

VICTORY ALPHA LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 DECEMBER 2017

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VICTORY ALPHA LIMITED

COMPANY INFORMATION

Directors

D Brous
M Ellis
M Ettinger
M Mlotek
S Paladino
G Rhodes

Registered number

07889337

Registered office

Medcare House
Centurion Close
Gillingham Business Park
Gillingham
Kent
ME8 0SB

Independent auditors

BDO LLP
55 Baker Street
London
W1U 7EU

VICTORY ALPHA LIMITED

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VICTORY ALPHA LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 DECEMBER 2017**

The directors present their report and the financial statements for the year ended 30 December 2017.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

Results and dividends

The loss for the year, after taxation, amounted to £318,055 (2016 - loss £289,353).

The directors do not recommend the payment of a dividend (2016 - £NIL)

Directors

The directors who served during the year were:

D Brous
M Ellis
M Ettinger
M Mlotek
S Paladino
G Rhodes

VICTORY ALPHA LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 DECEMBER 2017**

Disclosure of information to auditors

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

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

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 25 September 2018 and signed on its behalf.

M Ellis
Director



VICTORY ALPHA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VICTORY ALPHA LIMITED

Opinion

We have audited the financial statements of Victory Alpha Limited ("the Company") for the year ended 30 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

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

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VICTORY ALPHA LIMITED

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise

VICTORY ALPHA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VICTORY ALPHA LIMITED

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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

BDO LLP

Jason Goodhind (Senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London

26 September 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

VICTORY ALPHA LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 DECEMBER 2017**

	Note	2017 £	2016 £
Administrative expenses		(22,145)	(11,230)
Operating loss	4	<u>(22,145)</u>	<u>(11,230)</u>
Interest receivable	6	386	819
Interest payable	7	(372,101)	(351,280)
Loss before taxation		<u>(393,860)</u>	<u>(361,691)</u>
Tax on loss	8	75,805	72,338
Loss for the financial year		<u><u>(318,055)</u></u>	<u><u>(289,353)</u></u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

The notes on pages 9 to 16 form part of these financial statements.

VICTORY ALPHA LIMITED
REGISTERED NUMBER: 07889337

STATEMENT OF FINANCIAL POSITION
AS AT 30 DECEMBER 2017

	Note	30 December 2017 £	31 December 2016 £
Fixed assets			
Investments	9	25,388,929	25,398,402
		<u>25,388,929</u>	<u>25,398,402</u>
Creditors	10	(773,465)	(454,652)
Net current liabilities		<u>(773,465)</u>	<u>(454,652)</u>
Total assets less current liabilities		<u>24,615,464</u>	<u>24,943,750</u>
Creditors: amounts falling due after more than one year	11	(8,619,801)	(8,619,801)
Provisions for liabilities			
Other provisions	12	(985,338)	(995,569)
		<u>(985,338)</u>	<u>(995,569)</u>
Net assets		<u>15,010,325</u>	<u>15,328,380</u>
Capital and reserves			
Called up share capital	13	1	1
Capital contribution reserve		15,380,352	15,380,352
Profit and loss account		(370,028)	(51,973)
		<u>15,010,325</u>	<u>15,328,380</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2018.

M Ellis
Director

The notes on pages 9 to 16 form part of these financial statements.

VICTORY ALPHA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 DECEMBER 2017**

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 27 December 2015	1	11,787,173	237,380	12,024,554
Loss for the year	-	-	(289,353)	(289,353)
Capital contribution addition	-	3,593,179	-	3,593,179
At 1 January 2017	1	15,380,352	(51,973)	15,328,380
Loss for the year	-	-	(318,055)	(318,055)
At 30 December 2017	1	15,380,352	(370,028)	15,010,325

The notes on pages 9 to 16 form part of these financial statements.

VICTORY ALPHA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 2017**

1. General information

Victory Alpha Limited (the Company) is a private limited company incorporated in England and Wales under the Companies Act 2006.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Henry Schein Inc. as at 30 December 2017 and these financial statements may be obtained from 135 Duryea Road, Melville, New York 11747.

2.3 Going concern

After making enquiries, the directors have confirmed that the Company will continue to be supported by the Group and have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

VICTORY ALPHA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 2017**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.5 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.8 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

VICTORY ALPHA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 2017**

2. Accounting policies (continued)

2.9 Reserves

The called up share capital reserve represents the nominal value of the shares issued.

The capital contribution reserve represents a contribution of capital, in the form of funds, to the Group by the ultimate parent.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

2.10 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

VICTORY ALPHA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2017

2. Accounting policies (continued)

2.14 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Operating loss

The operating loss is stated after charging:

	2017 £	2016 £
Exchange differences	15,665	-

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2016 - £NIL).

6. Interest receivable

	2017 £	2016 £
Bank interest receivable	386	819
	386	819

VICTORY ALPHA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2017

7. Interest payable and similar expenses

	2017 £	2016 £
Bank interest payable	7,950	-
Loans from group undertakings	364,151	351,280
	<u>372,101</u>	<u>351,280</u>

8. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on losses for the year	(75,805)	(72,338)
Total current tax	<u>(75,805)</u>	<u>(72,338)</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2016 - the same as) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%) as set out below:

	2017 £	2016 £
Loss on ordinary activities before tax	(393,860)	(361,691)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(75,805)	(72,338)
Effects of:		
Total tax charge for the year/period	<u>(75,805)</u>	<u>(72,338)</u>

Factors that may affect future tax charges

A reduction in the UK corporation rate to 17% from 1 April 2020 has been enacted.

VICTORY ALPHA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2017

9. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2017	25,398,402
Amounts written off	(9,473)
At 30 December 2017	<u>25,388,929</u>
Net book value	
At 30 December 2017	<u>25,388,929</u>
At 31 December 2016	<u>25,398,402</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered address	Class of shares	Holding	Principal activity
Animal Healthcare Services Limited	Broadfield Road, Sheffield, South Yorkshire, S8 0XL	Ordinary	100 %	Distribution of veterinary products
Vettec Produtos Agropecuarios Ltda	Estrada Rio-São Paulo, 2625, Suite 201, Campo Grande, Rio de Janeiro, 23075-247, Brazil.	Ordinary	51 %	Distribution of veterinary products
Granda Produtos Veterinarios Ltda	Estrada Roberto Burle Marx, 1679, Lote 1-B, Barra de Guaratiba, Rio de Janeiro, 23020-240, Brazil.	Ordinary	51 %	Distribution of veterinary products

On 27 April 2017, fixed asset investment Veterinary Instrumentation Limited changed its name to Animal Healthcare Services Limited.

VICTORY ALPHA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 2017**

10. Creditors

	30 December 2017 £	31 December 2016 £
Bank overdrafts	479,773	93,922
Amounts owed to group undertakings	267,674	347,284
Other creditors	26,018	13,446
	773,465	454,652

11. Creditors: Amounts falling due after more than one year

	30 December 2017 £	31 December 2016 £
Amounts owed to group undertakings	8,619,801	8,619,801
	8,619,801	8,619,801

12. Provisions

	Deferred consideration £
At 1 January 2017	995,569
Charged to profit or loss	(10,231)
At 30 December 2017	985,338

VICTORY ALPHA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 2017**

13. Share capital

	30 December 2017 £	31 December 2016 £
Allotted, called up and fully paid		
1 (2016 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

14. Related party transactions

The Company is a member of the Henry Schein Inc. group and during the year was under the control of Henry Schein Animal Health Holdings Limited.

The Company has taken advantage of the exemption conferred by FRS 102 5.33 not to disclose transactions with members of the group headed by Henry Schein Animal Health Holdings Limited on the grounds that the Company is included in the consolidated financial statements.

15. Post balance sheet events

There have been no significant events affecting the Company since the year end.

16. Controlling party

The Company is controlled by Henry Schein Animal Health Holdings Limited, its immediate parent company.

Henry Schein Inc., incorporated and registered in the USA, is the Company's ultimate parent undertaking and is the largest and smallest group of which Henry Schein UK Holdings Limited is a member and for which group accounts are drawn up. Copies of Henry Schein Inc. group accounts are available from 135 Duryea Road, Melville, New York 11747.