

# **Benchmark Animal Health Group Limited**

**Company Number 07330728**

**Annual report for the year ended 30 September 2020**



**Benchmark Animal Health Group Limited**  
**Corporate directory**  
**For the year ended 30 September 2020**

Directors	J W Marshall M J Plampin (Resigned 20 December 2019) M D F Pye (Resigned 30 November 2019) C J Davy L A Toon F A Weston (Resigned 31 July 2020) S W A Knott (Resigned 31 May 2020) S Maguire (Appointed 28 April 2020) T Williksen (Appointed 28 September 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**  
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**For the year ended 30 September 2020**

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**Benchmark Animal Health Group Limited**  
**Strategic report**  
**For the year ended 30 September 2020**

The directors present their strategic report on the company for the year ended 30 September 2020.

**Business review**

Benchmark Animal Health Group Limited acted as a holding company for the Health business area of Benchmark Holdings plc during the current year and prior year.

In 2019, the Company's ultimate controlling party, Benchmark Holdings plc, announced a programme of disposals and restructuring. The disposals primarily related to businesses which are not core to the group's strategic focus. On 29 May 2020, the Company acquired a further 1,000 Ordinary shares of £1 each for a total consideration £2,977,115 in FVG Limited, in exchange for the waiver of a loan owed to the Company of equal value. On 1 July 2020, the Company completed the sale of FVG Limited and its subsidiaries to Pharmaq, part of the global animal health company Zoetis, for a total cash consideration of £14,465,000. As a result, the Company disposed of its investment in FVG Limited amounting to £3,754,616 realising a profit on disposal, after deducting legal and professional fees, of £9,447,154.

On 14 October 2019, the Company acquired 300 Ordinary shares of NOK 100 each in the company Herkules Invest 308 AS, representing a shareholding of 100%, from Arntzen de Besche Advokatfirma AS. The sterling equivalent at the date of acquisition was £2,497. Immediately following the purchase, the company was renamed to Benchmark Animal Health Norway AS.

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

During the year, the directors performed a review of the carrying value of the Company's investments in subsidiary undertakings and amounts owed by group undertakings. Following this review, the directors concluded a provision for impairment of £5,160,000 in relation to the Company's investment in Benchmark Vaccines Limited and £20,906,421 in relation to amounts owed by group undertakings.

**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.

**Intercompany funding and support**

The Company is reliant upon the continued funding and support from its parent undertaking. The parent company has given assurances that it will continue to support the Company.

**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 Company's UK subsidiaries have used the 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 capital expenditure ; and working capital management.

**Benchmark Animal Health Group Limited**  
**Strategic report**  
**For the year ended 30 September 2020**

**Results and dividends**

The loss for the year, after taxation, amounted to £17,482,816 (2019 - £261,705).

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

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

S Maguire  
Director

9 June 2021

**Benchmark Animal Health Group Limited**  
**Directors' report**  
**For the year ended 30 September 2020**

The directors present their report, together with the financial statements, on the company for the year ended 30 September 2020.

**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:

J W Marshall  
M J Plampin (Resigned 20 December 2019)  
M D F Pye (Resigned 30 November 2019)  
C J Davy  
L A Toon  
F A Weston (Resigned 31 July 2020)  
S W A Knott (Resigned 31 May 2020)  
S Maguire (Appointed 28 April 2020)  
T Williksen (Appointed 28 September 2020)

**Future developments**

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

**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 (2019: none).

**Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

**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.

**Benchmark Animal Health Group Limited**  
**Directors' report**  
**For the year ended 30 September 2020**

**Auditor**

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

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

9 June 2021

**Benchmark Animal Health Group Limited**  
**Directors' responsibilities statement**  
**For the year ended 30 September 2020**

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 they 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 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;
- 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 2020**

**Opinion**

We have audited the financial statements of Benchmark Animal Health Group Limited ("the company") for the year ended 30 September 2020 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 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 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 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 the strategic report and the directors' report. Our opinion on the financial statements does not cover those 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 in the strategic report and 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 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; or

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 2020**

**Directors' responsibilities**

As explained more fully in their statement set out on page 8, 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](http://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  
Leeds  
LS1 4DA

10 June 2020

**Benchmark Animal Health Group Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 September 2020**

	<b>Note</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Expenses</b>			
Impairment of assets	11	(541,825)	-
Administrative expenses		(321,561)	(244,910)
		<hr/>	<hr/>
<b>Operating loss</b>	4	(863,386)	(244,910)
Interest receivable	7	3	11
Interest payable and similar expenses	8	(166)	(16,806)
Exceptional - disposal and restructuring related items	9	9,447,154	-
Amounts written off investments and receivables from subsidiaries	12	<u>(26,529,554)</u>	<u>-</u>
<b>Loss before tax</b>		(17,945,949)	(261,705)
Tax	10	<u>-</u>	<u>-</u>
<b>Loss after tax for the year</b>		(17,945,949)	(261,705)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>(17,945,949)</u>	<u>(261,705)</u>

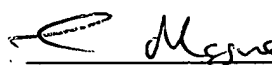
*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Benchmark Animal Health Group Limited**  
**Balance sheet**  
**As at 30 September 2020**

	<b>Note</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Fixed assets</b>			
Tangible fixed assets	11	850,000	733,600
Fixed asset investments	12	5,102,897	11,037,901
Total fixed assets		<u>5,952,897</u>	<u>11,771,501</u>
<b>Current assets</b>			
Debtors	13	64,462,970	87,993,432
Cash at bank and in hand		99,971	2,275
Total current assets		<u>64,562,941</u>	<u>87,995,707</u>
<b>Current liabilities</b>			
Creditors: Amount falling due within one year	14	84,204,348	95,509,769
Total current liabilities		<u>84,204,348</u>	<u>95,509,769</u>
<b>Net current liabilities</b>		<u>(19,641,407)</u>	<u>(7,514,062)</u>
<b>Total assets less current liabilities</b>		<u>(13,688,510)</u>	<u>4,257,439</u>
<b>Net assets/(liabilities)</b>		<u>(13,688,510)</u>	<u>4,257,439</u>
<b>Equity</b>			
Called up share capital	15	777,502	777,502
Retained profits/(accumulated losses)		<u>(14,466,012)</u>	<u>3,479,937</u>
<b>Total (deficiency)/equity</b>		<u>(13,688,510)</u>	<u>4,257,439</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

9 June 2021

*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 2020**

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
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>
	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total deficiency in equity £</b>
Balance at 1 October 2019	777,502	3,479,937	4,257,439
Loss after tax for the year	-	(17,945,949)	(17,945,949)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(17,945,949)	(17,945,949)
Balance at 30 September 2020	<u>777,502</u>	<u>(14,466,012)</u>	<u>(13,688,510)</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 2020**

**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.

**New standards and interpretations applied for the first time**

IFRS 16: Leases is a new accounting standard which is effective for periods beginning on or after 1 January 2019 and has been adopted without any significant impact on the amounts reported in these financial statements.

**Benchmark Animal Health Group Limited**  
**Notes to the financial statements**  
**For the year ended 30 September 2020**

**2. Accounting policies (continued)**

**Going concern**

Notwithstanding net current liabilities of £19,641,407 as at 30<sup>th</sup> September 2020, 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 2022, 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 30<sup>th</sup> September 2020 amounted to £81,643,722 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. As at 31 March 2021 the Group had cash of £53.6m (30 September 2020: £71.6m), against the liquidity covenant of £10m, and net assets of £283.5m (30 September 2020: £295.4m). Drawings against the Group's USD 15m revolving credit facility were £nil at 31 March 2021 (30 September 2020: £nil).

The following extract from the parent company, Benchmark Holdings plc, interim financial statements for the 6 months ending 31 March 2021 (dated 18 May 2021) sets out some of the considerations made by the directors of the company in making this assessment including the ability of Benchmark Holdings plc to provide such support.

"The Directors prepared cash flow projections covering the period to September 2022 to assess the Group's trading and cash flow forecasts and the forecast compliance with the covenants included within the Group's financing arrangements. Year to date performance has been in line with these forecasts. Cash resources were boosted by non-core business disposals during the previous year and the ongoing cost base following these transactions has been significantly reduced.

The uncertainty relating to the future impact on the Group of the pandemic has been considered as part of the Directors' assessment of the going concern assumption. The positive preventative measures implemented by the Directors at an early stage in response to the pandemic continue to be in force where necessary. In the downside scenario analysis performed, the Directors considered severe but plausible impacts of Covid-19 on the Group's trading and cash flow forecasts, modelling reductions in the revenues and cash flows in Advanced Nutrition, being the segment most impacted by Covid-19 because of its exposure to global shrimp markets, alongside modelling delays to new product launches in the Health business area. Key downside sensitivities modelled include assumptions that there is limited recovery in global shrimp markets in FY21, affecting demand for Advanced Nutrition products and a three-month potential delay in the launch of BMK08, pushing commercial launch back to September 2021. As noted in the Management Report, the Directors have observed some recovery in the shrimp markets in the performance of the Advanced Nutrition business during the period and have noted significant and expected progress towards the commercialisation of BMK08 and CleanTreat. Nevertheless, mitigating measures within the control of management were implemented early in the pandemic and remain in place and have been factored into the downside analysis performed. These measures include reductions in areas of discretionary spend, temporary furlough of certain staff or reduced working hours, deferral of capital projects and temporary hold on R&D for non-imminent products.

It remains difficult to predict the overall outcome and lasting impact of the pandemic, but under the severe but plausible downside scenarios modelled, which the Group has so far outperformed, 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 interim financial statements. Accordingly, these interim 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.

**Benchmark Animal Health Group Limited**  
**Notes to the financial statements**  
**For the year ended 30 September 2020**

**2. Accounting policies (continued)**

**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.

**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 2020**

**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.

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**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. The 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:

	2020 £	2019 £
Exchange differences	9,822	19,971
Defined contribution pension cost	<u>10,688</u>	<u>16,013</u>

**5. Auditor remuneration**

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>9,000</u>	<u>6,000</u>

**6. Employees**

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

	2020	2019
Directors	<u>5</u>	<u>11</u>

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	102,570	155,213
Social security costs	15,760	19,118
Costs of defined contribution scheme	<u>10,688</u>	<u>16,013</u>
Total employee benefits expense	<u>129,018</u>	<u>190,344</u>

The above remuneration is in relation to 1 director. The other directors of the company are remunerated by the ultimate parent and other subsidiaries and there is no reasonable or accurate way to apportion these costs to this entity.

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**7. Interest receivable**

	2020 £	2019 £
Interest receivable and similar income	<u>3</u>	<u>11</u>

**8. Interest payable and similar expenses**

	2020 £	2019 £
Interest on deferred consideration	-	16,771
Bank charges	<u>166</u>	<u>35</u>
	<u>166</u>	<u>16,806</u>

**9. Exceptional - disposal and restructuring related items**

	2020 £	2019 £
Exceptional - disposal and restructuring related items	<u>9,447,154</u>	<u>-</u>

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 FVG Limited and its subsidiaries ('FVG') to Pharmaq, part of the global animal health company Zoetis, for a total cash consideration of £14,465,000. Exceptional items include the profit on disposal of FVG less legal and professional fees incurred.

**10. Tax**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss before tax	<u>(17,945,949)</u>	<u>(261,705)</u>
Tax at the statutory tax rate of 19%	(3,409,730)	(49,724)
Current year tax losses not recognised	36,478	49,724
Non-taxable income	(1,794,959)	-
Expenses not deductible for tax purposes, other than impairment	<u>5,168,211</u>	<u>-</u>
Tax	<u>-</u>	<u>-</u>

Amount of deferred tax asset not recognised for losses is £159,812.

**Benchmark Animal Health Group Limited**  
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**10. Tax (continued)**

**Factors that may affect future tax charges**

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. The Chancellor of the Exchequer announced in the 2021 Budget that the corporation tax rate would increase from the current rate of 19% to 25% for profits above £250,000 with a tapered rate on profits above £50,000 from 1 April 2023. This will increase the Company's future tax charge accordingly.

**11. Tangible fixed assets**

	<b>Assets under the course of construction £</b>
<b>Cost</b>	
At 1 October 2019	733,600
Additions	<u>658,225</u>
At 30 September 2020	<u>1,391,825</u>
<b>Depreciation</b>	
At 1 October 2019	-
Impairment loss recognised in profit or loss	<u>541,825</u>
At 30 September 2020	<u>541,825</u>
<b>Net book value</b>	
At 30 September 2020	850,000
At 30 September 2019	<u>733,600</u>

**12. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
At 1 October 2019	11,037,901
Additions	2,979,612
Disposals	<u>(3,754,616)</u>
At 30 September 2020	<u>10,262,897</u>
<b>Impairment</b>	
Charge for the year	<u>5,160,000</u>
At 30 September 2020	<u>5,160,000</u>
<b>Net book value</b>	
At 30 September 2020	5,102,897
At 30 September 2019	<u>11,037,901</u>

**Benchmark Animal Health Group Limited**  
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**12. Fixed asset investments (continued)**

**Investments in subsidiaries**

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 FVG Limited and its subsidiaries ('FVG') to Pharmaq, part of the global animal health company Zoetis, for a total cash consideration of £14,465,000. The value of the investment in FVG disposed of was £3,754,616. Prior to the sale, the Company capitalised a loan of £2,977,115 with FVG.

On 14 October 2019, the Company acquired 300 Ordinary shares of NOK 100 each in the company Herkules Invest 308 AS, representing a shareholding of 100%, from Arntzen de Besche Advokatfirma AS. The Sterling equivalent at the acquisition date was £2,497. Immediately following the purchase the company was renamed to Benchmark Animal Health Norway AS.

During the year the Directors have performed a review of the carrying value of the Company's investments and group receivables. Following this review an impairment charge of £5,160,000 has been made against investments and a provision of £21,369,554 has been made against amounts receivable from group companies. The combined charge of £26,529,554 is presented on the face of the income statement.

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Proportion held %</b>
Benchmark Vaccines Limited		Ceased trading during the year (previously manufacturer of vaccines)	100.00%
Benchmark Animal Health Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S351QN	Supply of health products	100.00%
Benchmark Animal Health Norway AS	Sandviksboder 3A, 5035 Bergen	Supply of health products	100.00%
Benchmark Animal Health US, Inc *	Gulf of Maine Research Institute, 350 Commercial Street, Portland, Maine 04101	Supply of health products	100.00%
Benchmark Animal Health Inc *	1600-3500 Boulevard De Maisonneuve, Ouest, Westmount, QC, H3Z 3C1	Dormant	100.00%
Benchmark R&D (Thailand) Limited *	No.57/1 Moo 6, Samed Sub-District, Muang Chonburi District, Chonburi Province, 20000	Veterinary services	100.00%
Benchmark Animal Health Chile SpA *	Avenida Apoquindo 3721, piso 22, comuna de Las Condes, Santiago	Supply of health products	100.00%

\*Indirect holding via subsidiaries

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

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**13. Debtors**

	2020 £	2019 £
Other debtors	-	1,290
Amounts owed by group undertakings	64,462,970	87,992,142
	<u>64,462,970</u>	<u>87,993,432</u>

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

**14. Creditors: Amount falling due within one year**

	2020 £	2019 £
Amounts owed to group undertakings	83,355,008	95,283,541
Accruals and deferred income	846,200	226,228
Other taxation and social security	3,140	-
	<u>84,204,348</u>	<u>95,509,769</u>

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

**15. Called up share capital**

	2020 £	2019 £
777,502 (2019 - 777,502) Ordinary shares at £1.00 each	<u>777,502</u>	<u>777,502</u>

**16. 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 2020.

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.

**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.

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**18. 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 £10,688 (2019 - £16,013). An amount of £nil (2019 - £nil) was payable to the fund at the balance sheet date and is included in creditors.

**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.