

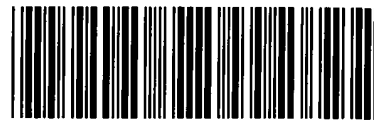
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**BENCHMARK ANIMAL HEALTH GROUP LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

WEDNESDAY



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**BENCHMARK ANIMAL HEALTH GROUP LIMITED**

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**COMPANY INFORMATION**

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|                            |                                                                                                                                                                                                                   |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>           | R J Bonney<br>P A Cook (resigned 5 January 2017)<br>J W Marshall<br>M Plampin<br>M D F Pye<br>C J Davy (appointed 5 January 2017)<br>H Rodger (appointed 5 January 2017)<br>R G Wardle (appointed 5 January 2017) |
| <b>Company secretary</b>   | David Venus & Company LLP                                                                                                                                                                                         |
| <b>Registered number</b>   | 07330728                                                                                                                                                                                                          |
| <b>Registered office</b>   | Benchmark House<br>8 Smithy Wood Drive<br>Sheffield<br>S35 1QN                                                                                                                                                    |
| <b>Independent auditor</b> | KPMG LLP<br>1 Sovereign Square<br>Sovereign Street<br>Leeds<br>LS1 4DA                                                                                                                                            |

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**BENCHMARK ANIMAL HEALTH GROUP LIMITED**

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## BENCHMARK ANIMAL HEALTH GROUP LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

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#### Business review

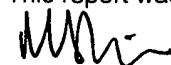
Benchmark Animal Health Group Limited acted as a holding company for the Animal Health Division of Benchmark Holdings plc during the year.

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

#### Principal risks and uncertainties

- Carrying value of investments: If the investments made by the Company do not perform as expected, there is a risk that the carrying value of investments may have to be impaired.
- Intercompany funding and support: The Company has borrowed £2.2 million to date from its parent undertaking and £3.9 million to date from fellow subsidiaries in order to fund the acquisitions. The Company is reliant upon the continued support from its parent undertaking. The parent company has given assurances that it will continue to support the Company.
- Settlement of deferred consideration: The Company has made a provision for the maximum amount of deferred consideration that is expected to be payable.

This report was approved by the board on 23 March 2017 and signed on its behalf.



**M Plampin**  
Director

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## BENCHMARK ANIMAL HEALTH GROUP LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

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The directors present their report and the financial statements for the year ended 30 September 2016.

#### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 judgments and accounting 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.

#### Principal activity

The company acts as an intermediate holdings company.

#### Results and dividends

The loss for the year, after taxation, amounted to £36,426 (2015 - loss £35,993).

The directors do not recommend the payment of a dividend.

#### Directors

The directors who served during the year were:

R J Bonney  
P A Cook (resigned 5 January 2017)  
J W Marshall  
M Plampin  
M D F Pye

#### Future developments

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

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**BENCHMARK ANIMAL HEALTH GROUP LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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**Disclosure of information to auditor**

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

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

**Auditor**

Following a tender process, the parent company appointed KPMG LLP as auditor to replace BDO LLP in 2016. As a result of this, KPMG LLP were appointed as auditors of the company for the year ended 30 September 2016.

This report was approved by the board on 23 March 2017 and signed on its behalf.



M Plampin  
Director

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## BENCHMARK ANIMAL HEALTH GROUP LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BENCHMARK ANIMAL HEALTH GROUP LIMITED

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We have audited the financial statements of Benchmark Animal Health Group Limited for the year ended 30 September 2016, set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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.

#### **Respective responsibilities of Directors and Auditor**

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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 those financial statements.

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**BENCHMARK ANIMAL HEALTH GROUP LIMITED**

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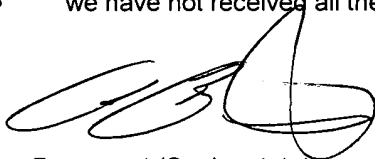
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BENCHMARK ANIMAL HEALTH  
GROUP LIMITED (CONTINUED)**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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.



Ian Beaumont (Senior statutory auditor)

for and on behalf of  
**KPMG LLP**

1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

23 March 2017



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BENCHMARK ANIMAL HEALTH GROUP LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2016

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|                                                | Note | 2016<br>£              | 2015<br>£              |
|------------------------------------------------|------|------------------------|------------------------|
| Administrative expenses                        |      | (2,001)                | (8,445)                |
| <b>Operating loss</b>                          | 4    | <u>(2,001)</u>         | <u>(8,445)</u>         |
| Interest payable and expenses                  | 7    | (34,425)               | (27,548)               |
| <b>Loss before tax</b>                         |      | <u>(36,426)</u>        | <u>(35,993)</u>        |
| Tax on loss                                    | 8    | -                      | -                      |
| <b>Loss for the year</b>                       |      | <u><u>(36,426)</u></u> | <u><u>(35,993)</u></u> |
| <b>Total comprehensive income for the year</b> |      | <u><u>(36,426)</u></u> | <u><u>(35,993)</u></u> |

**BENCHMARK ANIMAL HEALTH GROUP LIMITED**  
**REGISTERED NUMBER: 07330728**

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2016**

|                                                         | Note | 2016<br>£               | 2015<br>£               |
|---------------------------------------------------------|------|-------------------------|-------------------------|
| <b>Fixed assets</b>                                     |      |                         |                         |
| Tangible assets                                         | 9    | 733,600                 | 733,600                 |
| Investments                                             | 10   | 11,037,901              | 11,037,901              |
|                                                         |      | <u>11,771,501</u>       | <u>11,771,501</u>       |
| <b>Current assets</b>                                   |      |                         |                         |
| Debtors: amounts falling due within one year            | 11   | -                       | 96,465                  |
| Cash at bank and in hand                                |      | 3,817                   | 108                     |
|                                                         |      | <u>3,817</u>            | <u>96,573</u>           |
| Creditors: amounts falling due within one year          | 12   | (6,926,297)             | (6,282,627)             |
| <b>Net current liabilities</b>                          |      | <u>(6,922,480)</u>      | <u>(6,186,054)</u>      |
| <b>Total assets less current liabilities</b>            |      | <u>4,849,021</u>        | <u>5,585,447</u>        |
| Creditors: amounts falling due after more than one year | 13   | -                       | (700,000)               |
| <b>Net assets</b>                                       |      | <u><u>4,849,021</u></u> | <u><u>4,885,447</u></u> |
| <b>Capital and reserves</b>                             |      |                         |                         |
| Called up share capital                                 | 14   | 777,502                 | 777,502                 |
| Profit and loss account                                 | 15   | 4,071,519               | 4,107,945               |
|                                                         |      | <u><u>4,849,021</u></u> | <u><u>4,885,447</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 March 2017.



**M Plampin**  
Director

The notes on pages 9 to 19 form part of these financial statements.

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**BENCHMARK ANIMAL HEALTH GROUP LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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|                                                | <b>Called up<br/>share capital<br/>£</b> | <b>Profit and<br/>loss account<br/>£</b> | <b>Total equity<br/>£</b> |
|------------------------------------------------|------------------------------------------|------------------------------------------|---------------------------|
| <b>At 1 October 2014</b>                       | <b>777,502</b>                           | <b>4,143,938</b>                         | <b>4,921,440</b>          |
| <b>Comprehensive income for the year</b>       |                                          |                                          |                           |
| Loss for the year                              | -                                        | (35,993)                                 | (35,993)                  |
| <b>Total comprehensive income for the year</b> | <b>-</b>                                 | <b>(35,993)</b>                          | <b>(35,993)</b>           |
| <b>At 1 October 2015</b>                       | <b>777,502</b>                           | <b>4,107,945</b>                         | <b>4,885,447</b>          |
| <b>Comprehensive income for the year</b>       |                                          |                                          |                           |
| Loss for the year                              | -                                        | (36,426)                                 | (36,426)                  |
| <b>Total comprehensive income for the year</b> | <b>-</b>                                 | <b>(36,426)</b>                          | <b>(36,426)</b>           |
| <b>At 30 September 2016</b>                    | <b>777,502</b>                           | <b>4,071,519</b>                         | <b>4,849,021</b>          |

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## BENCHMARK ANIMAL HEALTH GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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#### 1. General information

The financial statements of Benchmark Animal Health Group Limited (the "Company") for the year ended 30 September 2016 were authorised for issue by the board of directors on 23 March 2017 and the balance sheet was signed on the board's behalf by M J Plampin. Benchmark Animal Health Group Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in 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. 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.

The principal accounting policies adopted by the Company are set out in note 2.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

In the transition to FRS 101 from UK GAAP, the Company has made no material measurement or recognition adjustments.

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

##### First time application of FRS 100 and FRS 101

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. Consequently the principal accounting policies are unchanged from the prior period. The change in basis of preparation has enabled the Company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below. There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1 October 2014 have not been restated.

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## BENCHMARK ANIMAL HEALTH GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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## 2. Accounting policies (continued)

### 2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

### 2.3 Going concern

The company made a loss of £36,426 in the year (2015 - £35,993) and has net current liabilities of £6,922,480 (2015 - £6,186,054). The company is reliant on the support of the parent company to enable the continuance of normal operations. The parent company has indicated that it will provide the necessary financial support and accordingly the directors consider that the financial statements should be prepared on a going concern basis.

### 2.4 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.

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## BENCHMARK ANIMAL HEALTH GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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#### 2. Accounting policies (continued)

##### 2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

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.

##### 2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

##### 2.6 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.

##### 2.7 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.

##### 2.8 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

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## BENCHMARK ANIMAL HEALTH GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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#### 2. Accounting policies (continued)

##### 2.8 Financial instruments (continued)

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.

##### 2.9 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.

##### 2.10 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.

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## BENCHMARK ANIMAL HEALTH GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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#### 2. Accounting policies (continued)

##### 2.11 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.

#### 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 are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 4. Operating loss

During the year, no director received any emoluments (2015 - £NIL).

#### 5. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

|                                   | 2016<br>£  | 2015<br>£  |
|-----------------------------------|------------|------------|
| Fees for the audit of the Company | <u>500</u> | <u>500</u> |



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**BENCHMARK ANIMAL HEALTH GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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**6. Employees**

The Company has no employees other than the directors, who did not receive any remuneration (2015 - £NIL)

**7. Interest payable and similar charges**

|                                    | 2016<br>£     | 2015<br>£     |
|------------------------------------|---------------|---------------|
| Interest on deferred consideration | 34,425        | 27,548        |
|                                    | <u>34,425</u> | <u>27,548</u> |

**8. Taxation**

|                          | 2016<br>£ | 2015<br>£ |
|--------------------------|-----------|-----------|
| <b>Total current tax</b> | <u>-</u>  | <u>-</u>  |

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2015 - *higher than*) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

|                                                                                                          | 2016<br>£       | 2015<br>£       |
|----------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Loss on ordinary activities before tax                                                                   | <u>(36,426)</u> | <u>(35,993)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%) | (7,285)         | (7,199)         |
| <b>Effects of:</b>                                                                                       |                 |                 |
| Losses not recognised                                                                                    | 7,285           | 7,199           |
| <b>Total tax charge for the year</b>                                                                     | <u>-</u>        | <u>-</u>        |

Amount of deferred tax not recognised is £12,311.

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BENCHMARK ANIMAL HEALTH GROUP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016

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8. Taxation (continued)

**Factors that may affect future tax charges**

Reductions in the UK corporation tax rate were substantively enacted in the year. The main rate of corporation tax was reduced from 20 per cent to 19 per cent effective from 1 April 2017 and to 17 per cent from 1 April 2020. Deferred tax is calculated at the substantively enacted rates, at which the temporary differences and tax losses are expected to reverse, in the territories in which they arose.

9. Tangible fixed assets

|                       | Assets<br>under the<br>course of<br>construction<br>£ |
|-----------------------|-------------------------------------------------------|
| <b>Cost</b>           |                                                       |
| At 1 October 2015     | 733,600                                               |
| At 30 September 2016  | <u>733,600</u>                                        |
| <b>Net book value</b> |                                                       |
| At 30 September 2016  | <u>733,600</u>                                        |
| At 30 September 2015  | <u>733,600</u>                                        |

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BENCHMARK ANIMAL HEALTH GROUP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016

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10. Fixed asset investments

|                       | Investments<br>in<br>subsidiary<br>companies<br>£ |
|-----------------------|---------------------------------------------------|
| <b>Cost</b>           |                                                   |
| At 1 October 2015     | 11,037,901                                        |
| At 30 September 2016  | <u>11,037,901</u>                                 |
| <b>Net book value</b> |                                                   |
| At 30 September 2016  | <u>11,037,901</u>                                 |
| At 30 September 2015  | <u>11,037,901</u>                                 |

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**BENCHMARK ANIMAL HEALTH GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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**10. Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

| <b>Name</b>                           | <b>Country of incorporation</b> | <b>Class of shares</b> | <b>Holding</b> | <b>Principal activity</b>   |
|---------------------------------------|---------------------------------|------------------------|----------------|-----------------------------|
| FVG Limited                           | UK                              | Ordinary               | 100 %          | Veterinary services         |
| Benchmark Vaccines Limited            | UK                              | Ordinary               | 100 %          | Manufacturer of vaccines    |
| Benchmark Animal Health Limited       | UK                              | Ordinary               | 100 %          | Supply of health products   |
| FVG Inc*                              | USA                             | Ordinary               | 100 %          | Veterinary services         |
| Fish Vet Group Limited*               | UK                              | Ordinary               | 100 %          | Dormant Veterinary services |
| Fish Vet Group Asia*                  | Thailand                        | Ordinary               | 100 %          | Veterinary services         |
| Fish Vet Group Norge AS*              | Norway                          | Ordinary               | 100 %          | Veterinary services         |
| Atlantic Veterinary Services Limited* | Ireland                         | Ordinary               | 100 %          | Veterinary services         |
| Fish Vet Group SPA*                   | Chile                           | Ordinary               | 100 %          | Veterinary services         |
| FVG Canada Inc*                       | Ireland                         | Ordinary               | 100 %          | Veterinary services         |

\*Indirect holding via subsidiaries

**11. Debtors**

|                                    | <b>2016</b> | <b>2015</b> |
|------------------------------------|-------------|-------------|
|                                    | <b>£</b>    | <b>£</b>    |
| Amounts owed by group undertakings | -           | 96,465      |

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

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**BENCHMARK ANIMAL HEALTH GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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**12. Creditors: Amounts falling due within one year**

|                                    | 2016<br>£        | 2015<br>£        |
|------------------------------------|------------------|------------------|
| Amounts owed to group undertakings | 6,121,059        | 6,213,816        |
| Other creditors                    | 700,000          | -                |
| Accruals and deferred income       | 105,238          | 68,811           |
|                                    | <u>6,926,297</u> | <u>6,282,627</u> |

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

Included within other creditors is deferred consideration of £700,000 secured on the freehold property included within assets under the course of construction.

The deferred consideration is due for payment in March 2017 and interest is charged on this at 5% per annum.

**13. Creditors: Amounts falling due after more than one year**

|                 | 2016<br>£ | 2015<br>£      |
|-----------------|-----------|----------------|
| Other creditors | -         | 700,000        |
|                 | <u>-</u>  | <u>700,000</u> |

**14. Share capital**

|                                           | 2016<br>£      | 2015<br>£      |
|-------------------------------------------|----------------|----------------|
| <b>Shares classified as equity</b>        |                |                |
| <b>Allotted, called up and fully paid</b> |                |                |
| 777,502 Ordinary shares of £1 each        | <u>777,502</u> | <u>777,502</u> |

**15. Reserves**

**Profit & loss account**

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

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## BENCHMARK ANIMAL HEALTH GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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#### 16. Contingent liabilities

There is a full cross guarantee in respect of certain borrowings of other Group entities. Total borrowings of other Group entities covered by this guarantee at 30 September 2016 were £3,559,000 (2015 - £408,000).

Along with a number of other companies in the Benchmark Group, the company is a guarantor to a five year USD 70m Revolving Facility Agreement ("the Agreement") entered into by the company's ultimate parent undertaking, Benchmark Holdings plc, on 11 December 2015. Under the terms of the Agreement;

- the company guarantees the punctual performance of other obligors to the Agreement;
- 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.

As at 30 September 2016, USD 50m has been drawn down under the Agreement.

#### 17. 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.

#### 18. Controlling party

The company is controlled by Benchmark Holdings plc. In the opinion of the directors, the ultimate controlling party is Benchmark Holdings plc.

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.