

# THE CHAIRMAN'S REPORT 2018

***Chairman's Report:***

Three director's meetings have taken place in 2018 at quarterly intervals starting in January, the dates of those meetings being consistent with historical practice. The major ongoing issue has been the financial discrepancies between the quarterly management accounts that are produced by our accountants and those prepared for the board by our staff. The board decided to retain both reports in the belief that the differences would be resolved and rectified over time. Working closely with HW, I am pleased to say that this financial year end figures and our own are very similar and the small differences are attributable to depreciation.

The Vetcel board have sanctioned the abandonment of the investment in one R&D product, principally because of heavy costs and overruns. If another champion could be found to drive this project, the board would consider reinvesting, but only on a contractual basis.

***Board effectiveness:***

Each of the directors have fulfilled their duties to the company. The Chairman has overseen the board during a number of challenges this year, not least being the increasing number of vet practice acquisitions made by large corporates. The Managing Director has been occupied with resolving the financial discrepancies in order to balance the accountant's quarterly figures with our own. The company secretary has been fully engaged with legislative compliance both for the (GDPR) General Data Protection Regulations that came in during the summer and the ongoing tasks set by the FRC code.

The Distribution Director and his Earlston team have continued to improve our offering from the warehouse. We have had some stock issues with out of date product

which was mostly from the initial stock purchased at commencement. However, a more robust system has now been implemented when a list of products within one year of expiry will be submitted quarterly to the office.

The non-executive directors have all made time for the company attending the directors' meetings. (WM) was heavily involved in finalising the sale of our Vet practice assets, Drumbrae & Capital Vets. (GR) was involved with the practices CPD provision and along with (JD) both have provided the office with good feedback on all veterinary matters relevant to the company.

***Independent Assessment:*** The company continues to recognise and mitigate, if possible, the risk areas where we are unable to adopt best practice due to the low number of staff we employ. Whenever feasible, an external source is used to support management's view of the critical areas of the business. In the main, HW the accountants and auditors of the company are used as independent assessors of our in-house management solutions. We completed an independent IT systems audit last year, in preparation for the GDPR regulations enforced in June, and this certainly helped our compliance.

***Remuneration Committee:*** Due to board retirements this committee operated on a reduced level last year. The Chairman, along with Fraser Kerr our accountant, completed the staff and also the managing director's pay review and then Fraser Kerr and the Managing Director reviewed the other director's remuneration package. As a result, and in line with our stated policy, no one reviewed their own remuneration package. This methodology produced some cost savings and seemed fit for purpose, consequently, it has been decided to continue it for a further year.