

Company Registration No. NI003708 (Northern Ireland)

VETERINARY SURGEONS SUPPLY COMPANY LIMITED
ANNUAL REPORT AND ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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VETERINARY SURGEONS SUPPLY COMPANY LIMITED

COMPANY INFORMATION

Directors	Mr Alan Gordon Mr Norman McMordie Mr John Henderson Mr Gilbert McKnight Mr James Wilson Mr Michael Maybin
Secretary	Mrs Siobhan McKee
Company number	NI003708
Registered office	29 Enterprise Crescent Ballinderry Road Lisburn Co. Antrim BT28 2BP
Auditors	GMcG LISBURN Century House 40 Crescent Business Park Lisburn Co. Antrim BT28 2GN
Business address	29 Enterprise Crescent Ballinderry Road Lisburn Co. Antrim BT28 2BP
Bankers	Bank of Ireland 22/24 Market Square Lisburn Co. Antrim BT28 1AG Ulster Bank 18 Bow Street Lisburn Co. Antrim BT28 1BN Bank of Ireland Main Street Lucan Co. Dublin

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

COMPANY INFORMATION

Solicitors

McKinty and Wright
5-7 Upper Queen Street
Belfast
Co. Antrim
BT1 6FS

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

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VETERINARY SURGEONS SUPPLY COMPANY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The directors present the strategic report and financial statements for the year ended 31 August 2016.

Fair review of the business

The activity of the company continued to be the supply of goods to the veterinary profession.

The directors aim to present a balanced and comprehensive review of the development and performance of the company during the period and its position as at 31 August 2016. The directors' review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties the company faces.

The directors consider the key performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross profit margin, profit on ordinary activities before taxation and net assets.

The directors are satisfied with the results for the year which has seen turnover increase by 5.96% from £41,933,800 to £44,434,816; the gross profit margin decrease slightly from 5.60% to 5.01% and the profit on ordinary activities before tax decreasing by 6.24% from £536,911 to £503,412.

The results above incorporate retrospective rebates to customers which this year have been approved by the Board at £1,104,532 (2015 - £1,099,412).

The results of the company for the year have been impacted on by two main factors;

- i. The deterioration of milk prices during the period; and
- ii. Fluctuations in foreign currency values, in particular the strength of Sterling against the Euro.

During the year it became evident that farmers were attempting to minimise costs by taking advantage of the relatively weak Euro and buying products from outside the UK, this particularly impacted on our product ranges with Euro licences.

The strength of sterling also had an impact on the single farm payments which reduced cash flows both at farm and veterinary practice levels.

In addition, inflationary price increases were driven down as a result of impacts of foreign currency strengths and the continued poor performance of the dairy sector.

This year has seen a change in the veterinary marketplace within Northern Ireland with the impact of large corporates entering the market place. Vet4pets have expanded and increased their outlets throughout Northern Ireland, however they do not purchase from the company. The directors are however delighted to report that the company has secured sales agreements with CVS Group Plc and IVC. Both CVS and IVC have entered the market place in 2016 through the acquisition of existing veterinary practices within the province. The directors feel that this is a very important relationship to develop as CVS and IVC have expanded rapidly in GB.

During the year the company also completed its investment in increasing refrigeration capacity and completed the update of the company's web based ordering and information service.

The company has no borrowings and continues to have a strong cash flow and continues to retain a strong balance sheet with net assets increasing by 4.16% on the previous year to £4,916,238.

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Principal risks and uncertainties

The directors consider that the principle risks and uncertainties facing the company are:

Economic Risk

The impact of:

1. Rises in interest rates and inflation
2. Wages inflation
3. Government policy

Other risks

The directors believe that pre Brexit sales volumes should remain good for the company, if sterling remains close to 90p to the Euro and anticipate that changes to profitability will continue to follow the trends set over the past few years. The directors concern is that after Brexit the Agricultural market will fall, unless full access to European markets is maintained. The company is more dependent on agriculture than other UK wholesalers, with 65% of its turnover from large animal products, whereas in the UK, the Veterinary Wholesaler Market is only 23% large animal products.

The dependence of Northern Ireland on agribusiness and food, and the 'Strategy for Growth' that the local assembly is committed too, should be positive, provided the UK can find the funding to support it. In addition the withdrawal of European regional funds will be detrimental to our growth and future investments will be influenced by the uncertainty of Brexit.

The board feel that the company is financially strong and that the wide shareholding among their customers is very important, both in the advent of new competition or any attempt by suppliers to bypass the company.

Future Developments

The directors are still in ongoing discussions about the purchase of land adjacent to the current premises, but do not see a successful outcome in the next few years. Planning permission has been received to build on the last piece of land at the back of the premises, which would provide additional storage for overstock.

IT projects under development include a system to permit bespoke bonuses for practices and all associated costs will have to be covered by the manufacturers concerned.

By order of the board



Mrs Siobhan McKee

Secretary

24/11/2016

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The directors present their annual report and financial statements for the year ended 31 August 2016.

Principal activities

The principal activity of the company continued to be the supply of goods to the veterinary profession.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Alan Gordon
Mr Norman McMordie
Mr John Henderson
Mr Gilbert McKnight
Mr James Wilson
Mr Michael Maybin

Results and dividends

The results for the year are set out on page 6.

An interim ordinary dividend was paid amounting to £204,500.

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Mrs Siobhan McKee

Secretary

24/11/2016.

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO VETERINARY SURGEONS SUPPLY COMPANY LIMITED

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 6 to 22, together with the financial statements of Veterinary Surgeons Supply Company Limited for the year ended 31 August 2016 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Chapter 10 of Part 15 of the Companies Act 2006. Our work has been undertaken so that we might state to company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

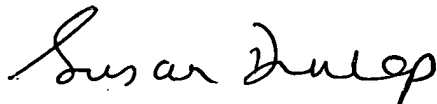
Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445 (3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



Mrs Susan Dunlop (Senior Statutory Auditor)
for and on behalf of GMcG LISBURN

24/11/16

Chartered Accountants
Statutory Auditor

Century House
40 Crescent Business Park
Lisburn
Co. Antrim
BT28 2GN

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	2015 £
Turnover	4	44,434,816	41,933,800
Other operating income and cost of sales		(41,806,596)	(39,160,539)
Distribution costs		(944,529)	(938,964)
Administrative expenses		(1,202,148)	(1,319,722)
Operating profit	5	481,543	514,575
Interest receivable and similar income	8	22,894	23,095
Interest payable and similar charges	9	(1,025)	(759)
Profit before taxation		503,412	536,911
Taxation	10	(102,466)	(112,791)
Profit for the financial year		400,946	424,120
Total comprehensive income for the year		400,946	424,120

The profit and loss account has been prepared on the basis that all operations are continuing operations.

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

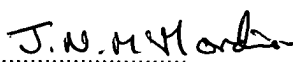
BALANCE SHEET

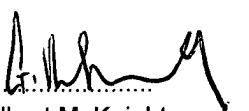
AS AT 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	12		578,436		569,969
Current assets					
Stocks	14	5,125,568		5,345,286	
Debtors	15	3,036,115		3,019,357	
Cash at bank and in hand		4,123,022		4,988,651	
		<u>12,284,705</u>		<u>13,353,294</u>	
Creditors: amounts falling due within one year	16	<u>(7,913,417)</u>		<u>(9,165,997)</u>	
Net current assets			4,371,288		4,187,297
Total assets less current liabilities			4,949,724		4,757,266
Provisions for liabilities	19		(33,486)		(37,474)
Net assets			<u>4,916,238</u>		<u>4,719,792</u>
Capital and reserves					
Called up share capital	22	102,250		102,250	
Share premium account		128,077		128,077	
Profit and loss reserves		<u>4,685,911</u>		<u>4,489,465</u>	
Total equity			<u>4,916,238</u>		<u>4,719,792</u>

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 24/11/16 and are signed on its behalf by:


 Mr Norman McMordie
 Director


 Mr Gilbert McKnight
 Director

Company Registration No. NI003708

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 September 2014		102,250	128,077	4,269,845	4,500,172
Period ended 31 August 2015:					
Profit and total comprehensive income for the year		-	-	424,120	424,120
Dividends	11	-	-	(204,500)	(204,500)
Balance at 31 August 2015		102,250	128,077	4,489,465	4,719,792
Period ended 31 August 2016:					
Profit and total comprehensive income for the year		-	-	400,946	400,946
Dividends	11	-	-	(204,500)	(204,500)
Balance at 31 August 2016		102,250	128,077	4,685,911	4,916,238

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	25	301,127		630,558	
Interest paid		(1,025)		(759)	
Income taxes paid		(100,372)		(138,620)	
Net cash inflow from operating activities		199,730		491,179	
Investing activities					
Purchase of tangible fixed assets		(207,034)		(208,770)	
Proceeds on disposal of tangible fixed assets		21,999		27,499	
Interest received		22,894		23,095	
Net cash used in investing activities		(162,141)		(158,176)	
Financing activities					
Payment of finance leases obligations		(11,136)		(11,136)	
Dividends paid		(204,500)		(204,500)	
Net cash used in financing activities		(215,636)		(215,636)	
Net (decrease)/increase in cash and cash equivalents		(178,047)		117,367	
Cash and cash equivalents at beginning of year		2,584,852		2,467,485	
Cash and cash equivalents at end of year		2,406,805		2,584,852	
Relating to:					
Cash at bank and in hand		4,123,022		4,988,651	
Bank overdrafts included in creditors payable within one year		(1,716,217)		(2,403,799)	

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

Company information

Veterinary Surgeons Supply Company Limited is a company limited by shares incorporated in Northern Ireland. The registered office is 29 Enterprise Crescent, Ballinderry Road, Lisburn, Co. Antrim, BT28 2BP.

1.1 Accounting convention

These financial statements have been prepared under the historical cost convention in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, exclusive of VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets, the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit and loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Land and buildings freehold	5% straight line
Fixtures, fittings & equipment	10% straight line
Computer equipment	33% straight line
Motor vehicles	25% straight line

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

1.5 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Basic financial liabilities, including trade and other payables, bank loans and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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 payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

2 First Time Adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

Prior to 01 September 2014 the company prepared its financial statements under previously extant UK GAAP. From 01 September 2014, the company has elected to present its annual financial statements in accordance with FRS 102 and the Companies Act 2006.

In accordance with FRS 102, as a first-time adopter, the company did not revise estimates on transition to reflect new information subsequent to the original estimates.

3 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Fixed Assets

The annual depreciation charge on fixed assets depends primarily on the estimated lives of each type of asset and estimates of residual values. The directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have a significant impact on depreciation and amortisation charges for the period. Detail of the useful lives is included in accounting policies.

Stock

At each Balance Sheet date the company's stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The assessment of the selling price of such stock involves some estimation uncertainty.

Debtors

Short term debtors are measured at transaction price, less any impairment. Impairment of such debtors involves some estimation uncertainty.

Other Creditors (retro discount)

Judgements are in relation to the calculation of certain aspects of customer discount applied in relation to revenue. The directors review and agree the level of discount to be applied annually.

4 Turnover and other revenue

	2016 £	2015 £
Total turnover	<u>44,434,816</u>	<u>41,933,800</u>

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

4 Turnover and other revenue (Continued)

Other significant revenue

Interest income	22,894	23,095
Sales of services income	401,061	425,442

5 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(14,332)	7,922
Fees payable to the company's auditors for the audit of the company's financial statements	9,750	9,950
Fees payable to the company's auditors for non-audit services	3,450	3,200
Depreciation of owned tangible fixed assets	181,653	171,524
Depreciation of tangible fixed assets held under finance leases	-	6,300
Profit on disposal of tangible fixed assets	(5,085)	(132)
Cost of stocks recognised as an expense	42,207,657	39,585,981

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	278,466	273,724
Company pension contributions to defined contribution schemes	14,811	14,162
	293,277	287,886

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2016 £	2015 £
Remuneration for qualifying services	186,800	182,057
Company pension contributions to defined contribution schemes	14,811	14,162

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Administration	23	24
Distribution	24	22
	<u>47</u>	<u>46</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,367,834	1,376,411
Social security costs	131,781	133,531
Pension costs	71,274	71,692
	<u>1,570,889</u>	<u>1,581,634</u>

8 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	22,879	23,095
Other interest income	15	-
	<u>22,894</u>	<u>23,095</u>

9 Interest payable and similar charges

	2016 £	2015 £
Interest on bank overdrafts	2	37
Interest on finance leases and hire purchase contracts	1,023	722
	<u>1,025</u>	<u>759</u>

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

10 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	106,454	100,372
Deferred tax		
Origination and reversal of timing differences	(3,988)	13,612
Changes in tax rates	-	(1,193)
Total deferred tax	(3,988)	12,419
Total tax charge	102,466	112,791

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2016 £	2015 £
Profit before taxation	503,412	536,911
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	100,682	107,382
Tax effect of expenses that are not deductible in determining taxable profit	1,323	1,242
Depreciation on assets not qualifying for tax allowances	461	5,627
Tax at marginal rate	-	(1,460)
Tax expense for the year	102,466	112,791

11 Dividends

	2016 £	2015 £
Interim paid	204,500	204,500
	204,500	204,500

Ordinary dividends of £204,500 (2015 - £204,500) were proposed after the year end but not recognised as a liability.

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

12 Tangible fixed assets

	Land and buildings freehold £	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 September 2015	1,151,260	499,507	359,812	267,024	2,277,603
Additions	42,007	50,750	36,028	78,249	207,034
Disposals	-	-	-	(67,658)	(67,658)
At 31 August 2016	1,193,267	550,257	395,840	277,615	2,416,979
Depreciation and impairment					
At 1 September 2015	885,710	423,346	255,510	143,068	1,707,634
Depreciation charged in the year	20,710	18,538	76,095	66,310	181,653
Eliminated in respect of disposals	-	-	-	(50,744)	(50,744)
At 31 August 2016	906,420	441,884	331,605	158,634	1,838,543
Carrying amount					
At 31 August 2016	286,847	108,373	64,235	118,981	578,436
At 31 August 2015	265,550	76,161	104,302	123,956	569,969

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £- (2015 - £6,300) for the year.

	2016 £	2015 £
Motor vehicles	-	12,600

13 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,485,975	2,541,974
Carrying amount of financial liabilities		
Measured at amortised cost	7,363,682	8,725,099

14 Stocks

	2016 £	2015 £
Finished goods and goods for resale	5,125,568	5,345,286

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15 Debtors

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	2,461,771	2,540,154
Other debtors	40,314	17,269
Prepayments and accrued income	534,030	461,934
	<u>3,036,115</u>	<u>3,019,357</u>

16 Creditors: amounts falling due within one year

	Notes	2016	2015
		£	£
Bank overdrafts	17	1,716,217	2,403,799
Obligations under finance leases	18	-	11,136
Trade creditors		4,283,841	4,883,374
Corporation tax		106,454	100,372
Other taxation and social security		443,281	340,526
Other creditors (retro discount)		1,104,532	1,099,412
Accruals and deferred income		259,092	327,378
		<u>7,913,417</u>	<u>9,165,997</u>

The following creditors falling due within one year are secured by the company:

Obligations under finance leases	-	11,136
	<u>-</u>	<u>11,136</u>

17 Loans and overdrafts

	2016	2015
	£	£
Bank overdrafts, payable within one year	<u>1,716,217</u>	<u>2,403,799</u>

18 Finance lease obligations

	2016	2015
	£	£
Future minimum lease payments due under finance leases:		
Within one year	<u>-</u>	<u>11,136</u>

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

19 Provisions for liabilities

		2016 £	2015 £
Deferred tax liabilities	20	33,486	37,474
		<u>33,486</u>	<u>37,474</u>

20 Deferred taxation

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

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated capital allowances	<u>33,486</u>	<u>37,474</u>
Movements in the year:		2016 £
Liability at 1 September 2015		37,474
Credit to profit and loss		(3,988)
Liability at 31 August 2016		<u>33,486</u>

21 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees.

The charge to profit and loss in respect of defined contribution schemes was £71,274 (2015 - £71,692).

22 Share capital

	2016 £	2015 £
Ordinary share capital		
Authorised		
125,000 ordinary shares of £1 each	<u>125,000</u>	<u>125,000</u>
Issued and fully paid		
102,250 ordinary shares of £1 each	<u>102,250</u>	<u>102,250</u>

VETERINARY SURGEONS SUPPLY COMPANY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

23 Related party transactions

Remuneration of key management personnel

Key management includes the Board of Directors of the company. The compensation paid or payable to key management for employee services is shown in note 6.

24 Directors' transactions

Dividends totalling £13,850 (2015 - £13,250) were paid in the year in respect of shares held by company's directors.

During the year Veterinary Surgeons Supply Company Limited traded with a number of veterinary practices of which many of the directors are partners. These transactions are carried out at arms length during the normal course of business. During the year, total sales of £3,432,575 (2015 - £3,170,122) were made to these practices and at the balance sheet date, an amount of £135,078 (2015 - £113,442) was included in trade debtors and due to the company from these practices, with retrospective discounts included in other creditors of £95,520 (2015 - £90,217) due to the practices.

25 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	400,946	424,120
Adjustments for:		
Taxation charged	102,466	112,791
Finance costs	1,025	759
Investment income	(22,894)	(23,095)
Gain on disposal of tangible fixed assets	(5,085)	(132)
Depreciation and impairment of tangible fixed assets	181,653	177,824
Movements in working capital:		
Decrease/(increase) in stocks	219,718	(977,357)
(Increase) in debtors	(16,758)	(41,133)
(Decrease)/increase in creditors	(559,944)	956,781
Cash generated from operations	301,127	630,558