THE RALPH®
centre of excellence + compassion

REFLECTING ON YEAR FOUR

The Ralph Veterinary Referral Centre Plc
Report and Financial Statements
for the year ended 31 March 2023

Registered number: 09905661

COMPANY INFORMATION

The Ralph Veterinary Referral Centre Plc

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DIRECTORS

Iqbal Dhanji
Shailen Jasani
Andrew Zychowski

SECRETARY

Iqbal Dhanji

AUDITORS

Saffery Champness
Chartered Accountants and Statutory Auditors
St John's Court
High Wycombe
HP11 1JX

SOLICITORS

Harrison Clark Rickerbys Limited
5 Deansway
Worcester
Worcestershire
WR1 2JG

REGISTERED OFFICE

The Ralph
Fourth Avenue
Globe Business Park
Marlow
Buckinghamshire
SL7 1YG

REGISTERED NUMBER

09905661

WE CARE FOR EVERY ANIMAL AS WE WOULD OUR OWN

WE ACT WITH COMPASSION, INTEGRITY AND HUMILITY

WE TREAT OURSELVES AND OTHERS WITH PATIENCE AND GRATITUDE

WE VALUE OUR PEOPLE AND PRIORITISE THEIR WELLBEING

WE ARE A TEAM THAT PAVES OUR OWN WAY AND LEADS BY EXAMPLE

WE CHAMPION A COMMUNITY THAT NURTURES A SHARED VISION

WE EMBRACE A LEARNING MINDSET WHICH HAS CREATIVITY AT ITS CORE

CHAIRMAN'S STATEMENT

The Chairman's Statement forms part of the Strategic Report

This is the fourth full year of trading since The Ralph commenced seeing patients in February 2019. Despite the headwinds in the economy, The Ralph has made excellent progress in building the team of specialists and support staff, embedding the values of the company and increasing awareness amongst first opinion vets that has led to a steady increase in cases referred.

On behalf of the Board, I would like to thank all members of Team Ralph who have worked incredibly hard and been hugely supportive while also providing the very best care to our patients and their carers.

FINANCIAL PERFORMANCE

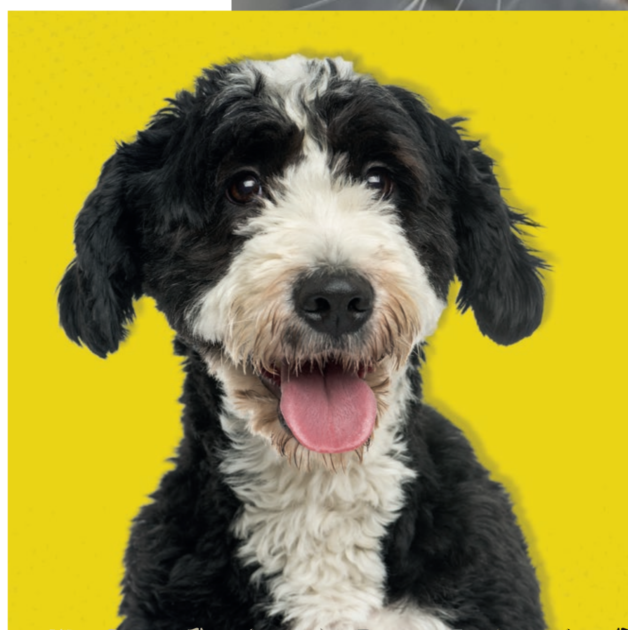
The Ralph generated revenue of £15.3M (2022: £11.7M), a 31% year-on-year increase. This is an impressive performance as the company continues to mature and build resilience in all its disciplines. The rebuilding of the Neurology department as was mentioned in the prior annual report, has been successful as this discipline has now become one of the highest revenue generating departments of the hospital.

Costs have also increased as staff numbers grew across all disciplines and departments to meet increasing demand, and some infrastructure investments were made to improve clinical standards and efficiency.

As mentioned in our prior year annual report, investment in people and facilities takes time to implement and generate sufficient cash from increasing turnover to cover ongoing expenses and for the business to become profitable. From the second half of the year financial year, we began seeing the positive results from this action.

The Ralph recorded a pre-tax loss of £364K (2022: £1,168K loss) and a profit for the financial year of £158K (2022: £97K loss). The movement from a pre-tax loss to a profit for the year was mainly due to the R&D tax credits claimed.

Cash at the year-end was £960K (2022: £423K), an increase of £537K over the year. Borrowing (including finance leases) fell to £823K (2022: £1,235K), a reduction of £412K over the year.



£15.3m

The Ralph generated revenue of £15.3M (2022: £11.7M), a 31% year-on-year increase.

230+

The number of team members working at The Ralph at the end of June 2023 (200+ at the end of March 2023, 190 at the end of March 2022 and 150 at the end of March 2021)

A key objective for the current financial year is for the company to achieve a sustainable revenue level such that the company is consistently profitable and cashflow positive.

FUNDRAISING

The company did not raise any equity funds during the year. This is due to the improved financial performance and the cash benefit received from the R&D tax credits claimed.

INFRASTRUCTURE DEVELOPMENTS

Three notable investments have been undertaken during the financial year:

- The Air Handling Unit that serves the front of the building was replaced. The previous unit that we inherited with the building was energy inefficient and had come to the end of its useful life.
- An additional consult room for cats was constructed to provide more consulting capacity.
- Additional flood defences were installed – The Ralph is on a flood plain and although the likelihood of flood damage is remote, flood defences were installed to protect key vulnerable equipment and comply with insurance requirements.



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Post the year end, the following projects are underway:

- The Board approved for a generator to be installed as a precaution against any loss of power supply to the building. The Ralph experienced one such incident and fortunately, it happened at a time that caused minimal impact on patients.
- Senior management will commence planning for expansion of the facilities using the mezzanine area. This is to provide additional clinical and support facilities to accommodate continued growth of the hospital.

OUR PEOPLE AND THEIR DEVELOPMENT

Our people are at the heart of our business, and we continue to invest in their development and well-being, whilst continuing to provide the very best care to our patients.

We have structured training programmes to develop our people and support systems to ensure their well-being is catered for.

STRATEGIC PRIORITIES AND GROWTH INITIATIVES

The Ralph now has specialists in all disciplines and henceforth will recruit selectively, additional specialists and support clinicians, to build depth where required, to manage demand and to ensure sustainability of a 24-7-365 offering. Recruitment of support staff is also ongoing where required.

The current financial year is focussed on the following key priorities:

- Continuing to be cashflow positive from day-to-day operations
- Achieving consistent profitability
- Optimising patient safety
- Continually improving the operational infrastructure (systems, processes, facilities), both clinical & non-clinical
- Expanding Team Ralph selectively, in line with our needs
- Improving team performance and efficiency
- Deepening the foundations of our culture and embedding our core values

AGM

The AGM will be held on 21 September at 11:00am at the offices of the Company. For shareholders who cannot attend physically but would like to follow the presentations virtually, the Board has once again decided to stream the AGM using the Zoom platform. Please note that attendance virtually will not count towards a quorum. Hence, all shareholders are requested to submit their proxy forms electronically at least two days in advance of the meeting. Further details have been provided in the cover letter.

OUTLOOK

The Ralph operates in a sector with favourable market trends.

- The UK is a nation of animal lovers with pet population growing significantly over the past few years. It is estimated that over 10% of UK households adopted a new pet during the pandemic.
- Pets continue to be treated as a member of the family with pet carers increasingly willing to spend money on their pets.
- The veterinary care market continues to advance through scientific research. With a growing awareness of affordability of pet insurance, more pet carers can do what is best for their pet throughout their lifetime.

The Ralph has experienced continued growth in turnover, post the year-end, with June being a record month. While the Board is cognisant of the potential implications of the cost-of-living crisis (see the section on Financial hardship due to the cost-of-living crisis and inflation in the Strategic Report below), it remains confident that the business model is appropriate, and we look forward to the future with optimism.

Our core values lie at the heart of who we are and what we do. They are vital to how The Ralph operates day-to-day, how we care for the patients we treat, and how we work with one another. The Board would once again like to thank all members of Team Ralph and our stakeholders for their belief in The Ralph, their support, and their contribution to the past financial year.

Iqbal Dhanji

Iqbal Dhanji
Chairman of the Board

STRATEGIC REPORT

The Ralph Veterinary Referral Centre Plc (The Ralph) is an established, state-of-the-art, multidisciplinary, small animal specialist veterinary referral hospital located in Marlow, Buckinghamshire.

The Ralph opened its doors to patients in February 2019 and its clinical staff is led by Board-certified Diplomates. They are supported by Advanced Practitioners, Residents and Interns, together with a team of physiotherapists, nurses, patient care assistants and support staff in customer care, finance, community engagement and administration. As of 30 June 2023, The Ralph had 230+ team members.

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The Ralph provides one of the largest Emergency and Critical Care (ECC) services in the United Kingdom alongside key clinical services such as Orthopaedics, Soft Tissue Surgery, Internal Medicine, Neurology & Neurosurgery, Diagnostic Imaging, Ophthalmology, Oncology, Cardiology and Dentistry.

The Ralph aims to be a top tier tertiary referral centre on a par with, and indeed at times exceeding both University-grade small animal hospitals and a very small number of other comparable referral centres. Geographically, other than a small referral hospital located about five miles away that offers some similar disciplines, the nearest comparable multidisciplinary referral hospitals considered to be significant competitors are an hour's drive away.

WIDER VETERINARY SECTOR

Recent reports indicate there are 17 million pet-owning homes across the UK with consumer expenditure on vets and other services for pets estimated to be around £4 billion between July 2020 and June 2021. In recent years, the ownership of veterinary practices across the UK has changed, with many practices being acquired by a small number of corporate groups. While independent veterinary practices accounted for 89% of the UK industry in 2013, this share had fallen to less than half (45%) by 2021, primarily as a result of independent practices being bought by corporate groups[1].

Mindful of competition concerns, the Competition and Markets Authority (CMA) has investigated four groups of veterinary transactions in recent years that has led to enforced orders to divest some of the first opinion practices where the CMA has had competition concerns. The Directors are also aware of several independent first opinion veterinary practices that have been set up recently and are doing very well.

[1] Competitions and Market Authority, 18 Feb 2022

In the referral space, to the best of our knowledge, The Ralph is the only remaining large independent private top tier multidisciplinary small animal specialist referral centre in the United Kingdom. It is well placed to serve the needs of not only first opinion care vets who prefer to support the independent segment of this sector but also corporate owned practices that may not have a referral hospital that is part of the same corporate group in their proximity, or where such a referral centre does not have the appropriate specialists or capacity to see their patients in a timely manner.

BUSINESS PERFORMANCE

This has been The Ralph's fourth full year of operation since opening. This fourth year has been all about:

- Becoming cashflow positive from day-to-day operations and achieving consistent profitability.
- Optimising patient safety.
- Continuing to improve operational systems and processes – both clinical & non-clinical – to improve team performance and efficiency.
- Deepening the foundations of The Ralph culture and embedding the core values.

The Ralph has made considerable progress on all the above.

Key Performance Indicators (KPIs)

The Directors monitor several KPIs which they consider are effective in measuring delivery of their strategy and which assist in the management of the business. The main KPIs are:

- Turnover – £15.31M (2022 - £11.67M) – an increase of 31%
- Gross profit - £4.36M (2022 - £2.87M) – an increase of 52%
- Pre-tax loss – £0.36M (2022 - £1.17M) – a decrease of 69%
- Cash - £0.96M (2022 - £0.42M) – an increase of 127%
- Debt (incl. finance leases) £0.82M (2022: £1.24M) – a decrease of 33%
- Staff numbers – For a growing business a key KPI is to ensure that we recruit the people/staff to safely deliver a quality service to our patients across all clinical disciplines. The growth in staff numbers shown on the next page helps to demonstrate how we have achieved this goal.

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	March 2021	March 2022	March 2023	June 2023
Referral Clinicians	32	35	41	46
Other vets including Residents and Interns	15	15	24	23
Nurses	55	74	76	80
Patient Care Assistants and Other Clinical Staff	19	28	43	46
Customer Care Team	11	14	11	11
Management and other Admin Staff	19	24	25	25
Total	151	190	220	231

Taken together, these KPIs are trending towards The Ralph achieving an appropriate balance of its people and facilities while striving to achieve consistent profitability and positive cashflow generation from day-to-day operations.

The current financial year will be focussed on the following key priorities:

- Continuing to be cashflow positive from day-to-day operations and being consistently profitability.
- Continuing to work on optimising patient safety.
- Continuing to improve workflow, operational systems and processes – both clinical & non-clinical – to improve team performance and efficiency.
- Continuing to deepen the foundations of The Ralph culture and embedding the core values.
- Identifying opportunities to profitably grow The Ralph including assessing expansion into the mezzanine area.

FINANCIALS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements. The Directors report a pre-tax loss on ordinary activities of £364,017 (2022: £1,167,667).

DIRECTORS' DUTIES

The directors of the company, as those of all UK companies must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regarded (amongst other matters) to:

- The likely consequences of any decisions in the long-term
- The interest of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and environment
- The desirability of the company to maintain a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the company.'

The following paragraphs summarise how the Directors' fulfil their duties:

Risk management – the Board maintains a Risk Register that it reviews regularly. The major identified risks are disclosed in more detail in the section under 'principal risks' later in this Strategic Report.

Our people – are what make The Ralph. Without them and their dedication, The Ralph would not be able to make the progress it has done so far. Their welfare and alignment to the vision of The Ralph are paramount to the long-term success of The Ralph. Their welfare is discussed under the section entitled 'our people and their development' in the Chairman's Statement and their alignment with the vision of The Ralph is discussed further within the 'principal risks' section below under 'recruitment and retention of staff'.

Business relationships – with referring vets, with suppliers and other stakeholders, are crucial to the long-term success of The Ralph. One of the principal risks identified is the loss of reputation which would impact the referrals The Ralph gets from first opinion vets, and this is discussed within the relevant section under principal risks below. The Ralph ensures it keeps to agreed credit terms with suppliers to ensure we get the best service and price for materials and services.

Community – The Ralph has a dedicated Community Engagement team whose sole responsibility is to engage with, respond to and seek feedback from our referral community of vet practices. The team also provide updates to carers of their pets who are inpatients.

Shareholders – The Ralph engages regularly with shareholders via Investor Updates, publication of the Annual Report and Accounts, hosting the Annual General Meeting and welcomes contact by email, with the Chairman.

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ENVIRONMENTAL SOCIAL GOVERNANCE

The Ralph seeks to conduct its affairs responsibly and to consider environmental, human rights, social and community issues. No penalties were imposed on the company for failure to comply with any regulatory or human rights issues.

In consideration of the environment, various steps have been taken to reduce The Ralph's energy consumption with the biggest investment being the new Air Handling Unit servicing the front of the building.

The hospital has built a strong reputation for its acts of kindness. This has been detailed further in the CEO's report.

PRINCIPAL RISKS

The Directors have identified several principal risks facing The Ralph and have strategies to mitigate them.

LOSS OF REPUTATION

A key risk to the Company is the loss of reputation related to clinical performance and standards of patient care. The Clinical Director and all the senior clinicians are acutely aware of this risk and monitor this closely. This risk is mitigated by frequent internal reviews, on-going continuous improvement processes and with all employed staff being awarded Enterprise Management Incentive (EMI) share options to ensure they have a vested interest in the success of the hospital. The hospital has also built a reputation for its kindness and compassion as detailed in the CEO's report.

RECRUITMENT AND RETENTION OF STAFF

The success of The Ralph is dependent on recruiting, supporting and retaining appropriate personnel. To that end, The Ralph has a recruitment process that is complemented by a comprehensive on-boarding procedure once an employee commences work. This is to ensure all new employees understand the core values and culture of The Ralph. In addition, The Ralph provides excellent working conditions, support structures and processes for staff wellbeing, and all employees are awarded Enterprise Management Incentive (EMI) share options that can be exercised from the end of year four to year ten from the date they are granted.

The Ralph employs veterinary surgeons, nurses and other members of staff that are citizens of other EU countries. There is therefore a risk of a shortage of skilled staff in the future with referral hospitals being set up in the EU, attracting qualified EU staff from the UK. While in the short term, the Home Office has permitted citizens of other EU countries currently working in the UK to continue to do so, in the medium term, the current UK government having added veterinary surgeons to the Shortage Occupation List mitigates the risk. In addition, The Ralph has been granted approval by the Home Office to be a licensed sponsor under Tier 2 of the immigration points-based system. This enables The Ralph to recruit appropriately from other countries when required.

FINANCIAL

Credit risk - The Ralph operates a debtor's policy with the majority of debtors covered by pet insurance which is on average settled within 15 days of a claim being raised with the relevant insurance company.

Where carers do not have insurance for their pets, they either pay the full invoice for treatment at the end of a course of treatment or apply for credit finance from a finance company we have made arrangements with. In the rare instances where carers do not have pet insurance or do not qualify for a credit facility, carers are encouraged to find alternative means of meeting their bills.

Liquidity and cashflow risks - the Management of the Company monitor the cashflow position regularly. The Board meets monthly to discuss the Management Accounts and review the cashflow forecasts of the Company. Where required, capital expenditure has mostly been funded through asset finance while the working capital requirements to fund the growth of The Ralph as it moves towards profitability has been funded by equity and R&D tax credits.

CONTINUITY OF REFERRALS

The long-term success and viability of The Ralph is dependent on first opinion vets continuing to refer cases to The Ralph. To this end, relationships with first opinion vets and staff will continue to be developed and nurtured through professional support, hosting Continuing Professional Development (CPD) sessions and providing excellent care, communication and acts of kindness. This continued relationship building, support and care should create a strong foundation for the long-term success of The Ralph.

FINANCIAL HARDSHIP DUE TO THE COST-OF-LIVING CRISIS AND INFLATION

Although the Covid-19 pandemic encouraged many households to take the plunge and adopt a pet, the return to work, cost of living crisis and inflation may lead to an increase in euthanasia or an increase in pets in rescue centres leading to a drop in caseload/turnover. Nevertheless, the Directors will continue to monitor demand for The Ralph's services and take action as appropriate.

The original thesis for The Ralph remains that even during times of uncertainty, pets will continue to receive the very best care from their carers. Post year-end, The Ralph has been busier than ever and the Directors are looking at selective growth opportunities including assessing expansion of facilities into the mezzanine area.

This report was approved by the Board on 17 August 2023 and signed by its order.

Iqbal Dhanji
Chairman

CEO REFLECTIONS

It has been another busy year. **The Ralph** has continued evolving from a start-up to a young but established hospital. We have seen further growth, made financial progress and advanced our operational maturity. One memorable cause for celebration was our first two residents (specialists-in-training) completing their three-year residency.

Changes and challenges have continued in the broader veterinary sector. We are also acutely aware of potential macroeconomic headwinds. We continue to monitor the situation very closely. This and more in this year's reflections.

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The Ralph's mission statement is "to set the standard for small animal referral veterinary care with an ethical conscience". We seek to "care for every animal as we would our own". We are committed to "value our people and prioritise their wellbeing". We work with an indomitable spirit to build a profitable, highly successful, and well-reputed business of which our shareholders and other stakeholders can be proud. Team Ralph is making excellent progress in our mission. Notably also is that The Ralph is now the only independent (non-corporate owned) private large multidisciplinary referral centre in the United Kingdom. We are undoubtedly "a team that paves our own way and leads by example".

We are grateful for the efforts and commitment of all members of Team Ralph, both clinical and non-clinical. Of particular note on the clinical front over the last twelve months has been the continued development of our Neurology & Neurosurgery and Internal Medicine teams. After slow starts and early disruptions, both services are now thriving. In particular, the rebuilding and rapid growth of the Neurology service has been a critical focus. That said, they are not alone! We have continued to build depth across our clinical services. After a prolonged search, our second residency-trained Soft Tissue Surgeon recently started full-time, bringing much-needed support to that service.

We also continue to make steady progress regarding veterinary surgeon interns and residents (specialists-in-training). The Ralph celebrated a milestone moment earlier in 2023. Our first two residents completed their three-year training programme in Ophthalmology. We have also had our second Neurology & Neurosurgery resident start and our first residents in Internal Medicine, Emergency & Critical Care and Anaesthesia & Analgesia. Our highly successful veterinary nurse internship and student veterinary nurse programmes further enhance this 'professionals in training' theme. Another recent cause for celebration was one of our original Patient Care Assistants successfully qualifying as a Registered Veterinary Nurse having been with us since 2019. The Ralph also enjoys an increasing number of visitors to the hospital for educational and training purposes.

Over the last twelve months The Ralph has treated around 4,500 new patients. We continue to develop our clinical expertise and technical capabilities. Sometimes this is with the support of external veterinary and human healthcare consultants. These colleagues join us to assist in specific complex procedures. All our patients are memorable. Yet some stand out in the memory for various reasons. These reasons include the extent of treatment they required, their length of hospitalisation or that they recovered when the odds were stacked against them. Such cases are challenging and demanding not just for the patients and their families but also for their caregivers at The Ralph. We celebrate wins when we can. We share patient stories on our social media channels and our website blog. If you are not already following us, please do!

Various sources suggest that 60-80% of the UK veterinary sector is now corporate-owned. The pace of corporate consolidation has now slowed. This slowing is not surprising, especially given the current economic climate. It has nonetheless brought the UK veterinary sector to a moment it has not seen before. The Competition and Markets Authority (CMA) has investigated four veterinary groups and either blocked acquisitions or enforced divestments. The last twelve months have also seen growing concern and dissatisfaction among some lay pet carers. Most notably culminating in a motion in the Welsh parliament. Corporate consolidation is one of but by no means the only reason the veterinary sector continues to experience workforce challenges. These challenges apply both in the UK and elsewhere. Recruitment, especially of veterinary nurses, and retention remain a struggle for many practices.

The Ralph exists in this space and is subject to the same market forces. That said, various aspects of our business have shielded us to some extent from these struggles. These include our commitment to our founding core values and mission, intense focus on workplace culture, and willingness to carry out acts of kindness. Burnout is a significant concern in the veterinary sector. The general definition of this state includes chronic work exhaustion, especially emotional; loss of self and disengagement from others; and reduced professional fulfilment and accomplishment. At The Ralph, we recognise how this negatively impacts not just the wellbeing of our people but also our ability to run and grow the business.

The acts of kindness that we do allow us to help patients, both with and without families, when it seems reasonable. In doing so, we also provide support to our referral community. These acts of kindness are a source of great satisfaction to Team Ralph heralding a business that aligns with their personal values. All organisations of our size (at the time of writing, we employ approximately two hundred and thirty Ralphers) experience some staff turnover. Yet our turnover rate is comparatively low. In general, recruitment is less challenging for us than it would appear to be elsewhere. Our four-week survey of new starters shows an average score of 9/10 across multiple areas of enquiry. This early experience undoubtedly contributes to favourable word of mouth within the sector! Nonetheless, we continue to remain vigilant, agile and strategic.

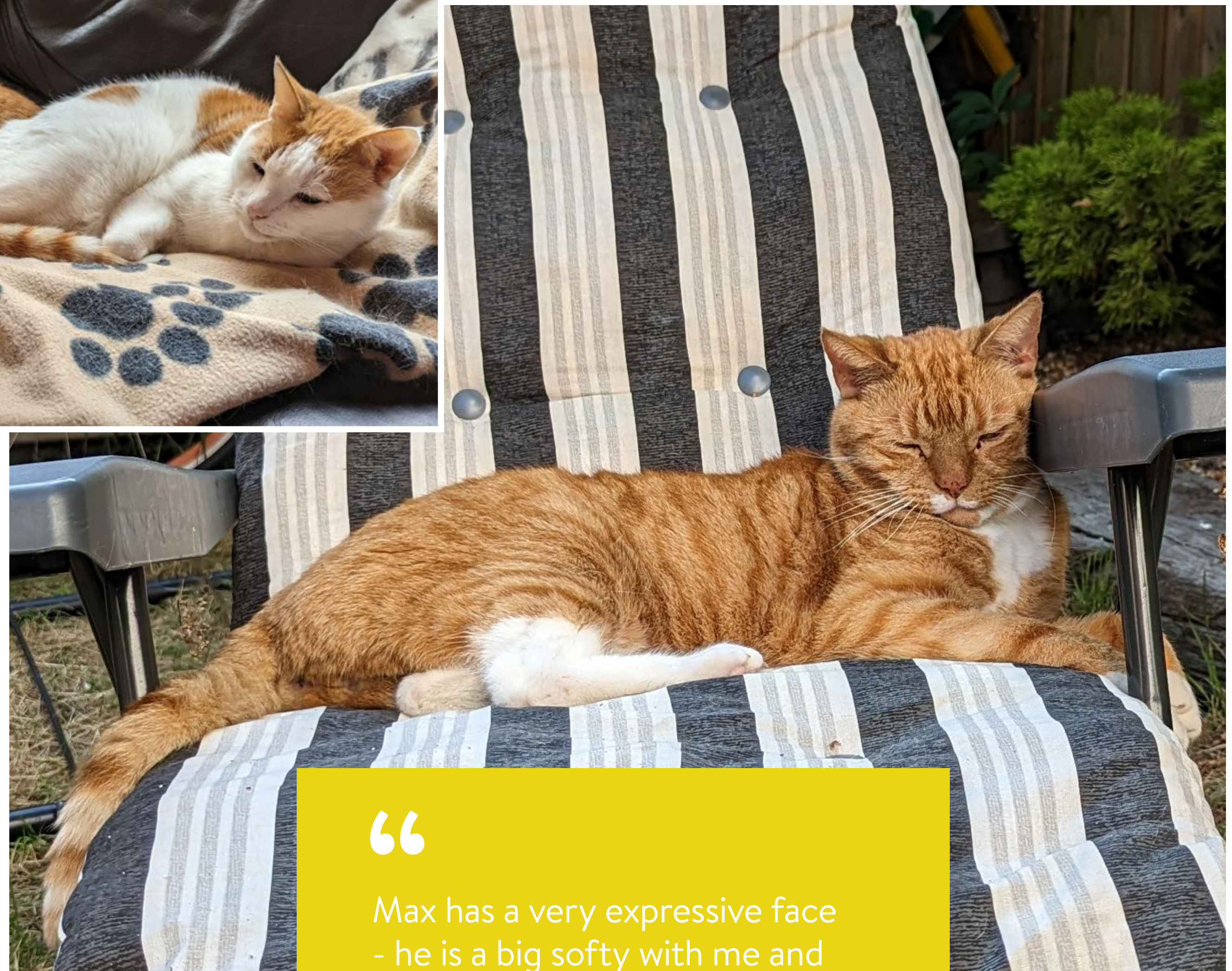
A key focus for the business over the last twelve months has been to become sustainably profitable and cashflow positive. At the time of writing, we are cautiously optimistic that we have achieved this milestone. More details can be found elsewhere in this Annual Report. While remaining cautious, I want to thank all our stakeholders for keeping the faith and believing in our journey. Another key focus for us in 2023 has been to develop our business maturity further. The Ralph will be five years old in February 2024. All start-ups go through a period of transition as they evolve into more established businesses. This trajectory is, of course, affected by ongoing growth. Yet we are working hard to mature operationally and to ensure that our daily practices and our teams are fit for purpose for what lies ahead. This year has seen us excel in our second Royal College of Veterinary Surgeons (RCVS) Practice Inspection. The first was in March 2019, just after we opened! We have also received Gold accreditation from the International Society of Feline Medicine for our cat-friendly practices.

Over the next twelve months, we intend to improve our financial position and consolidate our operations. We will look at possible further development of our premises and facilities by developing our mezzanine area to accommodate greater demand for our services. All the while, we remain highly aware of the potential for macroeconomic headwinds (high inflation, rising interest rates and cost of living) to strengthen. The veterinary sector has remained resilient despite previous economic downturns, yet we remain vigilant.

To end this year's CEO Reflections, I want to share with you some of the feedback that we received when we asked Team Ralph to describe their team members:

Shailen

Shailen Jasani MA VetMB MRCVS DACVECC
Founder, CEO & Clinical Director



CASE STUDY

Max's story

14-year-old Max was rescued as a kitten first-hand by his carers.

In the months leading up to his referral to our Internal Medicine team, **Max** had developed chronic inspiratory noises, coughing and difficulty breathing, which his carers described as "alarming to witness". Various investigations and treatments at his primary care practice were inconclusive.

Based on the description of Max's signs and a video sent by the carers, an upper airway disease was suspected, most likely in the larynx (voice box). This would explain poor Max's symptoms. So the team recommended a visual inspection of Max's mouth and throat under general anaesthesia, and potentially a CT scan and endoscopy depending on the initial findings.

The larynx is the "gatekeeper" between the mouth and lungs, opening and closing to enable breathing, swallowing and producing the sound of those oh-so-lovely meows! The visual inspection revealed normal function of the larynx, so further imaging with a CT scan and bronchoscopy were performed. Bronchoscopy is a procedure where a thin, flexible tube with a camera on the end is used to inspect the airway and lungs.

The CT scan revealed marked changes to the bronchial walls (smaller airways) and reduced inflation of his right lung. The trachea (windpipe) was also markedly narrowed. During bronchoscopy our Internal Medicine team discovered a mass lesion in Max's lower trachea which was almost completely occluding access to his right lung.

While there were still a number of potential causes to rule out, it was a real possibility that it could be cancer.

Biopsy results suggested that the mass was unlikely to be cancerous and was instead caused by inflammation in his lower airways. Our Internal Medicine Specialist, Annelies, suspected this was a consequence of feline asthma or chronic bronchitis, and so she administered Max with a steroid injection and was encouraged by how much Max seemed to improve.

Max was prescribed a course of corticosteroids while further analysis was carried out on samples taken from his lower airways and a faecal sample. This was to continue to rule out other potential causes of his disease such as a bacterial infection, lungworm and other parasites.

A few weeks later, Max returned for repeat endoscopy to evaluate his progress. The mass had shrunk markedly and he was free from breathing difficulties and upper respiratory noise. Repeat samples were taken, confirming there were only inflammatory changes and no signs of cancer. Max was treated with a higher dose of corticosteroids for a few weeks before this was gradually reduced again.

Max's carers report that he is doing well at home and that he has had no further problems since his treatment started. His medication is being tapered gradually and his course of steroids is almost finished. He's happily relaxing and hanging out in the garden!

> "Max has a very expressive face - he is a big softy with me and tolerates my husband! He is usually quite nervous and noisy in the vets but surprised us when he was on his best behaviour with Annelies (Head of Internal Medicine at The Ralph)!
>
> **Susan, Max's carer**

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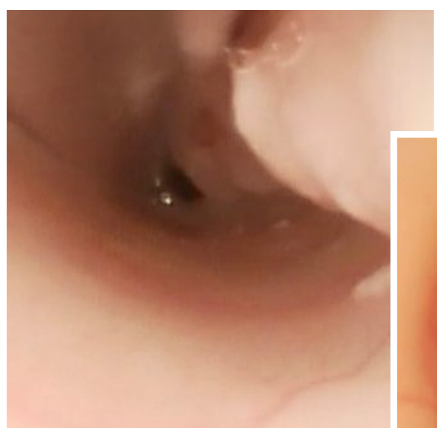

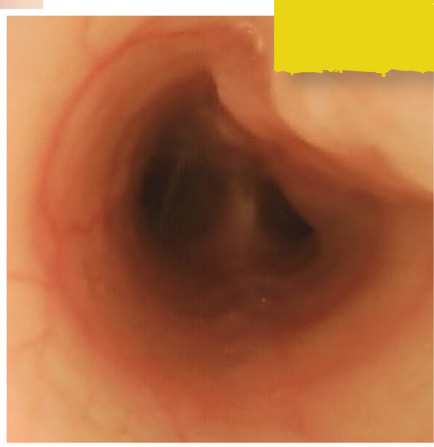

Top left: Max (left) at home with Dabs.

Above and top right: Max relaxing in the garden.

Far left: Max's airway before treatment.

Left: Max's airway during the second bronchoscopy.

CASE STUDY

Bo's story

Bo deteriorated in the days following an injury to one of his digits (toes). He stopped eating, started vomiting and the muscles in his face were becoming increasingly tense.

Scan this QR code to see Bo's story video

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With concerns for tetanus, this was quickly becoming an emergency, so **Bo** was referred to The Ralph's Emergency and Critical Care team and admitted to our Intensive Care Unit (ICU).

Tetanus is an uncommon infection affecting the nerves, spinal cord and brain. It is caused by a bacterium called Clostridium tetani entering a wound. In dogs the severity of tetanus is graded from I-IV, with Grade IV being the most severe and most likely to cause breathing difficulties and respiratory arrest.

The team started Bo on supportive treatment including pain relief, antibiotics and muscle relaxants. X-rays were taken of Bo's infected foot to ensure that there was no evidence of a bone infection that might require amputation of the affected toe. Bo was also fitted with a feeding tube to ensure he was getting all the nutrients he needed; he had not eaten for several days and the calorie requirements of patients with tetanus is extremely high due to persistent muscle contraction.

Sadly Bo deteriorated further and developed clinical signs consistent with Grade IV tetanus (the most severe form), including bradycardia (a slow heart rate), salivation and ileus (loss of intestinal motility). He required an escalation in his treatment including increasing levels of sedation and muscle relaxants.

The severe episodes of muscle spasm also affected Bo's larynx (upper airway) causing it to close, and he started to experience breathing difficulties. Due to serious concern for his breathing, Bo was intubated and connected to a mechanical ventilator, which takes over the effort required to breathe by shifting breathable air in and out of the patient's lungs.

Bo experienced a number of complications while on the ventilator, including severe ileus and regurgitation, and a pneumothorax (accumulation of air between the lungs and chest cavity). The pneumothorax was an unexpected complication that could have been caused by the ventilator delivering air whilst Bo's respiratory muscles were in spasm and restricting lung expansion.

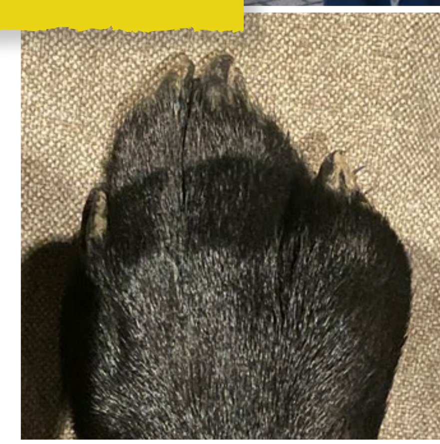
Bo also had a large catheter placed into his jugular vein to allow us to sample blood and deliver fluids, medications and nutrition. He was started on parental (intravenous) nutrition, and the team fitted bilateral (both sides) chest drains to continuously drain the pneumothorax.

Once he had stabilised, Bo was safely weaned off mechanical ventilation over the course of 2-3 days, nearly two weeks after his initial presentation.

> In all my years of nursing, I've never nursed a case this intense. No two hours were the same, but Bo just kept fighting.
>
> **Caroline Martin, Emergency + Critical Care Nurse**

Over the next two weeks, Bo gradually improved despite a number of tetanus-related challenges, including violent tremors and 'tetanus nightmares'. These nightmares have been reported to occur in people recovering from tetanus and are described as terrifying. Poor Bo experienced these dreams and he would growl and bite at invisible demons. Although Bo is usually a very loving dog, when he was having a tetanus nightmare our team had to be careful not to get caught in the crossfire.

Bo's recovery was a true hospital-wide team effort, requiring input from Emergency + Critical Care, Anaesthesia, Neurology, Physiotherapy + Rehabilitation, and Ophthalmology teams. We are so pleased for Bo and his family that he is now happy at home, running around as usual.



Top middle: Bo on mechanical ventilation.

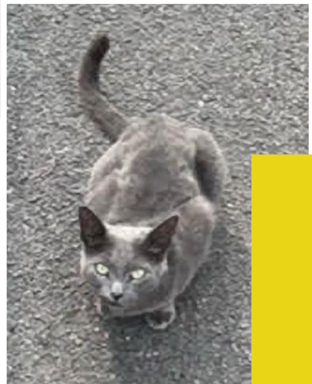
Top right: Bo provided with some stimulation while he recovers in our ICU.

Far right: (L-R) Bo with ECC Clinician, Miriam, and his carers, David and Jocelyne.

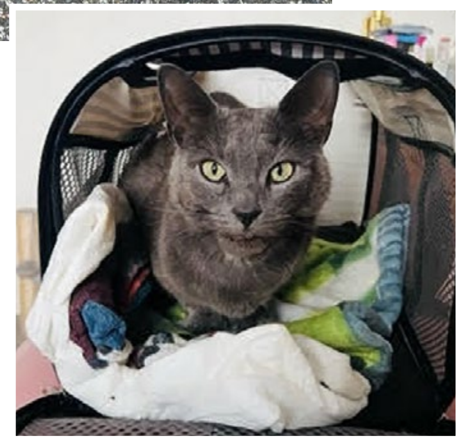
Above: Bo's wounded toe.

Right: Bo reunited with his carers to go home after one month in the hospital.






> “I can’t believe how well she got through the two operations and where we are now. Silver’s favourite pastime is to lay on the pavement outside and have strokes from the neighbours, who have been so pleased to see her back!
>
> **Silver’s carer**



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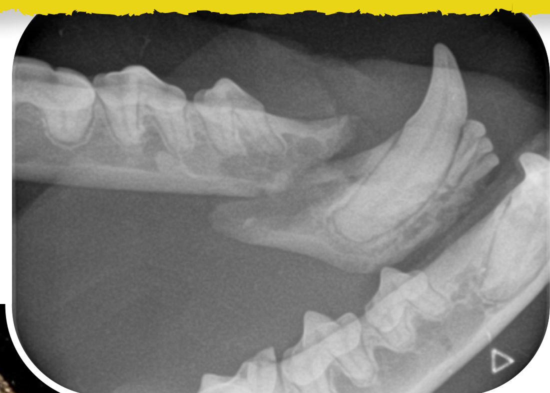
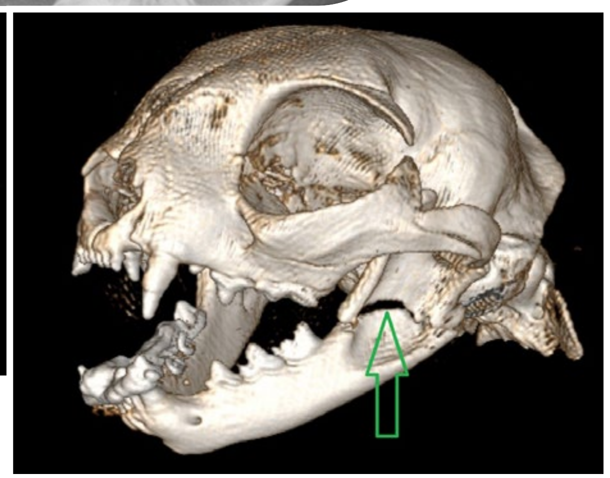


Left: Pre-operative X-ray and image of the right-side mandibular fracture

Above and right: Immediately post-operative CT scans showing splint in place and left-side fracture. The red arrow indicates the right mandibular fracture, the green arrow indicates the left mandibular ramus fracture.

CASE STUDY

Silver’s story

Silver was hit by a car and sadly sustained significant head trauma. She was stabilised at her primary care practice before being referred to The Ralph’s Dentistry team for further treatment.

The team performed a detailed examination of **Silver’s** mouth. She had several visible soft tissue injuries in her mouth. X-rays confirmed that poor Silver had also fractured her mandible (lower jaw) in two places and had broken many teeth.

A special anaesthesia technique called a transmylohyoid intubation was performed. This is where a small incision is made under the chin and the breathing tube is placed from the outside of the body rather than directly through the mouth. This allowed the Dentistry team to close the mouth fully during the surgery and to make sure that her jaw fracture was aligned well during the repair.

Under general anaesthetic, Silver’s soft tissue injuries were sutured and the mandibular fracture was put back into place. The Dentistry team placed an acrylic and wire splint between the broken teeth to hold the bone fracture fragments in place on the right side of her mouth.

Interdental (between the teeth) splints are often the most suitable way to repair jaw fractures. Other ways of fixing fractures, for example metal plates, risk causing further damage to the delicate tissues of the mouth and tooth roots.

The second fracture was located at the back of the left mandible (the “vertical ramus”). It was still aligned and supported by the muscles in that area. The team therefore decided that the most appropriate treatment was not to add any additional stabilisation in this area, but to feed a soft diet and assess the healing at a follow up appointment five weeks later.

A feeding tube was placed to help ensure Silver was getting all the nutrition she needed without having to eat in discomfort, but luckily she was able to start eating on her own within the first few days of arriving home.

Silver was seen five weeks after her first surgery for an assessment of both fractures, removal of the splint and removal of the damaged teeth. Calluses (bone healing) had formed between both of the fractures in an acceptable occlusion (mouth position).

Silver’s carers reported that a few weeks after the initial surgery she was back to her old self, was much brighter and was running around as normal!

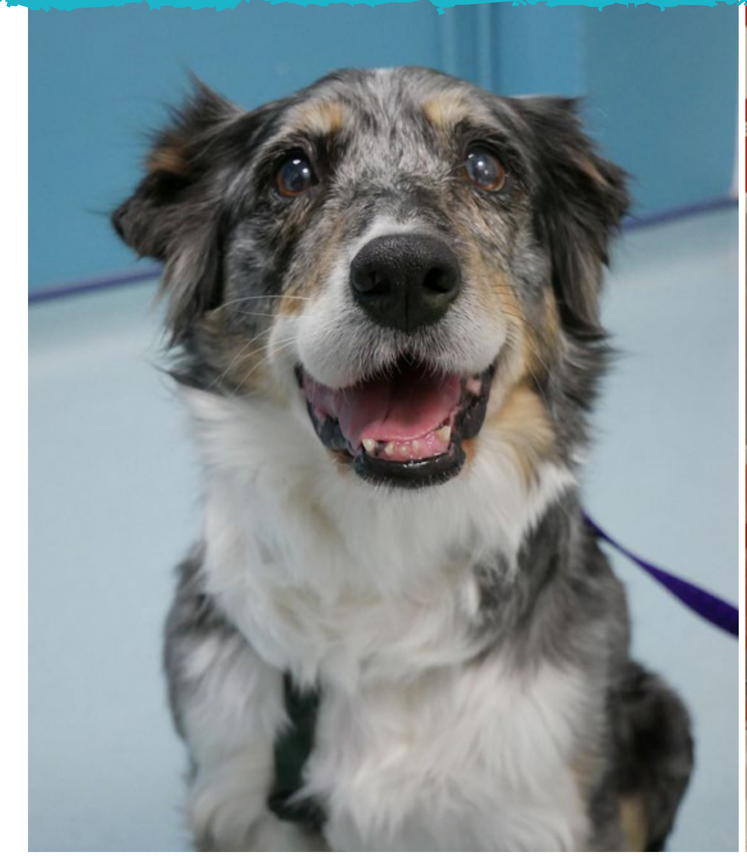
Left: Silver at home after her first operation with her feeding tube in place.

DIRECTORS' REPORT

The Ralph Veterinary Referral Centre Plc

The directors present their report and financial statements for the year ended 31 March 2023.

Registered number: 09905661



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PRINCIPAL ACTIVITIES

The company's principal activity during the year continued to be veterinary activities.

DIRECTORS

The following persons served as directors during the year:

Iqbal Dhanji

Shailen Jasani

Andrew Zychowski

DIRECTORS' RESPONSIBILITIES

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

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

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

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

STRATEGIC REPORT:

The company has chosen to set out in the company's strategic report certain information that is required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. This is in accordance with the Companies Act 2006, Section 414C(11). The matters dealt with in the Strategic report include director's duties to stakeholders, financial instrument risk and future developments.

DISCLOSURE OF INFORMATION TO AUDITORS

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he 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 company's auditor is aware of that information.

This report was approved by the Board on 17 August 2023 and signed on its behalf.

Iqbal Dhanji

Director

INDEPENDENT AUDITORS REPORT

to the members of The Ralph Veterinary Referral Centre Plc

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OPINION

We have audited the financial statements of The Ralph Veterinary Referral Centre Plc (the 'company') for the year ended 31 March 2023 which comprise the income statement, statement of financial position, statement of changes in equity, statement of cashflows and notes to the financial statements, including 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 31 March 2023 and of its profit 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

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

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

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

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

OTHER INFORMATION

The 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.

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

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 Strategic Report or 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 22, 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.

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, UK Tax legislation, and The Misuse of Drugs Act 1971.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

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.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at **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.

Sheryl Davis

Senior Statutory Auditor

For and on behalf of **Saffery Champness**
Chartered Accountants
Statutory Auditor

St John's Court
High Wycombe
HP11 1JX

17 August 2023

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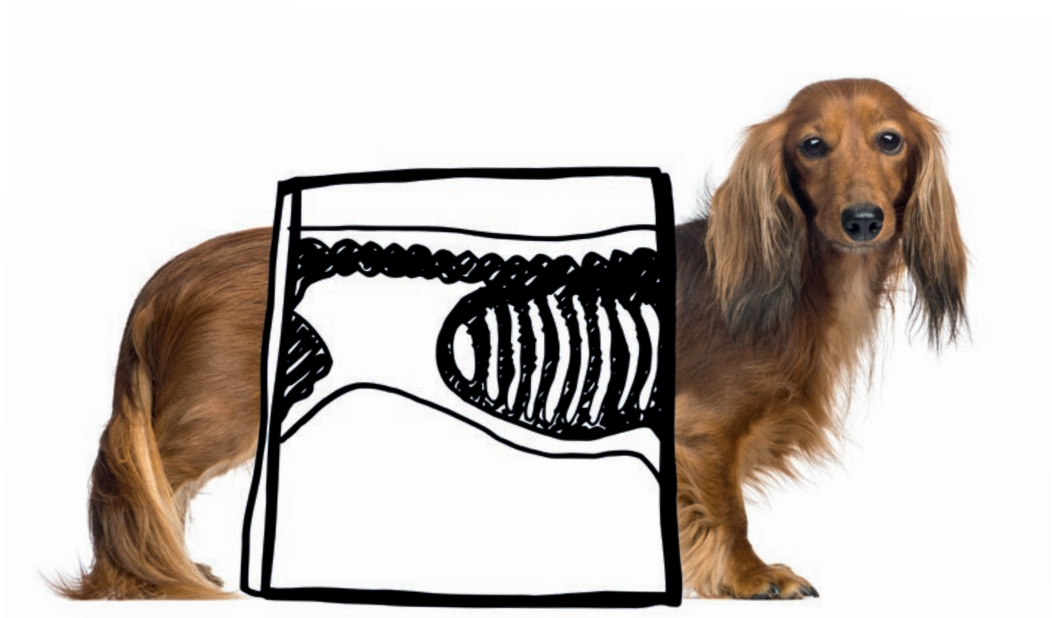
INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		£	£
Turnover	2	15,306,072	11,665,165
Cost of sales		(10,944,288)	(8,798,265)
Gross profit		**4,361,784**	**2,866,900**
Administrative expenses		(4,637,257)	(3,980,518)
Other operating income		–	9,142
Operating loss	3	**(275,473)**	**(1,104,476)**
Profit on sale of fixed assets		194	1,944
Interest receivable		–	2,088
Interest payable	6	(88,738)	(67,223)
Loss on ordinary activities before taxation		**(364,017)**	**(1,167,667)**
Tax on loss on ordinary activities	7	521,951	1,070,302
Profit/(loss) for the financial year		**157,934**	**(97,365)**



STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023	2022
		£	£
Fixed assets			
Tangible assets	8	3,057,385	3,330,241
Current assets			
Stocks	9	412,274	312,938
Debtors	10	1,339,683	1,634,103
Cash at bank and in hand		960,197	422,722
		2,712,154	2,369,763
Creditors: amounts falling due within one year	12	(2,495,934)	(2,491,507)
Net current assets/(liabilities)		216,220	(121,744)
Debtors: amounts falling due after more than one year		1,287,603	1,454,265
Total assets less current liabilities		4,561,208	3,208,497
Creditors: amounts falling due after more than one year	13	(1,367,258)	(1,733,146)
Net assets		**3,193,950**	**2,929,616**
Capital and reserves			
Called up share capital	18	127,326	127,166
Share premium	19	7,734,589	7,715,749
Share-based payment reserve		253,332	165,932
Profit and loss account	22	(4,921,297)	(5,079,231)
Total equity		**3,193,950**	**2,929,616**

Iqbal Dhanji
Director

Approved by the Board on 17 August 2023.

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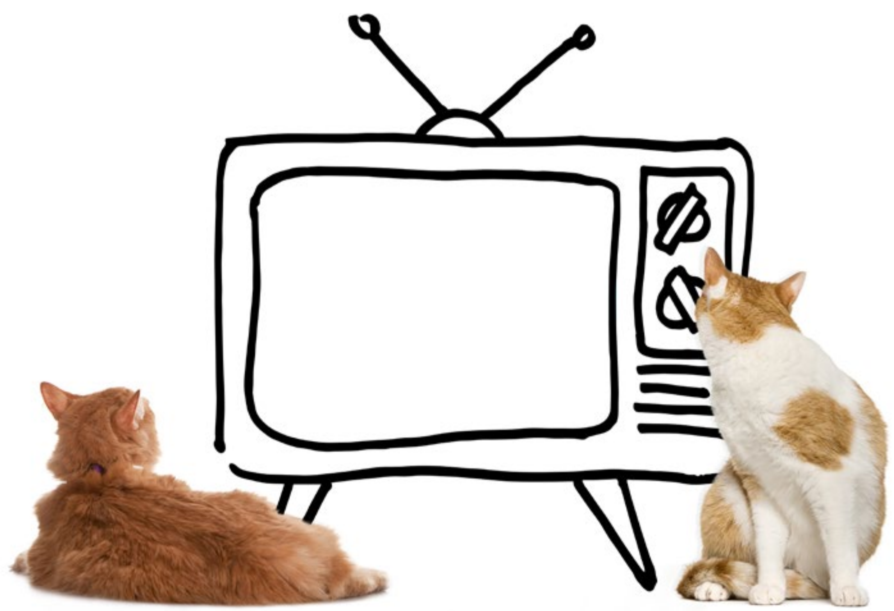
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Share premium	Share-based payment reserve	Profit and loss account	Total
	£	£	£	£	£
At 1 April 2021	124,442	7,394,098	102,985	(4,981,866)	2,639,659
Loss for the financial year	–	–	–	(97,365)	(97,365)
Movement during the year	–	–	62,947	–	62,947
Shares issued	2,724	321,651	–	–	324,375
At 31 March 2022	**127,166**	**7,715,749**	**165,932**	**(5,079,231)**	**2,929,616**
At 1 April 2022	127,166	7,715,749	165,932	(5,079,231)	2,929,616
Profit for the financial year	–	–	–	157,934	157,934
Movement during the year	–	–	87,400	–	87,400
Shares issued	160	18,840	–	–	19,000
At 31 March 2023	**127,326**	**7,734,589**	**253,332**	**(4,921,297)**	**3,193,950**



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		£	£
Operating activities			
Profit/(loss) for the financial year		157,934	(97,365)
Adjustments for:			
Profit on sale of fixed assets		(194)	(1,944)
Interest receivable		–	(2,088)
Interest payable		88,738	67,223
Tax on loss on ordinary activities		(521,951)	(1,070,302)
Depreciation		369,464	362,101
Share-based payments		87,400	62,947
Increase in stocks		(99,336)	(71,855)
Increase in debtors		(282,741)	(139,079)
(Decrease)/increase in creditors		(36,644)	524,872
		(237,330)	**(365,490)**
Interest received		–	1,867
Interest paid		(39,769)	(36,449)
Interest element of finance lease payments		(48,969)	(30,774)
Corporation tax received		1,265,774	–
Cash generated by/(used in) operating activities		**939,706**	**(430,846)**
Investing activities			
Payments to acquire tangible fixed assets		(152,977)	(113,993)
Proceeds from sale of tangible fixed assets		56,563	64,482
Cash used in investing activities		**(96,414)**	**(49,511)**
Financing activities			
Proceeds from the issue of shares		19,000	324,375
Repayment of loans		(173,915)	(49,168)
Capital element of finance lease payments		(150,902)	(242,522)
Proceeds of loans		–	393,911
Cash (used in)/generated by financing activities		**(305,817)**	**426,596**
Net cash generated/(used)			
Cash generated by/(used in) operating activities		939,706	(430,846)
Cash used in investing activities		(96,414)	(49,511)
Cash (used in)/generated by financing activities		(305,817)	426,596
Net cash generated/(used)		**537,475**	**(53,761)**
Cash and cash equivalents at 1 April		422,722	476,483
Cash and cash equivalents at 31 March		**960,197**	**422,722**
Cash and cash equivalents comprise:			
Cash at bank		**960,197**	**422,722**

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1. Summary of significant accounting policies

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

TURNOVER

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the rendering of services. Turnover from the rendering of services is recognised when the company is legally entitled to the income and the amount can be measured reliably.

TANGIBLE FIXED ASSETS

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	Over the lease term
Plant and machinery	Over 10 years
Fixtures, fittings, tools and equipment	25% reducing balance

STOCKS

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out method. The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

DEBTORS

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

CREDITORS

Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

GOVERNMENT GRANTS

Government grants receivable as compensation for expenses are recognised as other operating income when there is reasonable assurance that the grant conditions will be met and the grants will be received.

TAXATION

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

PROVISIONS

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

LEASED ASSETS

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

SHARE-BASED PAYMENTS FOR EMPLOYEE SHARE SCHEMES

The company has granted share options to employees at various dates in 2019, 2020, 2021 and 2022 under the Enterprise Management Incentives employee share option scheme. The company's policy is to offer participation in the employee share option scheme to all employees at the time of recruitment. These options must be measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in shareholders' funds. The fair value of the options has been estimated at the date of grant using the Black-Scholes option-pricing model. The fair value will be charged as an expense in the profit and loss account over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting. The credit entry is contained within a separate reserve called the Share-Based Payment Reserve in the company's reserves and is shown in the Movement in Shareholders' Funds.

PENSIONS

Contributions to defined contribution plans are expensed in the period to which they relate.

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2. Analysis of turnover

	2023	2022
	£	£
Services rendered	15,306,072	11,665,165
By geographical market:		
UK	**15,306,072**	**11,665,165**

GOVERNMENT GRANT

The company received £Nil (2022: £9,142) during the year under the Job Retention Scheme from the government. The grant had been recognised as other operating income in the financial statements last year.

3. Operating profit

	2023	2022
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	233,508	237,220
Depreciation of assets held under finance leases and hire purchase contracts	135,956	124,881
Operating lease rentals - plant and machinery	250,314	270,034
Operating lease rentals - land and buildings	450,000	394,290
Share-based payment accounting charge	87,400	62,947
Auditors' remuneration for audit services	26,950	16,000
Carrying amount of stock sold	1,587,373	1,490,974

4. Staff costs

	2023	2022
	£	£
Wages and salaries	8,333,179	6,804,900
Social security costs	886,906	676,334
Other pension costs	157,346	121,213
	9,377,431	**7,602,447**

Average number of employees during the year	**Number**	**Number**
	204	**175**

5. Directors' Emoluments

	2023	2022
	£	£
Remuneration for qualifying services	467,440	466,920
Company pension contributions to defined contributions schemes	2,632	2,642
	470,072	**469,562**

Remuneration disclosed above includes the following amount paid to the highest paid director:

	2023	2022
	£	£
Remuneration for qualifying services	268,981	268,774
Company pension contributions to defined contribution schemes	1,755	1,321
Emoluments etc	**270,736**	**270,095**

	2023	2022
The number of directors to whom retirement benefits were accruing	2	2

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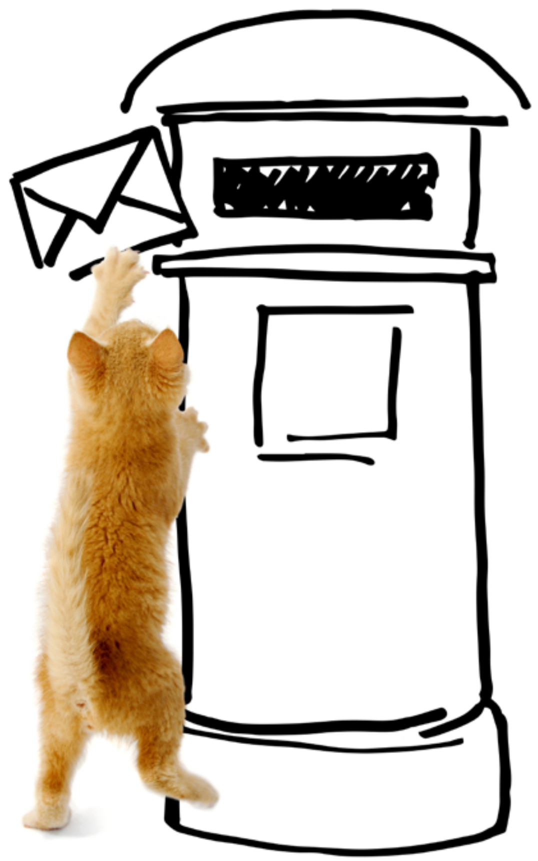
6. Interest payable

	2023	2022
	£	£
Bank loans and overdrafts	39,769	36,449
Finance charges payable under finance leases and hire purchase contracts	48,969	30,774
	88,738	**67,223**



7. Taxation

	2023	2022
	£	£
Current tax:		
UK corporation tax on profits of the period (R&D tax credit)	(688,613)	(576,940)
	(688,613)	(576,940)
Deferred tax:		
Origination and reversal of timing differences	166,662	(300,850)
Adjustment in respect of prior periods	–	84,308
Changes in tax rates	–	(276,820)
	166,662	(493,362)
Total Tax charge	(521,951)	(1,070,302)

	2023	2022
	£	£
Profit/(loss) before taxation	(364,017)	(1,167,667)
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(69,163)	(221,857)
Tax effect of expenses that are not deductible in determining taxable profit	–	11,960
Deferred tax adjustments in respect of prior years	(17,164)	84,308
Effect of change in deferred tax rate	(21,841)	(367,773)
Utilisation of losses b/f	274,830	–
Research and development tax credit	(688,613)	(576,940)
Taxation charge for the period	(521,951)	(1,070,302)

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8. Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	At cost	At cost	At cost	
	£	£	£	£
Cost or valuation				
At 1 April 2022	3,261,708	1,197,188	221,098	4,679,994
Additions	–	125,465	27,512	152,977
Disposals	–	(56,563)	–	(56,563)
At 31 March 2023	3,261,708	1,266,090	248,610	4,776,408
Depreciation				
At 1 April 2022	847,164	382,570	120,019	1,349,753
Charge for the year	217,417	123,399	28,648	369,464
On disposals	–	(194)	–	(194)
At 31 March 2023	1,064,581	505,775	148,667	1,719,023
Carrying amount				
At 31 March 2023	2,197,127	760,315	99,943	3,057,385
At 31 March 2022	2,414,544	814,618	101,079	3,330,241

	2023	2022
	£	£
Carrying value of plant and machinery included above held under finance leases and hire purchase contracts	777,862	831,814

9. Stocks

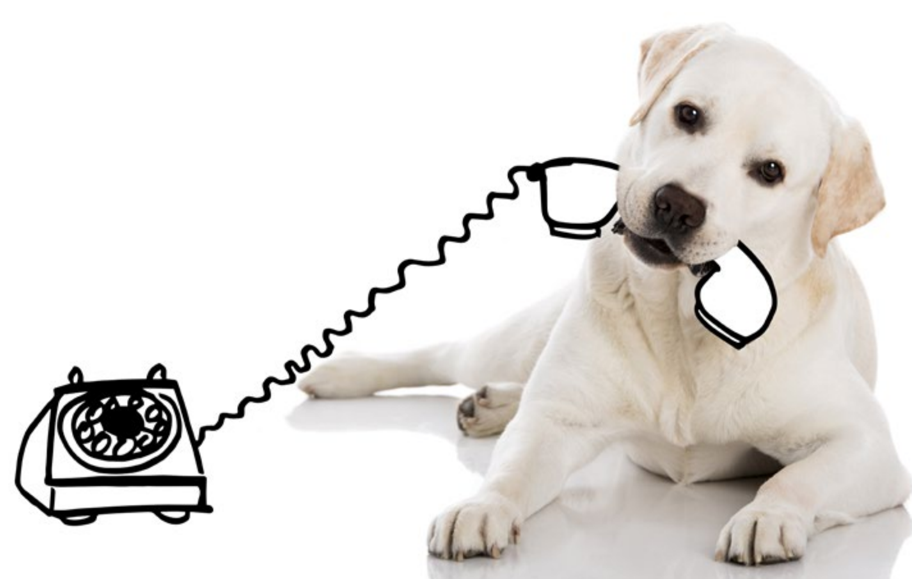
	2023	2022
	£	£
Finished goods and goods for resale	412,274	312,938

10. Debtors Amounts falling due within one year:

	2023	2022
	£	£
Trade debtors	1,027,661	791,930
Prepayments and accrued income	312,022	265,012
Corporation tax	–	577,161
	1,339,683	**1,634,103**

11. Amounts falling due after more than one year:

	2023	2022
	£	£
Deferred tax asset (see note 16)	1,287,603	1,454,265



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12. Creditors: amounts falling due within one year

	2023	2022
	£	£
Bank loans	80,001	173,915
Obligations under finance lease and hire purchase contracts	153,130	153,855
Trade creditors	704,409	625,369
Other taxes and social security costs	771,751	869,049
Other creditors	109,594	110,218
Accruals and deferred income	677,049	559,101
	2,495,934	**2,491,507**

13. Creditors: amounts falling due after one year

	2023	2022
	£	£
Bank loans	167,910	247,911
Obligations under finance lease and hire purchase contracts	338,163	488,340
Other creditors	4,162	84,162
Rent Incentive	857,023	912,733
	1,367,258	**1,733,146**

14. Obligations under finance leases and hire purchase contracts

	2023	2022
	£	£
Amounts payable:		
Within one year	153,130	153,855
Within two to five years	335,520	451,179
After five years	2,643	37,161
	491,293	**642,195**

15. Loans and overdrafts

	2023	2022
	£	£
Amounts payable:		
Bank loans	247,911	421,826
Obligations under finance lease and hire purchase contracts	491,293	642,195
Other creditors	84,166	170,833
	823,370	**1,234,854**
Payable within one year	313,135	414,441
Payable over one year	510,235	820,413

Interest on Bank loans range from 3.3% to 6.9%. Amounts borrowed pursuant to these loans are secured on the assets to which they relate and with Personal Guarantees from the Executive Directors of the Company. The remaining term range between 12 to 56 months.

Interest on Hire purchase agreements range from 3% to 5.4% . Amounts borrowed pursuant to these loans are secured on the assets to which they relate and with Personal Guarantees from the Executive Directors of the Company. The remaining term range between 12 and 46 months.

Interest on loans included within other creditors are payable at 3.3%. Amounts borrowed pursuant to these loans are secured on the assets to which they relate and with Personal Guarantees from the Executive Directors of the Company. The remaining term range between 8 and 13 months.

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16. Deferred taxation

	2023	2022
	£	£
Accelerated capital allowances	369,080	380,881
Tax losses carried forward	(1,656,683)	(1,835,146)
	(1,287,603)	**(1,454,265)**

	2023	2022
	£	£
At 1 April	(1,454,265)	(960,903)
Charged/(credited) to the profit and loss account	166,662	(493,362)
At 31 March	**(1,287,603)**	**(1,454,265)**

17. Other financial commitments

Total future minimum lease payments under non-cancellable operating leases:

	Leasehold 2023	Leasehold 2022
	£	£
Falling due:		
within one year	703,147	643,488
within two to five years	1,816,932	1,871,254
in over five years	9,562,500	10,012,500
	12,082,579	12,527,242

18. Share capital

	Nominal Value	2023 Number	2022 Number	2023	2022
				£	£
Allotted, called up and fully paid:					
A Ordinary shares	£0.001 each	75,166,586	75,166,426	75,326	75,166
B Ordinary shares	£0.001 each	52,000,000	52,000,000	52,000	52,000
				127,326	**127,166**

The A and B Ordinary shares entitle the holder to full voting rights and to participate fully in any dividend or capital distributions. The A and B Ordinary shares are not redeemable.

19. Share premium

	2023	2022
	£	£
At 1 April	7,715,749	7,394,098
Shares issued	18,840	321,651
At 31 March	7,734,589	7,715,749

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20. Share-based payments for employee share schemes

On 25 February 2019, the company granted options over 1,396,000 shares through a tax-advantaged Enterprise Management Incentives employee share option scheme to a total of 49 employees on an all-employee basis at an option price of £0.001 per A Ordinary Share. The period over which the outstanding options are capable of subsisting is the period from February 2019 to February 2029. The period over which the outstanding options are capable of being exercised is the period from February 2023 to February 2029 during the period of employment of the scheme participants or at an exit event at any time in the ten-year period.

On 12 July 2019, the company granted options over 508,000 shares through a tax-advantaged Enterprise Management Incentives employee share option scheme to a total of 21 employees on an all-employee basis at an option price of £0.001 per A Ordinary Share. The period over which the outstanding options are capable of subsisting is the period from July 2019 to July 2029. The period over which the outstanding options are capable of being exercised is the period from July 2023 to July 2029 during the period of employment of the scheme participants or at an exit event at any time in the ten-year period.

On 12 December 2019, the company granted options over 455,000 shares through a tax-advantaged Enterprise Management Incentives employee share option scheme to a total of 19 employees on an all-employee basis at an option price of £0.001 per A Ordinary Share. The period over which the outstanding options are capable of subsisting is the period from December 2019 to December 2029. The period over which the outstanding options are capable of being exercised is the period from December 2023 to December 2029 during the period of employment of the scheme participants or at an exit event at any time in the ten-year period.

On 28 August 2020, the company granted options over 348,000 shares through a tax-advantaged Enterprise Management Incentives employee share option scheme to a total of 14 employees on an all-employee basis at an option price of £0.001 per A Ordinary Share. The period over which the outstanding options are capable of subsisting is the period from August 2020 to August 2030. The period over which the outstanding options are capable of being exercised is the period from August 2024 to August 2030 during the period of employment of the scheme participants or at an exit event at any time in the ten-year period.

On 22 November 2021, the company granted options over 980,000 shares through a tax-advantaged Enterprise Management Incentives employee share option scheme to a total of 43 employees on an all-employee basis at an option price of £0.001 per A Ordinary Share. The period over which the outstanding options are capable of subsisting is the period from November 2021 to November 2031. The period over which the outstanding options are capable of being exercised is the period from November 2025 to November 2031 during the period of employment of the scheme participants or at an exit event at any time in the ten-year period.

On 15 August 2022, the company granted options over 656,750 shares through a tax-advantaged Enterprise Management Incentives employee share option scheme to a total of 15 employees on an all-employee basis at an option price of £0.001 per A Ordinary Share. The period over which the outstanding options are capable of subsisting is the period from August 2022 to August 2032. The period over which the outstanding options are capable of being exercised is the period from August 2026 to August 2032 during the period of employment of the scheme participants or at an exit event at any time in the ten-year period.

The arrangements for an employee on leaving the company are as follows:

Leaving through Resignation

If the employee ceases to hold office or employment within the company as a consequence of resignation before exercising the option, then the employee is not allowed to exercise the option and the option lapses immediately at the date of leaving.

Leaving through Dismissal

If the employee ceases to hold office or employment within the company as a consequence of dismissal through gross misconduct or actively engaging in competition against the company or committing a material breach of either the Articles of Association or any shareholders agreement that is in existence at the time, then the employee is not allowed to exercise the option and the option lapses immediately at the date of leaving.

Leaving for a reason other than Resignation or Dismissal before Fourth Anniversary

If the employee leaves the employment of the company before the expiry of the fourth anniversary of the date of grant of the option for any reason other than resignation or dismissal, then the exercise of the option by the employee is fully at the discretion of the board of directors who must notify the employee of their decision within three months of the date of leaving and in the event that the board of directors does not give its permission to exercise the option then the Option will lapse immediately following the decision.

Leaving for a reason other than Resignation or Dismissal after Fourth Anniversary

If the employee leaves the employment of the company at any time after the fourth anniversary of the date of grant and has already exercised the option, thereby ensuring ownership of the shares, then the employee will be allowed to retain ownership of the shares, whatever the reason for leaving.

Death in Service

If the employee dies whilst holding employment within the company before exercising the option, then at the discretion of the board of directors the personal representative will be allowed to exercise the option within the period of twelve months of the date of death.

The expense calculation for the options granted on 25 February 2019, 12 July 2019, 12 December 2019, 28 August 2020, 22 November 2021 and 15 August 2022, using the Black-Scholes option-pricing valuation model, is based on the following assumptions:

Assumptions	2019 Grant 25.02.2019	2019 Grant 12.07.2019	2019 Grant 12.12.2019	2020 Grant 28.08.2020	2021 Grant 22.11.2021	2022 Grant 15.08.2022
Expected volatility	20%	20%	20%	20%	20%	20%
Expected dividend yield	0%	0%	0%	0%	0%	0%
Exercise price	£0.001	£0.001	£0.001	£0.001	£0.001	£0.001
Market value	£0.10	£0.10	£0.125	£0.125	£0.125	£0.125
Expected life	4 years	4 years	4 years	4 years	4 years	4 years
Risk-free rate	1.0%	1.0%	1.0%	1.0%	1.0%	4.00%

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The outstanding options at the end of the year:

Shares over which options granted	2019 Grant 25.02.2019	2019 Grant 12.07.2019	2019 Grant 12.12.2019	2020 Grant 28.08.2020	2021 Grant 22.11.2021	2022 Grant 15.08.2022	All Grants of options
	£	£	£	£	£	£	£
Original Grants	1,396,000	508,000	455,000	348,000	980,000	656,750	4,343,750
Forfeited during the year to 31.03.2019 (leavers)	0	0	0	0	0	0	0
Forfeited during the year to 31.03.2020 (leavers)	185,000	55,000	25,000	0	0	0	265,000
Forfeited during the year to 31.03.2021 (leavers)	215,000	55,000	82,000	0	0	0	352,000
Forfeited during the year to 31.03.2022 (leavers)	43,000	49,000	15,000	135,000	30,000	0	272,000
Forfeited during the year to 31.03.2023 (leavers)	65,000	0	30,000	23,000	100,000	0	218,000
Outstanding at the end of the year	**888,000**	**349,000**	**303,000**	**190,000**	**850,000**	**656,750**	**3,236,750**

The involvement of the executives and employees in the employee share schemes:

Shares subject to options:	year to 31.03.2019	year to 31.03.2020	year to 31.03.2021	year to 31.03.2022	year to 31.03.2023
	£	£	£	£	£
Outstanding at the start of the year	0	1,396,000	2,094,000	2,090,000	2,798,000
Granted during the year	1,396,000	963,000	348,000	980,000	656,750
Forfeited during the year (leavers)	0	265,000	352,000	272,000	218,000
Exercised during the year	0	0	0	0	0
Expired or lapsed during the year	0	0	0	0	0
Outstanding at the end of the year	**1,396,000**	**2,094,000**	**2,090,000**	**2,798,000**	**3,236,750**

21. Analysis of changes in net debt

	At 01.04.2022	Cash flow	At 31.03.2023
	£	£	£
Net cash			
Cash at bank and in hand	422,722	537,475	960,197
	422,722	**537,475**	**960,197**
Debt			
Finance leases	(642,195)	150,902	(491,293)
Bank loans	(421,826)	173,915	(247,911)
	(1,064,021)	**324,817**	**(739,204)**
Total	**(641,299)**	**862,292**	**220,993**

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22. Profit and loss account

	2023	2022
	£	£
At 1 April	(5,079,231)	(4,981,866)
Profit/(loss) for the financial year	157,934	(97,365)
At 31 March	**(4,921,297)**	**(5,079,231)**

23. Presentation currency

The financial statements are presented in Sterling.

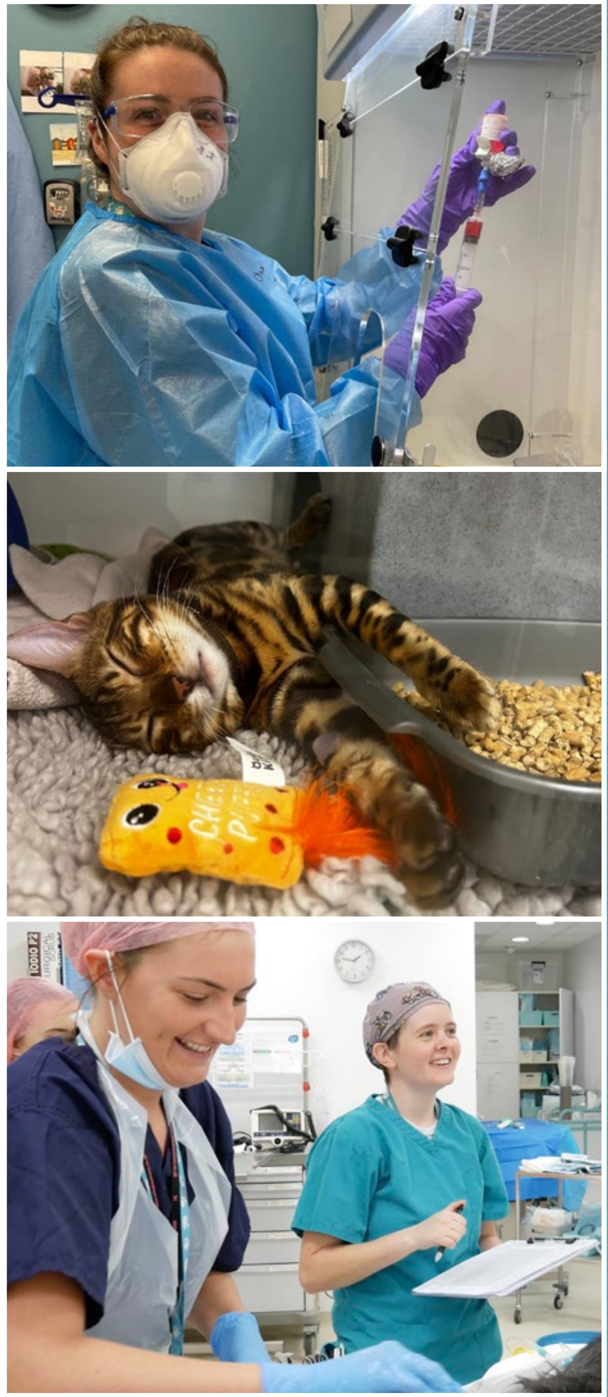
24. Legal form of entity and country of incorporation

The Ralph Veterinary Referral Centre Plc is a public company limited by shares and incorporated in England and Wales.

25. Principal place of business

The address of the company's principal place of business and registered office is:

The Ralph
Fourth Avenue
Globe Business Park
Marlow
Buckinghamshire
SL7 1YG



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