PREMIER VETERINARY GROUP

For happy, healthy pets.

Annual Report
and Financial Statements

for the year ended 30 September 2019

Premier Veterinary Group plc

We are a leading provider of preventative healthcare programmes to veterinary clinics in the UK, Europe and the USA.

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2019 HIGHLIGHTS

22% INCREASE IN GLOBAL REVENUES
to £3,861k for the year ended 30 September 2019 (30 September 2018: £3,152k)

27% INCREASE IN NUMBER OF PETS ON PLAN
with a total of 311,000 on plan at 30 September 2019 (30 September 2018: 244,000)

24% INCREASE IN NUMBER OF PETS ON PLAN IN THE UK
to a total of 240,000 at 30 September 2019 (30 September 2018: 193,000)

30% INCREASE IN THE NUMBER OF GLOBAL TRANSACTIONS
Processed a total of 3,398,000 for year ended 30 September 2019 (30 September 2018: 2,616,000)

On 23 December 2019 the Group announced that it had entered into negotiations to extend the repayment date of the existing £3.85m loan facility with Bybrook Finance Solutions Limited ("BFSL"), to roll up the monthly interest and to provide a further facility of up to £1m of additional working capital.

On 29 January 2020 the Group announced that an agreement had been reached whereby BFSL has agreed to the roll up of monthly interest payments and the extension of the repayment date of the £3.85m facility and accrued interest to 31 July 2021.

In addition PVG entered into a further agreement with BFSL to provide an additional secured loan facility of £1.1m. The first tranche of £0.6m was drawn on 29 January 2020 with two further tranches of £0.25m each available for draw down at PVG's request on 22 May 2020 and 24 July 2020. These further tranches can only be drawn by PVG if on or before 30 April 2020 it has issued BFSL with warrants to subscribe for up to 383,673 new PVG ordinary shares of 10p each at an exercise price of 10p per share within 5 years of the issue of any such warrants. Interest of 1% per month accrues on the loan facility on a monthly compound basis and is added to the total loan amount. The total loan together with accrued interest is repayable on 30 April 2020 with an option for PVG to extend the repayment date to 31 July 2021 by issuing the warrants referred to above. The loan will be utilised by PVG to fund the Group's working capital requirements including the payment of a £0.1m arrangement fee payable to BFSL.

ABOUT OUR BUSINESS AND SERVICES

Premier Veterinary Group plc ("PVG") is the parent company of the PVG Group of companies. It provides services to veterinary practices, retailers and pharmaceutical manufacturers through its UK and overseas trading subsidiaries. The principal trading company is Premier Vet Alliance Limited ("PVA"). The Group has grown businesses in the UK, Europe and USA since its launch in 2010.

Up until the disposal of its veterinary business at the end of 2015, PVG owned a number of veterinary practices. Management is therefore well placed to use its accumulated veterinary knowledge and expertise to focus on developing preventative healthcare programmes and other initiatives to improve compliance in the use of vaccines, parasiticides and long-term therapeutic drugs for its customers resulting in healthier outcomes for pets. The investment in the global technology platform provides further capability to deliver efficient and flexible solutions including multi-currency processing capabilities and home delivery services.

OUR PREMIER PET CARE PLAN

"Our Plans facilitate better care for pets and provide peace of mind for pet owners."

For our partners, our Plans can generate income, enhance cash flows, provide improved business channels and market access.

In the territories within which we operate, we have used our expertise, to develop Premier Pet Care Plan ("PPCP" or "Plan"), a customisable, structured preventative healthcare programme.

PPCP is a structured monthly payment preventative healthcare programme for cats, dogs, rabbits, equine, "small furries" and exotics. Covering many of the fixed cost, non-insurable items but allowing flexibility of treatment, typically, the Plans cover yearly vaccinations, regular check-ups, ongoing treatments and discounted products and procedures.

WHO BENEFITS FROM THE PREMIER PET CARE PLAN?

We work strategically with our partners, which means that we all stand to benefit:

VETERINARY PRACTICES

Attract new clients

- Increased revenue
- Improved compliance
- Improved cash flow
- Improved client retention
- Enhanced secondary spend
- Improved ability to negotiate enhanced discounts
- Increased footfall
- Happy clients, healthy pets

PET PARENTS AND THEIR PETS

- Gold standard preventative healthcare
- Costs spread evenly over 12 months
- Loyalty discount
- Healthier pets
- Value for money on premium products
- Additional discounts on other services and products
- Peace of mind

MANUFACTURERS

- Significantly increased compliance with recommended usage rates of preventative medicines
- Enhanced relationship with veterinary practice
- Enhanced brand loyalty
- Added value service

DISTRIBUTORS

- Significantly improved sales due to increased compliance
- Bonded veterinary practices
- Added value service

Chair's Statement

Dear Shareholder

Welcome to Premier Veterinary Groups plc's Annual Report and Financial Statements for 2019.

The nature and organisation of veterinary pet care continues to undergo significant change in its ownership and structure throughout our operative markets. I am therefore pleased to be able to report that, despite the changing environment, the Group continues to successfully adapt and grow its business. This has been achieved by a continued focus on delivery of its ongoing core strategic objectives, coupled with appropriate investment in the necessary human and technological resources.

During the year ended 30 September 2019, we have increased our total number of pets enrolled on our pet healthcare programmes ("Pets on Plan") by 27% over the previous year to a total of 311,000. This in turn has driven a 30% increase in the number of transactions processed, with a resulting 22% uplift in total revenue from continuing operations to £3.86 million accompanied by a £0.64 million reduction in losses from continuing operations to £2.93 million. The Board has continued to manage its cost base, as part of which the Directors have agreed to waive until further notice a substantial element of their remuneration.

The Board has maintained a constant review of the necessary funding provision required to support its investment and business development needs, including the management of its facilities with Bybrook Finance Solutions Limited and new arrangements have been agreed.

At present the intention is that no dividends will be paid by the Company. This position will be reviewed if future activities lead to significant levels of distributable profits, of which there can be no assurance, taking into account any earnings to be reinvested in the Group's business. Further details on our operational and financial performance can be found in the operational and financial review.

Governance

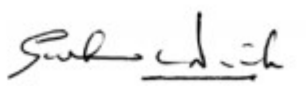
Pages 17 to 21 set out the Company's corporate governance framework and provides information on the work of the Audit, Nomination and Remuneration Committees. The Board remains committed to maintaining the highest standards of transparency, ethics and corporate governance whilst also providing leadership controls and strategic oversight to ensure that we deliver value to all shareholders.

Throughout the year, the Board has been mindful of its board and committee membership and composition.

Looking ahead

The Board remains focussed on continued growth in revenues and control of costs in order that positive EBITDA can be achieved in the short to medium term.

I would like to take this opportunity of expressing my thanks to all those engaged by the Company for their continued dedication to delivering the high standards of service expected by our customers and also to our supportive shareholders.



Graham Dick
Chair, Premier Veterinary Group plc
31 January 2020

Our Strategy

The Board regularly evaluates how best to achieve its strategic objectives. Our strategy remains focussed on four key areas:

- Leverage the success of the PVA business;
- Develop the business through its global strategic partnerships and growing data set;
- Continue to invest in PVA's global transaction platform; and
- Develop new opportunities for growth.

To leverage the success of PVA

The PPCP business was started by PVA in 2010 and has been grown organically to become a sustainable, cash generative business in the UK with continuing opportunities for growth. There are significant opportunities to leverage the intellectual property, systems and processes which have been developed in the UK business to expand PPCP, both in the UK and into international markets.
The Group has undertaken significant amounts of research to identify countries with similar economic and socio-demographic characteristics relevant to the PPCP business and has identified a number of territories which are likely to embrace the PPCP offering, most notably in mainland Europe and the USA.

To develop the business through its global strategic partnerships and growing data set

The business has long-term relationships with global pharmaceutical manufacturers, buying groups and distributors that operate in the animal health sector. Furthermore, the substantial data sets generated by the business over previous years provide valuable insights on which to work with our strategic partners to develop our businesses, strengthen relationships and identify opportunities for future value creation. The Group's IT investment programme continues to build significant data sets to enhance planning and partner value.

To continue to invest in our global transaction platform

The investment required to capture significant international opportunities is considerable, not only in establishing operations in each territory but also in developing the IT and back office support necessary to deliver consistent, high quality customer experience in every territory. The Group expects to continue to invest in its global transaction platform and portal, which will help generate increased revenue and deliver competitive advantage.

To develop new opportunities for growth

Notwithstanding the significant level of consolidation currently taking place, the UK and overseas markets remain fragmented and the directors believe that, by adopting an opportunistic and entrepreneurial approach, the Group will be in a position to identify and exploit new opportunities for growth.

Operational and Financial Review

Operational and Financial Overview

2019 has seen positive progress in the continuation of business growth. The number of revenue-generating pets on plan across our operations in the UK, Europe and the USA has increased by 27% on the previous year to 311,000 from 244,000 as at the end of the financial year. We have continued to pursue our strategy to leverage strategic partnerships and to focus on our core territories to increase the Group's growth potential. Alongside this, we continue to invest in our operating model, core infrastructure and plans to work with clients to support them as we develop business solutions and opportunities.

Our bespoke software system facilitates the operation of Premier Pet Care Plan in the UK, Europe and the US. The Group will continue to add functionality to the platform, after careful assessment, with the intention of developing further revenue generating opportunities, and delivering competitive advantage.

PVG has continued to make significant investments across the three geographical territories in which it operates to ensure that it remains at the forefront of working with veterinary practices to deliver preventative healthcare programmes for pets.

Our operating model

Our core revenue is generated from processing the payments made by pet owners for their Plan, using our own state of the art payment platform. In addition, not only does our business model allow us to generate income from processing payments, but we can also add further value by applying our expertise and knowledge of animal health markets to produce significant, tangible benefits for our clients and strategic supply partners.

We continue to invest in the solutions we offer our customers to help drive greater efficiency through the transaction process. Our Global Transaction Platform ("Platform") delivers a high-quality customer experience, enabling the collection of payments across the UK, Europe and the US and provides real-time access to client records and regular management reporting. We believe this provides a technical competitive advantage to ensure our services meet customers' expectations to provide them with flexible and effective solutions.

Our knowledgeable sales and training teams assist customers with Plan design, point of sale marketing and staff training.

We provide advice on what to include as part of the Plan based on our experience and market expertise. We ensure we keep Plans simple and flexible for the client whilst also ensuring Plans remain price competitive and generate bottom-line growth.

Once a Plan has been structured, we launch the customer's plan on our Platform and train their staff. We also provide continuous training and post-launch support which delivers an end-to-end solution and results for our partners and pet owners. Should customers and pet owners choose to, they can also benefit from our text messaging reminder service to ensure they never miss out on the benefits that the Plan provides.

Market Overview

Our Operations and Performance in the UK

In the UK, PPCP revenues are up by 6% to £2,106k (2018: £1,985k – up by 6% on 2017). The increase in revenues driven by the continued growth in pets on plan is partially offset by a reduction in revenues from other third parties. EBITDA generated by the PPCP business in the UK has decreased by 15% to £461k (2018: £540k).

The UK business has grown the number of pets on plan from 193,000 to 240,000 representing a 24% growth on the same period last year.

The UK business is well established, cash generative and continues to see opportunities for growth from its existing customer base and new customer opportunities. We continue to work with customers to enhance the quality of real time information provided by our Platform on the performance of PPCP in each clinic.

A new Home Delivery option has been developed for the UK market which is in the process of implementation and is expected to enhance service, bond our customers and provide growth opportunities in this market.

Our Operations and Performance in Europe

Further progress has been made in the number of pets on plan in Europe during the financial year. The business continues to keep under careful review the current political and financial uncertainties as the UK transitions toward leaving the EU.

Our operations in Europe have continued to see an increase in the number of pets on plan from 42,000 to 52,500, representing a 25% increase on the same period last year. In Europe, revenues are up by 14% to £924k (2018: £808k). The EBITDA loss in Europe improved from £775k to £593k.

The Group's most significant territory in Europe is the Netherlands which, as anticipated, started to become cash generative during the latter part of the financial year. Huisdieren Zorg Plan ("HZP"), in the Netherlands was launched during 2015. The number of pets on plan has grown by 11% to 36,500 as at 30 September 2019 (30 September 2018: 33,000). In the last 12 months, there have been increased levels of clinic acquisition by corporate veterinary groups. This presents both opportunities and threats for the Group's operation but as a consequence some reduction in rates of growth are expected in the future, and to recognise this shift in the market a new strategy has been implemented whereby the territory is now managed from the UK which has resulted in a significant reduction in costs. Opportunities regarding a Home Delivery option for this territory are being pursued to further secure our business moving forward.

Our operation in France is branded as Premier Veto Plan ("PVP") through which there were 14,000 pets on plan as at 30 September 2019 (30 September 2018: 7,000). The strong pipeline of new sales opportunities provides encouraging signs for continued growth in this region.

The business continues to pursue opportunities in France, with an available market for preventative healthcare programmes for pets across France estimated at over 7 million dogs (similar to the UK) and over 11 million cats (more than 30% higher than the UK) (Source: FACCO, France).

Our Operations and Performance in the USA

Operations were established in the USA during the second half of financial year 2016 and the first plans were launched in September 2016. The business continues to work hard in the USA to focus on changes we have implemented to satisfy the specific need of the USA market and the revised strategy of focussing on corporate owned groups, with introductions provided by the major pharmaceutical companies, is beginning to deliver significant growth

During the financial year ended 30 September 2018, we were pleased to announce the signing of a contract with a major veterinary consolidator in the USA who currently has over 200 hospitals across 25 States. Of these hospitals, in excess of 160 are companion animal, the target market for PVA and plans have been launched in 74 of their hospitals so far. The average size of these hospitals is larger than the average size of UK and USA practices currently served.

The available market for preventative healthcare programmes for pets across the USA is estimated at 70 million dogs and 74 million cats (US Pet Ownership & Demographics Sourcebook 2012). The number of pets on plan increased to 19,000 as at 30 September 2019 (30 September 2018: 9,000).

Revenues are up by 131% to £831k (2018: £359k) and the EBITDA loss improved from £1,438k to £678k.

Group Financial Summary Overview

The following review should be read in conjunction with the financial statements and related notes of this Annual Report. The Group's total revenue from continuing operations for the year ended 30 September 2019 was £3,861, an increase of 22% (2018: £3,152k). This growth was driven by an increased number of fee-generating pets on plan throughout the year.

The tables below show the revenues and operating results from each of the geographical regions in which the business now operates.

£000s	Revenue	
	2019	**2018**
PPCP – UK	2,106	1,985
PPCP – Europe	924	808
PPCP – USA	831	359
Total	**3,861**	**3,152**

£000s	Operating Profit/(Loss)	
	2019	**2018**
EBITDA*		
PPCP – UK	461	540
PPCP – Europe	(593)	(775)
PPCP – USA	(678)	(1,438)
Total EBITDA from PPCP	**(810)**	**(1,673)**
Central unallocated costs	(1,480)	(1,576)
Total EDITDA from continuing operations	**(2,290)**	**(3,249)**
Depreciation and amortisation	(165)	(247)
Finance Expenses	(504)	(102)
Loss before Income Tax	**(2,959)**	**(3,598)**

* EBITDA represents earnings before interest, tax, depreciation and amortisation.

Central unallocated costs have reduced by £139k relative to the previous year. As in the previous year the Executive Directors will not receive a bonus for the financial year ended 30 September 2019.

Finance costs for the year were £504k (being £385k of interest and £119k of amortised arrangement fees) (2018: £102k of interest only).

The loss from continuing operations reduced from £3,567k to £2,926k, directly as a result of the increase in revenues and concerted effort to challenge and reduce the groups relative cost base. Overall operating costs have reduced by £449k whilst interest costs have increased by £402k.

Continued Investment

The Group has invested and capitalised £141k (2018: £250k) of costs relating to its bespoke software system to facilitate the operation of Premier Pet Care Plan in the UK, Europe and the US. This level of investment is expected to be repeated in the current financial year as further enhancements and services are developed.

Funding

As at 30 September 2019, the Group held cash balances of £686k and had outstanding loan facility liabilities of £3.85m with Bybrook Finance Solutions Limited ("BFSL"). Rajan Uppal, a director of PVG, is the sole shareholder and director of BFSL. Crossroads Finance Limited, a company jointly owned and controlled by Dominic Tonner, Chief Executive Officer of PVG, and his spouse, participated in the funding of the facility by entering into direct arrangements with BFSL.

As previously announced, PVG requires additional funding to support the directors' going concern assessment, continue to maximise the growth opportunities that the Group has developed and to reach overall profitability.

The full Board sought alternative funding options and the non-conflicted directors of PVG, have negotiated terms with BFSL on behalf of the Group. Having taken external advice and considered the possibility of raising alternative sources of finance within the timescales required the Board concluded that the BFSL proposal is the best available at the current time and will provide the Group with the funding to realise growth opportunities which are in the best interests of all stakeholders of the Company.

On 29 January 2020 the Group announced that an agreement had been reached whereby BFSL has agreed to the roll up of monthly interest payments and the extension of the repayment date of the £3.85m facility and accrued interest to 31 July 2021.

In addition PVG entered into a further agreement with BFSL to provide an additional secured loan facility of £1.1m. The first tranche of £0.6m was drawn on 29 January 2020 with two further tranches of £0.25m each available for draw down at PVG's request on 22 May 2020 and 24 July 2020. These further tranches can only be drawn by PVG if on or before 30 April 2020 it has issued BFSL with warrants to subscribe for up to 383,673 new PVG ordinary shares of 10p each at an exercise price of 10p per share within five years of the issue of any such warrants. Interest of 1% per month accrues on the loan facility on a monthly compound basis and is added to the total loan amount. The total loan together with accrued interest is repayable on 30 April 2020 with an option for PVG to extend the repayment date to 31 July 2021 by issuing the warrants referred to above. The loan will be utilised by PVG to fund the Group's working capital requirements including the payment of a £0.1m arrangement fee payable to BFSL. Full details of the terms of the loan facilities can be found in note 24 to the financial statements.

Pension Scheme

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund and into personal arrangements in respect of the year.

Going Concern

The consolidated financial statements have been prepared on a going concern basis. The Group made a loss from continuing operations of £2,926k in the year ended 30 September 2019 and ended the year with net liabilities of £3,239k. As at 30 September 2019, the Group had cash and short-term deposits of £686k.

In order to ensure that the Group has sufficient cash resources for the foreseeable future, PVG has entered into a new facility with Bybrook Finance Solutions Limited ("BFSL") on 29 January 2020 and agreed the deferral of interest and extension of the repayment date of its existing £3.85m facility. The terms of the loan facility are outlined in note 24 to the financial statements.

The Board considers that with its current cash reserves and the additional funds available from the new facility, after running various sensitivity analyses including ones with moderate growth and the implementation of further cost savings initiatives, the Group has sufficient resources to meet all current liabilities as they fall due. After consideration of market conditions, the Group's financial position, the Group's forecasts and projections, which allow for reasonable possible changes in trading performance and after making enquiries, the Board have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

For these reasons, the Board continues to adopt the going concern basis in preparing the financial statements.

Outlook

The business continues to develop its corporate agreements in the USA. This, along with the new service strategy in the Netherlands and continued growth in pets on plan in France and the UK demonstrates that the substantial and consistent investment in our global transaction platform is now delivering significant and measurable benefits with competitive advantage to our company. Furthermore, our people's focus on customer service and technical capability has enabled us to deliver and adapt our strategy in the face of strong competition whilst continuing to deliver significant growth.

The business looks forward to working with our partners to support the growth of their businesses in innovative and exciting ways.

We look forward to announcing further developments throughout the coming 12 months.

Dominic Tonner
Chief Executive Officer
Premier Veterinary Group plc
31 January 2020

Andrew Paull
Chief Financial Officer
Premier Veterinary Group plc
31 January 2020

Our Key Performance Indicators ("KPIs")

Financial and Non-Financial Key Performance Indicators

The Group monitors its performance in implementing the Group's strategy with reference to four KPIs; these KPIs are applied on a Group-wide basis and performance against these KPIs, for the continuing PPCP business for the year ending 30 September 2019, was as follows:

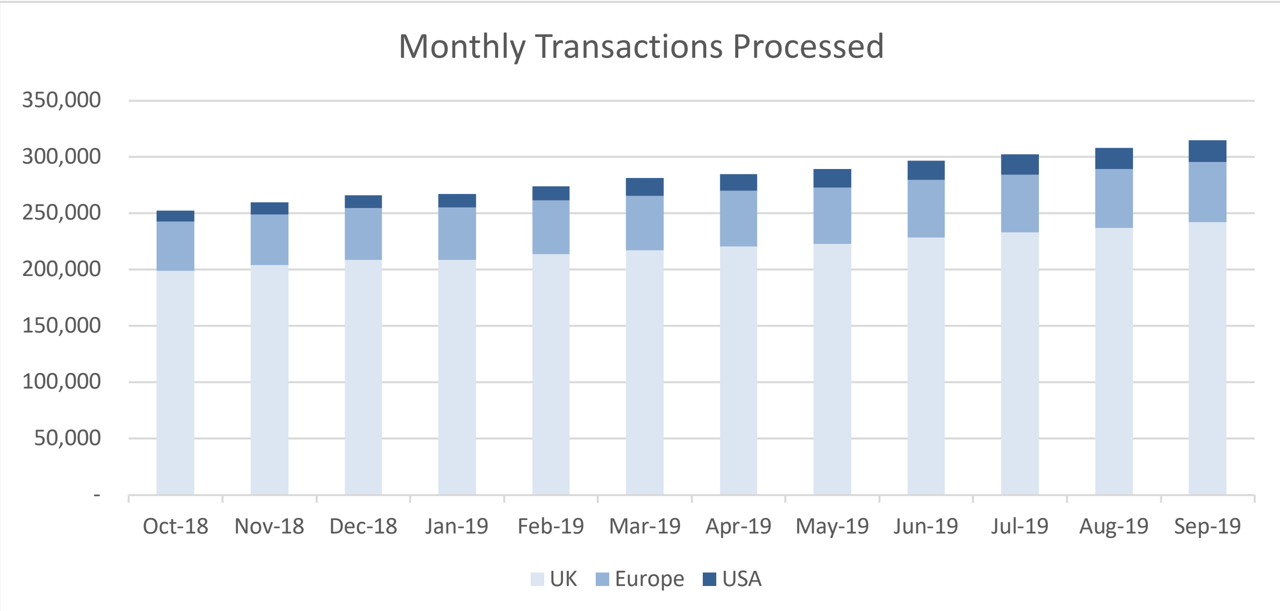
Sales volume and revenue growth

A key element underpinning the Group's strategy is to deliver sales volume growth and revenue growth in Premier Pet Care Plan and related plans in non-UK countries. Sales volume growth is measured by the number of monthly transactions processed under Premier Pet Care Plan.

Premier Pet Care Plan fees are generated from the collection and management of monthly transactions on behalf of veterinary practices external to the Group and are recognised when cash is transferred to customers. A flat fee is received for every monthly transaction collected.

The total number of monthly transactions processed increased by 30% to 3,398,000 in the year to 30 September 2019 (30 September 2018: 2,616,000).

Monthly transactions processed



Pets on Plan

It is important to monitor the number of pets on plan as this is the key revenue driver. This KPI enables management to ensure plans are achieving the levels of penetration that are expected and to focus attention on underperformance.

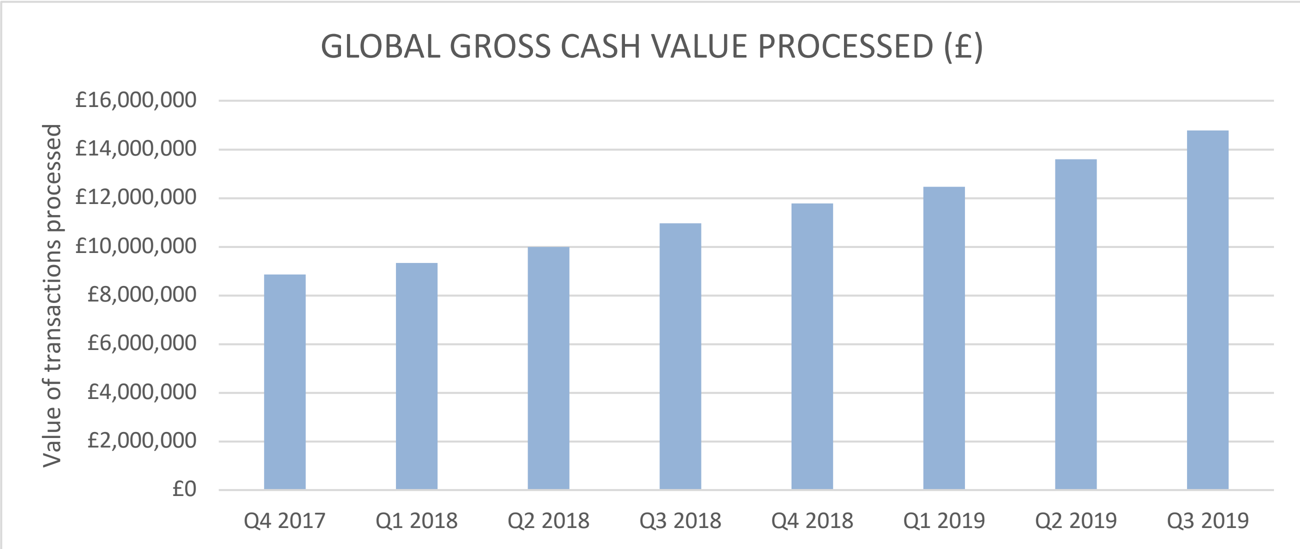
The number of fee-generating pets on plan represents those pets on plan where a fee has been generated for the Group in that month, i.e. a direct debit (or equivalent) has been processed for that pet. Due to the time required by banking protocols to set up these transactions, there will be joiners and leavers in a month who are not included in this measure as they have not yet been processed by (or removed from) the system. The following table shows the quarterly growth in the number of pets on plan over the last 12 months.

000's	As at September 2018	As at December 2018	As at March 2019	As at June 2019	As at September 2019
United Kingdom	193	206	214	226	240
Europe	42	45	48	49	52
USA	9	11	13	17	19
Total Number of Fee-Generating Pets on Plan	**244**	**262**	**275**	**292**	**311**

Overall, the number of pets on plan has increased by 27% in the last 12 months. As at 30 January 2020, the total number of active pets on the system, which provides an indication of the number of pets that will become fee generating in future is 342,000.

Cash processed through the platform

Global cash value processed (£)



Pets on plan is an internal point of reference for the Group. By monitoring cash (inclusive of sales tax) processed through the platform, management is able to monitor the benefit to partners of operating PPCPs. The table below shows the value of transactions processed in the twelve months to 30 September 2019 compared to the same period last year.

The chart (above) shows the quarterly progression in transaction values processed in the last two financial years. The annualised value of transactions processed in the last quarter of the financial year ended 30 September 2019 is £59 million, compared to £44 million at the same point last year.

Value of transactions processed in the 12 months ended	30 September 2019	30 September 2018	% Growth
UK	38,622	30,753	26%
Europe	8,679	6,306	38%
USA	5,299	2,072	156%
Total	**52,600**	**39,131**	34%

Risk Management and Principal and Financial Risks

Premier Veterinary Group plc ("PVG") recognises that it is essential that we actively manage our risks and opportunities to meet the Group's strategic objectives and deliver value to our shareholders.

Whilst we remain focussed on seeking opportunities and delivering our objectives, we must do so by working in accordance with our values. We believe that adopting responsible behaviour at every level and in every aspect of the business will play an important part towards achieving our objectives.

How we manage risk

Working and providing services across various territories means that our employees must take accountability for identifying and effectively managing risks through a system of policies and procedures.

Risk registers are in place and training is assessed to ensure the appropriate knowledge and skills are in place where and when they are needed. Where appropriate the business will use the services of external expertise and service providers to help us audit our systems and procedures and improve where we need to. The Board and management teams are actively engaged in assessing risk and providing oversight and the results of formal risk assessments are reviewed by the Audit Committee.

Each year the Group undertakes a risk assessment that is reviewed by those with responsibility for the functions or relevant parts of the business. The assessment includes a perceived level of risk and likelihood of occurrence.

The principal risks relating to the Group's business (which the directors believe include all known material risks in relation to the Group or its industry) are set out below:

No	Identified Risk	Risk Description	Mitigation	Change since 2018
1	Market Competition	Not competing effectively with existing and potential competitors in the market has the potential to adversely impact the Group's business, results of operations or financial condition. Competition comes from a number of sources – not only other providers of preventative health plans but also from veterinary practices providing preventative health plans of their own. Furthermore, industry consolidation poses a competitive risk where our customers are acquired by other veterinary groups who wish to transfer the acquiree to their own preventative health plan. The Group faces these multiple sources of competition and may not have the resources to respond adequately to this competition. Further, there can be no assurance that the Group will not face greater competition from new entrants in the UK market from abroad or in our overseas territories.	To enhance and develop our product and service offering to ensure it remains competitive. To monitor the competitive landscape across all our existing and potential new markets and territories as part of business development. To strengthen our existing customer relationships and develop these to ensure long term strategic partnerships across all our territories.	Unchanged.
2	Consumer spending and preferences	A decline in consumer spending or a change in consumer preferences could reduce the Group's sales or profitability and harm the Group's business. The Group's sales depend on consumer spending, which is influenced by factors beyond our control, including general global macroeconomic conditions, gross domestic product of UK, Europe and USA, employment levels, the availability of discretionary income and credit to consumers, consumer confidence, tax or interest rate fluctuations, fuel and other energy costs, pet healthcare costs and weather. Global or national political unrest or uncertainty may impact the price paid by consumers for goods, services and commodities, reduce consumer spending and confidence and reduce the Group's sales or profitability. The keeping of pets and the purchase of pet-related products and services may constitute discretionary spending for some customers, and any material decline in the amount of consumer discretionary income or spending could reduce overall levels of pet ownership or spending on pets and adversely affect the Group's sales of products and services, including through impulse purchases and/or consumer expenditure on veterinary and preventative healthcare programmes. If any such declines occurred and were prolonged or severe, they could have a material adverse effect on the Group's business, results of operations or financial condition. Failure to identify or respond to changing consumer tastes, preferences and spending patterns effectively, as well as pet ownership trends and pet care needs could adversely affect the Group's business.	To monitor and to identify and respond to evolving trends in demographics and consumer preferences across our territories. Diversify risk through geographical expansion to reduce any exposure to reduced consumer spending in one region.	Unchanged.

3	Financial Liquidity Risk	Changes in the Group's trading performance and operating cash flow may create pressure on its funding position. The Group is currently generating losses as it invests in developing its operations overseas. Failure to improve the operating performance of the business may put pressure on the Group's funding position if positive EDBITDA is not generated sufficient to cover its cost base and investments.	As disclosed in the paragraph on Going Concern in this strategic report, and in note 24 to the financial statements the Group has entered into loan facilities to give the directors reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the year ahead and the foreseeable future. The Group continually monitors its future cashflow projections. The Group continues to consider alternative sources of funding and meets with investors and potential investors on a regular basis.	Unchanged
4	Brand Reputation	Any events that negatively impact the reputation of, or value associated with, the Group's brand, including the services sold or provided by the Group, could adversely affect the Group's business, results of operations or financial condition. Growth is dependent on the Group strengthening its brand. Maintenance of the reputation and value associated with, the PVG and PVA brands, is central to the success of the Group's business. The Group could be adversely affected if customers lose confidence in the services sold or provided by the Group. The real or perceived failure of the Group to administer preventative pet healthcare programmes to a high standard could adversely affect the Group's reputation and result in a loss of consumer confidence. Unfavourable publicity concerning the services associated with the Group's brand could have a material adverse effect on the Group's business, results of operations or financial condition.	The Group is committed to provide the highest level of customer service. This is essential to maintain confidence in brand and services and further strengthen our strategic partnerships. All our sales and customer facing teams receive intensive induction training and regular ongoing updates.	Unchanged
5	New Initiatives	Failure by the Group to expand the pet healthcare services could adversely affect sales growth and profitability, and any failure by the Group to launch new initiatives effectively could have a material adverse effect on the Group's business, results of operations or financial condition. There can be no guarantee that the Group will be able to increase the number of Premier Pet Care Plans sold.	The Group seeks to mitigate this risk by enhancing and developing its product and service offering and by working with third parties to access new markets.	Unchanged
6	Management of growth and expansion	The Group must manage effectively the growth of its operations; an inability to manage such expansion and the associated costs may have a material adverse effect on the Group's business. PVG operates in the UK and has recently expanded its operations in parts of Europe and the USA. The Group's ability to manage its growth across all its territories effectively requires it to continue to improve and expand its operating, financial and management controls, reporting systems and procedures, and to recruit, train, motivate and manage its employees. There can be no assurance that the Group will be able to implement these programmes effectively or improve its management information and control systems in an efficient and timely manner or that, if implemented, such improvements will be adequate to support the Group's operations. Any inability of the Group to manage its expansion successfully could have a material adverse effect on its business.	To continue to improve and expand our operating, financial and management controls, reporting systems and procedures in order to support employees in their roles to support the objectives of the Group. To continue to recruit, train, motivate and manage its employees to ensure we are able to retain employees for as long as is practicable to ensure continuity of service and the ability to achieve objectives.	Unchanged

7	International Expansion Risk	The Group may face difficulties in effectively controlling, exploiting and/or managing its services, and their commercialisation, internationally. In order to access foreign countries effectively, the Group may have to rely on third parties to carry out and perform the marketing and commercialisation of its services in those territories. The Group would, therefore, have less control over marketing and sales of its services internationally and there is a risk that the Group's services may not be effectively commercialised abroad. In addition, changes in international trade agreements which may be impacted by political events, such as Brexit, may impact the Group's operational structures abroad.	Close management of overseas contractors is maintained, and relationships are reviewed at monthly management meetings. To mitigate this risk, management seek references for third parties they may engage with and hold regular face to face meetings to monitor performance. Third party experts are engaged in territories to ensure the Group is compliant with local rules and regulations. The Group is monitoring the expected changes from Brexit and other regulatory changes.	Unchanged
8	Direct Debits	PVA's status as a Direct Debit originator could be revoked by the sponsor bank. If insufficient time was not afforded by the sponsor bank upon such revocation, there would be disruption to the Pet Care Plan business and the obligations to its veterinary members could not be fulfilled.	The Group seeks to mitigate this risk by adhering to all rules and regulations relating to its status as a direct debit originator and by maintaining a close relationship with the sponsor bank.	Unchanged
9	Direct Debits	PVA is an accredited Commercial FM Provider (CFMP) under the BACS scheme rules. CFMPs are obliged to participate in the Bulk Change process which enables the transfer of Direct Debit instructions between CFMPs and this potential switching of business could impact the ability of the Group to continue to compete in the market.	The Group seeks to mitigate this risk by delivering best in class service and continually developing new products and services to ensure that it remains competitive and a partner of choice.	New
10	Attraction and retention of Key Employees	The Group is significantly dependent on certain key Board and management personnel and whilst PVG has entered into employment arrangements with each of its key personnel with the aim of securing their services, the retention of their services cannot be guaranteed. This means we run the risk of losing good people and with it their knowledge and skills of the business. The loss of those employees could weaken the Group's Board and management capabilities, resulting in delays in the development of its services and impacting negatively on the Group's business. Competitors may try to recruit some of the Group's key employees.	Recruiting and retaining key personnel as the Group develops is critical to the Group's success. Roles and responsibilities are clearly defined and recorded, and systems and procedures are put in place to support business growth and ensure a level of continuity in the event employees move on in their careers. Incentive and reward structures are regularly reviewed to ensure the business remains a competitive employer. We aim to build teams where expertise is not confined to one person. Incentive and reward structures regularly reviewed to ensure business remains competitive employer.	Risk unchanged. Mitigation implemented include implementation of enhanced benefits and holiday entitlement.
11	Security – Anti-Virus & Spyware	An authorised remote user has a virus or spyware infection as they do not have up to date virus definition files. Risk of a possible data loss decreased network performance, application errors, transmission of virus to other users.	We have robust network protection by antivirus and antispyware software with automatic updates. Continual staff education on minimising infections. Weekly checks of hard and software Internal policies.	Enhanced mitigation of continual monitoring and upgrading of antivirus and antispyware software.
12	IT & Data Protection	Loss of equipment e.g. PC, USB stick, CD/DVD containing confidential data. Emails send to incorrect address resulting in confidential data being sent to inappropriate recipients. Unauthorised access, cyber-crime resulting in loss of confidential information.	PCs are password protected, known only to user. Passwords used for confidential/sensitive documents All computers and laptops powered off when not in use. Staff training on use of laptops and documents when travelling to ensure information not overseen by others Restriction of use of open wireless networks.	Enhanced mitigation of ongoing monitoring.

13	Litigation	The Group may be subject to complaints and litigation, which could damage the Group's brand and reputation and divert management resources. From time to time the Group may also be the subject of complaints and litigation from its customers, employees or other third parties, alleging injury, health, environmental, safety or operational concerns, nuisance, negligence or failure to comply with applicable laws and regulations. Any such complaints and claims, even if successfully resolved without direct adverse financial effect, could have a material adverse effect on the Group's brand and reputation and divert its financial and management resources from more beneficial uses. If the Group were to be found liable under any such claims, the Group's business, results of operations or financial condition could be materially adversely affected.	The Group works closely with its legal advisors to reduce the likelihood of such issues arising.	Unchanged.

The Group's risk management objectives and exposure to various risks are as above and detailed in note 3 of the consolidated financial statements.

Corporate Social Responsibility, Community and Human Rights

The Group's vision is to provide the highest quality pet healthcare programmes, delivered with integrity and passion and it puts its customers' pets at the heart of everything it does. We believe that companies should act responsibly, and we aim to set a standard for ethical behaviour wherever we work, complying with local laws and regulations.

The Group recognises the increasing importance of corporate social responsibility and endeavours to take into account the interests of its stakeholders, including its investors, employees, customers, suppliers, business partners and the communities where it conducts its business.

The Group believes that having empowered and responsible employees who display sound judgment and awareness of the consequences of their decisions or actions, and who act in an ethical and responsible way, is key to the success of the business. Through the commitment of our employees and by conducting ourselves with integrity and honesty, we build lasting relationships with our stakeholders to support and deliver the strategy.

The operation of a profitable business is a priority and that means investing for growth as well as providing returns to its shareholders. To achieve this, the Group recognises that it needs to operate in a sustainable manner and therefore has adopted core principles to its business operations which provide a framework for both managing risk and maintaining its position as a good corporate citizen, and also facilitate the setting of goals to achieve continuous improvement.

The Group aims to conduct its business with integrity, respecting the different cultures and the dignity and rights of individuals in the countries where it operates. The Group supports the UN Universal Declaration of Human Rights and recognises the obligation to promote universal respect for and observance of human rights and fundamental freedoms for all, without distinction as to race, religion, gender, language or disability.

In its business dealings, the Group strives to:

- respect the rule of law of the countries within which it operates;
- promise only what it expects to deliver, make only commitments it intends to keep, not knowingly mislead others and not participate in or condone corrupt or unacceptable business practices;
- ensure pet welfare and safety is paramount;
- maintain high ethical standards in its marketing and sales practices in all countries of operation;
- provide products consistently that are safe for their intended use; and
- not give or receive bribes or other inducements in order to retain or bestow business or financial advantages.

The Group has the aim that communities in which it operates should benefit directly from its presence through the wealth and jobs created, and the investment of its time and money in the community. Whilst the Group does not directly support charities, it encourages its employees to take part in charity fundraising events.

A full copy of the Group's Corporate Social Responsibility Policy may be found on its website.

www.premiervetgroup.co.uk

Our people

As more fully explained in the Directors' Report on page 38, the Group adopts a policy of equal opportunities in the recruitment and engagement of staff as well as during the course of their employment.

Gender diversity

The Group is a long-standing supporter of diversity in the boardroom and is supportive of the Financial Reporting Council's aims to encourage such diversity. During the year from 1 October 2018 to 30 September 2019, the Board comprised of five male directors. The Group remains of the opinion that appointments to the Board should be made relative to a number of different criteria, including diversity of gender, background and personal attributes, alongside the appropriate skill set, experience and expertise.

The following table sets out a breakdown by gender as at 30 September 2019 of (i) the number of persons who were directors of the Company; and (ii) the number of persons who were employees of the Group (excluding those persons included in (i)):

Category	Male	Female
(i) Directors	5	0
(ii) Other employees	20	26

Neither the Company nor the Group employs any "senior managers" as defined in s414C(9)(a) of the Companies Act 2006.

Health and safety

The directors are committed to ensuring the highest standards of health and safety, both for employees and for the communities within which the Group operates. The Chief Financial Officer has overall responsibility for health and safety matters. The Group seeks to meet legal requirements aimed at providing a healthy and secure working environment to all employees and understands that successful health and safety management involves integrating sound principles and practice into its day-to-day management arrangements and requires the collaborative effort of all employees. All employees are positively encouraged to be involved in consultation and communication on health and safety matters that affect their work.

Environment

The directors are committed to minimising the impact of the Group's operations on the environment. The Group recognises that its business activities have an influence on the local, regional and global environment and accepts that it has a duty to carry these out in an environmentally responsible manner.

It is the Group's policy to endeavour to meet relevant legal requirements and codes of practice on environmental issues so as to ensure that any adverse effects on the environment are minimised. It strives to provide and maintain safe and healthy working conditions, and to keep its entire staff informed of its environmental policy whilst encouraging them to consider environmental issues as an everyday part of their role.

The Group promotes good environmental practice through the review of purchasing processes, through reduction in the consumption of resources such as energy or water and through recycling or other waste initiatives.

As part of the Group's energy conservation policy:

- confidential wastepaper is disposed of securely, shredded and recycled;
- used toner cartridges are sent for recycling;
- all non-critical equipment and lighting is switched off when not needed;
- whenever possible, incoming packaging materials are re-used;
- low energy electrical equipment is preferred for purchase;
- business is performed electronically wherever possible, to reduce paper usage;
- wherever possible products are purchased that are environmentally friendly, re-usable, recyclable and that do not damage the environment.

A full copy of the Group's Environmental Policy may be found on its website www.premiervetgroup.co.uk

The Strategic Report, comprising pages 3 to 14, has been approved and is signed by order of the Board by:

Andrew Paull
Company Secretary
Premier Veterinary Group plc
31 January 2020

Directors' Governance Report

Chair's Introduction

Dear Shareholder

Premier Veterinary Group plc is a standard listed company. The Board has chosen to apply the principles of the UK Corporate Governance Code 2016 (the "Code"), as far as is appropriate to our size and scale of business, and believes that the Code provides a guiding framework for leadership, systems and processes to enable informed decision-making.

The Board periodically reviews and monitors best practice to ensure the Group has the right people, systems and processes in place to manage risk and deliver on the Group's strategy.

Board Balance, Independence, Diversity and Evaluation

This section on governance outlines the leadership of the Group, the governance arrangements that are in place and explains how their effectiveness is reviewed. The Board recognises the benefits of diversity in the workforce, whether related to ethnicity, gender, creed or culture. It continues to make all appointments based on the best candidate for the role, whilst ensuring the appropriate skills and experience are drawn from the broad range of business backgrounds required to manage and grow its business.

Corporate Governance and compliance

The Group aims to deliver its services safely, ethically and professionally across all its operational territories and is committed to high standards of corporate governance appropriate to the size and complexity of the business. The Board recognises that it is accountable to shareholders for the Group's standard of governance, and, wherever appropriate, the Group uses external legal and financial advisers to assist it with compliance and best practice in these standards.

As a standard listed company, on the Official List since 27 February 2015, applicable governance levels are lower than those which apply to premium listed companies. The Board believes that it has remained compliant with the governance requirements of a standard listing throughout the year ended 30 September 2019.

The remainder of this report includes the Corporate Governance Statement, Nomination Committee Report, the Audit Committee Report, the Directors' Remuneration Report, Directors' Report, and Directors' Responsibility Statement. In these reports, we set out the governance structures we have embedded at Premier Veterinary Group plc and explain how we have applied the Code during the year under review.

Graham Dick
Chair
Premier Veterinary Group plc
31 January 2020

Corporate Governance Statement

Leadership: The Board and its Committees

The Board takes seriously its role to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls, which enables risk to be assessed and managed. The Board currently comprises five members including two independent non-executive directors. The Directors are considered to be appropriately suited to their respective roles based on their skills, experience and knowledge, as outlined below.

Role:	Chair of Board
Director:	Graham Dick
First Date of Appointment:	1 March 2018
Qualification:	Batchelor of Veterinary Science, Member Royal College of Veterinary Surgeons

Previous Relevant Experience:

- Non-executive director of Premier Veterinary Group (9 March 2015)
- Current Chair of RCVS Knowledge Finance and General Purposes Committee
- Current Chair of Vetlife, Finance and Investment Committee (Charity)
- Head of Animal Health Division of Bayer plc for the UK and Ireland
- Chair of Board of National Office of Animal Health (NOAH), former Global Head of Livestock Business Unit of Bayer Animal Health
- Head of European Marketing, Bayer Animal Health
- Head of Marketing and Technical Services for Bayer Animal Health, Australia/New Zealand
- 15 years as partners in mixed veterinary practice

Valued Skills and Knowledge:

- Chairmanship of diverse boards and committees to effect change
- Global veterinary support and management
- Veterinary pharmaceuticals marketing and distribution

Additional Committee Roles:

- Nomination Committee (Chair)
- Audit Committee
- Remuneration Committee

Role:	Chief Executive Officer
Director:	Dominic Tonner
First Date of Appointment:	27 February 2015
Qualification:	BA, Politics & Sociology

Previous Relevant Experience:

- Chief Executive Officer of PVG 2007 Limited (formerly Premier Veterinary Group Limited) with record of more than tripling revenues from £2m to £7.5m per annum
- Experience of six acquisitions with successful integration
- Launched and steered Premier Veterinary Alliance Limited to second biggest veterinary buying group within three years
- Foundation of own company in label and barcode technology sector, successfully sold to API plc
- Major European marketing role with Wiggins Teape

Valued Skills and Knowledge:

- Understanding of the requirements of successful health planning systems for veterinary practices
- Identification and realisation of business opportunities and sourcing of necessary financial support

DIRECTORS' GOVERNANCE REPORT

Role: Chief Financial Officer
Director: Andrew Paull
First Date of Appointment: 30 November 2018
Qualification: Chartered Management Accountant
Previous Relevant Experience:

- Group Finance Director of MWI Animal Health UK
- Senior financial management at OVO Energy Limited
- Senior financial management at Whitbread plc

Valued Skills and Knowledge:

- Meticulous financial reporting standards
- Financial systems management with extensive knowledge of veterinary distribution
- Operational experience of veterinary practice management software systems

Role: Corporate Development Director
Director: Rajan Uppal
First Date of Appointment: 27 February 2015
Qualification: Chartered Accountant, 1986
Previous Relevant Experience:

- Served on boards of several publicly quoted and private companies in executive and non-executive roles
- Chief Financial Officer of Ferry Pickering Group plc (European printing and packaging group)
- Former Chief Financial Officer of Quadrant Healthcare plc including flotation on London Stock Exchange
- Senior Vice President within Elan Corporation plc
- Management buyout and merger of specific Elan companies with ML Laboratories plc into new group, Innovate plc
- Non-Executive Director of Vectura Group plc and of Oxford BioMedica plc

Valued Skills and Knowledge:

- Acquisition, investment and mergers management
- Finance and accountancy

Additional Committee Roles:

- Audit Committee
- Nomination Committee
- Remuneration Committee

Role: Independent Non-Executive Director
Director: Neil Wood
First Date of Appointment: 3 September 2018
Qualification: Fellow of the Institute of Chartered Accountants, 1986
Previous Relevant Experience:

- Management consulting partners at Deloitte LLP
- Audit partner at Arthur Andersen LLP
- Chief Financial Officer to London's bid for the 2012 Olympics
- Chief Financial Officer and Executive Board Member of the London Organising Committee of the Olympic and Paralympic Games
- Chief Financial Officer of the British Business Bank
- Current charitable board positions as chair or member of risk and audit committees

Valued Skills and Knowledge:

- Governance and delivery of complex programmes
- Audit and financial governance expertise

Additional Committee Roles:

- Audit Committee (Chair)
- Remuneration Committee (Chair)
- Nomination Committee

The Role of the Board

The Board is collectively responsible for the long-term success of the Company. The Board is responsible for the setting of, and overseeing the execution of Group strategy, and for the overall management, control and performance of the business. The Board considers that its primary role is to provide leadership to the Company, to set the Group's strategic objectives and to develop robust corporate governance and risk management practices, whilst ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and review management performance.

Its powers and duties are set out in the Company's Articles of Association and it maintains a policy of matters specifically reserved for its own decision. This policy, together with delegated authorities have been approved by the Board and are reviewed and updated when required. In addition, the Board delegates certain responsibilities the Audit, Nomination, Remuneration and Disclosure Committees of the Board committees (the "Committees") and management. Copies of the Group's matters reserved and committee terms of reference can be found on the Company's website.

Division of responsibilities between Chair and Chief Executive Officer

The Chair, Graham Dick, is responsible for leadership of the Board, ensuring its effectiveness in all aspects of its role, setting its agenda and ensuring that the directors receive accurate, timely and clear information. The Chair also ensures effective communication with shareholders and facilitates the effective contribution of non-executive directors. The Chair's other commitments are described on page 20.

The Chief Executive Officer, Dominic Tonner, is responsible for running the business and for managing the management team, which reports formally to the Board at each Board meeting.

Neil Wood was appointed Senior Independent Director on 3 September 2018. His role is to satisfy the function outlined in the Code of providing a sounding board for the Chair; serving as an intermediary for the other directors as necessary; being available to shareholders where there are concerns which contact through the normal channels of Chair, Chief Executive Officer or other executive directors has failed to resolve or for which such contact is inappropriate; leading the process for evaluating the Chair's performance and chairing the Nomination Committee when it is considering the succession to the role of Chair.

By dividing responsibilities in this way no one individual had unfettered powers of decision-making.

Directors who served during the financial year

The composition of the Board and directors who were in office during the year and up to the date of signing the Annual Report and Financial Statements is summarised in the table below:

Director	Executive Director	Non-Executive Director	Independent
Graham Dick (Chair)	No	Yes	Yes
Andrew Paull	Yes	No	No
Dominic Tonner	Yes	No	No
Rajan Uppal	Yes	No	No
Neil Wood	No	Yes	Yes

The Board determined that during the year both Graham Dick and Neil Wood met the independence criteria as set out in the Code.

The Committees and their composition during the year

The Board has established Audit, Nomination and Remuneration Committees. All three Committees have access to independent expert advice. Appointments to Committees are for three-year terms extendible by no more than two further three-year periods. In addition, the Company also has a Disclosure Committee. The terms of reference for all the Committees are available on the Company's website www.premiervetgroup.co.uk.

Details of the activities and responsibilities of each Committee can be found in their respective reports. The following table sets out Committee membership as at 30 September 2019:

Director	Audit Committee	Nomination Committee	Remuneration Committee
Graham Dick (Chair)	Member	Chair	Member
Rajan Uppal	Member	Member	Member
Neil Wood	Chair	Member	Chair

Board and committee attendance

Being a smaller listed Company, the Board considers that it has shown its commitment to leading and controlling the Company by meeting at least once per calendar month during the financial year.

In all cases of non-attendance, this was as a result of the respective Board or Committee meeting being called on short notice.

The attendance of each director at Board and Committee meetings during the year is set out in the table below:

Director	Board	Audit Committee	Nomination Committee	Remuneration Committee
Scheduled number of meetings	9	4	2	5
Unscheduled number of meetings	6	0	0	0
Total number of meetings	**15**	**4**	**2**	**5**
Graham Dick	15	4	2	5
Will Evans[2]	4	-	-	-
Andrew Paull[3]	12	-	-	-
Dominic Tonner	14	-	-	-
Rajan Uppal	14	4	2	5
Neil Wood	14	4	2	5

[1] Directors' attendance by invitation at meetings of Committees of which they are not a member is not reflected in the above table
[2] Resigned from the Board with effect from 30 November 2018
[3] Appointed to the Board with effect from 30 November 2018

Board and Committee information and professional development

The Board has sought to ensure that directors are properly briefed on matters of business discussed at Board and Committee meetings by establishing procedures for distributing Board agendas and reports in a timely manner in advance of meetings; considering the adequacy and quality of the information provided before making decisions; and adjourning meetings or deferring decisions when directors have concerns about the information available to them. The Board and its Committees receive detailed reports from executive management on the performance of the Group at Board meetings and other information as necessary, and senior management regularly make presentations to the Board on their areas of responsibility. Regular updates are provided on relevant legal, corporate governance and financial reporting developments and directors and senior management are encouraged to attend external seminars on areas of relevance to their role.

All directors have access to the advice and services of the Company Secretary and are entitled to receive independent professional advice, at the Company's expense, as required. The removal and appointment of the Company Secretary is a matter reserved for Board approval. The Board also obtains advice from independent professional advisers as and when required.

Directors' conflicts of interest

Directors are required to notify the Company Secretary of any potential conflicts of interest when they are appointed to the Board and, following appointment, as new potential conflicts arise. These notifications are then considered and authorised by the Board as appropriate. A register of potential conflicts of interest is maintained. The Company has put in place a process to review potential conflicts of interest at the commencement of each Board meeting.

Board Effectiveness

Board Performance Evaluation

The Board is mindful that it needs continually to monitor and identify ways in which it might improve its performance and recognises that board evaluation is a useful tool for enhancing a board's effectiveness. Alongside the formal annual evaluation, the Chair routinely assesses the performance of the Board and its members and discusses any problems or shortcomings with the relevant directors.

The Board undertook a written annual evaluation of its own performance, balance of skills, experience, independence, diversity (including gender diversity) and other factors relevant to its effectiveness (and also of that of its Committees) and the performance of its individual directors.

The procedure for this evaluation has been formalised in the Board Review and Development Policy adopted by the Board, a copy of which is available on the Company's website www.premiervetgroup.co.uk.

Following the review, where appropriate, the Chair shared observations and any actions arising with the Senior Independent Director and the Chief Executive Officer. These individual evaluations aim to confirm that each director continues both to contribute effectively and to demonstrate commitment to the role (including the allocation of necessary time for preparation and attendance at Board and Committee meetings and any other duties).

In addition, the Chair was evaluated on his effective leadership of the Board; his management of relationships and communications with shareholders; the identification of development needs of individual directors with a view to enhancing the overall effectiveness of the Board as a team; the promotion of the highest standards of corporate governance; his management of Board meetings and ensuring effective implementation of Board decisions. The process for the evaluation of the Chair's performance was led by the Senior Independent Director, taking into account the views of the executive directors.

Following the evaluation process, the Company considers that the Board, its Committees and its individual members continue to perform effectively, that the Chair performs his role appropriately and that the process for evaluation of his performance has been conducted in a professional and rigorous manner.

Selection, appointment and support of directors

Appointments to the Board are the responsibility of the full Board on the recommendation of the Nomination Committee. There are formal, rigorous and transparent procedures for the appointment of new directors to the Board. Shortlisted candidates are interviewed by at least one member of the Nomination Committee and the Chair of the Board, and evaluations of appropriate candidates are circulated to all members of the Nomination Committee for consideration and approval prior to candidate recommendation to the Board.

On joining the Board, non-executive directors receive a formal appointment letter, which identifies the terms and conditions of their appointment and, in particular, the time commitment expected of them. A potential director candidate (whether an executive director or non-executive director) is required to disclose all significant outside commitments prior to their appointment. The terms and conditions of the letters of appointment of non-executive directors are available to shareholders for inspection at the Company's registered office during normal business hours and at the Company's Annual General Meeting (for 15 minutes prior to the meeting and during the meeting).

Directors are also invited to take part in a formal induction process, which includes the provision of past Board materials to provide background information on the Company and information on Board processes and governance framework. The induction is tailored to meet each new director's specific needs. Training is provided to all directors on an ongoing and timely basis.

Re-election of directors

It is the Board's policy that all directors stand for election or re-election at the Annual General Meeting which accords with the 2019 UK Corporate Governance Code, which the Company chooses to adhere to.

Accountability: Internal control and risk management

The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness. The Board maintains a system of internal controls to safeguard shareholders' investment and the Group's assets, and has established a continuous process for identifying, evaluating and managing the significant risks the Group faces. The Board regularly reviews the process, which has been in place throughout the year and up to the date of approval of the Annual Report and Financial Statements and is consistent with the FRC's "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" (2014).

The Board delegates to management the responsibility for designing, operating and monitoring both the systems and the maintenance of effective internal controls within the Group.

Management is responsible for establishing and maintaining adequate internal control and risk management systems relating to the financial reporting process and the Group's process for the preparation of consolidated financial statements. The systems and controls in place include policies and procedures that relate to the maintenance of records that accurately and fairly reflect transactions, and accurately record and control the Group's assets; provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS"); and review and reconcile reported results.

The Board's review process is, with the assistance of the Audit Committee, based principally on reviewing regular reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied or indicate a need for more extensive monitoring. The system is designed to manage rather than eliminate the risk of failure to achieve the Group's objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. In assessing what constitutes reasonable assurance, the Board considers the materiality of financial and non-financial risks and the relationship between the cost of, and benefit from, internal control systems.

The key procedures, which exist to provide effective internal controls and risk management systems, are as follows:

- lines of responsibility and delegated authorities are clearly defined;
- a comprehensive system for consolidating financial results from Group companies and reporting these financial results to the Board;
- annual revenue, cash flow and capital forecasts reviewed regularly during the year, regular monitoring of management financial statements and capital expenditure reported to the Board and regular comparisons with forecasts;
- financial controls and procedures;
- clear guidelines for the authorisation of significant transactions including capital expenditure and disposals under defined levels of authority;
- regular meetings of the executive directors; and
- an Audit Committee which approves audit plans and published financial information and reviews reports from the external Auditors arising from the audit and deals with significant control matters raised.

The Group's policies and procedures are regularly reviewed, updated and distributed throughout the Group. The Board confirms that it has, during the financial year, reviewed on an on-going basis the effectiveness of the Company's system of internal controls including financial, operational and compliance controls and risk management systems and has reviewed insurance provisions. No significant failing or weaknesses have been identified.

The Board monitors the activities of the Group through regular Board meetings and it retains responsibility for approving any significant financial expenditure or commitment of resources.

Nomination Committee Report

The Nomination Committee has a schedule of matters for annual consideration. Full details of the Nomination Committee's roles and responsibilities are contained in its Terms of Reference, which are available on the Company's website at www.premiervetgroup.co.uk.

Membership

The Chair of the Nomination Committee is the Company's Chair, Graham Dick, and its other members are independent non-executive director, Neil Wood and non-independent executive director, Rajan Uppal.

The Chief Executive Officer and external advisors may be invited to attend meetings as and when considered appropriate. The Company Secretary acts as Secretary to the Nomination Committee.

Meetings

The Nomination Committee meets at least once a year and reports to the Board on its proceedings. The Nomination Committee met twice during the financial year.

An internal evaluation was conducted during the year which confirmed that the Nomination Committee continued to deliver effective decisions to support the Board during the year.

Role

The Nomination Committee has responsibility for considering and making appropriate recommendations to the Board on the size, structure and composition of the Board, along with retirements and appointments of additional and replacement directors.

The Nomination Committee evaluates the balance of skills, knowledge and experience of the Board and is committed to the progressive renewal of the Board through orderly succession. Appropriate succession plans for senior management are also kept under close review. The Nomination Committee is conscious of the need for due regard to be given to diversity when considering appointments to the Board.

Structure, size and composition of the Board

The Nomination Committee reviews the structure, size and composition of the Board and its current composition of three executive directors and two independent non-executive directors is regularly reviewed.

In its search for suitable independent non-executive candidates, the Board and the Nomination Committee may seek recommendations within the industry to help deliver a potential shortlist of candidates being identified. The Board and the Committee review potential candidates, which includes their ability to devote the appropriate amount of time to the role. If appropriate, the Committee may advertise or use the services of an external search consultancy or open advertising in the search for a suitably sized and experienced pool of candidates.

Succession planning

Succession planning is a key area of consideration and is reviewed by the Nomination Committee on an on-going basis alongside the capability of the senior management and directors.

Retirement and re-election of directors

The directors are subject to election by shareholders at the first Annual General Meeting after their appointment and to election thereafter each year.

Diversity

As stated in the Strategic Report on page 15, the Company is a long-standing supporter of diversity in the boardroom and is supportive of the Financial Reporting Council's aims to encourage such diversity. The Company is of the opinion that appointments to the Board should be made relative to a number of different criteria, including diversity of gender, background and personal attributes, alongside the appropriate skill set, experience and expertise.

The Nomination Committee continues to recognise the benefits of diversity in the workforce. Whilst the Company will continue to make all appointments based on the best candidate for the role, it is acknowledged that it is not just gender diversity that supports the strength and future success of the business, and the Board remains focused on achieving the right level of diversity whether related to ethnicity, gender, creed or culture. In view of the current size of the Group and recruitment plans, it is not currently considered appropriate to set measurable targets on gender diversity.

Audit Committee Report

The Audit Committee met four times during the financial year. Details of attendance are shown in the Corporate Governance Statement on page 19.

The key matters considered by the Audit Committee whilst discharging its duties and responsibilities are set out in the following report.

Composition and governance

The Audit Committee comprises three members, Graham Dick, Rajan Uppal and Neil Wood. Neil Wood, being a chartered accountant, with the most recent and relevant financial experience, was Chair of the Audit Committee during the financial year. The Board believes that the combined expertise and experience of its members is appropriate to enable the Audit Committee to fulfil its duties and responsibilities. This is further supported with the interim re-appointment of Rajan Uppal. Rajan Uppal, being a chartered accountant with significant commercial and corporate finance experience, has served on the boards of several publicly quoted and private companies across various business sectors in both executive and non-executive roles.

The Company Secretary acts as Secretary to the Audit Committee.

In accordance with the FRC's Guidance on Audit Committees, no one other than the Audit Committee Chair and members receive automatic invitations to a meeting of the Audit Committee. The Chief Financial Officer and external Auditors are invited to attend meetings on a regular basis and other non-members may be invited to attend all or part of any meeting and as and when considered appropriate and necessary.

The Audit Committee meets the external Auditors at least once a year without executive management present, and its Chair keeps in touch on a continuing basis with the key people involved in the Company's governance, including the Board Chair, the Chief Executive Officer, the Company Secretary and the external audit lead partner.

Summary of the role of the Audit Committee

In the course of discharging its duties and responsibilities, the Audit Committee, focuses particularly on compliance with legal requirements and accounting standards and on ensuring that an effective system of internal financial controls is maintained. The Audit Committee's terms of reference are consistent with the recommendations contained in the Guidance Note published by the Institute of Chartered Secretaries and Administrators. The terms of reference are available on the Company's website at www.premiervetgroup.co.uk.

The primary role of the Audit Committee is to ensure the integrity of financial reporting and the audit process and for the maintenance of sound internal control and risk management systems.

Its responsibilities include reviewing and monitoring:

- the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- the Group's internal financial controls and internal control and risk management systems;
- the requirement for an internal audit function;
- the Group's whistleblowing, fraud detection and anti-bribery procedures;
- the external Auditors' independence and objectivity and the effectiveness of the audit process and making recommendations to the Board on the appointment and re-appointment of the Group's external Auditors.

The Audit Committee reports to the Board, identifying any need for action or improvement on any of these terms of reference and makes recommendations as to the steps to be taken. The effectiveness of the Audit Committee is reviewed by the Board annually.

External auditors

The Audit Committee is responsible for making recommendations to the Board on the appointment, reappointment and removal of the external Auditors and assesses annually the qualifications, expertise, resources, remuneration and independence of the external Auditors. The Audit Committee also receives a report on the external audit firm's own internal quality control procedures. For each annual cycle, the Audit Committee ensures that appropriate plans are in place for the external audit.

Auditors independence

As recommended by the FRC's "Guidance on Audit Committees" and in compliance with its terms of reference, the Audit Committee has developed and recommended to the Board, and the Board has adopted, a policy (the "External Auditors Independence Policy") to ensure Auditors independence and objectivity including in relation to the provision of non-audit services by the Auditors. Under the External Auditors Independence Policy, the Auditors are permitted to supply the Group with audit and audit-related assurance services (e.g. reviews of internal controls and reviewing the Group's interim financial statements). Certain permitted non-audit services are set out in the policy and such services require authorisation either by the Chief Financial Officer or the Chair of the Audit Committee, depending on their value. In order to ensure continued Auditors' independence under the policy the Auditors are prohibited from supplying certain services (including book-keeping and accounting services and valuation services).

PricewaterhouseCoopers LLP ("PwC") was first appointed as Auditors to the Group in 2017. In accordance with professional standards, the PwC partner responsible for the audit is rotated every five years. The PwC partner has, therefore, not yet been rotated.

The Audit Committee annually reviews the effectiveness of the external Auditors. This process involves the external Auditors presenting to the Audit Committee its proposed audit scope, such presentation usually taking place in August each year in relation to financial statements for the relevant financial year. The external Auditors are also required to present to the Audit Committee the output of its detailed year-end work and the Audit Committee challenges significant judgments (if any). In making its assessment of external Auditors effectiveness, the Audit Committee reviews the audit engagement letters before signature, reviews the external Auditors' summary of Company issues, and conducts an overall review of the effectiveness of the external audit process and the external Auditors. The Audit Committee reports its findings to the Board.

Any non-audit services that are to be provided by the external Auditors are reviewed in order to safeguard Auditors objectivity and independence.

Work undertaken by the Audit Committee during the year

The main items considered specifically related to the approval of the financial statements for the year ended 30 September 2019. PwC, as the Auditors, were present at the meetings held in relation to the approval of the financial statements for the year ended 30 September 2018.

Also, during the year, the Audit Committee:

- undertook discussions with the Auditors on the audit approach and strategy, the audit process, significant audit risks and key issues arising out of the annual audit;
- reviewed the financial integrity of the Group's financial statements including relevant corporate governance statements;
- approved the audit fees and the Auditors' letter of representation;
- considered the independence and objectivity of the external Auditors;
- reviewed the internal controls and risk management systems within the Group;
- considered the requirement for the Group to have an internal audit function;
- reviewed the Annual Report and Financial Statements for the year ended 30 September 2018;
- reviewed the effectiveness of the external Auditors;
- post-period reviewed the Annual Report and Financial Statements for the year ended 30 September 2019.

The ultimate responsibility for reviewing and approving the financial statements in the Interim and Annual Reports remains with the Board.

Significant issues related to the Financial Statements

The Audit Committee, in conjunction with the Auditors, has considered that Going Concern is the primary significant issue relating to the preparation of the financial statements contained in this Annual Report which is separately considered below.

Risk Management and Internal Control

The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness. The Board maintains a system of internal controls to safeguard shareholders' investment and the Group's assets, and has established a continuous process for identifying, evaluating and managing the significant risks the Group faces. The Board regularly reviews the process, which has been in place throughout the year and up to the date of approval of the Annual Report and Financial Statements and is consistent with the FRC's "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting". The Board's internal control and risk management review process (conducted with the assistance of the Audit Committee), is outlined on page 11.

Internal Audit

The Board considers the need for an internal audit function annually and in consultation with the Auditors has concluded that, given the current size of the Group's operations, it is not necessary at this time.

Going Concern

The consolidated financial statements have been prepared on a going concern basis. The Group made a loss from continuing operations of £2,926k in the year ended 30 September 2019 and ended the year with net liabilities of £3,239k. As at 30 September 2019, the Group had cash and short-term deposits of £686k.

In order to ensure that the Group has sufficient cash resources for the foreseeable future, PVG has entered into a new facility with Bybrook Finance Solutions Limited ("BFSL") on 29 January 2020 and agreed the deferral of interest and extension of the repayment date of its existing £3.85m facility. The terms of the loan facility are outlined in note 24 to the financial statements.

The directors consider that with its current cash reserves and the additional funds available from the additional facility that the Group has sufficient resources to meet all current liabilities as they fall due. After consideration of market conditions, the Group's financial position, the Group's forecasts and projections, which allow for reasonable possible changes in trading performance and after making enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements.

Approved on behalf of the Board

Neil Wood
Chair of the Audit Committee
31 January 2020

Directors' Remuneration Report

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2019.

This report covers the remuneration of the executive and the non-executive directors, as required by the remuneration reporting regulations, and explains the application of the remuneration policy in the year ended 30 September 2019 and for the year ending 30 September 2020. Shareholders will be asked to vote on a resolution to approve the Directors' Remuneration Report for the year ended 30 September 2019 at the next Annual General Meeting. The Company believes that its approach to remuneration provides a relatively simple but effective overall framework, which is designed to attract, motivate and retain senior management of an appropriate calibre, needed to achieve the Company's strategic objectives.

The remuneration policy of the Company underpins the achievement of the Company's results and the long-term goals of the Company and is directly linked to strategic objectives.

The full remuneration policy is set out below on pages 28 to 37 and may also be found on our website at www.premiervetgroup.co.uk. The remuneration policy was first approved by shareholders at the general meeting held on 11 December 2014 and subsequently renewed by shareholders at the Annual General Meeting held on 3 March 2017 for a further three-year period. The shareholders will be asked to approve the remuneration policy for a further three-year period ending March 2023 at the 2020 Annual General Meeting

Remuneration

Remuneration during the financial year has been in accordance with the approved remuneration policy.

Key remuneration decisions during the year ended 30 September 2019 and changes in remuneration for year ending 30 September 2020

The Remuneration Committee is mindful of the provisions of the Code and associated guidance that a significant proportion of remuneration for executive directors should be structured so as to link rewards to corporate and individual performance, and that such remuneration should be designed to promote the long-term success of the Company.

Individual members of the Board agreed to waive part of their salary with effect from 1 October 2019 until further notice, as set out below;

Executive Directors

1. Andrew Paull - £10k annual salary reduction;
2. Dominic Tonner - £20k annual salary reduction; and
3. Rajan Uppal - £80k annual salary reduction.

Non-Executive Directors

1. Graham Dick – 50% (£37.5k) reduction in annual fee; and
2. Neil Wood – 50% (£20k) reduction in annual fee.

The Remuneration Committee approved management's proposal that there be, in aggregate, an overall increase of up to 3% for the Group's employees for the year ending 30 September 2020.

Governance

As detailed on page 20, an internal evaluation was conducted during the year which confirmed that the Remuneration Committee continues to operate effectively.

I hope you find that this report clearly explains the remuneration approach adopted by the Company and enables you to appreciate how it underpins the business growth and returns strategy, and how it links to our strategic objectives.

Neil Wood
Chair of the Remuneration Committee
31 January 2020

Directors' Remuneration Report (continued)

Remuneration policy

The Company's current remuneration policy was approved at the Annual General Meeting held on 3 March 2017 and, as this may only operate for up to three years, the following policy will be proposed to the shareholders at the 2020 Annual General Meeting.

The Group's remuneration policy must enable it to attract and retain leaders with the skills, experience and drive to execute the Company's business strategy within a framework which is aligned to the interests of the Company's shareholders, for example, through the performance conditions attached to share option grants and bonuses. The Company believes that a significant proportion of executive directors' remuneration should be performance related.

Each year, the Remuneration Committee conducts a formal review of risk in the context of remuneration. A review of pay for other employees within the Group, particularly salary increases, is also carried out each year when reviewing overall remuneration policy and is taken into account when setting policy for the executive directors.

The Remuneration Committee welcomes dialogue with shareholders and consults with its major investors and investor bodies regarding changes to the executive directors' remuneration policy. Any views and feedback on arrangements from the Company's investors are considered by the Remuneration Committee as part of its annual review of directors' remuneration.

Remuneration of Executive Directors

The following table summarises each element of the executive directors' remuneration package, the policy for how these are operated and their link to the Group's strategy.

Element of Pay	Purpose and link to Group's strategy	How operated in practice	Maximum opportunity	Performance conditions where relevant
Base salary	Reflects the value of the individual and their role Takes account of experience and personal contribution to Group strategy Set at a level to facilitate recruitment and retention of suitably experienced executives	Salaries are review annually on 1 January The policy is for salaries to be around those paid by other companies comparable on the basis of size and complexity, but also takes account of other factors including any change in responsibilities or the scope of the role.	There is no prescribed annual increase The Remuneration Committee is guided by the wider workforce increases but may also need to recognise increases in certain circumstances such as assumed additional responsibility, or an increase in the scope or size of the role.	Takes into account the performance and personal contribution of the individual and the performance of the Group.
Annual bonus plan	Rewards performance against specific near-term goals, which are consistent with the strategic direction of the business	Assessed by the Remuneration Committee against the audited results of the Company where relevant	A bonus of up to 50% of salary may be awarded In exceptional circumstances the Board has the discretion to award a higher percentage	No less than 20% of the bonus is based on one or more relevant financial performance conditions such as operating profit Up to 50% of the bonus may be based on appropriate non-financial targets Any non-financial target will be subject to an appropriate financial underpin
Share options plan	Aims to reward long-term value creation	Share options provide a direct and transparent link between executive pay and value creation for shareholders, as no gains are possible unless there has been an increase in share price All share options expire on the tenth anniversary of their grant date	No option may be granted to a participant if, as a result, the aggregate market value of ordinary shares subject to options granted to that participant during a financial year under all employee share arrangements established by the Company would exceed twice their basic salary, although this limit may be exceeded in exceptional circumstances	Performance criteria where appropriate will include the Company's share price performance, achievement of financial and commercial milestones and individual job milestones
Benefits	To remain competitive in the market workplace	Executive directors are entitled to private medical insurance and, if considered appropriate, to participate in the Group Car Scheme	There is no prescribed maximum The value of the benefit is determined by the cost to the Company	Not performance related
Pension contribution / payment in lieu	To remain competitive in the market workplace and facilitate retirement planning	A contribution equivalent to 10% of salary is made by the Group to executive directors and paid into either a pension scheme or paid direct to the individual in lieu	10% of base salary	Not performance related

Notes to the Policy Table

Annual Bonus Plan Performance Metrics

Performance measures, the weighting between them and stretching targets are set at the start of each year by the Remuneration Committee, based on the Company's financial KPIs and strategic priorities for the year and taking account of the business plan, budget for the year, and market conditions. At least 20% will be based on relevant financial targets and up to 50% may be attributed to a relevant non-financial target. Together, these targets are intended to incentivise and reward shorter-term performance, consistent with the interests of the shareholders and the overall strategy of the Company.

Share Options Plans

The Remuneration Committee selects performance measures for share options awards that are aimed at incentivising and rewarding performance over the medium term, aligned with the interests of the shareholders and consistent with the Group's strategy. The Remuneration Committee will set stretching targets based on the Group's budget, business plan, and external economic environment at that time.

Comparison with Employees' Remuneration Policy

The key differences between executive directors' remuneration policy and that of employees generally is that, for the executive directors, there is significantly more weighting to variable performance-related pay. Variable pay is seen as more relevant for senior executives because of their greater ability to influence the overall performance of the Group.

Policy for chair and non-executive directors fees

Purpose and link to Group's strategy	How operated in practice	Maximum Opportunity	Performance conditions where relevant
To attract retain high quality and experienced non-executive chair and non-executive directors	Non-executive chair and non-executive directors are paid an annual fee Fee levels are determined and reviewed taking into account experience, time commitment, responsibility and scope of role as well as market data for similar roles in other companies of a similar size to the Group	There is no prescribed maximum fee or maximum increase There may be a need to recognize increases in certain circumstances such as assumed additional responsibility or an increase in the scope or size of the role No additional fee is paid for the chairing a committee	No performance-related element of remuneration

Shareholding Guidelines

There is no requirement for directors to hold shares in the Company.

Pre-existing Obligations and Commitments

It is a provision of this remuneration policy that the Company can honour all pre-existing obligations and commitments that were entered into with current or former directors prior to this remuneration policy taking effect. Details of any payments to former directors will be set out in the Annual Report on Remuneration as they arise.

Annual Bonus Plan and Share Options Plans

The Remuneration Committee operates its annual bonus plan and share options policy according to the rules of each respective plan and consistent with normal market practice and the Listing Rules of the London Stock Exchange, including flexibility in a number of aspects.

How the Remuneration Committee retains flexibility includes (albeit with quantum and performance targets restricted to the descriptions detailed above):

- who participates in the plans;
- when to make awards and payments;
- how to determine the size of an award, a payment, or when and how much of an award should vest;
- how to deal with a change of control or restructuring of the Company;
- whether a director is a "good/bad leaver" for incentive plan purposes and whether and what proportion of awards vest at the time of leaving or at the original vesting date(s);
- how and whether an award may be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring or for special dividends); and
- what the weighting, measures and targets should be for the annual bonus plan and share options plans from year to year.

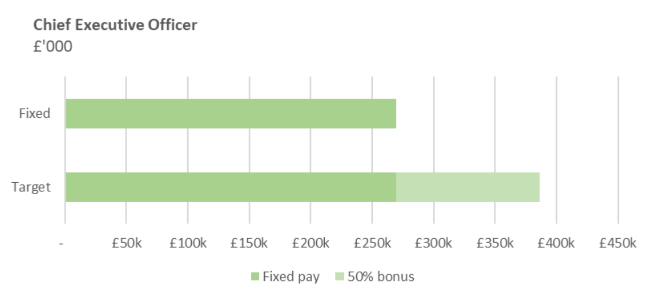
The Remuneration Committee also retains the discretion within the policy to adjust targets and/or set different measures and alter weightings for the annual bonus plan and to adjust targets for the share options plans if events happen that cause it to determine that the performance conditions are unable to fulfil their originally intended purpose, provided the new performance conditions are not materially less difficult to satisfy. Any adjustments will be fully disclosed in the following year's Annual Report on Remuneration.

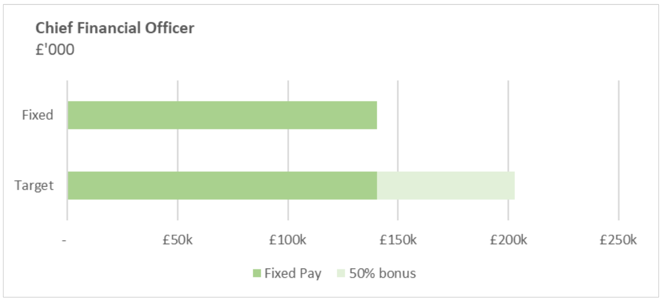
All historic awards that were granted under any current share options schemes operated by the Company but remain outstanding (as detailed on pages 66 and 6868) remain eligible to be exercised based on their original award terms.

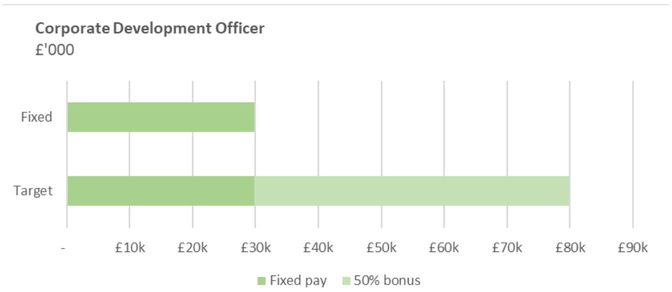
Payment under different scenarios

Under The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ('the Regulations'), the Group is obliged to show a bar-chart indicating the level of remuneration which would be received by executive directors in 2020 under different scenarios. Two scenarios are shown below:

- "Fixed pay" is based on salary, benefits and pension contributions;
- "Target pay" is fixed pay, plus the maximum of variable pay







Service Agreements and payments for loss of office of Executive Directors

It is the Group's policy that executive directors should have contracts with indefinite term which are subject to up to 12 months' notice by the Group and the director. In the event of early termination, the directors' contracts will provide for compensation in line with their contractual notice period. In summary, the contractual provisions are as follows:

Provision	Detailed terms
Notice period	Up to 12 months by the Group, up to 12 months by the Director.
Termination payment	If any existing contract is breached by the Group, it would be liable to pay, as damages, an amount approximating to the net loss of salary and contractual benefits for the unexpired notice period, subject to mitigation and phased payments where appropriate. Any statutory amounts would be paid as necessary.
Remuneration for entitlements	Pro-rata vesting for outstanding awards (in certain circumstances – see below).
Change of control	Of the Executive Directors, only the Chief Financial Officer's contract contains additional provisions in respect of change of control.

Any share-based entitlements granted to an executive director under the Group's share options plans will be determined based on the relevant plan rules. The default treatment under the share options plans is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, ill-health, disability redundancy, retirement or other circumstances at the discretion of the Committee, 'good leaver' status may be applied.

For good leavers, awards will normally vest on cessation, or on the original vesting date, subject to the satisfaction of the relevant performance conditions at that time and reduced pro-rata to reflect the proportion of the vesting period actually served. However, the Committee has discretion to determine that awards vest at a later date and/or to disapply time pro-rating.

Details of the service contracts of the current executive directors,-are as follows:

Director	Effective date of service contract	Notice period from Group (months)	Notice period from the director (months)	Termination payment	Remuneration entitlement on termination of contract by Group
Chief Executive Officer	27 February 2015	12	12	No contractual termination payments other than detailed above	12 months' notice
Chief Financial Officer	30 November 2018	6	6	No contractual termination payments other than detailed above	6 months' notice
Corporate Development Director	27 February 2015	6	6	No contractual termination payments other than detailed above	6 months' notice

Recruitment and Promotion Policy for Directors

The remuneration package for a new executive director would be set in accordance with the terms of the Group's prevailing approved remuneration policy at the time of appointment and take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Salary would be provided at such a level as is required to attract the most appropriate candidate. It may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance has been proven and sustained. The annual bonus potential would be limited to 50% of salary although, in exceptional circumstances, the Board has the discretion to award a higher percentage. Conditional awards under the share options plans may be up to the plan maximum of twice annual salary, although this limit may be exceeded in exceptional circumstances. In addition, the Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an executive leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions.

For an internal executive director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue. For external and internal appointments, the Committee may agree that the Group will meet certain relocation and other incidental expenses as appropriate.

If appropriate, the Committee may agree, on the recruitment of a new executive director, to a notice period in excess of 12 months but to reduce to 12 months over a specified period.

The fees for a new chair or non-executive director will be reflective of experience, time commitment, responsibility and scope of the role and will be consistent with the approved remuneration policy at the time.

External Appointments

Executive directors are permitted to accept external board or committee appointments provided they do not interfere with the executive directors' obligations to the Group. The Board will decide at the time of appointment whether the executive director may retain the fees for such appointments.

Chair and Non-Executive Directors

The current non-executive directors are engaged for indefinite terms, with notice periods of three months, with an entitlement to accrued fees and expenses only up to the date of termination. These appointments are subject to the Articles of Association. All directors are subject to election by shareholders at the first Annual General Meeting after their appointment and to re-election thereafter each year.

The dates of the initial letters of appointment for the current non-executive directors are as follows:

Director	Date first appointed as a Non-Executive Director	Notice period from the Group	Date of Election/Last Re-Election
Non-Executive Chair	9 March 2015	3 months	1 February 2018
Senior Independent Non-Executive Director	3 September 2018	3 months	27 March 2019

Annual report on remuneration

This part of the Directors' Remuneration Report has been prepared in accordance with the requirements of Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2014.

The report also meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and describes how the Board has complied with the principles and provisions of the 2018 UK Corporate Governance Code (the "Code") relating to remuneration matters.

The annual report on remuneration explains how the remuneration policy has been implemented in the year ended 30 September 2019, and how it will be implemented during the financial year ending 30 September 2020. The remuneration tables, subject to audit in accordance with the relevant statutory requirements, are contained in the annual report on remuneration. The annual report on remuneration will be put to an advisory shareholder vote at the 2020 Annual General Meeting.

The Remuneration Committee

Neil Wood chairs the Remuneration Committee, the other members during the financial year were Graham Dick and Rajan Uppal. Neil Wood is deemed to be the independent non-executive director and Graham Dick is the Group's independent non-executive Chair. The Company Secretary acts as the Secretary to the Remuneration Committee.

The Chief Executive Officer and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary. The terms of reference of the Remuneration Committee are available on the Company's website at www.premiervetgroup.co.uk. The Remuneration Committee meets not less than twice a year and is required to report formally to the Board on its proceedings. The Remuneration Committee met five times during the financial year, and details of attendance are shown in the Corporate Governance Statement on page 19.

The Remuneration Committee has responsibility for making recommendations to the Board on the Company's policy on the performance evaluation and remuneration of directors, and for determining, within agreed terms of reference, specific remuneration packages for each of the executive directors and members of senior management, including pension rights, any compensation payments and the implementation of executive incentive schemes.

The Remuneration Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference. During the year, the Remuneration Committee sought advice from external advisers in relation to the operation of the Company's share option plans.

The link between remuneration and strategy

As set out in the Strategic Report, the Group has developed a strategic plan containing near term and longer-term objectives. Such objectives are measurable via the Group's KPIs as set out on pages 8 and 9 of the Strategic Report, all of which are built into the Group's incentive schemes. Annual bonus arrangements are linked to the Group's near-term strategy. The Board is, therefore, satisfied that current remuneration arrangements clearly support the business strategy.

Implementation of remuneration policy for the year ended 30 September 2019

Annual Base Salaries

Base salaries for the individual executive directors are reviewed annually by the Remuneration Committee, taking into account performance and personal contribution to the Group's strategy. The policy is for salaries to be around those paid by other companies comparable on the basis of size and complexity, but also takes account of other factors including any change in responsibilities or the scope of the role.

Annual Bonus Payment in respect of the year ended 30 September 2019

The structure of the annual bonus scheme is as approved by shareholders at the general meeting held on 3 March 2017 and as described in the remuneration policy. The maximum award under the annual bonus plan is 50% of base salary.

For the year ended 30 September 2019, 100% of the annual bonus was tied to achievement of revenue and EBITDA targets and compliance with the Bybrook Financial Solutions Limited funding agreement.

The Remuneration Committee reviewed the performance of executive directors against the bonus objectives and has concluded no bonus payments will be paid to executive management in respect of the financial year. Rajan Uppal waived his entitlement to be considered for a bonus award, as he did for the years ended 30 September 2017 and 2018.

Share Option Plans in respect of the year ended 30 September 2019

Options over ordinary shares are currently available to be granted under two option plans:

- The Ark Therapeutics Group plc Unapproved Share Option Plan (the "2014 Executive Option Plan"); and
- The 2014 Ark Therapeutics Group plc Enterprise Management Incentive Share Option Plan (the "2014 EMI Plan")

Apart from the 2014 Executive Option Plan and the 2014 EMI Plan, the Group has no subsisting option plans, and all option grants made under these former share option plans have now either lapsed or been waived. Both these plans were established prior to the Company's change of name from Ark Therapeutics Group plc and remain in operation.

Ark Therapeutics Family Benefit Trust ("FBT")

No funds were made available to the trustee of the FBT to subscribe for shares during the year, and all individual sub-funds were wound up. None of the current directors have ever held sub-funds in the FBT. Whilst ordinary shares are held within the FBT, the voting rights in respect of those shares are exercisable by the trustee in accordance with its fiduciary duties.

Pensions

Under their service contracts each executive director is entitled to receive a Company contribution equivalent to 10% of base salary, which may either be paid into a pension scheme or paid to the individual direct in lieu. The Group's employees are entitled to membership of a company stakeholder pension scheme. Company contributions for employees other than executive directors are 2%.

Single total figure of executive directors' remuneration (audited)

The following table sets out the single figure remuneration in respect of the executive directors for the current year ended 30 September 2019:

Director	Base salary for the year ended 30 September 2019	All taxable benefits[1] for the year ended 30 September 2019	Value of vested share options for year ended 30 September 2019	Bonus for the year ended 30 September 2019	Pension for the year ended 30 September 2019	Total for the year ended 30 September 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Dominic Tonner	234	38	-	-	20	292
Rajan Uppal	100	1	-	-	9	110
Will Evans[2]	24	-	-	-	4	28
Andrew Paull[2]	106	12	-	-	8	126
Total	**464**	**51**	**-**	**-**	**41**	**556**

[1] Taxable benefits relate to private medical insurance and car benefit (including car allowance).
[2] Will Evans, the Chief Financial Officer, left the Group on 30 November 2018 and was replaced by Andrew Paull who joined the Group on the same date.

The following table sets out the single figure remuneration in respect of the executive directors for the previous year ended 30 September 2018:

Director	Base salary for the year ended 30 September 2018	All taxable benefits[1] for the year ended 30 September 2018	Value of vested share options for year ended 30 September 2018	Bonus for the year ended 30 September 2018	Pension for the year ended 30 September 2018	Total for the year ended 30 September 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Dominic Tonner	232	39	-	-	20	291
Rajan Uppal	100	-	-	-	9	109
Will Evans	123	8	-	-	12	143
Total	**455**	**47**	**-**	**-**	**41**	**543**

[1] Taxable benefits relate to private medical insurance and car benefit (including car allowance).

Non-Executive Directors' Remuneration (audited)

The fees for the non-executive directors are reviewed on an annual basis and are set by the Board to reflect the experience, time commitment and responsibility and scope of the role, as well as market data for similar roles in other companies of a similar size to the Company. The non-executive directors do not participate in any annual bonus or long-term incentive plans, nor do they receive benefits in kind or pension contributions.

The following table shows the remuneration for the non-executive directors who served during the year ended 30 September 2019 along with the per annum fee rates for the year ended 30 September 2018:

Director	Total Fees for the year ended 30 September 2019	Total Fees for the year ended 30 September 2018
	£'000	£'000
Graham Dick	75	60
Neil Wood	40	3
Total	**115**	**63**

No additional fees are paid to non-executive directors in relation to committee membership.

* The non-executive directors have agreed a 50% reduction in their annual fees with effect from 1 October 2019 until further notice as set out on page27.

Directors' Shareholdings and Share Interests (audited)

Directors' Beneficial Share Interests

The interests of the directors who served during the year in the share capital of the Company at 30 September 2018, 30 September 2019 and at the date of this report or their resignation (if earlier) were as follows:

	Number of Ordinary Shares of 10p each			Total Number of Share Options	Vested but Unexercised Share Options
Director	30 September 2019	30 September 2018	As at date of report or date of resignation (if earlier)	30 September 2019	30 September 2019
Dominic Tonner	1,799,670	1,799,670	1,799,670	279,035	279,035
Rajan Uppal	5,421,138	5,421,138	5,421,138	-	-

All interests are beneficially held.

On 23 April 2019 the company issued warrants to Bybrook Finance Solutions Limited (BFSL) and Crossroads Finance Limited (Crossroads) to subscribe for up to 537,143 and 230,204 ordinary shares of 10p respectively in order to extend the repayment date of a £3.85m loan arrangement that was concluded on 29 January 2019. The warrants are exercisable within 5 years of the issue date. Rajan Uppal is the sole director and shareholder of BFSL. Dominic Tonner jointly owns and controls Crossroads with his spouse.

Directors' interests in share options

Details of options over ordinary shares of 10 pence each for directors who served during the year are set out in the table below:

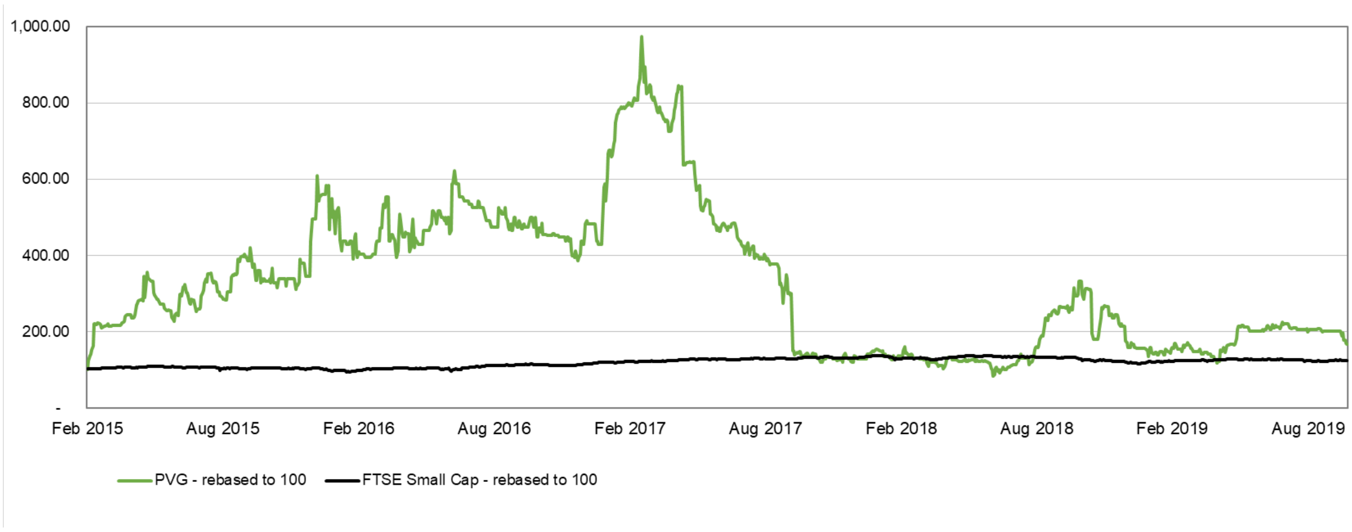
Director	As at 30 September 2018	Granted during the year	Options exercised during the year	Options lapsed during the year	As at 30 September 2019	Exercise price Pence	Date from which exercisable	Expiry Date
Dominic Tonner	279,035	-	-	-	279,035	10.1	27 February 2016[1]	27 February 2025
Will Evans	40,000	-	-	40,000	-	-	-	-
Total	**319,035**			**40,000**	**279,035**			

[1] Options granted on 27 February 2015 vested in full on 27 February 2016, being the later of the first anniversary of the date of grant and the date when the market price of an ordinary share (as derived from the Daily Official List) was at least twice the exercise price of 10.1 pence per ordinary share and had been for a continuous period of 15 days.

Shareholder return

Performance graph (unaudited)

The graph below shows the Company's total shareholder return ("TSR") for the period 27 February 2015 to 30 September 2019. This is compared against the TSR performance of the FTSE Small Cap Index, assuming an initial investment of £100. The FTSE Small Cap Index has been selected for the comparison as the Remuneration Committee has been advised that it is an appropriate comparator for performance.



The closing mid-market price of an ordinary share of 10 pence as at 30 September 2019 was 47.5 pence, and the range during the financial year was 33.5 pence to 95.0 pence.

Total CEO remuneration (unaudited)

The tables below set out the total remuneration and the amount vesting under short-term and long-term incentives (as a percentage of the maximum that could have been achieved) during each of the past nine years for the director holding the post of Chief Executive Officer. The Company had no executive directors during the period from 1 April 2013 to 26 February 2015. The figures in the first table are for the nine-month period ended 30 September 2015 and for the years ended 30 September 2016, 2017, 2018 and 2019. The figures in the second table are for the relevant financial years ended 31 December prior to the change of the Company's year-end.

For the year ended 30 September	Chief Executive Officer	Single figure of total remuneration £'000	Annual bonus paid out £'000	Vesting rate against maximum opportunity under the EMI Plan %
2019	Dominic Tonner	292	-	-
2018	Dominic Tonner	291	-	-
2017	Dominic Tonner	293	-	-
2016	Dominic Tonner	805	220	100

For the nine-month period ended 30 September	Chief Executive Officer	Single figure of total remuneration £'000	Annual bonus paid out £'000	Vesting rate against maximum opportunity under the EMI Plan %
2015	Dominic Tonner[1]	281	110	-

[1] Appointed as a director of the Company on 27 February 2015.

Year ended 31 December	Chief Executive Officer	Single figure of total remuneration £'000	Annual bonus paid out £'000	Vesting rate against maximum opportunity under the LTIP %	Vesting rate against maximum opportunity under the Approved Executive Plan and/or the Unapproved Executive Plan %	Vesting rate against maximum opportunity under the FBT
2014	-	-	-	-	-	-
2013	Dr David Venables	[1] 288	-	-	[7] 100.00%	-
2012	Dr David Venables	[2] 158	-	-	-	-
2012	Martyn Williams	[3] 539	-	-	[8] 100.00%	20.00%
2011	Martyn Williams	366	[6] 70	-	-	23.33%
2010	Martyn Williams	[4] 275	-	55.00%	55.00%	-
2010	Nigel Parker	[5] 606	-	55.00%	55.00%	44.58%
2009	Nigel Parker	439	-	50.00%	66.70%	-

1 Dr Venables' permanent position of Chief Executive Officer was made redundant on 31 March 2013. This figure included the sum of £170,000 in respect of payment in lieu of notice and £30,000 compensation for loss of office paid to Dr Venables and a pension contribution of £30,000 made by the Company into his pension plan following redundancy.

2 Dr Venables was appointed as Chief Executive Officer on 1 August 2012.

3 Mr Williams resigned as a director and Chief Executive Officer on 31 July 2012. This figure included the sum of £311,750 in respect of pay in lieu of notice and compensation for loss of office paid to Mr Williams and a pension contribution of £45,000 made by the Company into his pension plan following his departure as Chief Executive Officer. In May 2010 the terms of Mr Williams' contract were revised by the Board on his appointment as CEO, prior to the arrival of any of the members of the current Board.

4 Mr Williams was appointed as Chief Executive Officer on 5 May 2010.

5 Dr Parker resigned as a director and Chief Executive Officer on 5 May 2010. This figure included the sum of £390,000 in respect of pay in lieu of notice and compensation for loss of office.

6 Mr Williams was appointed as Chief Executive Officer on 5 May 2010 and bonus performance objectives relating to his first 12 months in office were established at that time. A bonus of £30,000 representing one third of the maximum that could have been earned in the year was paid. A further bonus of £40,000 was earned for the period from 5 May 2011 to 31 December 2011 based on achievement of additional cash generative objectives.

7 In accordance with the applicable share option plan rules, all options vested on the permanent position of Chief Executive Officer being made redundant. Dr Venables waived his entitlement to all his share options during the reporting year.

8 Board discretion exercised under the applicable share option rules.

Percentage Change in the Remuneration of the Chief Executive Officer

The table below sets out the increase in the salary, benefits and bonus of the Chief Executive Officer and that of the Group's management team. This group of employees has been selected for this comparison because it is considered to be the most relevant as these individuals have similarly structured remuneration packages to that of the Chief Executive Officer.

	Chief Executive Officer Percentage change year ended 30 September 2019 versus year ended 30 September 2018	All Directors Percentage change year ended 30 September 2019 versus year ended 30 September 2018
Base Salary	1%	12%
Benefits	-3%	9%
Bonus	0%	0%

Relative importance of spend on pay

The table below shows a comparison between overall expenditure on pay and dividends paid to shareholders for the years ended 30 September 2018 and 30 September 2019.

	Year ended 30 September 2019	Year ended 30 September 2018	Percentage Change
Overall expenditure on pay[1]	3,260	3,695	(12%)
Dividend paid in the year	-	-	0%

[1] Overall expenditure on pay is total staff costs for continuing and discontinued operations in note 5 in the notes to the consolidated financial statements.

Implementation of Remuneration Policy for the year ending 30 September 2020

There are no changes to the way in which the remuneration policy will be implemented in the year ending 30 September 2020 notwithstanding that the remuneration policy will be put to shareholders at the 2020 Annual General Meeting.

Executive Directors' Base Salaries and Benefits

As shown in the table below, there will be the following changes in the base salaries of the executive directors for the year ending 30 September 2020 with effect from 1 October 2019:

Executive Directors	Position	Base Salary for the year ending 30 September 2020 £'000	Base Salary for the year ended 30 September 2019 £'000	% increase from 2019 %
Dominic Tonner	Chief Executive Officer	214	234	(9%)
Rajan Uppal	Corporate Development Director	20	100	(80%)
Will Evans[1]	Chief Financial Officer	-	24	-
Andrew Paull[2]	Chief Financial Officer	115	106	8%

[1] Will Evans resigned with effect from 30 November 2018, his remuneration is included to that date
[2] Andrew Paull was appointed on 30 November 2018, his remuneration is included from that date to 30 September 2020.
The provision of benefits in the year ending 30 September 2019 will be operated in line with the approved remuneration policy.

Approach to annual bonus

For the year ending 30 September 2020, the annual bonuses for executive directors and senior management will be determined by successfully delivering against three criteria: growth in revenue and EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation), and compliance with the terms of the BFSL funding agreement.

The Board considers that the actual targets for the year ending 30 September 2020 bonus are commercially sensitive and full details will be disclosed retrospectively in the Annual Report for the year ended 30 September 2020 provided they are not considered commercially sensitive at that time. In accordance with the approved remuneration policy, targets will be stretching and aimed at rewarding performance against specific near-term goals, which are consistent with the interests of shareholders and the overall strategic direction of the business.

Approach for Share Options Plans Awards

The Remuneration Committee selects performance measures for share options awards that are aimed at incentivising and rewarding performance over the medium term, aligned with the interests of the shareholders and consistent with the Group's strategy. The Remuneration Committee considers that the above milestones achieve this aim. It is not proposed to award any further share options at the current time.

Approach FBT transfers

No conditional transfers of shares will be made to sub-funds within the FBT in the year ending 30 September 2019.

Pensions

Pension arrangements will be in line with the approved remuneration policy.

Remuneration of Senior Management and other 'Below-Board' Employees

In addition to its responsibility for the remuneration policy for executive directors, the Remuneration Committee is involved in the consideration of the remuneration arrangements for the senior management team. It does this in the context of the Group's overall strategy and performance to align the financial interests of the executive directors and other management and employees with the achievement of the Group's objectives.

Shareholder Voting

At the Annual General Meeting held on 27 March 2019, shareholder proxy voting on the Directors' Remuneration Report for the year ended 30 September 2018 was as follows:

Number of Votes cast 'for'[1]	Percentage of Votes cast 'for'	Number of Votes cast 'against'	Percentage of Votes cast 'against'	Number of Votes 'withheld'[2]
7,022,523	99.93%	4,712	0.07%	0

At the Annual General Meeting held on 1 February 2018, shareholder proxy voting on the Directors' Remuneration Report for the year ended 30 September 2017 was as follows:

Number of Votes cast 'for'[1]	Percentage of Votes cast 'for'	Number of Votes cast 'against'	Percentage of Votes cast 'against'	Number of Votes 'withheld'[2]
7,928,905	99.95%	4,035	0.05%	42

[1] Includes discretionary votes.
[2] A vote withheld is not a vote in law and is not counted in the calculation of votes for and against.

The Company is committed to on-going shareholder dialogue and takes an active interest in voting outcomes. Should there be a significant level of votes against resolutions relating to directors' remuneration, the Company will seek to understand the reasons for this and will set out any actions taken in response.

Approval

This report was approved by the Board of Directors on and signed on its behalf by:

Neil Wood
Chair of the Remuneration Committee
31 January 2020

Directors' Report

The Directors report comprises, as required by UK Company law, the information below together with the reports set out in this Directors' Governance Report and the consolidated audited financial statements for the Group for the year ended 30 September 2019.

Results for the year

The consolidated statement of comprehensive income for the year ended 30 September 2019 is shown on page 49. The consolidated statement of changes in equity for the year is shown on page 51 and segmental information is shown in note 7 in the notes to the consolidated financial statements. The consolidated statement of financial position as at 30 September 2019 is shown on page 50.

Dividends

The directors are unable to recommend the payment of a dividend in respect of the financial year ended 30 September 2019 (year ended 30 September 2018 : £nil).

Employees

The Group adopts a policy of equal opportunities in the recruitment and engagement of staff as well as during the course of their employment. It endeavours to promote the best use of its human resources on the basis of individual skills and experience matched against those required for the work to be performed.

The Group recognises the importance of investing in its employees and as such the Group provides opportunities for training and personal development and encourages the involvement of employees in the planning and direction of their work. These values are applied regardless of age, race, religion, gender, sexual orientation or disability.

The Group recognises that commercial success depends on the full commitment of all its employees and commits to respecting their human rights, to provide them with favourable working conditions, that are free from unnecessary risk and to maintain fair and competitive terms and conditions of service at all times.

Greenhouse Gas Emissions

The Strategic Report and Directors' Report Regulations 2013 require all UK quoted companies to disclose their annual greenhouse gas emissions for Scope 1 and 2; the Group is also reporting on Scope 3. The Group's emissions have been calculated based on the UK Government's Environmental Reporting Guidance. Emissions reported are for the financial year ended 30 September 2019, and the intensity ratio used is emissions per full-time employee ("FTE").
Overall emissions are in line with the previous year and arise largely as a result of additional business air travel required to support the Group's international expansion plans.

	Tonnes CO_2 equivalent	
Role	**Year ended 30 September 2019**	**Year ended 30 September 2018**
Scope 1 Direct emissions from fuel consumed for office and veterinary practice activities and business travel in vehicles owned by the Group	84	66
Scope 2 Indirect emissions from electricity consumed for office and veterinary practice activities	10	10
Scope 3 Other indirect emissions from business air and train travel, fuel consumed in vehicles not owned by the Group, water consumption and clinical and general waste disposal	237	219
Total	330	295
Group Metrics		
FTE (average number during the year)	51	53
Intensity Ratio		
Tonnes of CO_2 per FTE	6.48	5.52

Related Party Transactions

Full details of related party transactions are contained in note 21 of the notes to the consolidated financial statements.

Directors' and Officers' Liability Insurance

The Company has made qualifying third-party indemnity provisions for the benefit of its directors, which remain in force during the financial year and at the date of this report. In addition, the Company has purchased and maintains Directors' and Officers' liability insurance cover against certain legal liabilities and costs for claims incurred in respect of any act or omission in the execution of their duties.

Share Capital and Structure

As at 30 September 2019, the Company had 398 ordinary shareholders and 15,346,950 ordinary shares of 10 pence each in issue.

Where not included elsewhere in this Directors' Report, the following paragraphs provide the additional information required for shareholders as a result of the implementation of the Takeovers Directive into English law.

As a result of the capital reduction undertaken in 2016, the Company now only has one class of share capital, ordinary shares. All the ordinary shares rank pari passu. Details of the ordinary share capital can be found in note 17 to the financial statements. There are no restrictions on the transfer of the ordinary shares in the Company other than certain restrictions which may from time to time be imposed by laws and regulations (for example, insider trading laws); and pursuant to the Market Abuse Regulation whereby certain employees of the Company require the approval of the Company to deal in the ordinary shares.

On a show of hands at a general meeting of the Company, every holder of ordinary shares present in person and entitled to vote shall have one vote and on a show of hands every proxy present who has been duly appointed by one or more members shall have one vote, unless such proxy has been appointed by more than one member and such proxy has been instructed by, or exercises a discretion given by, one or more of those members to vote for a resolution and has also been instructed by, or exercises a discretion given by, one or more other of those members to vote against the same resolution, in which case on a show of hands such proxy has one vote for and one vote against such resolution. On a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the next Annual General Meeting will specify deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the meeting. The rules governing the appointment and replacement of Board members and changes to the articles of association accord with usual English company law provisions.

Subject to the Company's Articles of Association, any statute or subordinate legislation for the time being in force concerning companies and affecting the Company, and directions given by special resolution, the business of the Company shall be managed by the Directors, who may exercise all the powers of the Company.

Major Shareholdings

As at 30 September 2019, the Company had been notified of the following shareholdings amounting to 3% or more of the issued share capital of the Company:

Shareholder	Number of Shares	Percentage
Rajan Uppal	5,421,138	35.32%
Michael Somerset-Leeke	2,305,000	15.02%
Dominic Tonner	1,799,670	11.73%

As at 30 January 2020, being the last practicable day prior to the publication of this report, the Company had been notified of the following shareholdings amounting to 3% or more of the issued ordinary share capital of the Company.

Shareholder	Number of Shares	Percentage
Rajan Uppal	5,421,138	35.32%
Michael Somerset-Leeke	2,305,000	15.02%
Dominic Tonner	1,799,670	11.73%

Purchase of own shares by the Company

At the 2019 Annual General Meeting, shareholders authorised the directors to make market purchases of the Company's ordinary shares up to a maximum number of 1,534,695 shares, representing approximately 10% of the then issued share capital on such terms and in such manner as the directors determined from time to time, subject to the limitations set out in the resolution. This authority remains valid until the date of the next Annual General Meeting. No such purchases were made during the year. At the close of business on 30 January 2020, the Company had 15,346,950 ordinary shares in issue, none of which were held in treasury.

A renewal of the authority to make market purchases of the Company's ordinary shares, if believed appropriate, will be sought at the forthcoming Annual General Meeting, although the Board has no present intention of exercising such authority. If this resolution is passed, the Company will be authorised to continue to purchase up to a maximum of 1,534,695 ordinary shares, being approximately 10% of the Company's issued ordinary share capital on 30 January 2020, (being the latest practicable date before the date of this document). The resolution sets out the minimum and maximum price that the Company may pay for purchases of its ordinary shares.

Options to subscribe for up to 418,552 ordinary shares have been granted and are outstanding as at 30 January 2020, representing approximately 2.73% of the issued ordinary share capital of the Company at that date. If the directors were to exercise in full the power for which they are seeking authority under the resolution, the options outstanding as at 30 January 2020, would represent approximately 2.65% of the ordinary share capital of the Company in issue following such exercise of authority.

Constructive use of the Annual General Meeting

The Board seeks to use the Annual General Meeting (together with other forums) to communicate with investors and encourage their participation by arranging presentations and inviting shareholder questions. The Chair of each of the Committees is, wherever possible, present at the Annual General Meeting to answer questions on the report on the relevant Committee's activities and matters within the scope of that Committee's responsibilities. All shareholders were encouraged to attend the Annual General Meeting held on 27 March 2019, which provided shareholders with the opportunity to ask questions of the Board. At that Annual General Meeting, all resolutions were put to a vote on a show of hands, with the results being published on the Company's website, and on the London Stock Exchange news service.

Dialogue with Shareholders

The Board remains committed to maintaining good relationships with both institutional and private shareholders and seeks to build on a mutual understanding of objectives between the Company and its shareholders. Apart from the Annual General Meeting, this is undertaken by way of the Annual Report and Financial Statements and presentations to shareholders to discuss long-term issues and to obtain shareholder feedback. Through the presentation of the Annual Report and Financial Statements and press releases (which are emailed automatically to registered users), the Board seeks to present a balanced and understandable assessment of the Company's position and prospects. The Annual Report is emailed or posted to shareholders, depending on their preference, and, together with all other periodic reports and financial statements, is available for download from the Company's website www.premiervetgroup.co.uk and from the National Storage Mechanism www.morningstar.co.uk/uk/NSM.

The Company's website also provides additional information on the Company and access to press releases and other materials issued by the Company. In accordance with the requirements of the UK Listing Authority, care is exercised to ensure that any price-sensitive information is released at the same time to all shareholders and, following the introduction of the Market Abuse Regulation on 3 July 2016, the Company's website has been modified to ensure that all inside information which has been publicly disclosed is readily identifiable and remains available on its website for a period of at least five years.

The Chair and the Chief Executive Officer are available to discuss strategy and governance issues with shareholders and seek to meet with major shareholders on a regular basis. Neil Wood, the Senior Independent Director, is available to be contacted directly by shareholders if they have concerns that have not, or cannot, be addressed by the Chair, the Chief Executive Officer or other executive directors.

As mentioned above, all shareholders are encouraged to attend the Company's Annual General Meetings.

Bribery Act 2012

The Group believes that it has robust policies and procedures for combating bribery and corruption. A copy of the Group's Anti-Corruption and Bribery Policy can be found on the Group's website www.premiervetgroup.co.uk.

Viability Statement

The directors have assessed the prospect of the Group over a longer period than the 12 months required by the going concern provision. The directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, through to 30 September 2022, the end of its current business projection model. The directors' assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite and the Group's principal risks and how these are managed, as detailed in the Strategic Report. In making this assessment the directors have assumed that the business maintains a reasonable level of continued growth in its UK and international businesses and have assumed that the Group will be able to refinance the business in an effective way sufficient to repay the current BFSL funding, when it falls due for repayment, and leave the Group with the requisite funding to meet its ongoing needs. Both these assumptions are central to the view that the business is able to continue viably in its current form through to 30 September 2022.

The strategy and associated principal risks underpin the Group's business plan and scenario testing, which the directors review at least annually. The plan makes assumptions about the Group's ability to continue to launch preventative healthcare programme administration services in new countries and the continuing uptake in the countries it is already established in. This includes considering the regulatory framework in the veterinary industry in each country and applying anticipated sign-up rates to new member clinics.

Downside scenarios tested as part of this longer-term business viability assessment include slower sign up rates in new and existing business territories and the negative impacts of foreign exchange fluctuations whether caused by the impacts of Brexit or other macroeconomic events.

The business plan review is underpinned by the regular Board briefings provided by management and the discussion of any new strategies undertaken by the Board in its normal course of business. These reviews consider both the market opportunity and the associated risks. These risks are considered within the Board's risk appetite framework.

Change of Control

There are a number of agreements that take effect, alter or terminate upon a change of control of one of the Group's subsidiary companies, such as commercial supplier and customer contracts. There is no individual contractual arrangement that is considered to be essential to the continuing operation of the Group.

All of the Company's share option schemes contain provisions relating to a change of control. Outstanding options normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time.

The Chief Financial Officer's contract contains a change of control provision, details of which can be found on page 30.

Financial Risk Management

The Group's financial risk management policy is set out in note 3 in the notes to the consolidated financial statements.

Disclosure of Information to the Auditors

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

- so far as the director is aware, there is no relevant audit information of which the Group's Auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's Auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent Auditors

PricewaterhouseCoopers LLP (PwC LLP) have indicated that they are willing to be re-appointed the Group's Auditors. A resolution to appoint PwC LLP as Auditors for the ensuing year will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M. The notice of meeting with a summary of the business to be transacted will be sent out during February. A copy of the notice will also be available on the Company's website www.premiervetgroup.co.uk.

By order of the Board
Andrew Paull
Company Secretary
31 January 2020

Statement of Directors' Responsibilities in respect of the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.
The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations:

Each of the directors, whose names and functions are listed in the Corporate Governance Statement confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the company;
- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

The directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and company's position and performance, business model and strategy.
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have 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 group and company's auditors are aware of that information.

By order of the Board

Graham Dick	Dominic Tonner
Director	Director
31 January 2020	31 January 2020

Independent auditors' report to the members of Premier Veterinary Group Plc

Report on the audit of the financial statements

Opinion

In our opinion, Premier Veterinary Group Plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2019 and of the group's loss and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 30 September 2019; the consolidated statement of comprehensive income, the consolidated and company statements of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the company.

We have provided no non-audit services to the group or the company in the period from 1 October 2018 to 30 September 2019.

Our audit approach

Overview

Overall group materiality: £39,000 (2018: £32,000), based on 1% of revenue.

Overall company materiality: £19,300 (2018: £16,500), based on 1% of total expenses.

Components within the full scope of our audit contributed 78% of group total assets and 100% of revenue.

Basis of going concern (Group and parent)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with UK and overseas tax regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to increase revenue or reduce expenditure. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management and the audit committee of any known or suspected incidents of fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Challenging assumptions and judgements made by management, in particular around the assessment of going concern; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Basis of going concern As set out in the statement of consolidated cash flows the Group had net cash outflow from operating activities in the year of £1.9m. At the year end the Group had cash reserves of £0.7m. Given the level of operating cash outflow and the level of cash in the business consideration as to the ability of the Group and parent to continue to operate as a going concern was a heightened area of focus. (Group and parent)	We evaluated management's detailed going concern analysis and supporting cash forecasts and obtained an understanding of the key assumptions underpinning future cash flows in their model. We have assessed the reasonableness of the assumptions within the forecasts and performed various tests to validate the integrity of the model. We have also run various downside sensitivities, in particular looking at further cost mitigation actions the Group could take and reducing assessments of future short-term US growth to 5% (which was deemed a conservative estimate), to assess the risk of the Group and parent becoming insolvent. In addition, we reviewed the details of the funding arrangement with Bybrook Finance Solutions Limited ("BFSL") referred to on page 69 of the financial statements. As part of this review we considered the ability of BFSL to meet the funding commitment and the ability of the Group and parent to secure funding beyond 30 April 2020 by issuing warrants to BFSL prior to this date. We confirmed that this was included in the funding agreement and also confirmed the availability of funds from BFSL by receiving an independent confirmation of liquid assets available to the primary shareholder of BFSL which were significantly more than was needed to meet the BFSL obligations. We also assessed the ability of the Group and parent to meet the various terms of the BFSL funding agreement for a period of at least a year from the date of signing the financial statements and hence to ensure the continuity of the external financing throughout this period. Our conclusions relating to going concern are noted below.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is structured as several entities operating in different geographical regions globally. Any components which were considered individually financially significant in the context of the group's consolidated financial statements were considered full scope components. We then considered the individual financial significance of other components in relation to primary statement account balances. In doing this we also considered the presence of any significant audit risks and other qualitative factors. Any component which was not already included as a full scope audit component but was identified as being individually financially significant in respect of one or more primary statement account balances was subject to specific audit procedures over those account balances.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	*Company financial statements*
Overall materiality	£39,000 (2018: £32,000).	£19,300 (2018: £16,500).
How we determined it	1% of revenue.	1% of total expenses.
Rationale for benchmark applied	Based on the benchmarks used in the annual report, revenue is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.	The main purpose of the entity is to pay expenses on behalf of other companies in the group and therefore this is considered to be the most appropriate benchmark to use.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £30,000 and £37,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1,900 (Group audit) (2018: £1,600) and £1,000 (Company audit) (2018: £1,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	*Outcome*
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's and the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom will withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report, Directors' Report and Corporate Governance Statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06) and ISAs (UK) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CA06)*

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on pages 16-20) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. *(CA06)*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on pages 16-20) with respect to the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. *(CA06)*

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the company. *(CA06)*

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

As a result of the directors' voluntary reporting on how they have applied the UK Corporate Governance Code (the "Code"), we are required to report to you if we have anything material to add or draw attention to regarding:

- The directors' confirmation on page 10 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 39 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report in respect of this responsibility.

Other Code Provisions

As a result of the directors' voluntary reporting on how they have applied the Code, we are required to report to you if, in our opinion:

- The statement given by the directors, on page 41, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and company obtained in the course of performing our audit.
- The section of the Annual Report on pages 23-25 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have nothing to report in respect of this responsibility.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements set out on page 41, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

financial statements for the year ended 30 September 2017 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 30 September 2017 to 30 September 2019.

Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
31 January 2020

Consolidated statement of comprehensive income
for year ended 30 September 2019

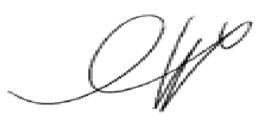
	Note	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Revenue	7	3,861	3,152
Cost of sales		(282)	(165)
Gross profit		3,579	2,987
Administrative expenses		(6,034)	(6,483)
Loss from operations	4	(2,455)	(3,496)
Finance expense	8	(504)	(102)
Loss before income tax		(2,959)	(3,598)
Income tax (expense)/credit	9	33	31
Loss for the year		(2,926)	(3,567)
Exchange differences on translation of foreign operations		(59)	6
Total comprehensive expense for the year attributable to equity holders of the parent		(2,985)	(3,561)
Loss per share attributable to the owners of the parent during the year:			
Basic (pence)	10	(19.5)	(23.2)
Diluted (pence)	10	(18.9)	(22.6)

The notes on pages 52 to 69 form part of these financial statements.

Consolidated statement of financial position
as at 30 September 2019

	Note	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Non-current assets			
Property, plant and equipment	11	23	32
Intangible assets	12	474	471
Total non-current assets		497	503
Current assets			
Trade and other receivables	14	569	534
Cash and cash equivalents	23	686	648
Total current assets		1,255	1,182
Total assets		1,752	1,685
Equity attributable to equity holders of the Company			
Called up share capital	17	1,535	1,535
Share premium		5	5
Share based payments reserve		35	35
Reverse acquisition reserves		3,671	3,671
Accumulated losses		(8,485)	(5,500)
Total equity		(3,239)	(254)
Current liabilities			
Trade and other payables	15	938	703
Current tax liabilities		133	133
Total current liabilities		1,071	836
Non-current liabilities			
Loans and borrowings	16	3,850	1,000
Deferred tax provision	19	70	103
Total non-current liabilities		3,920	1,103
Total liabilities		4,991	1,939
Total equity and liabilities		1,752	1,685

The financial statements were approved and authorised for issue by the Board and authorised for issue on 31 January 2020. They were signed on its behalf:



Dominic Tonner
Director
31 January 2020

Consolidated statement of changes in equity
for the year ended 30 September 2019

	Called up Share capital £'000	Share premium £'000	Share based payments reserve £'000	Reverse acquisition reserve £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1 October 2017	1,535	5	35	3,671	(1,939)	3,307
Loss for the year	-	-	-	-	(3,567)	(3,567)
Other comprehensive income for the year	-	-	-	-	6	6
Balance as at 30 September 2018	1,535	5	35	3,671	(5,500)	(254)
Loss for the year:	-	-	-	-	(2,926)	(2,926)
Other comprehensive income for the year	-	-	-	-	(59)	(59)
Balance as at 30 September 2019	**1,535**	**5**	**35**	**3,671**	**(8,485)**	**(3,239)**

The notes on pages 52 to 69 form part of these financial statements.

Consolidated statement of cash flows
for the year ended 30 September 2019

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Cash flows from:		
Continuing operating activities		
Loss before income tax	(2,959)	(3,598)
Finance expense	504	102
Differences on translation of operations in foreign currencies	(59)	-
Depreciation of property, plant and equipment	28	36
Amortisation of intangible assets	137	211
Decrease in trade and other receivables	196	181
Increase/(Decrease) in trade and other payables	235	(140)
Cash used in operations	(1,918)	(3,208)
Income taxes	-	-
Net cash used in operating activities	(1,918)	(3,208)
Investing activities		
Purchase of Property, plant and equipment	(19)	(10)
Purchase of Intangible assets	(140)	(250)
Net cash used in investing activities	(159)	(260)
Financing activities		
Loan notes issued and other loans received	3,850	1,000
Repayment of loan notes	(1,000)	-
Payment of loan arrangement fee	(350)	-
Interest paid	(385)	(102)
Net cash generated from/(used in) financing activities	2,115	898
Net increase/(decrease) in cash and cash equivalents	38	(2,570)
Cash and cash equivalents at beginning of year	648	3,218
Cash and cash equivalents at end of year	686	648
Shown as:		
Cash and cash equivalents	686	648
	686	648

Notes to the consolidated financial statements

1. General information

Premier Veterinary Group plc (the "Company") is incorporated as a public company and is registered under the Companies Act 2006 in England and Wales with registered number 04313987. Premier Veterinary Group plc and its subsidiaries (the "Group") provide non-medical services to other veterinary practices.

The registered office is New Bond House, Bond Street, Bristol BS2 9AG.

The Group has operations in Denmark, Netherlands, France, Germany, Ireland, UK and the USA.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates. Amounts are rounded to the nearest thousand, unless otherwise stated.

2. Significant accounting policies

The financial statements have been prepared on the historical cost basis and at fair value where required for the relevant instrument. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee (IFRS IC) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

IAS 7 (Revised) became effective for the reporting period and requires that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This treatment has been adopted in the notes to the financial statements.

IFRS 16 "Leases" is effective for the Group for its 2020 financial statements. On adoption of IFRS 16, the adjustments are expected to be:

- An increase of £217,000 to opening non-current assets and £224,000 to current liabilities as at 1 October 2018, and a closing non-current asset of £111,000 and current liabilities of £121,000; and
- A decrease to operating costs of £1,000, an inclusion of £105,000 amortisation charge and £21,000 of finance costs.

The Group has adopted IFRS 15 "Revenue from Contracts with Customers" as at 1 April 2018. The existing accounting policies are consistent with the requirement of IFRS15. The primary source of the Group's revenue is payment processing fees and therefore the application of this standard has not had a material impact on the Group.

On 1 April 2018 the Group adopted IFRS 9 "Financial Instruments", which replaced IAS39 "Financial Instruments: Recognition and Measurement". The application of this standard has not had a material impact on the Group.

Going concern

The consolidated financial statements have been prepared on a going concern basis. The Group made a loss from continuing operations of £2,926k in the year ended 30 September 2019 and ended the year with net liabilities of £3,239k. As at 30 September 2019, the Group had cash and short-term deposits of £686k.

On 29 January 2020 the Group announced that an agreement had been reached whereby BFSL has agreed to the roll up of monthly interest payments and the extension of the repayment date of the £3.85m facility and accrued interest to 31 July 2021.

In addition PVG entered into a further agreement with BFSL to provide an additional secured loan facility of £1.1m. The first tranche of £0.6m was drawn on 29 January 2020 with two further tranches of £0.25m each available for draw down at PVG's request on 22 May 2020 and 24 July 2020. These further tranches can only be drawn by PVG if on or before 30 April 2020 it has issued BFSL with warrants to subscribe for up to 383,673 new PVG ordinary shares of 10p each at an exercise price of 10p per share within 5 years of the issue of any such warrants. Interest of 1% per month accrues on the loan facility on a monthly compound basis and is added to the total loan amount. The total loan together with accrued interest is repayable on 30 April 2020 with an option for PVG to extend the repayment date to 31 July 2021 by issuing the warrants referred to above.

The loan will be utilised by PVG to fund the Group's working capital requirements including the payment of a £0.1m arrangement fee payable to BFSL. Rajan Uppal, a director of the Company, is the sole shareholder and director of BFSL. Crossroads Finance Limited, a company jointly owned and controlled by Dominic Tonner, Chief Executive Officer of PVG, and his spouse, took part in the PVG funding of the £3.85m facility by entering into direct arrangements with BFSL. Further information relating to the arrangements with BFSL is set out in note 24.

The directors consider that with its current cash reserves and the additional funds available from the new facility, the Group has sufficient resources after running various sensitivity analyses including ones with moderate growth and the implementation of further cost savings initiatives, to meet all current liabilities as they fall due. After consideration of market conditions, the Group's financial position, the Group's forecasts and projections, which allow for reasonable possible changes in trading performance and after making enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The financial statements consolidate all of the Group subsidiaries as of 30 September 2019 for the 12-month period ended 30 September 2019.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of group companies acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Gains on disposal are calculated as the difference between the consideration receivable less the net assets disposed.

Revenue

Revenue for the Group is measured at the fair value of the consideration received or receivable. The Group recognises revenue for services provided when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. All intercompany revenues are eliminated on consolidation.

During the financial year, the Group's primary income stream was generated from Premier Pet Care Plan. Fees received for the collection and management of monthly transactions on behalf of the veterinary practices external to the Group are recognised on a receipts basis. There are four elements within this income stream:

- Launch fees: Fee received from a new clinic upon launch of scheme.
- Admin fees: Fee paid by pet owner upon introduction to the scheme.
- Transactions fees: A flat fee received for every transaction processed.
- Other: Additional external support fees and immaterial miscellaneous revenue.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future outflow of resources relating to a past event and where the amount of the obligation can be reliably estimated.

Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income 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 Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the date of the Statement of Financial Position.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;

- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group 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 on either:
- the same taxable group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Externally acquired intangible assets

Externally acquired intangible assets acquired as part of a business combination are initially recognised at fair value and subsequently amortised on a straight-line basis over their useful economic lives. Externally acquired software solutions and customer lists are recognised where it is probable that future economic benefit will flow to the company.

The significant intangibles recognised by the Group and their useful economic lives acquired in a business combination are as follows:

Customer lists	-	3 years straight line
Software	-	between 3 – 5 years straight line

The amortisation expense is recognised within "Administrative expenses" in the consolidated statement of comprehensive income.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is provided at the following rates:

Leasehold improvements	-	3 years straight line
Fixtures and fittings	-	3 years straight line
Office equipment	-	3-5 years straight line

Residual value is assumed to be zero.

Impairment of non-financial assets

Intangible and other non-financial assets with indefinite useful economic lives are subject to impairment tests annually at the financial year end. Intangible assets with finite useful economic lives are subject to impairment tests when there is an indicator of impairment. The carrying values of non-financial assets are reviewed for impairment when there is an indication that assets might be impaired. When the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly. The recoverable amount is the higher of the value in use and the fair value less costs to sell.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e. the smallest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in the consolidated statement of comprehensive income, except to the extent they reverse previous gains recognised in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

Post-retirement benefits

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

Employee Benefit Trust

The Company operates an employee benefit trust (the Ark Therapeutics Family Benefit Trust ("FBT")) as part of its incentive plans for employees. All assets and liabilities within the Trust are recorded in the Statement of Financial Position as assets and liabilities of Premier Veterinary Group plc until such time as the assets are awarded to the beneficiaries. All income and expenditure of the Trust is similarly brought into the results of the Company.

Financial assets

The Group classifies its financial assets into the categories, discussed below, due to the purpose for which the asset was acquired.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group's loans and receivables comprise of cash, trade and other receivables included within the consolidated statement of financial position.

Cash and cash equivalents include cash held at bank and bank deposits available on demand.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Group classifies its financial liabilities as other financial liabilities, which include the following:

- Bank overdrafts which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Bank loans which are initially recognised at fair value net any of transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost ensuring the interest element of the borrowing is expensed over the repayment period at a constant rate.
- Loans which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Where the terms of a loan facility are re-arranged, associated fees are expensed up front when the re-arrangement is a substantial modification. Such interest-bearing liabilities are subsequently measured at amortised cost ensuring the interest element of the borrowing is expensed over the repayment period at a constant rate.
- Trade payables, other borrowings and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Finance charges, including premiums payable on settlement or redemption, are accounted for on an accruals basis and are calculated using the effective interest method and are added to the carrying amount of the liability to the extent that they are not settled in the period in which they arise.

- Where a financial instrument contains an embedded derivative within a non-derivative host contract and the embedded derivate is not closely related to the host contract the derivative component is accounted for separately as a fair value through profit and loss financial instrument. The fair value of the instrument is recognised on the statement of financial position with gains and losses through the statement of comprehensive income. No hedge accounting is applied.

Fair value hierarchy

Certain of the disclosures about fair value of financial instruments include the classification of fair values within a three-level hierarchy. The three levels are defined based on the observably of significant inputs into the measurements as follows:

- Level 1: Quoted prices, in active markets
- Level 2: Level 1 quoted prices are not available but fair value is based on observable market data
- Level 3: Inputs that are not based on observable market data

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary and deferred shares are classified as equity instruments.

The share premium reserve represents the surplus of consideration paid for shares above their nominal value.

The reverse acquisition reserve represents the historic trading losses of the accounting acquiree.

Leased assets

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an 'operating lease'), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Assets held under finance leases or hire purchase contracts are recognised as assets of the Group. In accordance with IAS 17, the ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership. They are capitalised in the statement of financial position at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease and depreciated over their estimated useful lives or the lease term, whichever is shorter.

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Foreign currencies

Transactions in currencies other than the local functional currency are recorded at the rates of exchange on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date, with differences recognised in profit or loss in the period in which they arise.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period.

Share-based payments

The cost of equity-settled transactions is measured by reference to the fair value of the instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant party become fully entitled to the award. Fair value is determined using the Black-Scholes pricing model. No account is taken of any vesting conditions other than conditions linked to the market conditions of the Company in measuring fair value.

At each period end date before vesting, the cumulative expense is calculated; representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest. The movement in cumulative expenses since the previous statement of financial position date is recognised in the statement of comprehensive income with a corresponding entry in the statement of changes in equity.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team (excluding non-executive directors) including the Chief Executive Officer.

Management review revenue and gross profit of three separate operating segments against budget. The remaining costs, including administrative costs and finance expenses, are reviewed in total. Assets and liabilities of the Group are not allocated to an operating segment.

New standards, interpretations and amendments not yet effective

None of the new standards, interpretations and amendments noted below, which are endorsed but not yet effective and which have not been adopted early, are expected to have a material effect on the Company's future financial information when they become effective.

Standard or interpretation	EU effective date
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from contracts with customers	1 January 2018
Amendments to IFRS 2 "Share based payments" classification and measurement of share-based payment transactions	1 January 2018
Amendment to IFRS 4, "Insurance contracts" regarding implementation of IFRS 9	1 January 2018
Amendment to IAS 40, "Investment property" regarding the transfer of property	1 January 2018
Annual improvements 2014-2016 IFRS 1, "First time adoption of IFRS" regarding IFRS 7, IAS 19 and IFRS 10, IAS 28 "Investment in associates and joint ventures"	1 January 2018
IFRIC 22, "Foreign currency transactions and advance considerations"	1 January 2018
IFRS 16 Leases	1 January 2019
Amendments to IFRS 9, "Financial instruments" prepayment features with negative compensation and modification of financial liabilities	1 January 2019
IFRIC 23 Uncertainty over income tax treatments	Not yet endorsed
Amendments to IAS 28 "Investments in associates" Long-term interests in associates and joint ventures	Not yet endorsed
Amendments to IAS 19 "Employee benefits" Plan amendment, curtailment or settlement	Not yet endorsed
Annual improvements to IFRS standards 2015/2017 cycle – various standards	Not yet endorsed
Amendments to references to conceptual framework in IFRS standards	Not yet endorsed
IFRS 17 Insurance contracts	Not yet endorsed

Significant accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. Management have considered estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the only significant matter is the directors' consideration of Going Concern which is specifically addressed earlier in this note 2.

3. Financial instruments – risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group reports in Sterling. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board. The Group may use derivative financial instruments such as forward currency contracts, interest rate swaps or similar instruments. The Group does not issue or use financial instruments of a speculative nature.

The Group is exposed to the following financial risks:

- Foreign currency risk
- Interest rate risk
- Liquidity risk
- Credit risk
- Capital risk management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Loan notes

Trade and other receivables are measured at amortised cost less provision for impairment. Carrying values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of comprehensive income in the relevant period.

Cash and cash equivalents are held in reputable banks in the jurisdictions in which the Group operates. Trade and other payables are measured at amortised cost.

Foreign currency risk management

Exchange rate exposures are managed within approved policy parameters, and may utilise spot purchases of foreign currencies, options or forward contracts. There were no options or forward contracts during the year. Expenditure in foreign currencies are matched to revenue providing a natural hedge and thereby providing limited exposure. Management continually review forecast of expenditure in foreign currencies and monitor the impact of adverse foreign currency movements.

Interest rate risk management

The Group has external borrowings of £3,850,000 (2018 - £1,000,000). Finance costs relating to these balances were at fixed interest rates and total £504,000 (2018 - £102,000). This included an arrangement fee of £119,000 (2018: £nil). If interest rates had been 0.5% higher/lower and all other variables were held constant, the Group's loss for the year ended 30 September 2019 would increase/decrease by £nil (2018: £nil).

Liquidity risk management

Responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and liabilities.

Credit risk

The Group's credit risk is attributed to its cash and cash equivalents and receivables balances. For cash and cash equivalents the Group only transacts with counterparties with high credit ratings assigned by international credit rating agencies. At 30 September 2019, the Group had £nil market investments (2018: £nil). In accordance with the Group's Investment policy, money is only placed with institutions that hold at least "A-", "A3" or "A1" ratings with Standard & Poor's, Moody's Investor Service and Fitch Ratings respectively. Further, the policy limits the maximum exposure of money market investments with any one institution. Receivables from related parties are repayable in line with agreed terms or on demand. There is not considered to be any risk of impairment of these receivables unless the financial assets of the entity holding the corresponding liability are impaired.

Capital risk management

The Group manages its capital to ensure that group entities will be able to continue as going concerns while maximising the return to stakeholders. The capital structure of the Group consists of cash and cash equivalents and equity (comprising issued capital (note 17), reserves and retained earnings as disclosed in the Group statement of changes in equity). Management monitors distributable reserves and has plans in place to reduce the deficit in retained earnings.

The Group is not subject to externally imposed capital requirements.

4. Loss from operations

The operating loss is stated after charging:

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Depreciation		
- owned by the Group	**28**	36
Amortisation of other intangibles	**137**	211
Operating Lease payments		
- Land and buildings	**76**	47
- Other	**51**	48
Fees payable to the Group auditors:		
Audit fees		
- For the audit of the Group annual accounts	**29**	22
- For the audit of the accounts of subsidiaries	**20**	20
Non-Audit fees		
Audit related assurance services	**-**	8
Tax compliance services	**-**	-
Tax advisory services	**-**	-
Corporate finance services	**-**	-

5. Employee remuneration

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Wages and salaries	**2,781**	3,126
Social security costs	**388**	503
Other pension costs	**91**	66
	3,260	3,695

The average monthly number of employees during the period was as follows:

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Directors	**5**	5
Management	**6**	7
Finance	**5**	5
IT	**4**	4
Customer Services	**8**	7
Sales	**4**	9
Trainers	**19**	18
Total	**51**	55

6. **Key management remuneration**

Key management personnel have received the following remuneration during the financial year:

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Salaries and taxable benefits	**630**	600
Company contributions to defined contribution pension schemes	**41**	41
	671	641

Included in salaries and taxable benefits paid to key management above is remuneration paid to statutory directors of £630,000 (2018 - £600,000).

Key management personnel consist of the executive and non-executive directors of Premier Veterinary Group plc.

During the year key management exercised no share options (2018 – nil). Outstanding options at the end of the year to key management were 279,035 (2018 – 319,035).

Full details of the disclosure of the executive and non-executive directors, including the highest paid director, is included in the Remuneration Committee report on pages 26 to 36.

7. **Segmental reporting**

Management have defined operating segments as those on which results are considered by the Management Team. Central administrative expenses (including amortisation, impairment and depreciation), finance costs and income tax expenses are monitored centrally and are not allocated to operating segments. Further to this, assets and liabilities are not allocated to operating segments as they are shared by the Group. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

The Premier Pet Care Plan ("PPCP") business is organised in three geographical regions as follows:

- *PPCP United Kingdom*
- *PPCP Europe (including Republic of Ireland)*
- *PPCP US*

All revenue is derived from external customers.

	PPCP UK £'000	PPCP Europe £'000	PPCP US £'000	Total £'000
Year ended 30 September 2019				
Group's revenue per consolidated statement of comprehensive income	**2,106**	**924**	**831**	**3,861**
Gross profit	**2,045**	**870**	**664**	**3,579**
Administrative expenses	(1,686)	(1,537)	(1,374)	(4,597)
Profit/(loss) before central costs	**359**	**(667)**	**(710)**	**(1,018)**
Central unallocated administrative costs				(1,437)
Finance expense				(504)
Loss before income tax				**(2,959)**
Year ended 30 September 2018				
Group's revenue per consolidated statement of comprehensive income	**1,985**	**808**	**359**	**3,152**
Gross profit	**1,939**	**761**	**287**	**2,987**
Administrative expenses	(1,517)	(1,635)	(1,755)	(4,907)
Profit/(loss) before central costs	**422**	**(874)**	**(1,468)**	**(1,920)**
Central unallocated administrative costs				(1,576)
Finance expense				(102)
Loss before income tax				**(3,598)**

Revenue	**Year ended 30 September 2019 £'000**	Year ended 30 September 2018 £'000
Denmark	**9**	24
Ireland	**20**	21
Netherlands	**600**	537
France	**294**	225
Germany	**1**	1
USA	**831**	359
UK	**2,106**	1,985
Total	**3,861**	3,152

8. Finance expense

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Interest	**385**	102
Amortised arrangement fees	**119**	-
	504	102

9. Income tax credit

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Tax credit		
Current tax		
Current tax on loss for the year	-	–
Adjustment for under provision in prior years	-	–
	-	–
Deferred tax		
Origination and reversal of temporary differences	(28)	(37)
Adjustments in respect of prior years	(8)	(3)
Effects of changes in tax rates	3	9
Total tax credit	(33)	(31)

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Loss for the year from continuing operations	(2,959)	(3,598)
Tax using the Company's domestic tax rate of 19% (2018: 19%)	(561)	(684)
Expenses not deductible for tax purposes	14	2
Deferred tax not recognised	519	645
Adjustment in respect of prior years	(8)	(3)
Effects of changes in tax rates	3	9
Total income tax credit	(33)	(31)

10. Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. For the purposes of this calculation, the weighted average number of shares is the number of ordinary shares in the period, excluding deferred shares.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares.

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Total comprehensive loss for the year	(2,985)	(3,561)
	No.	No.
Weighted average number of shares used in basic earnings per share	15,346,950	15,346,950
Effect of dilutive potential ordinary shares from share options and warrants	418,552	399,035
Weighted average number of shares used in diluted earnings per share	15,765,502	15,745,985

For continuing operations potential ordinary shares from share options are non-dilutive.

	Year ended 30 September 2019	Year ended 30 September 2018
Loss per share attributable to the owners of the parent during the year		
Basic (pence)	19.5	23.2
Diluted (pence)	18.9	22.6

11. Property, plant and equipment

	Leasehold Improvements £'000	Fixtures and Fittings £'000	Office Equipment £'000	Total £'000
Cost				
As at 1 October 2017	26	19	117	162
Additions	-	-	10	10
Disposals	(5)	-	(36)	(41)
As at 30 September 2018	**21**	**19**	**91**	**131**
Additions	2	-	17	19
Disposals	-	-	-	-
As at 30 September 2019	**23**	**19**	**108**	**150**
Accumulated depreciation				
As at 1 October 2017	8	6	85	99
Charged in the year	8	6	22	36
Eliminated on disposals	-	-	(36)	(36)
As at 30 September 2018	**16**	**12**	**71**	**99**
Charged in the year	6	6	16	28
Eliminated on disposals	-	-	-	-
Fully depreciated items removed	-	-	-	-
As at 30 September 2019	**22**	**18**	**87**	**127**
Net book value				
As at 30 September 2019	**1**	**1**	**21**	**23**
As at 30 September 2018	5	7	20	32

12. Intangible assets

	Software £'000	Customer lists £'000	Total £'000
Cost			
As at 1 October 2017	516	91	607
Additions	250	-	250
Disposals	-	-	-
As at 30 September 2018	766	91	857
Additions	140	-	141
Disposals	-	-	(1)
As at 30 September 2019	**906**	**91**	**997**
Accumulated Amortisation			
As at 1 October 2017	174	1	175
Elimination on disposal	-	-	-
Charged in the year	181	30	211
As at 30 September 2018	355	31	386
Elimination on disposal	-	-	-
Charged in the year	107	30	137
As at 30 September 2019	**462**	**61**	**523**
Net book value			
As at 30 September 2019	**444**	**30**	**474**
As at 30 September 2018	411	60	471

Amortisation charged in the year is included within Administrative expenses in the consolidated statement of comprehensive income.

13. Subsidiaries

The subsidiaries of the Company, all of which have been included in the consolidated financial information, are as follows:

Name	Principal activity	Country of incorporation	Ownership/ Voting power
PVG 2007 Limited	Holding company	United Kingdom	100%
Premier Vet Alliance Limited	Provide services to third party veterinary practices	United Kingdom	100%
Premier Vet Alliance (US) Limited	Provide services to third party veterinary practices	United Kingdom	100%
Premier Vet Alliance B.V	Provide services to third party veterinary practices	Netherlands	100%
Premier Vet Alliance s.r.l	Provide services to third party veterinary practices	France	100%
Premier Vet Alliance GmbH	Provide services to third party veterinary practices	Germany	100%
Premier Vet Alliance A.p.s	Provide services to third party veterinary practices	Denmark	100%
Premier Vet Alliance llc	Provide services to third party veterinary practices	United States of America	100%
WVS Limited	Non - trading	United Kingdom	100%

The registered office address of PVG 2007 Limited, Premier Vet Alliance Limited, Premier Vet Alliance (US) Limited and WVS Limited is New Bond House, Bond Street, Bristol, BS2 9AG.

The registered office addresses of the overseas subsidiaries are as follows:

- Premier Vet Alliance B.V., Singel 540, 1017 AZ Amsterdam, The Netherlands.
- Premier Vet Alliance A.p.s, Stockholmsgade 41, 2100, Copenhagen, Denmark.
- Premier Vet Alliance s.r.l., 37-39 avenue Ledru-Rollin, 75012, Paris, France
- Premier Vet Alliance GmbH, Rahel-Hirsch- Strasse 10, 10557 Berlin, Germany
- Premier Vet Alliance LLC, 295 W Crossville Rd, Ste 740, Roswell, Georgia, 30075-6229, USA

Under s479A of the Companies Act 2006, both PVG 2007 Ltd and Premier Vet Alliance Ltd are exempt from the requirements of the Act relating to audit of their individual company accounts for the year ended 30 September 2019.

14. Trade and other receivables

	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Trade receivables	**148**	286
Other receivables	**31**	39
Prepayments and accrued income	**390**	209
	569	534

All amounts are considered to be receivable within one year. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value.

The ageing analysis of trade receivables is as follows. Management considers £20k (2018: £36k) of the Group's receivables to be impaired and has been discounted from the 'more than 12 months' column in arriving at the following.

	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Up to 3 months	**33**	80
3 to 6 months	**7**	46
6 to 12 months	**19**	124
More than 12 months	**89**	36
	148	286

Trade and other receivables have not been discounted. The accrued income has not been discounted.

15. Trade and other payables

	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Trade payables	**198**	251
Social security and other taxes	**228**	79
Other payables	**37**	-
Accruals and deferred income	**475**	373
	938	703

Book values approximate to fair values at 30 September 2019 and 2018.

16. Loans and borrowings

	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Non-current		
Loan facility	**3,850**	1,000
	3,850	1,000

On the 25 January 2019 the Company entered into a term loan facility of £3,850,000 with Bybrook Financial Services Limited ("BFSL") whilst simultaneously repaying the previously issued £1,000,000 loan notes to BFSL. The company has the right to repay the facility in full or in part before maturity. The loan is due for repayment 24 months after the drawdown date. Further details in respect of the loan are provided in note 21.

	As at 30 September 2019	As at 30 September 2018
Ageing of bank and other loans:	**£'000**	£'000
Repayable within 1 – 2 years	**3,850**	1,000
	3,850	1,000

17. Called up share capital

	No.	Ordinary shares £'000	Total £'000
Shares at 1 October 2017 (Ordinary 10 pence)	15,346,950	1,535	1,535
Share options and warrants exercised	-	-	-
Shares 30 September 2018 (Ordinary 10 pence)	15,346,950	1,535	1,535
Share options and warrants exercised	-	-	-
Shares 30 September 2019 (Ordinary 10 pence)	**15,346,950**	**1,535**	**1,535**

18. Share-based payments

Options over ordinary shares were granted on 13 February 2019 under the 2014 Ark Therapeutics Group plc* Enterprise Management Incentive Share Option Plan and the 2014 Ark Therapeutics Group plc* Unapproved Share Option Plan (together, the "Plans") at an exercise price of 46.17 pence per share.

Options over ordinary shares that were granted on 3 March 2017 at an exercise price of 238.75 pence per share were cancelled or surrendered during the year.

Subject to the achievement of pre-determined performance criteria, the options granted under the Plans are exercisable three years from the date of grant.

* Ark Therapeutics Group plc changed its name to Premier Veterinary Group plc in March 2015.

The fair value of the options has been calculated using the Black Scholes model. The weighted average fair value of the options at measurement date was nil pence per option.

Options and warrants outstanding	Year ended 30 September 2019 No.	Year ended 30 September 2018 No.
At beginning of year	**399,035**	399,035
Exercised during year	**-**	-
Cancelled/surrendered during the year	**(120,000)**	-
Granted during year	**139,517**	-
At end of year	**418,552**	399,035

Options and warrants exercisable	Number of options	Weighted average exercise price (pence)	Latest exercise date
At 30 September 2019	418,552	22.1	12/02/2029
At 30 September 2018	399,035	71.8	03/03/2027

The fair value of share options expense recognised in the year is determined using the Black-Scholes model, which takes into account the terms and conditions upon which the shares were awarded. For this purpose, a share price of 238.75p, volatility of 30.6% and a risk-free rate of 0.5% was assumed. The Group recognised a charge £Nil (2018: £nil) in relation to share based payment.

There were no options and warrants exercised during the period (2018: nil).

19. Deferred tax provision

Deferred tax is calculated in full on temporary differences under the statement of financial position method using a tax rate of 19% (2018: 19%).

The movement on the deferred tax account is as shown opposite:

	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Opening provision	**(103)**	(134)
Tax credit	**33**	31
Closing provision	**(70)**	(103)

The deferred tax liability comprises temporary timing differences attributable to:

	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Property, plant and equipment	**(11)**	(12)
Intangible asset rollover relief	**(60)**	(91)
Other temporary timing differences	**1**	-
Closing provision	**(70)**	(103)

No deferred tax asset has been recognised in respect of historic losses as the utilisation of such losses is uncertain. At the 30 September 2019 there were unutilised tax losses carried forward in the UK and in overseas territories which totalled £11.4m (30 September 2018 - £7.6m).

20. Operating leases

At the statement of financial position date, the Group had outstanding commitments for future minimum operating lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Other	
	As at 30 September 2019	As at 30 September 2018	**As at 30 September 2019**	As at 30 September 2018
Expiry date:	**£'000**	£'000	**£'000**	£'000
Not later than one year	**76**	15	**73**	38
Later than one year and not later than five years	**51**	-	**56**	54
Later than five years	**-**	-	**-**	-
	127	15	**129**	92

21. Related parties

The Group operates the Ark Therapeutics Group plc Family Benefit Trust ("FBT"). Amounts due from the FBT were £Nil (30 September 2018: £Nil)).

On 1 June 2018 loan notes of £500,000 were issued to Bybrook Financial Services Limited ("BFSL") at an interest rate of 1% per month. On 1 September 2018 further loan notes of £500,000 were issued to BFSL at an interest rate of 1% per month. On 1 November 2018 a further £500,000 of loan notes were issued to BFSL at an interest rate of 1% per month. The loan notes were repayable 24 months after the date of issue.

On 25 January 2019 a secured term loan facility was provided by BFSL of £3,850,000. £1,500,000 was provided to repay the previously issued loan notes and £2,350,000 was provided for the purposes of financing working capital and paying the arrangement fee. The facility is repayable 24 months after the date of the agreement. In the event of early repayment, the interest for any unexpired period to the end of the full term would become payable.

At 30 September 2019, amounts owed to BFSL were £3,850,000 (30 September 2018: £1,000,000). Interest and arrangement fees charged during the year were £503,812 (2018: £101,625).

BFSL is under the control of a director of the Company, Rajan Uppal.

22. Controlling party

At the year-end there is no individual controlling party.

23. Financial assets and liabilities

Financial instruments by category	**As at 30 September 2019 £'000**	As at 30 September 2018 £'000
Loans and receivables as per statement of financial position		
Trade and other receivables excluding prepayments and accrued income	**179**	315
Cash and cash equivalents	**686**	648
	865	963
Financial liabilities at amortised cost as per statement of financial position		
Trade and other payables excluding accruals and deferred income	**463**	330
Loans and borrowings	**3,850**	1,000
	4,313	1,330

A description of the Group's financial instruments, including risk management objectives and policies is given in note 3.

The current year loan and borrowings carry an interest rate of 12% (2018 – 12%), these loans are secured.

24. **Post balance sheet events**

On 29 January 2020 the Group announced that an agreement had been reached whereby BFSL has agreed to the roll up of monthly interest payments and the extension of the repayment date of the £3.85m facility and accrued interest to 31 July 2021.

In addition PVG entered into a further agreement with BFSL to provide an additional secured loan facility of £1.1m. The first tranche of £0.6m was drawn on 29 January 2020 with two further tranches of £0.25m each available for draw down at PVG's request on 22 May 2020 and 24 July 2020. These further tranches can only be drawn by PVG if on or before 30 April 2020 it has issued BFSL with warrants to subscribe for up to 383,673 new PVG ordinary shares of 10p each at an exercise price of 10p per share within 5 years of the issue of any such warrants. Interest of 1% per month accrues on the loan facility on a monthly compound basis and is added to the total loan amount. The total loan together with accrued interest is repayable on 30 April 2020 with an option for PVG to extend the repayment date to 31 July 2021 by issuing the warrants referred to above. The loan will be utilised by PVG to fund the Group's working capital requirements including the payment of a £0.1m arrangement fee payable to BFSL. Rajan Uppal, a director of the Company, is the sole shareholder and director of BFSL. Crossroads Finance Limited, a company jointly owned and controlled by Dominic Tonner, Chief Executive Officer of PVG, and his spouse, took part in the PVG funding of the £3.85m facility by entering into direct arrangements with BFSL.

The other key terms are:

- Both facilities will attract a monthly charge of 1% per month on the total facility value which is calculated on a daily basis and payable of the final repayment date ("the Base Interest").
- The £1.1m facility will be repaid in a single repayment on 30 April 2020, or on 31 July 2021 if extended by PVG choosing to issue Warrants.
- Warrants over 383,673 ordinary shares exercisable at 10p per share will be issued to be exercisable within a five year period from the signing of the new agreement.

Company statement of financial position
as at 30 September 2019

	Note	As at 30 September 2019 £'000	As at 30 September 2018 restated £'000
Non-current assets			
Property plant and equipment	29	4	3
Investments	30	5	5
Total non-current assets		9	8
Current assets			
Trade and other receivables	31	5,528	4,366
Cash and cash equivalents		5	46
Total current assets		5,533	4,412
Total assets		5,542	4,420
Equity attributable to equity holders of the Company			
Called up share capital	34	1,535	1,535
Share premium		5	5
Share based payments reserve		35	35
Accumulated losses		(3,126)	(2,329)
Total equity		(1,551)	(754)
Current liabilities			
Trade and other payables	32	3,243	4,174
		3,243	4,174
Non-current liabilities			
Loans and borrowings	33	3,850	1,000
		3,850	1,000
Total liabilities		7,093	5,174
Total equity and liabilities		5,542	4,420

The Company has taken the exemption under section 408 of the Companies Act from preparing a Company Statement of Comprehensive Income. The Company's total comprehensive expense for the year was £797,000.

The notes on pages 73 to 80 form part of these financial statements.

Company statement of changes in equity
For the year ended 30 September 2019

	Called up share capital	Share premium	Share based payments reserve	Accumulated losses	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance 1 October 2017	**1,535**	**5**	**35**	**(2,157)**	**(582)**
Loss and total comprehensive expense for the year	-	-	-	(172)	(172)
Balance as at 30 September 2018	**1,535**	**5**	**35**	**(2,329)**	**(754)**
Loss for the year	-	-	-	(796)	(796)
Other comprehensive expense for the year	-	-	-	(1)	(1)
Balance as at 30 September 2019	**1,535**	**5**	**35**	**(3,126)**	**(1,551)**

Company cash flow statement

For the year ended 30 September 2019

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Cash flows from:		
Operating activities		
Loss before interest and income tax	(796)	(172)
Differences on translation of operations in foreign currencies	(1)	-
Finance expense	504	102
Depreciation of property, plant and equipment	1	-
Changes in working capital		
Increase in receivables	(931)	(1,675)
(Decrease)/Increase in payables	(931)	859
Cash used in operations	(2,154)	(886)
Income taxes	-	-
Net cash used in operating activities	(2,154)	(886)
Investing activities		
Purchase of PPE	(2)	(3)
Net cash used in investing activities	(2)	(3)
Financing activities		
Loan notes issued and other loans received	3,850	1,000
Repayment of loan notes	(1,000)	-
Payment of loan arrangement fee	(350)	-
Interest paid	(385)	(102)
Net cash generated from financing activities	2,115	898
Net (decrease)/increase in cash and cash equivalents	(41)	9
Cash and cash equivalents at beginning of year	46	37
Cash and cash equivalents at end of year	5	46

The notes on pages 73 to 80 form part of these financial statements.

Notes to the Company financial statements

25. **Basis of accounting**

The financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee (IFRS IC) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis and at fair value where required for the relevant instrument. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Company has taken the exemption under section 408 of the Companies Act from preparing a Company Statement of Comprehensive Income. The Company's loss for the year was £796,000 (2018: 172,000). These financial statements present the results of the separate Company only.

IAS 7 (Revised) became effective for the reporting period and requires that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This treatment has been adopted in the notes to the financial statements.

IRFS 16 "Leases" is effective for the Group for its 2020 financial statements. There is expected to be a nil impact on adoption of IFRS 16.

Going concern

The financial statements have been prepared on a going concern basis. The Company made a loss from continuing operations of £796k in the year ended 30 September 2019 and ended the year with net liabilities of £1,551k. As at 30 September 2019, the Company had cash and short-term deposits of £5k.

On 29 January 2020 the Group announced that an agreement had been reached whereby BFSL has agreed to the roll up of monthly interest payments and the extension of the repayment date of the £3.85m facility and accrued interest to 31 July 2021.

In addition PVG entered into a further agreement with BFSL to provide an additional secured loan facility of £1.1m. The first tranche of £0.6m was drawn on 29 January 2020 with two further tranches of £0.25m each available for draw down at PVG's request on 22 May 2020 and 24 July 2020. These further tranches can only be drawn by PVG if on or before 30 April 2020 it has issued BFSL with warrants to subscribe for up to 383,673 new PVG ordinary shares of 10p each at an exercise price of 10p per share within 5 years of the issue of any such warrants. Interest of 1% per month accrues on the loan facility on a monthly compound basis and is added to the total loan amount. The total loan together with accrued interest is repayable on 30 April 2020 with an option for PVG to extend the repayment date to 31 July 2021 by issuing the warrants referred to above. The loan will be utilised by PVG to fund the Group's working capital requirements including the payment of a £0.1m arrangement fee payable to BFSL. Rajan Uppal, a director of the Company, is the sole shareholder and director of BFSL. Crossroads Finance Limited, a company jointly owned and controlled by Dominic Tonner, Chief Executive Officer of PVG, and his spouse, took part in the PVG funding of the £3.85m facility by entering into direct arrangements with BFSL. Further information relating to the arrangements with BFSL is set out in note 38.

The directors consider that with its current cash reserves and the additional funds available from the committed funding facility that the Group has sufficient resources to meet all current liabilities as they fall due. After consideration of market conditions, the Group's financial position, the Group's forecasts and projections, which allow for reasonable possible changes in trading performance and after making enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:
- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and

- investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

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 on either:

- the same taxable group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Post-retirement benefits

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

Investments

Investments in subsidiaries are valued at cost less provision for impairment.

Financial assets

The Company classifies its financial assets into the categories, discussed below, due to the purpose for which the asset was acquired.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through intra group recharges, but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Cash and cash equivalents include cash held at bank and bank deposits available on demand.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies its financial liabilities as other financial liabilities, which include the following:

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

Fair value hierarchy

Certain of the disclosures about fair value of financial instruments include the classification of fair values within a three-level hierarchy. The three levels are defined based on the observably of significant inputs into the measurements as follows:

- Level 1: Quoted prices, in active markets
- Level 2: Level 1 quoted prices are not available but fair value is based on observable market data
- Level 3: Inputs that are not based on observable market data

Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary and deferred shares are classified as equity instruments.

The share premium reserve represents the surplus of consideration paid for shares above their nominal value.

Share-based payments

The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant party become fully entitled to the award. Fair value is determined by using an appropriate pricing model. No account is taken of any vesting conditions other than conditions linked to the price of shares of the Company in measuring fair value.

At each period end date before vesting, the cumulative expense is calculated; representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest. The movement in cumulative expenses since the previous statement of financial position is recognised in the statement of comprehensive income with a corresponding entry in the statement of financial position.

New standards, interpretations and amendments not yet effective

None of the new standards, interpretations and amendments, which are endorsed but not yet effective and which have not been adopted early, are expected to have a material effect on the Company's future financial information when they become effective. See Note 2 of the Group financial statements for full analysis.

26. Loss from operations

The operating loss is stated after charging:

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Auditors' remuneration:		
- Audit fees	**29**	22

27. Employee remuneration

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Wages and salaries	**695**	907
Social security costs	**96**	114
Other pension costs	**41**	42
	832	1,063

28. Key management remuneration

Key management personnel have received the following remuneration during the financial year:

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Salaries and taxable benefits	**630**	600
Company contributions to defined contribution pension schemes	**41**	41
Other long-term benefits	**-**	-
Share based payment expense	**-**	-
	671	641

Included in salaries and taxable benefits paid to key management above is remuneration paid to statutory directors of £630,000 (2018 - £600,000).

Key management personnel consist of the executive and non-executive directors of Premier Veterinary Group plc.

Total staff and directors employed during the year were 6 (2018 – 9).

During the year key management exercised no share options (2018 – nil) shares. Outstanding options at the end of the year to key management were 279,035 (2018 – 319,035).

Full details of the disclosure of the executive and non-executive directors, including the highest paid director, is included in the Remuneration Committee report on pages 26 to 36.

29. Property, plant and equipment

	Office Equipment £'000	**Total £'000**
Cost		
As at 1 October 2018	3	3
Additions	2	2
As at 30 September 2019	5	5
Accumulated depreciation		
As at 1 October 2018	-	-
Charged in the year	1	1
As at 30 September 2018	1	1
Net book value		
As at 30 September 2019	4	4
As at 30 September 2018	3	3

30. Investments

	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Shares in Group undertakings at cost and net book value		
As at start and end of year	5	5

The details of subsidiaries of the Company are included in note 13 of the consolidated financial statements.

31. Trade and other receivables

	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Balances due from Group companies	**5,219**	4,320
Other receivables	**4**	-
Prepayments and accrued income	**305**	46
	5,528	4,366

All amounts are considered to be receivable within one year. The net carrying value of receivables is considered a reasonable approximation of fair value.

Receivables have not been discounted. The accrued income has not been discounted.

32. Trade and other payables

	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Trade payables	**26**	46
Balances due to Group companies	**3,110**	3,749
Social security and other taxes	**32**	301
Accruals	**75**	78
	3,243	4,174

Book values approximate to fair values at 30 September 2019 and 30 September 2018.

33. Loans and borrowings

Non-current

	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Loan facility	**3,850**	1,000
	3,850	1,000

On the 25 January 2019 the Company entered into a term loan facility of £3,850,000 with Bybrook Financial Services Limited ("BFSL") whilst simultaneously repaying the previously issued £1,000,000 loan notes to BFSL. The company has the right to repay the facility in full or in part before maturity. Further details in respect of the loan are provided in note 21.

	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Ageing of bank and other loans:		
Repayable within 1 – 2 years	**3,850**	1,000
	3,850	1,000

34. Called up share capital

	Ordinary shares No.	Ordinary shares £'000	Deferred shares No.	Deferred shares £'000	Total £'000
Shares at 1 October 2017 (Ordinary 10 pence)	15,346,950	1,535	-	-	1,535
Share options and warrants exercised	-	-	-	-	-
Shares 30 September 2018 (Ordinary 10 pence)	15,346,950	1,535	-	-	1,535
Share options and warrants exercised	-	-	-	-	-
Shares 30 September 2019 (Ordinary 10 pence)	**15,346,950**	**1,535**	**-**	**-**	**1,535**

35. Share-based payments

Options over ordinary shares were granted on 13 February 2019 under the 2014 Ark Therapeutics Group plc* Enterprise Management Incentive Share Option Plan and the 2014 Ark Therapeutics Group plc* Unapproved Share Option Plan (together, the "Plans") at an exercise price of 46.17 pence per share.

Options over ordinary shares that were granted on 3 March 2017 at an exercise price of 238.75 pence per share were cancelled or surrendered during the year.

Subject to the achievement of pre-determined performance criteria, the options granted under the Plans are exercisable three years from the date of grant.

* Ark Therapeutics Group plc changed its name to Premier Veterinary Group plc in March 2015.

The fair value of the options has been calculated using the Black Scholes model. The weighted average fair value of the options at measurement date was nil pence per option.

Options and warrants outstanding	**Year ended 30 September 2019 No.**	Year ended 30 September 2018 No.
At beginning of year	**399,035**	399,035
Exercised during year	-	-
Cancelled/surrendered during the year	**(120,000)**	-
Granted during year	**139,517**	-
At end of year	**418,552**	399,035

Options and warrants exercisable	Number of options	Weighted average exercise price (pence)	Latest exercise date
At 30 September 2019	418,552	22.1	12/02/2029
At 30 September 2018	399,035	71.8	03/03/2027

The fair value of share options expense recognised in the year is determined using the Black-Scholes model, which takes into account the terms and conditions upon which the shares were awarded. For this purpose, a share price of 238.75p, volatility of 30.6% and a risk-free rate of 0.5% was assumed. The Company recognised a charge of £nil (2018: £nil) in relation to share based payment.

36. Related parties

The Group operates the Ark Therapeutics Group plc Family Benefit Trust ("FBT"). Amounts due from the FBT were £Nil (30 September 2018: £nil).

On 27 November 2017 the Company entered into a committed facility with Bybrook Finance Solutions Ltd ("BFSL") for up to £1.5m in unsecured loan notes to be drawn down in three equal tranches from 1 June 2018 to 31 May 2019. The facility attracted a monthly charge of 0.5% on any amounts committed which increases to 1% per month on any amounts drawn. On 14 June 2018, this facility was increased to £2.25m and the draw down dates rescheduled with the final draw down date being extended to 1 August 2019. The terms of the revised facility were similar to those previously agreed other than once drawn down, each tranche will attract interest for the full term of the loan and the loan becomes repayable in the event the Company raises finance through the issue of shares. The first and second tranches of £0.5m were each drawn on 1 June 2018 and 1 September respectively. A further £0.5m was drawn down on 1 November 2018 under this facility.

On 25 January 2019, the group entered into a separate loan agreement with BFSL whereby BFSL agreed to provide a committed loan facility of £3.85m repayable by the group on or before 25 April 2019 with the Group having the ability to extend the repayment date to 25 January 2021 by issuing warrants of BFSL to subscribe for up to 767,347 new PVG £0.10 ordinary shares within 5 years of those warrants. £1.85m of this facility was drawn by the Group to repay the outstanding 2018 loan notes previously issued to BFSL and the arrangement fee of £0.35m on the new facility. The remaining £2.0m was drawn down on completion of the loan agreement. The balance of 2018 loan notes is no longer available for draw down. The other key terms are:

- *The facility will attract a monthly charge of 1% on the total facility value which is payable ("the base interest").*
- *The facility will be repaid in a single repayment 3 months after the drawdown, or 24 months after drawdown if extended by PVG choosing to issue Warrants.*
- *Warrants of 767,347 ordinary shares exercisable at 10p per share will be issued to be exercisable within a five year period from the signing of the new agreement.*
- *BFSL will be granted a licence in perpetuity to use the Group's technology and platforms outside of non-human animal applications.*

Rajan Uppal, a director of the Company, is the sole shareholder and director of BFSL. Crossroads Finance Limited, a company jointly owned and controlled by Dominic Tonner, Chief Executive Officer of PVG, and his spouse, has taken part in the PVG funding by entering into direct arrangements with BFSL.

During the year the Company recharged expenses to Group members as follows: Premier Vet Alliance Limited for £1,143,327 (2018 - £1,396,197).

Amounts owed to the Company by Group members at the year-end were: PVG 2007 Limited £Nil (2018 - £Nil), Premier Vet Alliance Limited £3,960,000 (2018 - £4,124,000), Premier Vet Alliance US Limited of £178,000 (2018 - £166,000), Premier Vet Alliance LLC of £21,000 (2018 - £13,000), Premier Vet Alliance BV of £20,000 (2018 - £8,000), Premier Vet Alliance SARL of £31,000 (2018 - £5,000) and Premier Vet Alliance Aps of £8,000 (2018 - £4,000). Amounts owed by the Company to Group members at the year-end were; PVG 2007 Limited £3,020,000 (2018 - £3,750,000).

37. Controlling party

At the year end, there is no ultimate controlling party.

38. Post balance sheet events

On 29 January 2020 the Group announced that an agreement had been reached whereby BFSL has agreed to the roll up of monthly interest payments and the extension of the repayment date of the £3.85m facility and accrued interest to 31 July 2021.

In addition PVG entered into a further agreement with BFSL to provide an additional secured loan facility of £1.1m. The first tranche of £0.6m was drawn on 29 January 2020 with two further tranches of £0.25m each available for draw down at PVG's request on 22 May 2020 and 24 July 2020. These further tranches can only be drawn by PVG if on or before 30 April 2020 it has issued BFSL with warrants to subscribe for up to 383,673 new PVG ordinary shares of 10p each at an exercise price of 10p per share within 5 years of the issue of any such warrants. Interest of 1% per month accrues on the loan facility on a monthly compound basis and is added to the total loan amount. The total loan together with accrued interest is repayable on 30 April 2020 with an option for PVG to extend the repayment date to 31 July 2021 by issuing the warrants referred to above. The loan will be utilised by PVG to fund the Group's working capital requirements including the payment of a £0.1m arrangement fee payable to BFSL. Rajan Uppal, a director of the Company, is the sole shareholder and director of BFSL. Crossroads Finance Limited, a company jointly owned and controlled by Dominic Tonner, Chief Executive Officer of PVG, and his spouse, took part in the PVG funding of the £3.85m facility by entering into direct arrangements with BFSL.

The other key terms are:

- Both facilities will attract a monthly charge of 1% per month on the total facility value which is calculated on a daily basis and payable of the final repayment date ("the Base Interest").
- The £1.1m facility will be repaid in a single repayment on 30 April 2020, or on 31 July 2021 if extended by PVG choosing to issue Warrants.
- Warrants over 383,673 ordinary shares exercisable at 10p per share will be issued to be exercisable within a five year period from the signing of the new agreement.

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