiency Action taken

This year the Group launched and promoted a bespoke guide to sustainability in veterinary practices and associated businesses via its e-learning system, available to all colleagues. The guides include comprehensive advice and resources for reducing energy use in practice, including both behavioural change and practical / technological measures.

Ten of the Group's practices and the central support office have signed up to the Investors in the Environment scheme, which includes commitments to monitoring and reducing energy use. The Group has subsidised sign ups, and have resources dedicated to encouraging practices to sign up and supporting them through the process. The first practice to sign up has achieved Silver accreditation. The Group continues to encourage practices and businesses to sign up and has seen consistent interest and rates of enrolment since beginning this initiative.

Employee Matters

In order to ensure compliance with external regulations, Employee Handbooks are available to all the Group's employees, which outline the core employment related policies including Equal Opportunities, Disciplinary and Grievance and Health & Safety. During the coronavirus pandemic all face to face training programmes, where our managers kept up to date with employment law and management best practice, were moved to online events. Following our recent colleague engagement survey, we are planning to hold leadership development sessions with all line managers via our internal team and with external support as appropriate.

Career Pathways have been developed for all clinical positions which allow practice-based employees to evaluate their current level of experience and capability. This is with a view to creating a development plan which they can follow in order to improve specific skills or gain experience which will stand them in good stead for career advancement. As part of their employment contract the majority of employees receive a Continual Professional Development (CPD) allowance which can be used to fund their ongoing development by attending bespoke external programmes. This allowance has been enhanced following the employee engagement survey.

A range of internal training programmes are made available including The Manager Programme, a national Equine CPD and Business update event, a Middle/ Senior Manager strategy workshop and the launch of the Group's LMS Moodle platform.

Due to its rapid growth the Group had ongoing recruitment campaigns for a broad range of employment opportunities both in the practices and the Central Office. On average we welcomed 70+ new starters per month during 2020/21. The Group also recruited 106 Graduate Vets to work throughout the UK and participate in a 2-year structured Graduate Programme. An additional 37 student veterinary nurses were employed through an apprenticeship programme offering them the chance to qualify as registered Veterinary Nurses, at the same time as gaining practical on the job experience.

On the company's extranet, Squirrel, recruiting managers were given access to a wide variety of supporting documentation including advert templates, interview guides and candidate evaluation grids as a means of promoting best practice and compliance with recruitment legislation.

Social, community and human rights issues

The Group is committed to preventing slavery and human trafficking in our activities and ensuring that our supply chains are free from slavery and human trafficking. We view this as part of our wider responsibility to the Animal Health industry and to society.

The Group recognises that the greatest societal impacts we can have are likely to be in our supply chain, and therefore have a dedicated target in our sustainability strategy to develop KPIs for human rights and CSR and to ensure that all tier 1 suppliers meet them within five years. Following this we will extend our focus to subsequent tiers within our supply chain.

The Group has a significant presence in communities all over the UK and Europe, where its practices provide vital support for companion animals and for the farming sector. In its sustainability strategy the Group has committed to working with farmers and farming organisations to promote sustainable agriculture, and to working with other organisations in the veterinary sector and beyond to participate in knowledge exchange and to promote the key role that vets have in responding to environmental and social issues.

Many of the Group's colleagues are passionate about fundraising for a variety of social causes, and the Group's sustainability action plan contains a number of measures to support its colleagues in volunteering and fundraising activities. Since January 2020, Group colleagues have raised over £15,000 for Pets As Therapy through a variety of events including the first annual 'VetPartners Virtual 5K' which saw nearly 200 team members from 69 veterinary practices take part. A recent fundraising drive for an animal sanctuary in Afghanistan raised over £7,500 within six hours of its launch. In response to the completion of the employee survey an internal focus group has been set up on "giving something back" in order to facilitate charitable giving.

Section 172 statement

The Directors are of the opinion that they have effectively implemented their duties under section 172 of the Companies Act 2006. The Directors have considered the long-term strategy of the of the Group as disclosed in the Group strategy section of this report and consider that this strategy will continue to deliver long term success to the Group and its stakeholders.

The Directors recognise the importance of a wide range of stakeholders in delivering their strategy and achieving sustainability within the Group. The main stakeholders in the Group are considered to be the shareholders, employees (see page 8), suppliers and customers. Information on the Group's considerations in respect of its employees, its suppliers the wider community in which it operates (see page 9) including environmental considerations (see page 6) and maintaining a reputation for high standards of business conduct are detailed in this report. The Group's growth strategy clearly identifies our approach to continually add value for our shareholders.

Providing excellence in customer care and service and outstanding care for our patients are two of our core strategies. During the year we continued our regular programmes of communication with customers to support the care of their pets or animals. We also aim to improve customer service standards and engagement with customers through daily monitoring of customer reviews, tracking our customer NPS scores and through ongoing training programmes throughout the Group. Our Clinical Board, Species-specific Clinical Boards and Special Interest Groups meet regularly to discuss and share ideas and review best practice in respect of patient care. They consider new developments while providing guidance on all clinical and professional matters. The members of the Clinical Boards are rotated on a periodic basis to ensure fresh approaches are introduced and the professional development opportunity this provides is widely available.

We have built strong relationships with our suppliers over several years and work closely with them to deliver sustainable and mutually beneficial improvements. We work to ensure they are paid on time and there is regular communication with our supplier base together with formal meetings, often on a quarterly basis. We use these forums for feedback and to identify ways to adjust practices and processes to improve the supply chain and terms of purchase.

Gender diversity

A summary of the gender diversity throughout the Group is as follows:

	2021		**2020**	
	Male	**Female**	**Male**	**Female**
Clinical Directors	58%	42%	58%	42%
Vets	34%	66%	25%	75%
Employees	17%	83%	16%	84%

The gender balance of the veterinary profession has changed dramatically in the last 30 years and women now account for almost 60% of practicing vets. This percentage is likely to increase further as almost 80% of students enrolling in veterinary degree courses are female (source: RCVS).

Clinical Directors are senior vets who manage the practices from an operational perspective, the gender diversity for this Group is more in line with the gender balance of veterinary students from 25 years ago. The Graduate gender pay gap is 3% in favour of females and our veterinary surgeons who have graduated since 2000 have a median gender pay gap of zero.

Approved by the Board on 22 December 2021 and signed on its behalf by:

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J C Malone
Director

The directors present their report and the consolidated financial statements for the year to 30 June 2021.

Directors of the Group
The directors who held office during the period were as follows:

J C Malone
M Stanworth
M Giffin (appointed on 23 February 2021)

The Board of VetPartners Group Limited consists of three Executive Directors. The directors are not members or employees of BC Partners.

Jo Malone – Chief Executive Officer – appointed 25 February 2016

Jo Malone qualified as a vet at Glasgow University in 1998 and began her working life at a mixed practice in Market Harborough, before returning to her home city of York to work at Minster Vets, where she became a partner in 2009. Jo established VetPartners in October 2015 with three practices, including Minster Vets, and it has grown into one of Europe's leading veterinary groups.

Jo was Managing Director of VetPartners until February 2016 when she became Chief Executive Officer.

Mark Stanworth – Chief Operations Officer – appointed 31 January 2017

Mark Stanworth has vast experience from 25 years working in a variety of sectors, including private equity-owned businesses. He was interim Chief Financial Officer at Hovis, Group Finance Director for the Royal Bank of Scotland's car division and the Kalon Group, owners of Leyland and Johnstone's Paint.

Mark joined VetPartners in 2017 initially as Chief Financial Officer and his knowledge and experience of the Group led to him becoming Chief Operations Officer in 2020.

Michael Giffin – Chief Financial Officer – appointed 23 February 2021

Mike brings a wealth of experience to VetPartners having more than 20 years' experience as a CFO across a number of different sectors including media, retail and education. He has worked for large publicly quoted companies, private equity-owned businesses and also fast-growing founder-led private companies.

Directors' indemnities
The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Objectives and policies
The Board constantly monitors the Group's trading results and projections as appropriate to ensure that the Group can meet its future obligations as they fall due.

Dividends
No dividends were declared in the year and no further dividends have been proposed by the directors.

Price risk, credit risk, liquidity risk and cash flow risk
The Group is exposed to the usual credit and cash flow risks associated with selling on credit terms and manages this through credit control procedures. The Group's bank loans are at variable rates linked to LIBOR; the Board continues to monitor the Group's position with regard to interest rate risk and to implement strategies to manage this as is considered appropriate. Credit risk in respect of bank balances is safeguarded by using banks with high credit ratings.

Going concern
The Group meets its day-to-day working capital requirements through operating cash flows and a revolving credit facility ("RCF").

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At 30 June 2021, the Group had cash balances of £73.7m and an unutilised RCF of £15.0m. At this date, term loan facilities of £1,066.0m were available to support the Group's acquisitive growth initiatives over the coming years, of which £227m was undrawn at that date. The maturity and terms of these facilities are set out in note 19 to the financial statements.

Since the year end, the Group has increased the term loans by £15.0m to a total of £1,1081.0m, the RCF to £40.0m and continued to trade profitably and to generate cash. At 30 November 2021, the Group had cash balances of £52.1m and had £30.0m available under the RCF. £114m was available to draw under the term loans for future acquisitions. The reduction in undrawn facilities and cash since the year end is due to acquisitions completed in that period.

The Directors consider that the cash balances and the RCF and term loan facility available enable the Group to meet its liabilities in full.

After consideration of market conditions, the Group's financial position (including the level of headroom available within the bank facilities), financial forecasts for the four years to 30 June 2025, its profile of cash generation and the timing and amount of bank borrowings repayable, and principal risks, the Directors have a reasonable expectation that both the Company and the Group will be able to continue in operation and meet its liabilities, including committed acquisitions, as they fall due over the period, being at least 12 months from the date of approval of the financial statements.

For this reason, the going concern basis continues to be adopted in preparing the financial statements.

Employment of disabled persons
The Group's policy is to consider the recruitment of disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses 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 Group encourages the involvement of employees in its management through regular departmental meetings. For further information regarding Employee Matters, see page 8.

Research and development
The Group has an ongoing programme of research and development comprising several projects which are primarily related to evidence-based medicine.

Information disclosed in the Strategic Report
The following information required to be reported on in the Directors Report has been reported on in the Strategic Report to the extent, in the opinion of the directors, that no further disclosure is considered necessary:

- Further information in respect of employees involvement;
- Further information on how the directors have had a regard to the need to foster business relationships with suppliers, customers and others;
- Further information in respect of the review of the business;
- Further information in respect of the growth strategy.
- Streamlined energy and carbon reporting
- Future developments
- Financial risk management (page 4 and note 25)

Important non adjusting events after the financial period

Subsequent to the balance sheet date, the Group has completed the acquisition of the following UK entities where 100% of the voting rights were acquired, obtaining control, in line with the Group growth strategy:

- Dotvet Limited – Acquired 21 September 2021
- Ensbury Park Veterinary Practice Limited – Acquired 23 August 2021
- North Essex Veterinary Limited – Acquired 9 July 2021
- Pendle Pet Care Limited – Acquired 21 October 2021
- Goddard Veterinary Group Limited – Acquired 26 October 2021
- VetMedics Limited – Acquired on 17 December 2021

In addition to the above acquisitions, the Group acquired 100% of the trade and assets of Broken Cross on 6 August 2021 and the trade and assets of Avenue Vets on 30 November 2021.

The Group also acquired the following overseas entities:

- Botti Maggi - Acquired 6 July 2021 – Located in Italy
- Hegal Zabal – Acquired 31 July 2021 – Located in France
- Tierarztpraxis Kelberg – Acquired 14 September 2021 – Located in Germany
- Veterinaria Ardenza – Acquired 15 September 2021 – Located in Italy
- Clinica Veterinaria Sernissima – Acquired 20 September 2021 – Located in Italy
- My Little Veto – Acquired 30 September 2021 – Located in France
- Santer'Vet – 4 October 2021 – Located in France
- Swissvet Group – 22 October 2021 – Located in Switzerland
- Veterinaire Des Beauroy – 5 November 2021 – Located in France
- Clinique Veterinaire Du Chene – 16 December 2021 – Located in France

The total consideration paid in respect of the above share acquisitions and the trade and asset acquisitions was £141,551,000. The acquisition accounting for these business combinations is not yet complete. Any goodwill acquired as a result of the above acquisitions is considered to principally relate to the following:

- synergies arising, in particular from increased buying power and the use of central administrative functions;
- geographical location and convenience of practice sites; and
- acquired workforces, including the experience and reputation of veterinary surgeons.

The bank borrowing facilities were increased with £15m of term loan facilities and a further £25m of Revolving Credit Facility.

Auditors

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

so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

the director has taken all 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP were appointed as auditors to the company during the period, following the resignation of Hazlewoods LLP. A resolution to reappoint Deloitte LLP as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 22 December 2021 and signed on its behalf by:

………………..
J C Malone
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with international accounting standards and in conformity with the requirements of the Companies Act 2006 and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

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

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in international accounting standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have 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 auditor's report to the members of VetPartners Group Limited

Report on the audit of the financial statements

Opinion
In our opinion:

- the financial statements of VetPartners Group Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the accounting policies; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

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

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

We have nothing to report in this regard.

Responsibilities of directors
As explained more fully in the 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included relevant laws and regulations applicable to the Group and the sector it operates in such as the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included GDPR and Anti-money laundering laws and Veterinary and Health and Safety regulations.

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

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

- **Acquisition accounting – valuation of identified intangible assets**
    - assessment of the methodology of management's valuation; and
    - tested management's identification and valuation of the intangible assets through verification of third party evidence, benchmark market data and the involvement of our internal valuation specialists.

- **Impairment of Intangible assets**
  - challenged management's prepared forecasts through comparison with historical performance market trends and recent performance; and
  - tested the key inputs and assumptions through benchmarking with independent market data.

- **Revenue Recognition – risk the recorded revenue transactions did not occur in practices which are purchased with contingent consideration terms in their sale and purchase agreements**
  - testing the accuracy and completeness the list of practices with contingent consideration agreements; and
  - for a sample of revenue transactions related to practices with contingent consideration verification of revenue by tracing to support including invoices and payments received.

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kate Darlison

Kate Darlison FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

22nd December 2021

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Note	Year ended 30 June 2021 £'000	Year ended 30 June 2020 (as restated)* £'000
Revenue	3	430,660	339,732
Cost of sales		(105,389)	(84,059)
Gross profit		325,271	255,673
Other income	4	63	8,927
Administrative expenses		(280,935)	(244,794)
Operating profit		44,399	19,806
Operating profit before depreciation, amortisation and (loss)/profit on disposal of tangible fixed assets.		80,416	49,675
(Loss)/profit on disposal of tangible fixed assets	5	(698)	64
Amortisation	12	(14,655)	(12,762)
Depreciation	14	(20,664)	(17,171)
Operating profit	5	44,399	19,806
Other gains and losses	13	(2,344)	(1,871)
Other interest receivable and similar income	6	89	48
Profit on foreign exchange transactions		-	104
Interest payable and similar charges	7	(55,274)	(48,900)
Loss before taxation		(13,130)	(30,813)
Taxation	11	(6,581)	1,798
Loss for the financial year		(19,711)	(29,015)

The above results were derived from continuing operations.

* Details of the prior year adjustments are shown in Note 28

The notes on pages 26 to 71 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Year ended 30 June 2021 £'000	Year ended 30 June 2020 (as restated)* £'000
Loss for the year	(19,711)	(29,015)
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences on foreign currency net investments	(45)	80
Total comprehensive loss for the year	(19,756)	(28,935)

* Details of the prior year adjustments are shown in Note 28

The notes on pages 26 to 71 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	30 June 2021 £'000	30 June 2020 £'000 (as restated)*	30 June 2019 £'000 (as restated)*
Non-current assets				
Goodwill	12	715,784	554,741	486,626
Other intangible assets	12	177,399	144,460	117,664
Property, plant and equipment	14	54,441	41,251	34,078
Right-of-use assets	14	73,672	66,911	56,120
		1,021,296	807,363	694,488
Current assets				
Inventories	16	13,469	10,470	6,846
Trade and other receivables	17	69,383	46,812	38,253
Cash at bank and in hand		73,653	67,669	60,120
		156,505	124,951	105,219
Total assets		1,177,801	932,314	799,707
Current liabilities				
Trade and other payables	18	(128,972)	(91,721)	(53,446)
Current tax payable		(416)	(275)	(937)
Provisions	20	(11,303)	(11,020)	(7,162)
Borrowings	19	-	(10)	-
Lease liabilities	24	(13,060)	(11,668)	(9,652)
		(153,751)	(114,694)	(71,197)
Non-current liabilities				
Borrowings	19	(760,115)	(568,183)	(474,799)
Lease liabilities	24	(67,188)	(60,385)	(50,211)
Deferred tax liabilities	11	(41,345)	(25,655)	(18,636)
Other payables	18	(11,092)	(3,591)	(3,524)
		(879,740)	(657,814)	(547,170)
Total liabilities		(1,033,491)	(772,508)	(618,367)
Net assets		144,310	159,806	181,340
Capital and reserves				
Called up share capital	22	254,352	250,092	242,691
Retained earnings	23	(110,077)	(90,366)	(61,351)
Foreign translation reserve	23	35	80	-
Total Equity		144,310	159,806	181,340

Approved by the Board and authorised for issue on 22 December 2021 and signed on its behalf by:

M. Giffin

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M Giffin
Director

* Details of the prior year adjustments are shown in Note 28

The notes on pages 26 to 71 form an integral part of these financial statements

VETPARTNERS GROUP LIMITED
(Registration number: 10026937)

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	30 June 2021 £'000	30 June 2020 £'000 (as restated)*	30 June 2019 £'000 (as restated)*
Assets				
Non-current assets				
Investments in subsidiaries	15	254,352	250,092	242,691
Amounts owed from group undertakings	17	52,509	49,039	49,678
Total assets		306,861	299,131	292,369
Liabilities				
Current liabilities				
Other financial liabilities	18	(3,610)	(1,620)	-
Non-current liabilities				
Amounts owed to group undertakings	18	(48,483)	(47,257)	(49,678)
Total liabilities		(52,093)	(48,877)	(49,678)
Net assets		254,768	250,254	242,691
Equity				
Called up share capital	22	254,352	250,092	242,691
Retained earnings	23	416	162	-
Total equity		254,768	250,254	242,691

The Company has taken advantage of the exemption allowed under section 408 for the Companies Act 2006 and has not presented its own financial statement of Profit or Loss or Statement of Comprehensive Income. The profit of the Company for the year was £254,000 (2020 – profit of £162,000)

Approved by the Board and authorised for issue on 22 December 2021 and signed on its behalf by:

M. Giffin

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M Giffin
Director

* Details of the prior year adjustments are shown in Note 28

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2021

	Note	Share capital £'000	Retained earnings £'000	Foreign Translation reserve £'000	Total £'000
At 1 July 2020 as previously reported		250,092	(68,289)	80	181,883
Prior year adjustments	28	-	(22,077)	-	(22,077)
At 1 July 2020 as restated		250,092	(90,366)	80	159,806
Issue of share capital	22	4,260	-	-	4,260
Loss for the year		-	(19,711)	-	(19,711)
Currency translation differences on foreign currency net investments		-	-	(45)	(45)
Total comprehensive loss for the year		-	(19,711)	(45)	(19,756)
Balance at 30 June 2021		254,352	(110,077)	35	144,310
At 1 July 2019 as previously reported		242,691	(51,993)	-	190,698
Prior year adjustments	28	-	(9,358)	-	(9,358)
At 1 July 2019 as restated		242,691	(61,351)	-	181,340
Issue of share capital	22	7,401	-	-	7,401
Loss for the year as restated		-	(29,015)	-	(29,015)
Profit relating to foreign exchange differences		-	-	80	80
Total comprehensive (loss)/income for the year		-	(29,015)	80	(28,935)
Balance at 30 June 2020 (as restated)		250,092	(90,366)	80	159,806

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

Company	Note	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2020		250,092	162	250,254
Profit for the period and total comprehensive income		-	254	254
Issue of share capital	22	4,260	-	4,260
Balance at 30 June 2021		254,352	416	254,768
Balance at 1 July 2019		242,691	-	242,691
Profit for the period and total comprehensive income		-	162	162
Issue of share capital	22	7,401	-	7,401
Balance at 30 June 2020		250,092	162	250,254

The notes on pages 26 to 71 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	30 June 2021 £'000	30 June 2020 (as restated)* £'000
Cash flows from operating activities:			
Loss for the year		(19,711)	(29,015)
Adjustments to cash flows from non-cash and non-operating activity items:			
Depreciation, amortisation and profit on disposal	5	36,017	29,870
Other gains and losses	13	2,344	1,871
Finance income	6	(89)	(48)
Finance costs	7	55,274	48,900
Taxation expense/(credit)	11	6,581	(1,798)
Operating cash flows before movement in working capital		80,416	49,780
Decrease/(increase) in inventories		959	(2,442)
Increase in receivables		(10,095)	(4,891)
(Decrease)/increase in payables		(1,418)	26,921
Cash generated from operations		69,862	69,368
Corporation tax paid		72	(662)
Net cash flow from operating activities		69,934	68,706
Investing activities			
Interest received		89	48
Purchase of tangible assets		(19,063)	(12,381)
Proceeds from sale of tangible assets		1,680	432
Purchase of intangible assets		-	(66)
Additional consideration on prior year acquisitions		(2,513)	(657)
Acquisition of subsidiaries net of cash acquired	13	(177,316)	(89,151)
Net cash used in investing activities		(197,123)	(101,775)
Cash flows from financing activities			
Interest and financing costs paid		(49,598)	(43,663)
Proceeds from bank borrowing	27	192,738	93,060
Repayment of borrowings		-	(1,832)
Issue of ordinary shares	22	4,260	7,401
Payment of contingent consideration	13	(6,893)	(3,234)
Amounts loaned by/(payments to) parent undertaking		4,413	(59)
Amounts paid on lease liabilities		(11,737)	(11,065)
Net cash flows from financing activities		133,183	40,608
Net increase in cash and cash equivalents		5,994	7,539
Cash and cash equivalents at start of the year		67,659	60,120
Cash and cash equivalents at end of the year		73,653	67,659

* Details of the prior year adjustments are shown in Note 28

The notes on pages 26 to 71 form an integral part of these financial statements

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:
Spitfire House
Aviator Court
York
YO30 4UZ

2 Accounting policies

Summary of significant accounting policies

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

Statement of compliance

The group financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the FRC. Accordingly, these financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation presentation of a cash-flow statement.

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.

New and amended standards adopted by the Group

The Group has applied the following standards and amendments, applicable to the Group, for the first time in their financial reporting period commencing 1 July 2020:

- Revised Conceptual Framework for Financial Reporting (effective 1 January 2020);
- Definition of Material (Amendments to IAS 1 and IAS 8) (effective 1 January 2020);
- Definition of a Business (Amendments to IFRS 3) (effective 1 January 2020);
- IBOR reform Phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7) (effective 1 January 2020); and
- Covid-19 related rent concessions (Amendment to IFRS 16) (effective 1 June 2020).

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Future standards in place but not yet effective

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group’s accounting periods beginning on or after 1 July 2021 have been adopted early. The following standards and amendments, applicable to the Group, are not yet applied at the date of authorisation of these financial statements:

- Classification of Liabilities as Current or Non-current (amendments to IAS 1) (effective 1 January 2023);
- Reference to conceptual framework (Amendments to IFRS 3) (effective 1 January 2022);
- Property, Plant and Equipment – Proceeds before intended use (Amendments to IAS 16) (effective 1 January 2022).
- IBOR reform Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7) (effective 1 January 2021);
- Covid-19 related rent concessions after 30 June 2021 (Amendments to IFRS 16) (effective 1 April 2021);
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) (effective 1 January 2022);

2 Accounting policies (continued)

- Definition of Accounting Estimates (Amendments to IAS 8) (effective 1 January 2023);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective 1 January 2023); and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (effective 1 January 2023).
- IFRS17 Insurance Contracts (effective 1 January 2023).

The Group does not believe that there would have been a material impact on the financial statements from early adoption of these standards / interpretations or conceptual frameworks.

Basis of consolidation
The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June 2021.

No Profit and Loss Account is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a profit after tax for the financial period of £254,000 (2020 - £162,000).

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. In the event of non-controlling interests in a subsidiary, non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Going concern
The Group meets its day-to-day working capital requirements through operating cash flows and a revolving credit facility ("RCF").

At 30 June 2021, the Group had cash balances of £73.7m and an unutilised RCF of £15.0m. At this date, term loan facilities of £1,066.0m were available to support the Group's acquisitive growth initiatives over the coming years, of which £227m was undrawn at that date. The maturity and terms of these facilities are set out in note 19 to the financial statements.

Since the year end, the Group has increased the term loans by £15.0m to a total of £1,1081.0m, the RCF to £40.0m and continued to trade profitably and to generate cash. At 30 November 2021, the Group had cash balances of £56.6m and had £30.0m available under the RCF. £114m was available to draw under the term loans for future acquisitions. The reduction from 30 June 2021 results from utilising funds to acquire businesses.

2 Accounting policies (continued)

The Directors consider that the cash balances and the RCF and term loan facility available enable the Group to meet its liabilities in full.

After consideration of market conditions, the Group's financial position (including the level of headroom available within the bank facilities), financial forecasts for the four years to 30 June 2025, its profile of cash generation and the timing and amount of bank borrowings repayable, and principal risks, the Directors have a reasonable expectation that both the Company and the Group will be able to continue in operation and meet its liabilities, including committed acquisitions, as they fall due over the period, being at least 12 months from the date of approval of the financial statements.

For this reason, the going concern basis continues to be adopted in preparing the financial statements.

Revenue recognition
Revenue arises from the provision of veterinary services.
To determine whether to recognise revenue, the Company follows the five-step process as set out within IFRS 15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Contracts with customers take the form of agreed terms and conditions relating to the relevant services and goods being provided as part of each veterinary practice's activities.

Sale of goods
The sale of goods is recognised at the point of sale, that is. when goods have transferred to the customer and control has passed to the customer,

Rendering of service
Revenue from the rendering of services is recognised as and when the services are delivered. In most instances the service is performed at a point in time and revenue can be recognised at the point the service is performed.

Contracts with customers
Revenue from contracts with customers is recognised in line with the terms of the contract based on the specific obligations of the contract.

Members of Pet Care Plans (PCPs) pay monthly subscription fees and receive preventative consultations and treatments plus discounts over a twelve-month period, being the life of the contract. Revenue from the PCP is recognised as performance obligations which are satisfied at the point in time services are provided to customers, with the exception of worm and flea treatments and discounts which are recognised evenly over time. Where transfer of PCP services to the customer does not match the pattern of monthly payments made by members, contract assets or contract liabilities are recognised. The IFRS 15 Revenue from Contracts with Customers ("IFRS 15") practical expedient to not disclose information about performance obligations not yet satisfied at the reporting date has been applied in respect of the PCP since these performance obligations are part of a contract originally expected to have a duration of one year

Government grants
Income received as a result of a government grant are recognised in other income in the period in which the Group became entitled to receive the grant. Where the grant has conditional terms, the grant is recognised as a liability when received and recognised as revenue as and when the conditions attached to the grant have been met.

Volume rebates
The Group receives cash refunds or credits against purchases from suppliers for purchasing a certain amount of inventories or for participating in promotions. Rebates are recognised within cost of sales in the Consolidated Income Statement and are recognised as they are earned by the Group based on the expected entitlement for each relevant

2 Accounting policies (continued)

supplier contract up to the reporting date. To ensure that rebates are reflected in the inventory valuation, an adjustment is made by the Group at the reporting date to reduce inventories by the average percentage manufacturer rebate received in the year, with the corresponding entry being recognised in cost of sales. For rebates receivable in cash, amounts accrued are included within other receivables in the Consolidated Statement of Financial Position.

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.

Research and development tax credits
Certain companies within the Group may be entitled to claim tax credits in relation to the Research and Development Expenditure Tax Credit scheme in the UK. Tax credits receivable under this scheme are determined to have the substance of a government grant and accordingly these tax credits are accounted for under ISA20, 'Accounting for Government Grants'. The tax credits are recognised within Other Income in the Income Statement when there is reasonable assurance that the Group will comply with the relevant conditions and that the tax credits will be received.

Foreign currency
Foreign currency transactions are translated into functional currency at the rate of exchange ruling at the date of the transaction. Exchange differences arising from either the retranslation of the resulting monetary assets or liabilities at the exchange rate at the balance sheet date or from the settlement of the balance at a different rate are recognised in the Consolidated Income Statement when they occur.

On consolidation, the income statements of foreign currency subsidiaries are translated into sterling at the average exchange rate. If this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, a weighted average rate is used. The balance sheets of such subsidiaries are translated at the rate of exchange at the balance sheet date. Resulting exchange differences arising on the translation of foreign currency subsidiaries are taken directly to a separate component of shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiaries are treated as assets and liabilities of the foreign subsidiaries and are translated at the closing rate.

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 to their residual values, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	Over the term of the lease
Furniture, fittings and equipment	10% to 33% straight line
Motor vehicles	25% to 33% straight line
Right-of-use assets	Over the term of the lease

2 Accounting policies (continued)

The residual values and useful lives of tangible assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets
Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the Group'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 impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software), brands and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences (including software), brands and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition derived using a Multi-Period Excess Earnings Model for customer relationships and using a Relief from Royalty model in relation to brands. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Valuation analysis inputs:

	Range %
Customer acquisition costs – working capital	-10.8% to +11.1%
Customer acquisition costs – workforce	1.49% to 1.55%
Customer acquisition costs – fixed assets	3% to 4%

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

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

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

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

Intangible asset	Customer Relationships	Brands
Useful life	13 years	10-20 years
Amortisation method	Straight line basis over the useful life	Straight line basis over the useful life

2 Accounting policies (continued)

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.

Business combinations

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at an estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised through the income statement.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

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.

Receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the transaction price. All trade receivables 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 receivables is established using the expected credit loss model in accordance with IFRS 9.

Inventories
Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. The cost of inventories is assigned using the first in – first out (FIFO) formula.

Payables
Trade payables 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 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 payables 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.

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.

2 Accounting policies (continued)

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.

Leases
If the Group acts as lessee all contracts are recognised in the statement of financial position in accordance with the lessee's guidance in IFRS 16 with the exception of leases of low value assets and leases with a term of 12 months or less.

The Group as lessee
The Group recognises right-of-use assets under lease agreements in which it is the lessee. The underlying assets mainly include property, plant and equipment. The right-to-use assets comprise the initial measurement of the corresponding lease liability payments made at or before the commencement day as well as any initial direct costs. Furthermore, lease incentives are recognised separately and amortised during the lease term. The corresponding lease liability is included in the consolidated statement of financial position as a lease liability. Existing lease liabilities have been reclassified from borrowings to finance lease liabilities into the separate line item lease liability.

The right-to-use asset will be depreciated over the lease-term and if necessary impaired in accordance with applicable standards. The Group has not made any adjustments for re-measurement of the lease liability nor for the right-to-use asset. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (application of the effective interest method) and by reducing the carrying amount to reflect the lease payments made. No modification or reassessments of the lease liability have been made during the reporting period.

Variable rents are not part of the lease liability and the right-to-use asset. The payments are recognised as an expense in the period in which they are incurred. Variable payments are presented within the note Right-of-use assets.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Group 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.

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

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. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

2 Accounting policies (continued)

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 assets 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.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating unit groups ('CGUGs') of which the goodwill is a part. Any impairment loss in respect of a CGUG is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

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. Where a reversal of impairment occurs in respect of a CGUG, the reversal is applied to the assets (other than goodwill) of the CGUG on a pro-rata basis.

For financial assets carried at amortised cost, the amount of an impairment 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.

Critical judgements and key sources of estimation uncertainty
In the application of the Group'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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements in applying the Group's accounting policies
The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Accounting for leases under IFRS 16
For leases where the Group is a lessee, the Group is required to recognise right-of-use assets and a corresponding lease liability to be realised over the term of the lease. The directors have applied their judgement in assessing the initial fair value of the right-of-use asset in line with the terms of the lease as well as the fair value of the lease liability at initial recognition.

2 Accounting policies (continued)

Management has concluded that the interest rate implicit in the leases cannot always be readily determined and so the leases held have been discounted by the incremental borrowing rate (IBR), being the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain assets of a similar value to the right-of-use assets in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities and corresponding right-of-use assets.

To determine IBR, the Group uses synthetic credit rating as a starting point and adjusts this for conditions specific to each lease such as its term and security. The Group has used IBRs in the range 4.5% to 9.1%

Assuming that lease liabilities held as the reporting date was outstanding for the whole year, a 0.5 percentage point increase in the IBRs used across the lease portfolio would increase the profit before tax by £57,000 (2020: £21,000), decrease the lease liability by £1,829,000 (2020: £1,687,000) and decrease the right of use asset by £2,033,000 (2020: £1,833,000). a 0.5 percentage point decrease in the IBRs used across the lease portfolio would decrease the profit before tax by £63,000 (2020: £98,000), increase the lease liability by £1,898,000 (2020: £1,752,000 and increase the right of use asset by £2,124,000 (2020: £1,915,000). See note 14 and note 24 for further information in respect of right-to use assets and lease liabilities.

Accounting for intangible assets arising from business combinations
The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the Consolidated Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair value at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. See note 12 for further information.

The determination of the value of the intangible assets requires significant judgements and estimates to be made by the Directors. These judgements can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate discount rate. Judgement is also required in determining appropriate useful economic lives ("UEL") of the intangible assets arising from business combinations. The Directors make this judgement on an asset class by asset class basis and have determined that contracts with customers have a useful economic life of 13 years; brands have a useful economic life of between 10 and 20 years.

Goodwill represents the excess of the consideration transferred in a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the balance sheet date are discussed below.

Impairment of goodwill
The directors are required to assess goodwill for any impairment annually. In order to assess whether goodwill is impaired, goodwill is allocated to groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group tests goodwill for impairment annually, or more frequently if there are any indications that impairment may have arisen. The value of a Cash Generating Unit Group (CGUG) is based on value-in-use calculations

As each practice acquired generates revenue for the Group, the value-in-use valuation is used to value the goodwill of the Group. The directors also apply a number of estimates such as the expected growth rate and discounting rates used. These rates are assessed based on a number of factors that, in the opinion of the directors, will impact on the future growth of the Group, in the case of the growth rate, and the weighted average cost of available debt adjusted for various risk factors associated with Group's growth strategy, in the case of discount rates. See note 12 for further information in respect to these estimates along with appropriate sensitivity analysis.

Dilapidation provision
The Group's property leases may contain a clause requiring the Group to restore the property to its original state during the term or at the end of the lease. In order to assess the required provision for acquired entities, the directors obtain a report from an independent third-party detailing what restorative work is required at the date of acquisition. The directors also perform an annual assessment of the provision based on an average square foot charge and based on the level of dilapidation at year end for each property. Where information is not available, the assessment

2 Accounting policies (continued)

for a relevant property is based on an average rate across the Group, as this, in the opinion of the directors, is considered reasonable on the basis that similar trade is conducted across each of the properties and where each of the properties are considered to be not materially dissimilar from each other. In instances where the report differs substantially from the formula used, the directors then specifically assess the relevant property in order to identify which position represents a true and fair position in respect of the dilapidation provision to be recognised.

In the event that the rate used per square foot, which is derived from the level of dilapidation at year end, changes on average by 25%, the dilapidation provision at year end will change by £2,825,000. For those entities where an average square footage has been used, a change in this rate of 25% would see a change in the dilapidation provision at year end of £1,061,000.

Contingent consideration
The Consolidated 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 judgment and actual results may differ from assumed and estimated amounts. The carrying value of contingent consideration is disclosed in note 13.

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 each reporting period, and subsequent changes in fair value, including accretion for the passage of time, are recognized within revaluation of financial instruments in the Consolidated Statement of Profit or Loss. For details of the assumptions used for contingent consideration and sensitivity analysis refer to note 13.

3 Revenue

	2021 £'000	2020 £'000
United Kingdom	420,300	335,528
Rest of Europe	10,360	4,204
	430,660	339,732

	2021 £'000	2020 £'000
Rendering of services and sale of goods	413,047	325,598
Pet Care Plans	17,613	14,134
	430,660	339,732

4 Other income

	2021 £'000	2020 £'000
Coronavirus job retention scheme	1,063	6,373
Research and development tax (reversal of credits)/credits	(1,000)	2,554
	63	8,927

5 Operating profit

Arrived at after charging/(crediting):

	2021 £'000	2020 £'000 (as restated)
Amortisation	14,655	12,763
Depreciation expense – property plant and equipment	12,347	9,561
Depreciation expense – right-to-use assets	8,317	7,610
Loss/(profit) on disposal of tangible assets	698	(64)

6 Other interest receivable and similar income

	2021 £'000	2020 £'000
Interest income on bank deposits	89	48

7 Interest payable and similar charges

	2021 £'000	2020 £'000 (as restated)
Finance charges on leased assets	5,248	4,854
Interest on bank overdrafts and borrowings	42,611	39,148
Other finance costs adjacent to interest	5,476	2,553
Interest on intercompany loan	1,939	2,345
	55,274	48,900

8 Staff costs

Company

No staff costs are borne by the company. Directors of the company are remunerated via other companies within the group.

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

	2021 No	2020 No
Directors	3	2
	3	2

Group

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

	2021 £'000	2020 £'000
Wages and salaries	160,475	125,168
Social security costs	14,586	11,411
Pension costs, defined contribution scheme	4,488	5,143
	179,549	141,722

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

	2021 No	2020 No
Vets	1,700	1,503
Nurses	1,557	1,458
Administration and support	2,720	2,275
	5,977	5,236

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £'000	2020 £'000
Remuneration	-	293
Contributions paid to money purchase schemes	-	8
	-	301

At the end of May 2020, the directors' employment contracts were transferred to the Group's parent undertaking.

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

	2021 No	2020 No
Accruing benefits under money purchase pension scheme	3	2

9 Directors' remuneration (continued)

In respect of the highest paid director:

	2021 £'000	2020 £'000
Remuneration	-	167
Company contributions to money purchase pension schemes	-	4

10 Auditor's remuneration

	2021 £'000	2020 £'000
Audit of financial statements	451	100
Other fees to auditor		
All other non-audit services	-	322

Fees paid to the auditor for non-audit services above includes fees for taxation compliance services of £nil (2020 - £83,000), accountancy related services of £nil (2020 – £95,000) and corporate finance related services of £nil (2020 - £144,000) and other services of £nil (2020 - £nil). The prior year fees relate to amounts paid to the previous auditor.

11 Taxation

Tax charged/(credited) in the profit and loss account

	2021 £'000	2020 £'000 (as restated)
Current taxation		
UK corporation tax	667	-
	667	-
Deferred taxation		
Arising from origination and reversal of timing differences	5,914	(1,798)
Tax charge/(credit)	6,581	(1,798)

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

The differences are reconciled below:	2021 £'000	2020 £'000 (as restated)
Loss before tax	(13,130)	(30,813)
Corporation tax at standard rate	(2,495)	(5,854)
Effect of expense not deductible in determining taxable profit (including disallowed interest)	782	1,106
Tax effect of differences arising on intangible and tangible assets	(2,845)	4,026
Impact of change in tax rate on deferred tax liabilities	10,666	-
Carry forward of deductible interest under Corporate Interest Restriction rules	-	(1,350)
Group relief surrendered	305	-
Other tax effects for reconciliation between accounting profit and tax expense	168	274
Total tax charge	6,581	(1,798)

11 Taxation (continued)

Changes in tax law
During the March 2021 budget, a confirmed increase in the corporation tax rate from 19% to 25% was put in place with effect from 1 April 2023. Therefore, the deferred tax balances have been recalculated at 25% due to enactment before 30 June 2021.

Deferred tax balances before offset

	2021 £'000	2020 (as restated) £'000
Deferred tax liability	(47,939)	(31,988)
Deferred tax asset	6,594	6,333
Total deferred tax liability	(41,345)	(25,655)

Deferred tax balances after offset

	2021 £'000	2020 (as restated) £'000
Deferred tax asset	-	-
Deferred tax liability	(41,345)	(25,655)
Total deferred tax liability	(41,345)	(25,655)

The amounts reflect the differences between the carrying and tax amounts of the following balance sheet headings as at each year end.

Credits/(charges) during each year are as follows:

	Losses and other deductions £'000	Short term temporary differences £'000	Intangible assets £'000	Corporate interest reactivation £'000	Fixed asset temporary differences £'000	Total £'000
At 1 July 2019 – asset/(liability) (as restated)	-	-	(19,982)	4,983	(3,637)	(18,636)
Tax credit in respect of year	-	-	143	1,350	305	1,798
Acquired through business combinations	-	-	(7,896)	-	(921)	(8,817)
At 30 June 2020 – asset/(liability) (as restated)	-	-	(27,735)	6,333	(4,253)	(25,655)
Tax credit/(charge) in respect of year	2,590	457	(7,520)	(2,786)	1,345	(5,914)
Acquired through business combinations	-	-	(8,755)	-	(1,021)	(9,776)
At 30 June 2021 – asset/(liability)	2,590	457	(44,010)	3,547	(3,929)	(41,345)

12 Intangible assets

Group

	Goodwill	Customer relationships	Brands	Other	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 July 2019 as restated (note 28)	486,626	134,862	-	120	621,608
Additions	-	-	-	66	66
Arising on business combinations	66,697	39,408	-	85	106,190
Adjustments to goodwill acquired in previous years	1,418	-	-	-	1,418
At 30 June 2020	554,741	174,270	-	271	729,282
Arising on business combinations	158,531	29,371	16,707	1,515	206,124
Adjustments to goodwill acquired in previous years	2,512	-	-	-	2,512
At 30 June 2021	715,784	203,641	16,707	1,786	937,918
Amortisation					
At 1 July 2019 as restated (note 28)	-	17,318	-	-	17,318
Charge for the year	-	12,762	-	-	12,762
At 30 June 2020	-	30,080	-	-	30,080
Charge for the year	-	14,342	313	-	14,655
At 30 June 2021	-	44,422	313	-	44,735
Carrying value					
At 30 June 2021	715,784	159,219	16,394	1,786	893,183
At 30 June 2020	554,741	144,189	-	271	699,201
At 30 June 2019	486,626	117,544	-	120	604,289

Goodwill has arisen on the acquisition of various subsidiaries and businesses as set out in note 13 and in previous years. The directors have utilised the provisions of IFRS 3 in respect of determining fair values on business combinations provisionally and will adjust goodwill accordingly in the year ended 30 June 2022 for any amounts arising from the finalisation of those fair value within 12 months of the respective acquisitions prior to the date of approval of these financial statements.

Adjustments to goodwill acquired in previous years above relate to adjustments to consideration for business combinations completed in the prior period.

The valuation of customer relationship intangible assets includes the use of key estimates, including customer attrition rates and discount rates. A change of 50 basis points in discount rates or in customer attrition rates at the period end date would have increased/(decreased) the intangible assets recognised by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the comparative periods.

	2021	2020	2019
	£'000	£'000	£'000
Increase in the discount rate	(3,804)	(3,216)	(2,480)
Decrease in the discount rate	3,928	3,320	2,561
Increase in the attrition rate	(13,957)	(11,813)	(9,129)
Decease in the attrition rate	16,016	13,565	10,489

12 Intangible assets (continued)

Impairment testing

Foreign based entities are treated as separate CGU’s as these are managed and monitored separately from the UK based entities.

The Group tests goodwill for impairment annually, or more frequently if there are any indications that impairment may have arisen. The value of a Cash Generating Unit Group (CGUG) is based on value-in-use calculations. This involves deriving a value for goodwill based on the net present value of future cash flows of the Group. The directors used the forecasts for the year ending 30 June 2022 (2020 – 30 June 2021) as the basis for the cash flow projections. Cash flows were estimated using the basis of EBITDA (earnings before interest, tax, amortisation and depreciation) less exceptional items, capital expenditure and taxation payments, and also taking account projected working capital movements (which are not expected to have a significant impact). Cash flows up to and including the year ending 30 June 2025 (2020 – 30 June 2024) were then estimated using a growth rate of 3% (2020 – 2%) per annum, which is considered by the directors to be a prudent estimate of the potential growth in the sector. A terminal value was then calculated based on the same factors, and the discount rate described below.

The discount rate used in the calculations was based on a calculation of the Group’s weighted average cost of capital (“WACC”) which has been applied at 7.8% (2020 – 8%). The Group’s pre-tax WACC was 8.2% (2020: 9.2%).

Goodwill is considered for impairment purposes in the following groups:

	June 2021 £’000	June 2020 £’000
Small Animal	226,314	211,518
Equine	72,291	39,056
Farm	70,624	70,624
Mixed	231,385	222,044
Other	62,813	-
France	32,881	-
Italy	19,464	11,487
Central	12	12
	715,784	554,741

Based on the results of the impairment testing, no impairment charge has been made against the carrying value of goodwill at 30 June 2021 (2020 - £Nil). The directors have considered any reasonably possible changes in assumptions that could lead to an impairment charge arising. While there has been a change in the discount rate in the year, it is considered unlikely that this rate will change as any changes in the Group’s weighted average cost of capital are considered unlikely for the foreseeable future up to and including a period of at least the 12 months following the signing of these financial statements. However, had there been no change to the discount rate, no impairment charge would arise. The only reasonably possible change, according to the directors, is considered to be a reduction in the growth rate. For any impairment to arise, the terminal growth rate would need to reduce from 3.0% to -0.3% annually, assuming the trading forecasts to June 2025 are met. Such a sustained drop in the growth rate is considered, by the directors, to be highly unlikely given that management’s assessment would see the growth rate decrease by no more than 1%.

13 Business combinations

Goodwill represents the excess of consideration over the fair value of identifiable assets and liabilities acquired. For all acquisitions, goodwill is not tax deductible and is considered to principally relate to the following:

- synergies arising, in particular from increased buying power and the use of central administrative functions;
- geographical location and convenience of practice sites; and
- acquired workforces, including the experience and reputation of veterinary surgeons.

The results of acquired businesses post-acquisition are included in the tables below. Given the nature of the group, it is not practicable to disclose the revenue and profit/loss of the combined entity for the year as though all entities had been acquired on 1 July 2020.

Goodwill and intangible assets acquired are not expected to be deductible for tax purposes.

Acquisition costs in relation to business combinations in the year were £1,174,000. (2020: £3,844,000)

Each acquisition made during the year was done so in line with Group's growth strategy to grow through acquisitions of independent vet groups or practices. In the current year, the Group expanded into mainland Europe with a view of further growth and expansion within the continent.

Certain business combinations, as highlighted below, include contingent consideration. The amount of contingent consideration payable on acquisitions in the year ranges from a minimum of £Nil to a maximum of £6,000,000.

The directors have provided for the expected amount payable on the basis that the level of contingent consideration reflects the expected performance of the relevant businesses.

Total contingent consideration included within liabilities, which includes amounts payable in respect of business combinations in the prior year, amounts to £20,370,000 (2020 - £10,175,000).

The payment of contingent consideration in excess of the expected value together with unwinding of discounting the expected future consideration payments and any reassessment of the expected future contingent consideration payments has resulted in a charge in the profit and loss account of £2,344,000 (2020: £1,871,000). Deferred consideration payments made in the year totalled £6,893,000 (2020: £3,234,000) and the unwind of discounted provisions represented a charge of £695,000 (2020: £541,000).

The tables below show details of business combinations considered to be individually material as well as a summary of those considered to be individually immaterial but material in aggregate.

The Group has acquired veterinarian practices and groups throughout the United Kingdom, Italy and France. The primary reason for these acquisitions is to expand the Group's presence and increase future earnings in these geographical areas.

The material acquisitions are separately disclosed within this note. The directors have considered the accounting requirements of international accounting standards and have concluded that there were no other material acquisitions which require separate disclosure. For acquisitions completed within the twelve months prior to the date of approval of these financial statements the initial accounting has only been provisionally determined at the end of the reporting period.

13 Business combinations (continued)

On 1 October 2020, VetPartners Limited acquired 100% of the issued share capital of Armac Veterinary Group Limited, obtaining control. The principal activity is veterinary services.

Armac Veterinary Group Limited contributed £2,269,000 revenue and £282,000 profit to the Group's loss for the period between the date of acquisition and the balance sheet date.

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

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	810
Stocks	58
Tangible assets	60
Intangible assets	1,578
Financial liabilities	(443)
Deferred tax provision	(306)
Total identifiable net assets	1,757
Goodwill	2,466
Total consideration	4,223
Satisfied by:	
Cash	4,071
Deferred consideration	152
Total consideration transferred	4,223
Cash flow analysis:	
Cash consideration	4,071
Less: cash and cash equivalent balances acquired	(518)
Net cash outflow arising on acquisition	3,553

On acquisition Armac Veterinary Group Limited held trade receivables with a book and fair value of £197,000 representing contractual receivables of £249,000. While the Group will make every effort to collect all contractual receivables it considers it unlikely that £52,000 will ultimately be received.

Acquisition costs of £96,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

A contingent consideration arrangement is in place that requires payments to be paid by the Group to the sellers based on company growth over a two-year period. The potential undiscounted amount of all future payments that the Group could be required to make under the arrangement is between £nil and £250,000.

13 Business combinations (continued)

On 18 March 2021, VetPartners Limited acquired 100% of the issued share capital of Luxstowe Vets Limited, obtaining control.

Luxstowe Vets Limited contributed £605,000 revenue and £5,000 loss to the Group's loss for the period between the date of acquisition and the balance sheet date.

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

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	426
Stocks	82
Tangible assets	145
Intangible assets	1,348
Financial liabilities	(396)
Deferred tax provision	(271)
Total identifiable assets	1,334
Goodwill	4,957
Total consideration	6,291
Satisfied by:	
Cash	6,000
Deferred consideration	291
Total consideration transferred	6,291
Cash flow analysis:	
Cash consideration	6,000
Less: cash and cash equivalent balances acquired	(106)
Net cash outflow arising on acquisition	5,894

On acquisition Luxstowe Vets Limited held trade receivables with a book and fair value of £20,000 representing contractual receivables of £27,000. While the Group will make every effort to collect all contractual receivables it considers it unlikely that £7,000 will ultimately be received.

Acquisition costs of £173,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

A contingent consideration arrangement is in place that requires payments to be paid by the Group to the sellers based on company growth over a three-year period. The potential undiscounted amount of all future payments that the Group could be required to make under the arrangement is between £nil and £500,000.

13 Business combinations (continued)

On 26 February 2021, VetPartners Limited acquired 100% of the issued share capital of Time Right Group Limited, obtaining control.

Time Right Group Limited contributed £4,845,000 revenue and £947,000 profit to the Group's loss for the period between the date of acquisition and the balance sheet date.

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

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	6,336
Stocks	-
Tangible assets	5,341
Intangible assets	11,318
Financial liabilities	(17,606)
Deferred tax provision	(2,674)
Total identifiable assets	2,715
Goodwill	36,173
Total consideration	38,888
Satisfied by:	
Cash	38,888
Deferred consideration	-
Total consideration transferred	38,888
Cash flow analysis:	
Cash consideration	38,888
Less: cash and cash equivalent balances acquired	(6,270)
Net cash outflow arising on acquisition	32,618

On acquisition Time Right Group Limited held trade receivables with a book and fair value of £2,786,000 representing contractual receivables of £2,786,000. While the Group will make every effort to collect all contractual receivables it considers it unlikely that £nil will ultimately be received.

Of the cash consideration of £38,888,000, £23,315,000 was used to settle debt on acquisition.

Acquisition costs of £480,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

No contingent consideration is in place.

13 Business combinations (continued)

On 17 December 2020, VetPartners Limited acquired 100% of the issued share capital of TCEH (2011) Limited, obtaining control, along with the trade and assets of Three Counties Equine Hospital

TECH (2011) Limited and Three Counties Equine Hospital contributed £3,065,000 revenue and £265,000 profit to the Group's loss for the period between the date of acquisition and the balance sheet date.

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

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	1,174
Stocks	137
Tangible assets	339
Intangible assets	2,305
Financial liabilities	(573)
Deferred tax provision	(451)
Total identifiable assets	2,931
Goodwill	8,126
Total consideration	11,057
Satisfied by:	
Cash	10,500
Deferred consideration	557
Total consideration transferred	11,057
Cash flow analysis:	
Cash consideration	10,500
Less: cash and cash equivalent balances acquired	(84)
Net cash outflow arising on acquisition	10,416

On acquisition TCEH (2011) Limited and Three Counties Equine Hospital held trade receivables with a book and fair value of £817,000 representing contractual receivables of £857,000. While the Group will make every effort to collect all contractual receivables it considers it unlikely that £40,000 will ultimately be received.

Acquisition costs of £85,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

A contingent consideration arrangement is in place that requires payments to be paid by the Group to the sellers based on company growth over a four year period. The potential undiscounted amount of all future payments that the Group could be required to make under the arrangement is between £nil and £1,000,000.

13 Business combinations (continued)

On 7 August 2020, VetPartners Limited acquired 100% of the issued share capital of TVV Limited, obtaining control.

TVV Limited contributed £2,322,000 revenue and £347,000 profit to the group's loss for the period between the date of acquisition and the balance sheet date.

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

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	1,778
Stocks	37
Tangible assets	97
Intangible assets	1,303
Financial liabilities	(526)
Deferred tax provision	(256)
Total identifiable assets	2,433
Goodwill	3,065
Total consideration	5,498
Satisfied by:	
Cash	5,498
Deferred consideration	-
Total consideration transferred	5,498
Cash flow analysis:	
Cash consideration	5,498
Less: cash and cash equivalent balances acquired	(567)
Net cash outflow arising on acquisition	4,931

On acquisition TVV Limited held trade receivables with a book and fair value of £226,000 representing contractual receivables of £239,000. While the Group will make every effort to collect all contractual receivables it considers it unlikely that £13,000 will ultimately be received.

Acquisition costs of £152,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

No contingent consideration is in place.

13 Business combinations (continued)

On 31 March 2021, VetPartners Limited acquired 100% of the issued share capital of VetUK Limited, obtaining control.

VetUK Limited contributed £3,872,000 revenue and £130,000 profit to the Group's loss for the period between the date of acquisition and the balance sheet date.

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

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	4,660
Stocks	1,434
Tangible assets	172
Intangible assets	6,860
Financial liabilities	(2,998)
Deferred tax provision	(1,310)
Total identifiable assets	8,818
Goodwill	28,970
Total consideration	37,788
Satisfied by:	
Cash	33,964
Deferred consideration	3,824
Total consideration transferred	37,788
Cash flow analysis:	
Cash consideration	33,964
Less: cash and cash equivalent balances acquired	(2,231)
Net cash outflow arising on acquisition	31,733

On acquisition Vet UK Limited held trade receivables with a book and fair value of £373,000 representing contractual receivables of £373,000. While the Group will make every effort to collect all contractual receivables it considers it unlikely that £nil will ultimately be received.

Acquisition costs of £350,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

A contingent consideration arrangement is in place that requires payments to be paid by the group to the sellers based on company growth over a one-year period. The potential undiscounted amount of all future payments that the group could be required to make under the arrangement is between £nil and £6,000,000.

13 Business combinations (continued)

On 2 March 2021, VetPartners Practices Limited acquired 100% of the trade and assets of Oakhill Veterinary Group.

Oakhill Veterinary Group contributed £424,000 revenue and £99,000 loss to the Group's loss for the period between the date of acquisition and the balance sheet date.

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

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	125
Stocks	126
Tangible assets	50
Intangible assets	1,476
Financial liabilities	(28)
Deferred tax provision	(280)
Total identifiable assets	1,469
Goodwill	1,892
Total consideration	3,361
Satisfied by:	
Cash	2,752
Contingent consideration	609
Total consideration transferred	3,361
Cash flow analysis:	
Cash consideration	2,752
Less: cash and cash equivalent balances acquired	-
Net cash outflow arising on acquisition	2,752

On acquisition Oakhill Veterinary Group Limited held trade receivables with a book and fair value of £125,000 representing contractual receivables of £130,000. While the Group will make every effort to collect all contractual receivables it considers it unlikely that £5,000 will ultimately be received.

Acquisition costs of £75,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

A contingent consideration arrangement is in place that requires payments to be paid by the Group to the sellers based on company growth over a four-year period. The potential undiscounted amount of all future payments that the Group could be required to make under the arrangement is between £nil and £1,000,000.

13 Business combinations (continued)

On 1 March 2021, VetPartners Practices Limited acquired 100% of the trade and assets of Rossdales Veterinary Surgeons.

Rossdales Veterinary Surgeons contributed £5,154,000 revenue and £(794,000) to the Group's loss for the period between the date of the respective acquisition and the balance sheet date.

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

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	2,724
Stocks	592
Tangible assets	1,250
Intangible assets	12,395
Financial liabilities	(269)
Deferred tax provision	(2,355)
Total identifiable liabilities	14,337
Goodwill	20,060
Total consideration	34,397
Satisfied by:	
Cash	32,000
Contingent consideration	2,397
Total consideration transferred	34,397
Cash flow analysis:	
Cash consideration	32,000
Less: cash and cash equivalent balances acquired	-
Net cash outflow arising on acquisition	32,000

On acquisition Rossdales Veterinary Surgeons held trade receivables with a book and fair value of £2,866,000 representing contractual receivables of £3,786,000. While the Group will make every effort to collect all contractual receivables it considers it unlikely that £920,000 will ultimately be received.

Acquisition costs of £200,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

A contingent consideration arrangement is in place that requires payments to be paid by the Group to the sellers based on company growth over a five-year period. The potential undiscounted amount of all future payments that the Group could be required to make under the arrangement is between £nil and £4,500,000.

13 Business combinations (continued)

On 30 June 2021, VetPartners Limited acquired 49% of the issued share capital, the full economic rights and control of Groupe de Sante Animale du Blavet (GSAB).

GSAB contributed no revenue and no profit to the Group's loss for the period between the date of acquisition and the balance sheet date.

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

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	2,289
Stocks	282
Tangible assets	142
Financial liabilities	(2,033)
Deferred tax provision	-
Total identifiable assets	680
Goodwill	2,864
Total consideration	3,544
Satisfied by:	
Cash	3,544
Deferred consideration	-
Total consideration transferred	3,544
Cash flow analysis:	
Cash consideration	3,544
Less: cash and cash equivalent balances acquired	(366)
Net cash outflow arising on acquisition	3,178

On acquisition GSAB held trade receivables with a book and fair value of £1,211,000 representing contractual receivables of £1,211,000. While the Group will make every effort to collect all contractual receivables it considers it unlikely that £nil will ultimately be received.

Acquisition costs of £64,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

13 Business combinations (continued)

On 29 June 2021, VetPartners Limited acquired 49% of the issued share capital, the full economic rights and control of CHV Atlantia.

CHV Atlantia contributed no revenue and no profit to the Group's loss for the period between the date of acquisition and the balance sheet date.

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

	Fair Value
	£'000
Assets and liabilities acquired	
Financial assets	1,231
Stocks	217
Tangible assets	692
Financial liabilities	(1,684)
Deferred tax provision	-
Total identifiable assets	456
Goodwill	25,428
Total consideration	25,884
Satisfied by:	
Cash	21,916
Deferred consideration	3,968
Total consideration transferred	25,884
Cash flow analysis:	
Cash consideration	21,916
Less: cash and cash equivalent balances acquired	(1,074)
Net cash outflow arising on acquisition	20,842

On acquisition CHV Atlantia held trade receivables with a book and fair value of £127,000 representing contractual receivables of £127,000. While the Group will make every effort to collect all contractual receivables it considers it unlikely that £nil will ultimately be received.

Acquisition costs of £91,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Consolidated Statement of Profit or Loss.

A contingent consideration arrangement is in place that requires payments to be paid by the group to the sellers based on company growth over a five-year period. The potential undiscounted amount of all future payments that the group could be required to make under the arrangement is between £nil and £8,112,000.

13 Business combinations (continued)

Between 1 September 2020 and 30 June 2021 VetPartners Limited acquired 100% of the issued share capital in the following entities: The Arkvet Practice Limited, The Hyperthyroid Cat Centre Limited, Head & Head Veterinary Practices Limited, Alfold Vets Limited, Jonathan Wood Limited, Newry Veterinary centre Limited, Equivet Limited, Centro Medico Veterinario Montecchio, Clinica Veterinaria Europa, Clinica Veterinaria Santa Lucia, Clinica Veterinario Feltrina, SAS Plein Centre, Clinique Veterinaire du Bas Poitou, Edenvet Clinique Veterinaire, Clinique Herbot, Clinica Veterinaria Jenner, Selarl Veto sur Couze, Clinica Veterinaria La Stazione, Clinique Vieux Tronc, Armstrong Vets Limited and Selarl Pont Dol obtaining control. None of these acquisitions were considered to be material.

These acquisitions contributed £5,101,000 revenue and £474,000 profit to the Group's loss for the period between the date of acquisition and the balance sheet date

Between 1 September 2020 and 30 June 2021 VetPartners Practices II Limited acquired 100% of the trade and assets of Elands Vets, Viking Vets and Lomond Hills Vets. In the same period, VetPartners Practices Limited acquired 100% of the trade and assets of Cheshire Equine Clinic and Vet Hospital H24 Firenze S.r.l. acquired 100% of the trade and assets of Clinica Veterinaria Colombo and Ospedale Veterinario Leonardo da Vinci. None of these acquisitions were considered to be material.

These acquisitions contributed £1,198,000 revenue and £15,000 profit to the Group's loss for the period between the date of acquisition and the balance sheet date

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

	Fair Value £'000
Assets and liabilities acquired	
Financial assets	5,419
Stocks	993
Tangible assets	564
Intangible assets	7,495
Financial liabilities	(2,711)
Deferred tax provision	(1,275)
Total identifiable assets	10,485
Goodwill	24,684
Total consideration	35,169
Satisfied by:	
Cash	32,681
Deferred consideration	2,488
Total consideration transferred	35,169
Cash flow analysis:	
Cash consideration	32,681
Less: cash and cash equivalent balances acquired	(2,998)
Net cash outflow arising on acquisition	29,683

14 Property, plant and equipment

Group

	Land and Buildings £'000	Furniture, fittings and equipment £'000	Motor vehicles £'000	Right-to-use assets £'000	Total £'000
Cost					
At 1 July 2019 (as restated)	17,453	25,324	2,767	66,268	111,812
Acquired through business combinations	584	4,044	93	10,106	14,827
Reclassification	(634)	620	14	-	-
Additions (as restated)	4,137	7,116	1,128	8,295	20,676
Disposals	(54)	(216)	(392)	-	(662)
At 30 June 2020 (as restated)	21,486	36,888	3,610	84,669	146,653
Acquired through business combinations	240	8,514	96	11,625	20,475
Reclassification	(184)	108	76	-	-
Additions	5,074	13,113	878	3,453	22,518
Disposals	(1,919)	(2,371)	(743)	-	(5,033)
At 30 June 2021	24,697	56,252	3,917	99,747	184,613
Depreciation					
At 1 July 2019 (as restated)	1,639	9,215	612	10,148	21,614
Reclassification	4	(20)	16	-	-
Charge for the period (as restated)	1,422	7,186	953	7,610	17,171
On disposals	-	(62)	(232)	-	(294)
At 30 June 2020 (as restated)	3,065	16,319	1,349	17,758	38,491
Reclassification	(75)	101	(26)	-	-
Charge for the period	1,723	9,549	1,075	8,317	20,664
On disposals	(186)	(1,973)	(496)	-	(2,655)
At 30 June 2021	4,527	23,996	1,902	26,075	56,500
Carrying amount					
At 30 June 2021	20,170	32,256	2,015	73,672	128,113
At 30 June 2020 (as restated)	18,421	20,569	2,261	66,911	108,162
At 30 June 2019	15,814	16,109	2,155	56,120	90,198

Certain motor vehicles and other assets were obtained on hire purchase arrangements and are therefore pledged as security accordingly.

15 Investments

Company

	2021 £'000	2020 £'000
Investments in subsidiaries	254,352	250,092

Subsidiaries	2021 £'000	2020 £'000
Cost and carrying amount		
At start of the year1 July 2019	250,092	242,691
Additions	4,260	7,401
Carrying amount	254,352	250,092

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 given below. All subsidiaries are 100% owned in both the current and prior year unless otherwise stated. See disclosure below table for registered addresses of UK entities.

Undertaking	Country	Holding	Company number
Subsidiary undertakings			
VetPartners Limited	England and Wales	Ordinary	10026837
Minster Veterinary Practice Limited***	England and Wales	Ordinary	05872103
York Canine Hydrotherapy limited**	England and Wales	Ordinary	06700907
R&S Dowding Limited****	England and Wales	Ordinary	06843771
Westway Veterinary Centres Limited	England and Wales	Ordinary	07177168
Vetsavers UK Limited**	England and Wales	Ordinary	04046891
The Elisabeth Huntenburg Veterinary Practice Limited****	England and Wales	Ordinary	05775289
Beechwood Veterinary Group Limited	England and Wales	Ordinary	06497955
Eastfield Veterinary Clinic Limited***	England and Wales	Ordinary	05252911
Ashleigh Veterinary Clinic Limited****	England and Wales	Ordinary	07402286
Braid Vets Limited	Scotland	Ordinary	SC395761
Prince Bishop Veterinary Centre Limited****	England and Wales	Ordinary	05875379
VetPartners Practices Limited	England and Wales	Ordinary	10084952
Border Vets Limited****	Scotland	Ordinary	SC360960
Wilson Veterinary Limited	England and Wales	Ordinary	05063389
Hadrian Vets Limited****	England and Wales	Ordinary	07606135
Ashlands Veterinary Services (2006) Limited***	England and Wales	Ordinary	05911908
Woodcroft Veterinary Group Limited	England and Wales	Ordinary	07013686

15 Investments (continued)

Subsidiary undertakings	Country	Holding	Company number
Rutland House Surgery Limited	England and Wales	Ordinary	03984811
Southfields (Cheshire) Limited****	England and Wales	Ordinary	05942126
A & E Vets Limited**	England and Wales	Ordinary	05047115
Best Friends Group Limited	England and Wales	Ordinary	04378366
Best Friends Veterinary Group****	England and Wales	Ordinary	03969182
Vetsavers Joint Venture Partnership Limited**	England and Wales	Ordinary	09897566
Chantry Vets Limited***	England and Wales	Ordinary	10471388
Robert Young (Kelso) Limited****	Scotland	Ordinary	SC307969
Valley Vets Limited***	England and Wales	Ordinary	04672056
Veterinary Emergency Treatment Services Limited***	England and Wales	Ordinary	04676277
David Ashworth Limited	England and Wales	Ordinary	04627180
York Vets Limited****	England and Wales	Ordinary	06638521
Littlecroft Vets Limited****	England and Wales	Ordinary	07690170
Tameside Veterinary Clinic Limited	England and Wales	Ordinary	06589306
Mimram Veterinary Centre Limited****	England and Wales	Ordinary	07721467
Natterjacks Vet Limited***	England and Wales	Ordinary	09002899
Uplands Way Vets Limited***	England and Wales	Ordinary	05749866
Ash Tree Veterinary Practice Limited***	England and Wales	Ordinary	09237223
Heywood Veterinary Centre Limited****	England and Wales	Ordinary	08443869
Parker and Crowther Limited****	England and Wales	Ordinary	07402696
Kinfauns Veterinary Centre Limited****	England and Wales	Ordinary	06550173
Oak Tree Vet Centre Limited****	Scotland	Ordinary	SC436360
Sanctuary Vets Limited****	England and Wales	Ordinary	08031649
Caerphilly Veterinary Clinic Limited****	England and Wales	Ordinary	07357355
M Nelson Limited****	England and Wales	Ordinary	07556169
Adelaide Clinic Limited****	England and Wales	Ordinary	07188781
NVH Limited****	England and Wales	Ordinary	08516119
Severn Veterinary Centre Limited****	England and Wales	Ordinary	07625669
Quarry Veterinary Centre Limited****	England and Wales	Ordinary	07690113
Meridian Veterinary Practice Limited	England and Wales	Ordinary	04244187
Gillivervet Limited****	England and Wales	Ordinary	04600408
Lancaster Veterinary Centre Limited****	England and Wales	Ordinary	07903053
Forest Veterinary Centre Limited	England and Wales	Ordinary	08455672
Hampden Partners Limited	England and Wales	Ordinary	07253071
Anderson Abercromby Veterinary Referrals Limited****	England and Wales	Ordinary	07681515
Ashlea Veterinary Centre Limited	England and Wales	Ordinary	04759132

15 Investments (continued)

Subsidiary undertakings	**Country**	**Holding**	**Co. number**
Beeston Animal Health Limited****	England and Wales	Ordinary	02905946
Coastway (Hove) Limited	England and Wales	Ordinary	03773517
Hale Veterinary Group Limited	England and Wales	Ordinary	09256327
St David Veterinary Centre Ltd****	England and Wales	Ordinary	07203928
Liphook Equine Hospital Limited	England and Wales	Ordinary	10465731
Rainbow Equine Hospital Limited	England and Wales	Ordinary	08825966
Valentine Cogan & Deavin Limited****	England and Wales	Ordinary	07344954
Palmer & Duncan Vets Limited****	England and Wales	Ordinary	09033367
Gilmoor Vets Limited****	England and Wales	Ordinary	07403098
Milfeddygon Bodrwnsiwn Veterinary Group	England and Wales	Ordinary	10320038
Haven Veterinary Group Limited	England and Wales	Ordinary	08937418
PVG (Cardiff) Tradeco Limited****	England and Wales	Ordinary	11576752
Westside Veterinary Clinic Limited****	England and Wales	Ordinary	07306139
Galedin Limited	Scotland	Ordinary	SC605570
Rosevean Veterinary Practice Limited	England and Wales	Ordinary	09496166
M & S EVP Limited	England and Wales	Ordinary	06620884
N & H Whieldon Limited	England and Wales	Ordinary	07701802
Abbeyserve Limited	England and Wales	Ordinary	09879023
Ashfield House Veterinary Hospital Limited	England and Wales	Ordinary	05194115
Fellowes Farm Equine Clinic Limited	England and Wales	Ordinary	06626682
Castle Vets Limited	England and Wales	Ordinary	06632506
Sound Equine Limited	England and Wales	Ordinary	06548413
AVC (Abergavenny) Limited	England and Wales	Ordinary	11794568
Abbey Veterinary Centres Limited	England and Wales	Ordinary	06481044
Kings Bounty Equine Practice Limited	England and Wales	Ordinary	08634181
Isle Valley Vets Limited	England and Wales	Ordinary	07986867
Wood Veterinary Group Limited	England and Wales	Ordinary	09053619
Calweton Veterinary Services Limited	England and Wales	Ordinary	04540277
Devon Equine Vets Limited	England and Wales	Ordinary	09253058
Clyde Vets Ltd	Scotland	Ordinary	SC437346
Clyde Vet Group Ltd	Scotland	Ordinary	SC544097
Lynwood Vets Ltd	England and Wales	Ordinary	08499179
LSVN Limited	England and Wales	Ordinary	10423717
Parklands Veterinary Ltd***	Northern Ireland	Ordinary	NI045393
Parklands Veterinary Portglenone Ltd***	Northern Ireland	Ordinary	NI627959
UK Farm Vets Limited	England and Wales	Ordinary	07331487
UK Farm Vets North Limited	England and Wales	Ordinary	09008149

15 Investments (continued)

Subsidiary undertakings	Country	Holding	Co.number
LLM Farm Vets (Derbyshire) Limited	England and Wales	Ordinary	06972062
Origin Group Holdco Limited	England and Wales	Ordinary	08784951
Origin Group Finance Limited	England and Wales	Ordinary	08784972
Garth Pig Practice Limited	England and Wales	Ordinary	09467241
Westpoint Veterinary Group Limited**	Scotland	Ordinary	SC439231
Westpoint Veterinary Services (South East) Limited**	Scotland	Ordinary	SC277099
Stock1st Limited**	England and Wales	Ordinary	04461543
Westpoint Veterinary Services (South West) Ltd**	Scotland	Ordinary	SC399354
Poultry Health Services Limited**	England and Wales	Ordinary	04161083
Myerscough Farm Vets Limited**	England and Wales	Ordinary	06927434
The Veterinary Farmacy Limited**	Scotland	Ordinary	SC256023
Westpoint Enterprise Support Limited	Scotland	Ordinary	SC437333
Xperior Farm Health Limited*****	England and Wales	Ordinary	08924524
Westpoint Group Trading Limited	England and Wales	Ordinary	08833557
Cedar Farm Practice Limited	England and Wales	Ordinary	05904064
Biobest Laboratories Limited	Scotland	Ordinary	SC199355
Kingshay Farming and Conservation Limited	England and Wales	Ordinary	02596568
Retford Poultry Partnership Limited	England and Wales	Ordinary	07134493
Farmvets Southwest Limited	England and Wales	Ordinary	05640845
Oakwood Veterinary Practice Limited	England and Wales	Ordinary	10556618
Oakwood Veterinary Referrals Limited****	England and Wales	Ordinary	09910044
Penbode Vets Limited	England and Wales	Ordinary	06313481
Sapphire Imaging Limited	England and Wales	Ordinary	07192380
Bromyard Vets Limited****	England and Wales	Ordinary	10129971
Wyre Forest Veterinary Centre Limited****	England and Wales	Ordinary	07761541
Robin Lewis & Associates Limited**	England and Wales	Ordinary	08564098
Caring Vets (RR) LLP****	England and Wales	Ordinary	OC387225
Nethan Valley Veterinary Centre Limited	Scotland	Ordinary	SC403969
Blackhall VS Limited	Scotland	Ordinary	SC393588
Maes Glas Vets Limited	England and Wales	Ordinary	09020534
St Peter’s Vets Limited	England and Wales	Ordinary	08481671
Bourton Vale Equine Clinic Limited	England and Wales	Ordinary	05949470
Broughton Vet Group Limited	England and Wales	Ordinary	09243007
Regent Court Veterinary Practice Limited	England and Wales	Ordinary	04627991
Quantock Veterinary Hospital Limited	England and Wales	Ordinary	07179413
Stable Close Equine Limited	England and Wales	Ordinary	04873450

15 Investments (continued)

Subsidiary undertakings	Country	Holding	Company number
Willows Veterinary Centre Limited***	England and Wales	Ordinary	07104079
Shipston Veterinary Centre Limited	England and Wales	Ordinary	05159186
Mourne Veterinary Clinic Limited	Northern Ireland	Ordinary	NI608075
NEVH Limited	Channel Islands	Ordinary	130121
T V V Limited*	Scotland	Ordinary	SC359205
The Arkvet Practice Limited*	England and Wales	Ordinary	07757796
The Hyperthyroid Cat Centre Limited*	England and Wales	Ordinary	08597036
Armac Holdings Limited*	England and Wales	Ordinary	12500724
Armac Veterinary Group Limited*	England and Wales	Ordinary	05756160
Vetpartners Practices II Limited*	England and Wales	Ordinary	12745481
TCEH (2011) Limited*	England and Wales	Ordinary	07632395
Head & Head Veterinary Practices Limited*	England and Wales	Ordinary	08519493
Lincolnshire Pet Crematorium Limited*	England and Wales	Ordinary	04812345
Norfolk Pet Crematorium Limited*	England and Wales	Ordinary	05351192
PCS South West Limited*	England and Wales	Ordinary	04701447
Pet Cremation Services (Newbury) Limited*	England and Wales	Ordinary	03923873
Pet Cremation Services (North East) Limited*	England and Wales	Ordinary	05611245
Pet Cremation Services (South East) Limited*	England and Wales	Ordinary	09512534
Pet Cremation Services Limited*	England and Wales	Ordinary	05407105
Premier Care Service Limited*	England and Wales	Ordinary	03416359
Summerleaze Pet Crematorium Limited*	England and Wales	Ordinary	05439135
The Surrey Pet Cemetery Limited*	England and Wales	Ordinary	02801945
Alfold Veterinary Practice Limited*	England and Wales	Ordinary	08401736
Armstrong Vets Limited*	England and Wales	Ordinary	08481135
Jonathan Wood Limited*	England and Wales	Ordinary	05037913
Rossdales Limited*	England and Wales	Ordinary	13167468
Newry Veterinary Centre Ltd*	Northern Ireland	Ordinary	NI602574
Luxstowe Vets Limited*	England and Wales	Ordinary	09344129
Equivet Limited*	England and Wales	Ordinary	10505832
VetUK Limited*	England and Wales	Ordinary	09856545
Head & Head Veterinary Practices Limited*	England and Wales	Ordinary	08519493
Time Right Group Limited*	England and Wales	Ordinary	09151027
Time Right Holdings Limited*	England and Wales	Ordinary	09067869
Time Right Limited*	England and Wales	Ordinary	02889499
Cheshire Pet Crematorium Limited*	England and Wales	Ordinary	03337979
Essex PC1 Limited*	England and Wales	Ordinary	05973959

15 Investments (continued)

Subsidiary undertakings		Country	Holding	Company number
Essex Pet Crematorium Limited*		England and Wales	Ordinary	05020998
HPL Services Limited*		England and Wales	Ordinary	06481052
Lime Kiln Farm Pet Services Limited*		England and Wales	Ordinary	11124204
Lime Kiln Pet Cremation Limited*		England and Wales	Ordinary	11123735
Ospedale Veterinario S. Francesco S.r.l.	Via Feltrina 29, Paese (TV), Castagnole	Italy	Ordinary	03663280265
Clinica Veterinaria Costa d’Argento S.r.l.	Strada dell’Airone 4, 58010 Orbetello (GR), Albinia	Italy	Ordinary	01456820537
Vet Hospital H24 Firenze S.r.l.	Via dei Vanni 25, 50142, Finenze	Italy	Ordinary	05197610487
V.E.T.S. S.r.l.	Via Annibale Zucchini 81-83, Ferara	Italy	Ordinary	01612720381
L’Ospedale degli Animali S.r.l.	Via Annibale Zucchini 81-83, Ferara	Italy	Ordinary	01967970383
Ferrara Vet S.r.l.	Via Annibale Zucchini 81-83, Ferara	Italy	Ordinary	02051980387
Ellepi S.r.l.	Via Faustino Tanara 5, 34121 Parma (PR)	Italy	Ordinary	02548260344
Ospedale Veterinario Parma S.r.l.	Piazza Meuccio Ruini 25/A, 43126 Parma (PR)	Italy	Ordinary	02548260344
Centro Medico Veterinario Montecchio*	Via Genrale Dalla Chiesa 31, Montecchio Magiore (VI)	Italy	Ordinary	11023910968
Clinica Veterinaria Europa*	Via Kassel 18/20, 50126 Firenze (FI)	Italy	Ordinary	05751520486
Clinica Veterinaria Santa Lucia*	Via Mantovana, 90/M Verona	Italy	Ordinary	04746160235
Clinica Veterinaria Feltrina*	Via Gaspara Stampa 7/C, 32032 Feltre (BL)	Italy	Ordinary	01244040257
Clinica Veterinaria Jenner*	Via Edward Jenner 37, 43126 Parma	Italy	Ordinary	02957810340
Clinica Veterinaria La Stazione*	Viale Stazione 30, 30015 Chioggia	Italy	Ordinary	04612610271
SAS Plein Centre* +	67 Allee du Rouerge 31770 Colomiers	France	Ordinary	882607450
Clinique Veterinaire du Bas Poitou* +	4 Avenue Marechal Juin, 85200 Fontenay le Comte	France	Ordinary	898939210
SAS Edenvet Clinique Veterinaire* +	94 Rue de la republique, 59750 Feignes	France	Ordinary	499261303
Clinique Herbot* +	18 Rure Amiral Baugen, 29150 Chateaulin	France	Ordinary	391803749
SAS Veto Sur Couze* +	10 Rue du Vieux Moulin, 63340 Saint Germain Lembron	France	Ordinary	752947366
CHV Atlantia* +	22 Rue Rene Voviani, 44200 Nant	France	Ordinary	10084952

15 Investments (continued)

Subsidiary undertakings		Country	Holding	Company number
SAS Cabinet Veterinaire du Vieux Tronc* +	Z.A di Vieux Trance, 29246 Pollaquen	France	Ordinary	900966862
Groupe de Sante Animaliere du Blavet* +	36 Rue de la Liberation, 56390 Locmine	France	Ordinary	810504464
SAS Pont Dol* +	2 Allee de la Viree de Galerne ZA les Rolandiers, 35120 Dol de Bretagne	France	Ordinary	500489604

The principal activity of VetPartners Limited is as an intermediate holding and investment company.

The principal activity of all other entities listed above is the provision of veterinary services with the exception of Vet UK Limited which is an online retailer in the veterinary and pet product market and Time Right Group Limited which is a provider of pet cremation and animal waste services.

* - Investment acquired in the year.
** - Dormant entity.
*** - Entity hived up into VetPartners Practices Limited at 30 June 2021 and is no longer trading.
**** - Non-trading entity.
***** - 50% joint venture indirectly held through Origin Group Finance Limited
\+ Entities where 49% of share capital and 99.9% of the economic rights have been acquired

The registered address for all subsidiaries registered in England and Wales is, Spitfire House, Aviator Court, York YO30 4UZ

The registered address of all subsidiaries registered in Scotland is, 171 Mayfield Road, Edinburgh, Scotland, EH9 3AZ.

The registered address of all subsidiaries registered in Northern Ireland is, 5 Old Moy Road, Dungannon, County Tyrone, Northern Ireland, BT71 6PS.

VetPartners Group Limited has provided guarantees in accordance with section 479A of the Companies Act 2006 to all of the above-named UK subsidiaries to allow them to claim exemption from audit.

VetPartners Group Limited has provided guarantees in accordance with section 448A of the Companies Act 2006 to all of the above-named UK dormant entity subsidiaries (**) to allow them to claim exemption from filing accounts.

16 Inventories

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Finished goods and goods for resale	13,469	10,470	-	-

Group
The cost of inventories recognised as an expense in the year amounted to £86,451,000 (2020 - £69,879,000).

17 Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade receivables	40,363	25,813	-	-
Amounts owed by group undertakings	-	-	52,509	49,039
Other receivables	18,327	14,210	-	-
Prepayments	10,693	6,789	-	-
	69,383	46,812	52,509	49,039
Less non-current portion	-	-	(52,509)	(49,039)
	69,383	46,812	-	-

Details of non-current trade and other receivables

Company

£52,509,000 (2020 - £49,039,000) of amounts owed by group undertakings is classified as non-current.

Amounts repayable from group undertakings carry interest of 4% per annum charge on the outstanding loan balances. The amounts are repayable on demand after more than one year.

Credit risk and impairment

Due to the nature of the Group's customers, formal credit limits are not set. The Group establishes provisions for impairment in each operating entity based on the perceived credit risk arising, usually on the basis of ageing, and particularly concentrated on newly acquired entities where the credit quality of trade receivables may be weaker. In addition to the impairment assessment conducted in each operating entity, a general provision, based on past experience across the group, is provided for on initial recognition of the debtor, currently set at 0.2% (2020 – 0.2%). The amount of provision included at 30 June 2020 was £10,204,000 (2020 – £9,287,000), meaning gross trade receivables before deduction of impairment provisions were £50,567,000 (2020 – £35,100,000).

	£'000
Provision for doubtful debts at 1 July 2020	9,287
Increase in provision	508
Increase in provision through business combinations	409
Provision for doubtful debts at 30 June 2021	10,204

The Group does not have any significant concentrations of credit risk, as trade receivables represent a high volume of small amounts. There is no single customer or group of customers with similar characteristics that would lead to a concentration of credit risk. The Group has in place credit control procedures to minimise credit risk and the directors consider that no further provision is required in excess of the normal impairment provisions described above.

The maximum exposure to credit risk at 30 June 2021 is the value of trade receivables disclosed above.

18 Trade and other payables

		Group		Company	
		2021	2020 (as restated)	2021	2020
	Note	£'000	£'000	£'000	£'000
Due within one year					
Trade payables		30,819	22,553	-	-
Social security and other taxes		24,421	31,817	-	-
Other payables		32,078	18,164	-	-
Accrued expenses		32,376	12,603	3,610	1,620
Current financial liabilities		9,278	6,584	-	-
		128,972	91,721	3,610	1,620
Due after one year					
Loans and borrowings	19	760,115	568,183	48,483	47,257
Lease liabilities		67,188	60,385	-	-
Deferred tax liabilities		41,345	31,987	-	-
Other non-current financial liabilities		11,092	3,591	-	-
		879,740	664,146	48,483	47,257

Non-current financial liabilities relate to contingent consideration payable on business combinations.

19 Borrowings

Current liabilities
Current liabilities of the Group at 30 June 2020 of £10,000 related to bank overdrafts.

Non-current liabilities	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank borrowings	706,083	518,564	-	-
Loan from parent undertaking	54,032	49,619	48,483	47,257
	760,115	568,183	48,483	47,257

Loans from parent undertaking are unsecured, interest is charged at 4% per annum and is repayable on demand. The directors have obtained confirmation, from the parent undertaking, that the loan will not be called on for a period of at least one year and one day after the year end and, as such, this loan has been classified as non-current.

Group

Included in the loans and borrowings are the following amounts due after more than five years:

	30 June 2021	30 June 2020
	£'000	£'000
Due within 2-5 years	706,083	98,247
After more than five years not by instalments	-	420,317

Total bank borrowings outstanding of £706,084,000 (2020 - £518,564,000) are stated net of costs associated with raising finance of £10,995,000 (2020 - £5,776,000). £626,640,000 (2020 – £424,861,000) of the bank borrowings are secured by a fixed and floating charge over the assets of the Group and are repayable in full on 28 November 2025. Interest is levied at a rate of LIBOR plus up to 7.25% per annum. £90,439,000 (2020 – £99,479,000) of the bank borrowings are secured by a fixed and floating charge over the assets of the Group and are repayable in full on 28 May 2025. Interest is levied at a rate of LIBOR plus up to 2.75% per annum. Certain motor vehicles and other assets were obtained on hire purchase arrangements and are therefore pledged as security accordingly.

20 Provisions

Dilapidations

	30 June 2021 £'000	30 June 2020 £'000
At start of the year	11,020	7,162
Charged to income statement	545	3,905
Utilised in the year	(262)	(47)
At end of the year	11,303	11,020

Dilapidations provisions above relate to the Group's potential future liabilities for correcting dilapidations incurred at the balance sheet date under the terms of property leases. Each property is assessed and the provision is determined by taking the full expected cost of refurbishment at the end of the lease and multiplying this by the percentage of the lease that has already been utilised.

21 Pension and other schemes

Defined contribution pension scheme

The group operates defined contribution pension schemes. The pension cost charge for the year represents contributions payable by group companies to the schemes and amounted to £4,488,000 (2020 - £5,135,000). The amount outstanding at year end totalled £948,000 (2020 - £736,000)

22 Share capital

Authorised, allotted, called up and fully paid shares

	30 June 2021		30 June 2020	
	No	£	No	£
Ordinary shares of £1 each	254,352,833	254,352,833	250,092,310	250,092,310

A reconciliation of the movement in the number of shares in year is shown below.

At 1 July 2019	242,690,867
Share issues in the year	7,401,443
At 1 July 2020	250,092,310
Issued on 28 June 2021	4,260,523
At 30 June 2021	254,352,833

23 Reserves

Retained earnings represents accumulated profits and losses to date of the Group and Company respectively.

Foreign translation reserve represents accumulated gains and losses in relation to the translation of foreign subsidiaries into the group presentational currency of the Group and is not distributable.

24 Leases

The Group leases properties and certain items of plant and machinery. With the exception of short-term leases and leases of low value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

The Company had recognised 608 property leases in 2021 (2020 – 537, 2019 – 469) and 548 plant and machinery leases (2020 – 354, 2019 – 279).

All future cashflows are included. The leases are subject to rent reviews. The nature of the rent reviews is such that annual rentals are adjusted to prevailing market rates, unless that would lead to a reduction. In accordance with IFRS 16, any future increases in annual rentals arising from rent reviews are not included in the calculation of the lease liabilities. Any future increases in annual rentals will result in prospective adjustments to the lease liabilities at the point of the rent review.

Amounts recognised in the Consolidated Statement of Financial Position relating to leases are:

Right-of-use assets

	£'000
Net book value	
At 1 July 2019	56,120
New leases recognised in the year	18,401
Depreciation charge for the year	(7,610)
At 30 June 2020	66,911
New leases recognised in the year	15,078
Depreciation charge for the year	(8,317)
At 30 June 2021	73,672

Maturity analysis

	2021 £'000	2020 £'000
Due within one year	13,060	11,668
Due within two to five years	42,681	36,908
Due after five years	58,699	55,659
Future finance charges	(34,192)	(32,182)
	80,248	72,053

Amounts recognised in the Consolidated Statement of Comprehensive Income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2021 £'000	2020 £'000
Depreciation charge of right of use asset	8,317	7,610
Interest expenses (within finance costs)	5,248	4,854
	13,565	12,464

24 Leases (continued)

Amounts recognised in the Consolidated Cash Flows

The consolidated statement of cash flows shows the following amounts relating to leases:

	2021 £'000	2020 £'000
Cash outflows	12,097	11,160
Cash inflows	-	-
Net cash outflows	12,097	11,160

Low value leases and short-term leases

The Group has certain lease arrangements to which the recognition exemptions for low-value and/or short-term leases have been applied. These are not considered material for further disclosure.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the group wide treasury management.

Lease liabilities are calculated at the present value of the lease payments that are not paid at the commencement date. Interest expense on lease liabilities is disclosed in note 7. The majority of the Group's lease arrangements relate to properties from which the various trading subsidiaries operate. The terms of leases vary depending on factors such as the geography and size of each subsidiary. The Group also accounts for certain equipment acquired under lease arrangements as finance leases. For information in respect of the cash payments made in the year, see the statement of cash flows. Where a lease contains extension or early termination clauses, an assessment is made on initial recognition as to the likelihood that such clauses will be exercised and accounted for accordingly.

25 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of net debt (borrowings disclosed in note 19 after deducting cash and bank balances) and equity of the Group (comprising issued capital and reserves).

The Group is not subject to any externally imposed capital requirements.

The Group's management regularly reviews the capital structure. As part of this review the management considers the cost of capital and the risks associated with each class of capital. The current capital structure is considered to be appropriate for the Group's ongoing needs.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

The Group is exposed to risks that arise from its use of financial instruments. There have been no significant changes in the Group's exposure to financial instrument risk, its objectives, policies and processes for managing those from previous periods. The principal financial instruments used by the Group, from which financial instrument risk arises, are trade receivables, cash and cash equivalents, trade and other payables, accruals, bank borrowings and amounts owed to group undertakings.

25 Financial instruments (continued)

Categories of financial instruments

All financial instruments are recognised initially at their fair value and subsequently measured at amortised cost. The table below shows an analysis of the financial instruments held.

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Financial assets				
Trade and other receivables	58,690	40,023	-	-
Cash and cash equivalents	73,653	67,669	-	-
Amounts owed by group undertakings	-	-	52,509	49,039
	132,343	107,692	52,509	49,039
Financial liabilities				
Trade payables	30,819	22,553	-	-
Social security and other taxes	24,421	31,817	-	-
Other payables	32,078	18,164	-	-
Accrued expenses	32,376	12,603	3,610	1,620
Deferred and contingent consideration	20,370	10,175	-	-
Bank borrowings and overdrafts	706,083	518,574	-	-
Lease liabilities	80,248	72,053	-	-
Amounts owed to group undertakings	54,032	49,619	48,483	47,257
	980,427	735,558	52,093	48,877

Trade and other receivables consist of Trade receivables and other receivables.

Trade and other payables consist of trade payables and other payables meeting the definition of a financial liability, specifically excluding deferred and contingent consideration which is separately disclosed.

Financial risk management

Credit risk
Credit risk arises principally from the Group's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk at 30 June 2021 was £40,363,000 (2020 - £25,813,000). Trade receivables are managed by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. At the year end, the credit quality of trade receivables is considered to be satisfactory. Further details can be found in note 17.

Credit risk on liquid funds is considered to be minimal as the counterparties are major banks with high credit ratings.

The group manages credit risk by ensuring banks utilised for financing hold an acceptable risk level. Since there are a large number of customers contained in trade receivables and other receivables, the Group does not have any significant credit risk exposure to a single counterparty.

Credit risk assessment
The Group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables. To measure lifetime expected credit losses on a collective basis, trade receivables are grouped based on ageing. The expected loss rates are based assessed as a collective based on the Group's historical credit loss experience. This risk is managed through credit control procedures including limits on customer spending and the use of a dedicated central credit collection team supporting practice-based team members. The amounts presented in the balance sheet are net of the provision for doubtful debts. The credit risk in respect of bank balances is safeguarded by using banks with high credit ratings. The Group has no significant concentration of credit risk, with its exposure spread across a large number of customers.

25 Financial instruments (continued)

Liquidity risk
Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to meet its liabilities when they fall due. The Group monitors cash flow on a regular basis. At the year end, the Group has sufficient liquid resources to meet its obligations. For further information on the maturity of financial obligations, see notes 19 and 24.

Market risk
Market risk arises from the Group's use of interest-bearing financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate. At the year end, the cash and cash equivalents of the Group were as shown above. The Group ensures that its cash deposits earn interest at a reasonable rate.

The Group's bank borrowings are subject to interest rate risk due to being linked to SONIA. The Group's policy is to maximise trading returns from its various subsidiaries to ensure that interest payments can be met.

If SONIA had been 3% higher/lower and all other variables were constant, the Group's loss for the year would have increased/decreased by £20,747,000 (2020: £15,578,000) due to its exposure to interest rates on its variable rate borrowings. 3% has been used on the basis that 3% is a reasonable estimation of the maximum change in interest rates in the foreseeable future

26 Related party transactions

Group

Summary of transactions with parties with significant influence
The bank borrowings disclosed in note 19 and the corresponding interest disclosed in note 7 are managed and controlled by Ares Management Limited, an entity that has a shareholding in the company sufficient for it to be able to exert significant influence.

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

The Company and Group has amounts owed to and from its parent company Scooby Bidco Limited. The amounts outstanding at each year end are shown in notes 17 and 18 to the financial statements.

Company

Summary of transactions with key management
Key management personnel are considered to be the directors of the company and there have been no transactions with key management. At the end of May 2020, the directors' employment contracts were transferred to the Group's parent undertaking Details of the directors' remuneration is disclosed in the accounts of the immediate parent company Scooby Bidco Limited.

27 Net debt and liabilities arising from financing activities

	At 1 July 2019	Cash flow	Non-cash m'ment	At 30 June 2020	Cash flow	Non-cash m'ment	At 30 June 2021
Cash and cash equivalents							
Cash	60,120	7,549	-	67,669	5,984	-	73,653
Bank overdrafts	-	(10)	-	(10)	10	-	-
	60,120	7,539	-	67,659	5,994	-	73,653
Debt							
Bank borrowings	(425,151)	(93,060)	(353)	(518,564)	(192,738)	5,219	(706,083)
Loan from parent undertaking	(49,678)	59	-	(49,619)	(4,413)	-	(54,032)
Lease liabilities	(59,863)	11,065	(23,255)	(72,053)	11,737	(19,932)	(80,248)
	(534,692)	(81,936)	(23,608)	(640,236)	(185,414)	(14,713)	(840,363)
Net debt	(474,572)	(74,397)	(23,608)	(572,577)	(179,420)	(14,713)	(766,710)

28 Prior period adjustments

The Group has identified that some aspects of its previous accounting and disclosure did not comply with International Financial Reporting Standards. Consequently, the following prior period restatements have been made:

Recognition of separately identifiable intangible assets acquired through business combinations
Following a reassessment of prior year acquisitions, the Group has recognised customer relationship assets that were not previously recognised in business combinations under IFRS 3. For further information see Note 12.

Amendment of discount rate applied to recognition of leases and associated right-of-use assets
The directors have reassessed the discount rate applied when calculating the net present value of future lease payments to determine the initial recognition value of leases and associated right-of-use assets. The rates used have been changed from that representing the weighted average cost of capital of the Group to lease-specific borrowing rates being the incremental borrowing rates.

Fair value of contingent consideration
Previously, the Group recognised contingent consideration using 100% of the potential consideration payable rather than the fair value. This has now been amended to the fair value to reflect the Group's expectation at the date of acquisition of the amounts ultimately payable. In addition, contingent consideration is now discounted using an appropriate rate whereas it was not discounted previously. The unwinding of this discount, together with gains and losses arising from differences between the estimated fair value and the actual amount paid, has now been accounted for through profit or loss rather than adjusting goodwill. Previously, the Group presented the payments of contingent consideration in the consolidated statement of cash flows within investing activities. These cash flows have been represented within financing activities as they relate to settlement of liabilities.

Deferred tax
The Group had not previously recognised deferred tax on freehold property acquired through business combinations. As the properties do not attract tax relief but are depreciated, a temporary difference exists under IAS 12. The relevant deferred tax liabilities have now been recognised. Deferred tax has also been recognised in respect of adjustments to intangible assets and leases as described above. The recognition of these liabilities also led to the recognition of a previously unrecognised asset under IAS 12 for the reactivation of previously disallowed interest under the Corporate Interest Restriction rules.

Company :
The Company has identified that some aspects of its previous accounting and disclosure did not comply with International Financial Reporting Standards. Consequently, the following prior period restatements have been made:

Amounts owed from Group undertakings
In the prior periods amounts owed from group undertakings had been presented on the face of the company statement of financial position as current assets even though there was no intention to realise or consume these within the normal operating cycle of twelve months. As a result, all of these have been restated to be within non-current assets. The amounts restated are £50.3m (2019: £49.7m).

28 Prior period adjustments (continued)

The impact of these adjustments on the income statement for the year ended 30 June 2020 was as follows:

	Intangible assets	IFRS 16 discount rate	Deferred consid-eration	Deferred tax	Total
	£'000	£'000	£'000	£'000	£'000
Operating profit before amortisation, depreciation and exceptional items	-	(7)	-	-	(7)
Depreciation	-	(376)	-	-	(376)
Amortisation	(12,763)	-	-	-	(12,763)
Finance charges	-	499	-	-	499
Other gains and losses	-	-	(1,871)	-	(1,871)
Taxation	-	-	-	1,798	1,798
Total impact on reported losses	(12,763)	116	(1,871)	1,798	(12,720)

The impact of the prior period adjustments on the balance sheet at 30 June 2020 was as follows:

	Intangible assets	IFRS 16 discount rate	Deferred consid-eration	Deferred tax	Total
	£'000	£'000	£'000	£'000	£'000
Goodwill	(174,270)	-	(8,046)	34,556	(147,760)
Intangible assets	144,189	-	-	-	144,189
Right-of-use assets	-	3,799	-	-	3,799
Other payables – short-term	-	-	4,834	-	4,834
Other payables – long-term	-	-	430	-	430
Lease liabilities – long-term	-	(3,468)	-	-	(3,468)
Deferred tax liabilities		-	-	(24,101)	(24,101)
Total impact on shareholders' funds	(30,081)	331	(2,782)	10,455	(22,077)

The impact of the prior period adjustments on the balance sheet at 1 July 2019 was as follows:

	Intangible assets	IFRS 16 discount rate	Deferred cons'n	Deferred tax	Total
	£'000	£'000	£'000	£'000	£'000
Goodwill	(134,862)	-	(6,419)	25,893	(115,388)
Intangible assets	117,544	-	-	-	117,544
Right-of-use assets	-	3,334	-	-	3,334
Other payables – short-term	-	(4,884)	2,538	-	(2,346)
Other payables – long-term	-	-	2,970	-	2,970
Lease liabilities – long-term	-	1,764	-	-	1,764
Deferred tax liabilities		-	-	(17,236)	(17,236)
Total impact on shareholders' funds	(17,318)	214	(911)	8,657	(9,358)

29 Controlling party

The smallest group for which group financial statements are prepared that include and consolidate the results of the company for the year ended 30 June 2021 is VetPartners Group Limited, the largest group for which group financial statements are prepared that include and consolidate the results of the company for the year ended 30 June 2021 is Scooby Bidco Limited, a company registered in England and Wales. The ultimate controlling party is BC European Capital X, a collection of limited partnerships with no single controlling party. The ultimate parent company is Scooby Equityco Limited, a company registered in Jersey.

30 Non adjusting events after the financial period

Subsequent to the balance sheet date, the Group has completed the acquisition of the following entities where 100% of the voting rights were acquired, obtaining control, in line with the Group growth strategy:

- Dotvet Limited – Acquired 21 September 2021
- Ensbury Park Veterinary Practice Limited – Acquired 23 August 2021
- North Essex Veterinary Limited – Acquired 9 July 2021
- Pendle Pet Care Limited – Acquired 21 October 2021
- Goddard Veterinary Group Limited – Acquired 26 October 2021
- I Winter and Associates Limited – Acquired 26 October 2021
- Park Veterinary Practice Limited – Acquired 26 October 2021
- VetMedics Limited – Acquired on 17 December 2021

In addition to the above acquisitions, the Group acquired 100% of the trade and assets of Broken Cross on 6 August 2021 and the trade and assets of Avenue Vets on 30 November 2021. The Group also acquired the following overseas entities:

- Botti Maggi - Acquired 6 July 2021 – Located in Italy
- Hegal Zabal – Acquired 31 July 2021 – Located in France
- Tierarztpraxis Kelberg – Acquired 14 September 2021 – Located in Germany
- Veterinaria Ardenza – Acquired 15 September 2021 – Located in Italy
- Clinica Veterinaria Sernissima – Acquired 20 September 2021 – Located in Italy
- My Little Veto – Acquired 30 September 2021 – Located in France
- Santer'Vet – 4 October 2021 – Located in France
- Swissvet Group – 22 October 2021 – Located in Switzerland
- Veterinaire Des Beauroy – 5 November 2021 – Located in France
- Clinique Veterinaire Du Chene – 16 December 2021 – Located in France

The total consideration paid in respect of the above share acquisitions and the trade and asset acquisition was £141,551,000, funded by cash and loans drawn down. The acquisition accounting for these business combinations is not yet complete. Any goodwill acquired as a result of the above acquisitions is considered to principally relate to the following:

- synergies arising, in particular from increased buying power and the use of central administrative functions;
- geographical location and convenience of practice sites; and
- acquired workforces, including the experience and reputation of veterinary surgeons.