

Benchmark Animal Health Group Limited

Company Number 07330728

Financial statements for the year ended 30 September 2019



Benchmark Animal Health Group Limited
Corporate directory
For the year ended 30 September 2019

Directors	R J Bonney (Resigned 30 September 2019) J W Marshall M Plampin (Resigned 20 December 2019) M D F Pye (Resigned 30 November 2019) C J Davy R G Wardle (Resigned 2 July 2019) M Russell (Resigned 31 August 2019) L A Toon F A Weston S W A Knott (Appointed 2 October 2018, resigned 31 May 2020) R J Long (Appointed 2 October 2018, resigned 31 August 2019) S Maguire (Appointed 28 April 2020)
Company secretary	Prism Cosec Limited
Registered number	07330728
Registered office	Benchmark House 8 Smithy Wood Drive Sheffield S35 1QN
Auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA

Benchmark Animal Health Group Limited
Contents
For the year ended 30 September 2019

Strategic report	3
Directors' report	4
Directors' responsibilities statement	6
Independent auditor's report to the members of Benchmark Animal Health Group Limited	7
Statement of profit or loss and other comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12

Benchmark Animal Health Group Limited
Strategic report
For the year ended 30 September 2019

The directors present their strategic report on the company for the year ended 30 September 2019.

Business review

Benchmark Animal Health Group Limited acted as a holding company for the Animal Health Division of Benchmark Holdings plc during the year.

The company made no further investments in its subsidiaries in the year.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are as follows:

Carrying value of investments

If the entities that the Company has invested in do not perform as expected, there is a risk that the carrying value of investments may have to be impaired.

Covid-19

Following the emergence and spread of Covid-19, the Company and its subsidiaries took early action to protect the health and wellbeing of its staff, to ensure continuity of supply and service for its customers and to conserve cash and maintain headroom. The Company and its subsidiaries implemented remote working for office-based employees, adapted shift patterns at sites worldwide to reduce employee exposure and enhanced safety procedures.

Whilst there has been a reduction in volumes of certain services and products, measures have been taken to mitigate the effect of these. The subsidiaries have used the UK Government furlough scheme as long as required and available for certain members of staff. Additional actions taken by the Company and its subsidiaries to date include reducing variable costs where possible, cuts and delays to R&D and capex spend; and working capital management.

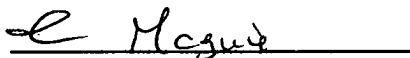
Results and dividends

The loss for the year, after taxation, amounted to £261,705 (2018 - loss £244,166).

The directors do not recommend the payment of a dividend.

This report is made in accordance with a resolution of directors.

On behalf of the directors



S Maguire
Director

20 July 2020

Benchmark Animal Health Group Limited
Directors' report
For the year ended 30 September 2019

The directors present their report, together with the financial statements, on the company for the year ended 30 September 2019.

Principal activities

The company acts as an intermediate holding company.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

R J Bonney (Resigned 30 September 2019)
J W Marshall
M Plampin (Resigned 20 December 2019)
M D F Pye (Resigned 30 November 2019)
C J Davy
R G Wardle (Resigned 2 July 2019)
M Russell (Resigned 31 August 2019)
L A Toon
F A Weston
S W A Knott (Appointed 2 October 2018, resigned 31 May 2020)
R J Long (Appointed 2 October 2018, resigned 31 August 2019)
S Maguire (Appointed 28 April 2020)

Future developments

The company continues to look for suitable investment opportunities in the animal health sector.

In 2019, the company's ultimate controlling party, Benchmark Holdings plc, announced a programme of disposals and restructuring. The disposals primarily relate to businesses which are not core to the group's strategic focus. Consequently, on 1 July 2020, the company completed the sale of its wholly owned subsidiary FVG Ltd to Pharmaq AS, part of the global animal health company Zoetis, for a total cash consideration of £14.4 - £14.7 million. The final consideration will depend on certain final costs to be borne by the Company as seller.

Qualifying third party indemnity provisions

The Directors benefited from qualifying third party indemnity provisions during the financial year and continue to do so at the date of this report.

Political contributions

The company made no political donations or contributions or incurred any political expenditure during the year (2018: none).

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

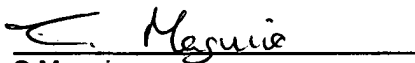
Auditor

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

Benchmark Animal Health Group Limited
Directors' report
For the year ended 30 September 2019

This report is made in accordance with a resolution of directors. *

On behalf of the directors

A handwritten signature in black ink, appearing to read 'S Maguire', is written over a horizontal line.

S Maguire
Director

20 July 2020

Benchmark Animal Health Group Limited
Directors' responsibilities statement
For the year ended 30 September 2019

The directors are responsible for preparing the strategic report, 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 the profit or loss of the company for that year. 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Benchmark Animal Health Group Limited
Independent auditor's report to the members of Benchmark Animal Health Group Limited
For the year ended 30 September 2019

Opinion

We have audited the financial statements of Benchmark Animal Health Group Limited ("the company") for the year ended 30 September 2019 which comprise of the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and Directors' report

The directors are responsible for strategic report and the directors' report. Our opinion on the financial statements does not cover these reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements the strategic report and in the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Benchmark Animal Health Group Limited
Independent auditor's report to the members of Benchmark Animal Health Group Limited
For the year ended 30 September 2019

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

John Pass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

27 July 2020

Benchmark Animal Health Group Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 September 2019

	Note	2019	2018
		£	£
Expenses			
Administrative expenses		<u>(244,910)</u>	<u>(188,988)</u>
Operating loss		(244,910)	(188,988)
Interest receivable	7	11	8
Interest payable and similar expenses	8	<u>(16,806)</u>	<u>(55,186)</u>
Loss before tax		(261,705)	(244,166)
Tax	9	<u>-</u>	<u>-</u>
Loss after tax for the year		(261,705)	(244,166)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>(261,705)</u></u>	<u><u>(244,166)</u></u>

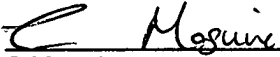
The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Benchmark Animal Health Group Limited
Balance sheet
As at 30 September 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible fixed assets	10	733,600	733,600
Fixed asset investments	11	11,037,901	11,037,901
Total fixed assets		<u>11,771,501</u>	<u>11,771,501</u>
Current assets			
Debtors	12	87,993,432	69,959,367
Cash at bank and in hand		2,275	2,165
Total current assets		<u>87,995,707</u>	<u>69,961,532</u>
Current liabilities			
Creditors: Amount falling due within one year	13	95,509,769	77,213,889
Total current liabilities		<u>95,509,769</u>	<u>77,213,889</u>
Net current liabilities		<u>(7,514,062)</u>	<u>(7,252,357)</u>
Total assets less current liabilities		<u>4,257,439</u>	<u>4,519,144</u>
Net assets		<u>4,257,439</u>	<u>4,519,144</u>
Equity			
Called up share capital	14	777,502	777,502
Retained profits		3,479,937	3,741,642
Total equity		<u>4,257,439</u>	<u>4,519,144</u>

Benchmark Animal Health Group Limited's company number is 07330728.

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



 S Maguire
 Director

20 July 2020

The above balance sheet should be read in conjunction with the accompanying notes

Benchmark Animal Health Group Limited
Statement of changes in equity
For the year ended 30 September 2019

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 October 2017	777,502	3,985,808	4,763,310
Loss after tax for the year	-	(244,166)	(244,166)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(244,166)	(244,166)
Balance at 30 September 2018	<u>777,502</u>	<u>3,741,642</u>	<u>4,519,144</u>
	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 October 2018	777,502	3,741,642	4,519,144
Loss after tax for the year	-	(261,705)	(261,705)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(261,705)	(261,705)
Balance at 30 September 2019	<u>777,502</u>	<u>3,479,937</u>	<u>4,257,439</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Benchmark Animal Health Group Limited
Notes to the financial statements
For the year ended 30 September 2019

1. General information

Benchmark Animal Health Group Limited, a private company, is incorporated, domiciled and registered in England and in the UK. The registered company number is 07330728, and the registered address is Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN.

The Company's financial statements are presented in pounds sterling.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Benchmark Holdings plc, Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN. The Company's results are included in the consolidated financial statements of Benchmark Holdings plc, prepared in accordance with IFRS, which are available from Companies House, Cardiff, CF14 3UZ.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Financial reporting standard 101 - reduced disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effect of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Benchmark Animal Health Group Limited
Notes to the financial statements
For the year ended 30 September 2019

2. Accounting policies (continued)

Going concern

Notwithstanding net current liabilities of £7,514,062 as at 30th September 2019, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared base and sensitised cash flow forecasts for the period ending 30 September 2021, taking into account the possible impact of Covid-19 on trading performance and have assessed the ability of the Company to meet its liabilities as they fall due in the 12 month period from the date of the approval of these financial statements. Based on these forecasts, the directors consider that the Company will continue to trade and will have sufficient funds to meet its liabilities as they fall due for that period, but the company meets its day to day working capital requirements from funding in the form of loans from and intragroup balances with, companies in the group headed by the company's ultimate controlling party, Benchmark Holdings plc. The company has no external bank facilities. The forecasts are therefore dependent on the company's ultimate parent, Benchmark Holdings plc, not seeking repayment of the amounts currently due to it, which at 30th September 2019 amounted to £95,283,407 and providing additional financial support during that period. Benchmark Holdings plc has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

However, financial support from within the Group is dependent upon the continued availability and sufficiency of the Group's external borrowing facilities, including compliance with minimum covenants, and its ongoing liquidity. In February 2020, the group successfully raised net equity proceeds of £42m, which improved the group liquidity position. As at 31 March 2020 the Group had cash of £51.6m (30 September 2019: £16.1m), against the liquidity covenant of £10m.

As at 31 March 2020 the Group had net assets of £306.6m (30 September 2019: £310.5m), including cash of £51.6m (30 September 2019: £16.1m) as set out in the consolidated balance sheet. Drawings against the Group's USD 15m revolving credit facility were £nil at 31 March 2020 (30 September 2019: £nil).

The directors have reviewed forecasts for the Group covering the period to September 2021, including severe but plausible downside sensitivity assumptions in relation to the recent Covid-19 outbreak. These forecasts include assumptions around supply, demand and pricing of key raw materials and products and the timing of trials relating to future products to assess the impact on the Group's trading and cashflow forecasts and on the forecast compliance with the covenants included within the Group's financing arrangements. In response to Covid-19, the Directors have taken immediate actions, all within management's control, to reduce costs and optimise the Group's cash flow and liquidity, including the following mitigating actions: reductions in areas of discretionary spend, temporary furlough of certain staff or reduced working hours, deferring capital expenditure and temporary hold on R&D for non-imminent products. The ongoing board approved initiatives ("Structural Efficiencies programme") relating to structural and operational efficiencies to reallocate capital, reduce costs, grow margins, prioritise R&D spend, and exit from non-core activities were also sensitised out of the base forecasts in the assessment of the going concern basis of preparation.

It is difficult to predict the overall outcome and impact of Covid-19, but under all of the above scenario analysis, the Group has sufficient liquidity and resources throughout the period under review whilst still maintaining adequate headroom against the borrowing covenants. The directors therefore remain confident that the Group has adequate resources to continue to meet its liabilities as and when they fall due within the period of 12 months from the date of approval of these financial statements. Accordingly, the subsidiary financial statements have been prepared on a going concern basis.

Interest income

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

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.

Benchmark Animal Health Group Limited
Notes to the financial statements
For the year ended 30 September 2019

2. Accounting policies (continued)

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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Tangible fixed assets

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

Depreciation is provided on the following basis:

Assets under the course of construction	No depreciation charged
---	-------------------------

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Benchmark Animal Health Group Limited
Notes to the financial statements
For the year ended 30 September 2019

2. Accounting policies (continued)

Employee benefits

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

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

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

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance sheet.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Benchmark Animal Health Group Limited
Notes to the financial statements
For the year ended 30 September 2019

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

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. There estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of investments and amounts owed by group undertakings

The company is required to assess whether the investments and amounts owed by group undertakings are recoverable. The recoverable amount is determined by reference to the net assets of the subsidiary or a value in use calculation. The use of the value in use method requires the estimation of future cash flows and the choice of discount rate in order to calculate the present value of the cash flows.

4. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
Exchange differences	19,971	-
Defined contribution pension cost	16,013	6,360
	<u>16,013</u>	<u>6,360</u>

5. Auditor remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	6,000	4,000
	<u>6,000</u>	<u>4,000</u>

6. Employees

The average number of employees during the year was as follows:

	2019	2018
Management	-	1
Directors	11	9
	<u>11</u>	<u>10</u>

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	155,213	119,656
Social security costs	19,118	11,400
Costs of defined contribution scheme	16,013	6,360
	<u>190,344</u>	<u>137,416</u>

Benchmark Animal Health Group Limited
Notes to the financial statements
For the year ended 30 September 2019

7. Interest receivable

	2019 £	2018 £
Interest receivable and similar income	<u>11</u>	<u>8</u>

8. Interest payable and similar expenses

	2019 £	2018 £
Interest on deferred consideration	16,771	55,186
Bank charges	35	-
	<u>16,806</u>	<u>55,186</u>

9. Tax

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Loss before tax	<u>(261,705)</u>	<u>(244,166)</u>
Tax at the statutory tax rate of 19%	(49,724)	(46,392)
Current year tax losses not recognised	<u>49,724</u>	<u>46,392</u>
Tax	<u>-</u>	<u>-</u>

Amount of deferred tax asset not recognised for losses is £110,534.

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly.

Benchmark Animal Health Group Limited
Notes to the financial statements
For the year ended 30 September 2019

10. Tangible fixed assets

	Assets under the course of construction £
Cost	
At 1 October 2018	733,600
At 30 September 2019	<u>733,600</u>
Net book value	
At 30 September 2019	733,600
A 30 September 2018	<u>733,600</u>

11. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 October 2018	11,037,901
At 30 September 2019	<u>11,037,901</u>

Interests in subsidiaries

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Proportion held %
FVG Limited	22 Carsegate Road, Inverness, IV3 8EX	Veterinary services	100.00%
Benchmark Vaccines Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S351QN	Manufacturer of vaccines	100.00%
Benchmark Animal Health Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S351QN	Supply of health products	100.00%
FVG Inc*	Gulf of Maine Research Institute, 350 Commercial Street, Portland, Maine 04101	Veterinary services	100.00%
Fish Vet Group Limited*	Benchmark House, 8 Smithy Wood Drive, Sheffield, S351QN	Dormant	100.00%
Fish Vet Group Asia Limited*	No.57/1 Moo 6, Samed Sub-District, Muang Chonburi District, Chonburi Province, 20000 Thailand.	Veterinary services	100.00%
Fish Vet Group Norge AS*	Hoffsveien 21-23, 0275, Oslo.	Veterinary services	100.00%
Atlantic Veterinary Services Limited*	Business Park, Oranmore, Co Galway, Ireland, H91 XP3F	Veterinary services	100.00%
Fish Vet Group SPA*	Bernardino 1978, Puerto Montt Chile	Veterinary services	100.00%
FVG Canada Inc*	1600-3500 Boulevard De Maisonneuve, Ouest, Westmount, QC, H3Z 3C1	Veterinary services	100.00%

*Indirect holding via subsidiaries

The class of shares of all of the above subsidiary undertakings is ordinary.

Benchmark Animal Health Group Limited
Notes to the financial statements
For the year ended 30 September 2019

12. Debtors

	2019 £	2018 £
Other debtors	1,290	-
Amounts owed by group undertakings	<u>87,992,142</u>	<u>69,959,367</u>
	<u>87,993,432</u>	<u>69,959,367</u>

Amounts owed by group undertakings are interest free and repayable on demand.

13. Creditors: Amount falling due within one year

	2019 £	2018 £
Amounts owed to group undertakings	95,283,541	76,496,043
Accruals and deferred income	226,228	17,846
Other creditors	-	700,000
	<u>95,509,769</u>	<u>77,213,889</u>

Amounts owed to group undertakings are interest free and due on demand.

14. Called up share capital

	2019 £	2018 £
777,502 (2018 - 777,502) Ordinary shares at £1.00 each	<u>777,502</u>	<u>777,502</u>

15. Contingent liabilities

Along with a number of other companies in the Benchmark Group, the company is a guarantor to a four year senior secured floating rate listed bond of NOK 850m (the Bond). The Bond, which matures in June 2023, refinanced Benchmark's previous USD 90m credit facility. A USD 15m Revolving Credit Facility has been provided by DNB Bank ASA (50%) and HSBC UK Bank PLC (50%) (the RCF). This was undrawn at 30 September 2019.

Under the terms of the Bond and the RCF:

- the company guarantees the punctual performance of other obligors to the Bond and the RCF;
- should another obligor fail to pay an amount when due, the company will on demand pay that amount as if it were the principal obligor; and,
- the company has provided to the lenders security in the form of a floating charge over its assets.

16. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

Benchmark Animal Health Group Limited
Notes to the financial statements
For the year ended 30 September 2019

17. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the company to the fund and amounted to £16,013 (2018 - £6,360). An amount of £nil (2018 - £nil) was payable to the fund at the balance sheet date and is included in creditors.

18. Events after the reporting period

In 2019, the company's ultimate controlling party, Benchmark Holdings plc, announced a programme of disposals and restructuring. The disposals primarily relate to businesses which are not core to the group's strategic focus. Consequently, on 1 July 2020, the company completed the sale of its wholly owned subsidiary FVG Ltd to Pharmaq AS, part of the global animal health company Zoetis, for a total cash consideration of £14.4 - £14.7 million. The final consideration will depend on certain final costs to be borne by the Company as seller.

Covid-19 impact

In the period since 30 September 2019, as a holding company, the emergence and spread of Covid-19 has not had a significant financial impact on the company. Due to the mitigating actions taken and the nature of markets operated in, it has also not had a significant impact on the performance of its subsidiaries and consequently on their carrying value. The Company has considered the overall impact of this on the financial statements at 30 September 2019 and have concluded this is a non-adjusting event after the reporting period.

19. Controlling Party

The company is controlled by Benchmark Holdings plc. In the opinion of the directors, the ultimate controlling party is Benchmark Holdings plc, Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN.

The largest and smallest group for which consolidated financial statements are prepared is that headed by Benchmark Holdings plc. Consolidated financial statements are available from Companies House, Cardiff, CF14 3UZ.