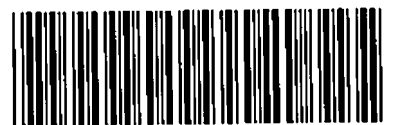


Registration number: 09140907

LINNAEUS GROUP BIDCO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

FRIDAY



A9H98VWX

A20

06/11/2020

#83

COMPANIES HOUSE

LINNAEUS GROUP BIDCO LIMITED

CONTENTS

Company Information	1
Directors' Report	2 to 3
Strategic Report	4 to 5
Statement of Directors' Responsibilities	6
Independent Auditors' Report to the members of Linnaeus Group Bidco Limited	7 to 8
Profit and Loss Account	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 25

LINNAEUS GROUP BIDCO LIMITED

COMPANY INFORMATION

Directors	A Bernal E B Johnson R A Reidy A D Scipio Del Campo
Registered office	Friars Gate 1011 Stratford Road Shirley West Midlands B90 4BN
Independent Auditors	PricewaterhouseCoopers LLP One Chamberlain Square Birmingham B3 3AX

LINNAEUS GROUP BIDCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019. The comparative period is from 1 December 2017 to 31 December 2018.

Directors of the company

The directors who held office during the year were as follows:

A Bernal

E B Johnson (appointed 5 August 2019)

R A Reidy (appointed 4 October 2019)

A D Scipio Del Campo (appointed 25 June 2019)

P D Coxon (resigned 4 October 2019)

D M Feitel (resigned 25 June 2019)

A Mackworth Gee (resigned 23 December 2019)

Dividends

The directors do not propose a dividend in the current year or prior period.

Financial risk management

Objectives and policies

The board constantly monitors the group's trading results and revise projections as appropriate to ensure that the company can meet its future obligations as they fall due.

Price risk, credit risk, liquidity risk and cash flow risk

The Group is able to adequately manage and monitor any liquidity risks as they arise through short term intra group assistance. Credit risk in respect of bank balances is safeguarded by using banks with high credit ratings.

Future developments

The Company plans to continue with its strategy of acquiring high quality veterinary practices into its group. The group has funding facilities in place to fund the planned acquisitions. The group is strongly cash generating before investing in additional acquisitions. The Board have considered the impact of Brexit and concluded that they have an appropriate mitigation plan in place.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

Whilst the Company has made a loss in the year, the losses have been driven by non cash movements such as amortisation and impairment of investments and as such is considered, by the directors, to not be a significant risk to the going concern of the Company. The Company meets its day-to-day working capital requirements through free cash and its acquisition requirements through a loan facility from a connected company and has received a letter of support from its ultimate parent company. The Group's forecasts and projections, covering a period of at least 12 months from the approval of these financial statements, show that the Group should be able to operate within the level of its current debt facilities.

The directors therefore 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 of accounting in preparing the annual financial statements.

Information disclosed in the Strategic Report

Information in respect of the Group's engagement with Suppliers and Others in a Business Relationship have been reported on in the Strategic Report and in the opinion of the directors require no further input here.

LINNAEUS GROUP BIDCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Important non adjusting events after the financial period

Subsequent to year end, the COVID-19 pandemic has impacted on the group with veterinary centres and veterinary hospitals forced to cease trading with the exception of emergency procedures.

Directors' liabilities

The Company maintains liability insurance for its directors and officers, which is a qualifying third party indemnity provision for the purpose of the Companies Act 2006. The indemnity was in force throughout the financial period and also at the date of approval of the financial statements.

Disclosure of information to the auditors

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

PricewaterhouseCoopers LLP were appointed as auditor to the Company during the year, following the resignation of Hazlewoods LLP, and have expressed their willingness to continue in office.

Approved by the Board on 24/9/20 and signed on its behalf by:


.....
R A Reidy
Director

LINNAEUS GROUP BIDCO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report for the year ended 31 December 2019. The comparative period is from 1 December 2017 to 31 December 2018.

Principal activity

The principal activity of the company is that of an intermediate holding company.

Fair review of the business

The results for the period, which are set out in the profit and loss account, show a loss before tax of £25,784,415 (2018 - £20,242,255). At 31 December 2019, the company had total assets less current liabilities of £199,118,019 (2018 - £184,633,063).

The directors of the company consider that the financial position at the period end is satisfactory.

Key performance indicators

Given the principal activity is a holding company, the Company's directors are of the opinion that there are no key performance indicators reviewed for the Company. The key performance indicators of the group are shown in the strategic report of the consolidated financial statements of Mars Pet Services UK Limited.

Group simplification project

As at 31 December 2019, there are 54 trading entities and 23 holding/non-trading entities within the group. There is no business purpose for the operating through separate legal entities. In the year ended 31 December 2019, the Group has undertaken a group simplification project, the goal of this exercise is to rationalise the number of legal entities within the group to three, being Linnaeus Group Bidco Limited, Linnaeus Group Limited and Linnaeus Veterinary Limited. The first step of the exercise was effected on 31 December 2019, whereby the trade and assets of a number of legal entities that are within the group have been transferred to Linnaeus Veterinary Limited. The book values of the assets and liabilities were transferred across from other trading entities within the group and no fair value adjustments were posted. Subsequent to the transfer of all trade and assets on 31 December 2019, various transactions will be undertaken to prepare the transferors for solvent liquidation/strike off.

Principal risks and uncertainties

The principal risk to the company is the performance of its subsidiary companies, and as such the risks that apply to those subsidiaries. The key business risks and uncertainties affecting the Group are considered to relate to competition from both national and local providers of veterinary services affecting prices of the services offered, the considerations paid for the hospital's acquisitions and our ability to recruit doctors in veterinary medicine. The change of the demand of our services is as well a key risk affecting our operating and financial performance mostly due to the fixed cost nature of our business. These risks and uncertainties are managed day to day by discreet management teams responsible for each segment of the Group's business and who report to the directors.

Section 172 statement

The Directors believe that they have effectively implemented their duties under section 172 of the Companies Act 2006. The Directors have considered the long-term strategy of the Company as mentioned in "Future developments" above and consider that this strategy will continue to deliver long term success to the company's business and its stakeholders.

The Directors recognise the importance of wider stakeholders in delivering their strategy and achieving sustainability within the business. The main stakeholders in the company are considered to be the shareholders, employees, suppliers and customers.

Due to the nature of our business, good customer and community relations are key to the ongoing success of the Company. The Company is committed to maintaining an excellent reputation and strives to achieve high standards. As a part of this, the Company is selective in the suppliers used and aims to provide a range of pet care and veterinary services to the communities in which we operate while maintaining cost efficiencies for the benefit of our shareholders.

In ensuring that all our stakeholders are considered as part of every decision process we believe we act fairly and mutually between all members of the Company.

LINNAEUS GROUP BIDCO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Supplier payment policy


The Company agrees terms and conditions for its business transactions with suppliers before orders are placed. Payments are then made in accordance with these obligations.

As a Company we believe it is important to pay our suppliers promptly and on time for the service they provide. The intention is that payment is made in line with terms with the wider Mars Pet Services UK Limited group average time taken to pay invoices well within 30 days which is the average repayment terms agreed with suppliers.

Supply chain management

The Company makes use of trusted suppliers, many of which have been used for a number of years. Where possible, the Company will seek to benefit from these close relationships and look to engineer cost efficient solutions which result in mutual benefit to the Company, the supplier as well as the customer.

Approved by the Board on 24/9/20 and signed on its behalf by:


.....
R A Reid
Director

LINNAEUS GROUP BIDCO LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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.

Independent auditors' report to the members of Linnaeus Group Bidco Limited

Report on the audit of the financial statements

Opinion

In our opinion, Linnaeus Group Bidco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

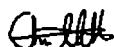
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Christopher Hibbs (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
2 October 2020

LINNAEUS GROUP BIDCO LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019 £	1 December 2017 to 31 December 2018 £
Administrative expenses		<u>(132,842)</u>	<u>(953,349)</u>
Operating loss	3	(132,842)	(953,349)
Other interest receivable and similar income		-	35,964
Amount written off investments		(1,496,157)	-
Interest payable and similar expenses	4	<u>(24,155,416)</u>	<u>(19,324,870)</u>
Loss before tax		(25,784,415)	(20,242,255)
Tax on loss	6	<u>-</u>	<u>(5,177)</u>
Loss for the financial year		<u><u>(25,784,415)</u></u>	<u><u>(20,247,432)</u></u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.


The notes on pages 12 to 25 form an integral part of these financial statements.

LINNAEUS GROUP BIDCO LIMITED

**(REGISTRATION NUMBER: 09140907)
BALANCE SHEET AS AT 31 DECEMBER 2019**

	Note	31 December 2019 £	31 December 2018 £
Fixed assets			
Tangible assets	7	743,812	311,225
Investments	8	<u>480,626,991</u>	<u>282,193,900</u>
		<u>481,370,803</u>	<u>282,505,125</u>
Current assets			
Debtors	9	49,579,033	140,219,551
Cash at bank and in hand		<u>8,147,463</u>	<u>5,996,690</u>
		57,726,496	146,216,241
Creditors: Amounts falling due within one year	10	<u>(339,979,280)</u>	<u>(244,088,303)</u>
Net current liabilities		<u>(282,252,784)</u>	<u>(97,872,062)</u>
Total assets less current liabilities		<u>199,118,019</u>	<u>184,633,063</u>
Creditors: Amounts falling due after more than one year	10	227,457,946	213,334,988
Provisions for liabilities		8,147	8,147
Capital and reserves			
Called up share capital	12	3	1
Share premium reserve	13	26,146,411	-
Profit and loss account	13	<u>(54,494,488)</u>	<u>(28,710,073)</u>
Total equity		<u>(28,348,074)</u>	<u>(28,710,072)</u>
Total capital, reserves and long term liabilities		<u>199,118,019</u>	<u>184,633,063</u>

The financial statements on pages 9 to 25 were approved and authorised by the Board on 24/9/20 and signed on its behalf by:


.....
R A Reidy
Director

The notes on pages 12 to 25 form an integral part of these financial statements.

LINNAEUS GROUP BIDCO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2019	1	-	(28,710,073)	(28,710,072)
Loss for the year	-	-	(25,784,415)	(25,784,415)
New share capital subscribed	2	26,146,411	-	26,146,413
At 31 December 2019	3	26,146,411	(54,494,488)	(28,348,074)

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 December 2017	1	-	(8,462,641)	(8,462,640)
Loss for the period	-	-	(20,247,432)	(20,247,432)
At 31 December 2018	1	-	(28,710,073)	(28,710,072)

The notes on pages 12 to 25 form an integral part of these financial statements.

LINNAEUS GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 General information

The company is a private company limited by share capital, incorporated in the United Kingdom.

The address of its registered office is:

Friars Gate
1011 Stratford Road
Shirley
West Midlands
B90 4BN
England

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions subject to conditions. The Company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cashflows is included in the consolidated financial statements of its ultimate parent undertaking it the UK, Mars Pet Services UK Limited;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a) (iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.29(a), 12.29(b) and 12.29A as information is provided in the consolidated financial statements of its intermediate parent undertaking, Mars Pet Services UK Limited; and
- from disclosing the Company key management personnel compensation as required by FRS 102 paragraph 33.7.

Name of parent of group

These financial statements are consolidated in the financial statements of Mars Pet Services UK Limited.

The financial statements of Mars Pet Services UK Limited may be obtained from Companies House.

Group financial statements not prepared

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirements to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Mars Pet Services UK Limited, a company incorporated in England and Wales, and is included in the consolidated financial statements of that company.

LINNAEUS GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2 Accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

Whilst the Company has made a loss in the year, the losses have been driven by non cash movements such as amortisation and impairment of investments and as such is considered, by the directors, to not be a significant risk to the going concern of the Company. The Company meets its day-to-day working capital requirements through free cash and its acquisition requirements through a loan facility from a connected company and has received a letter of support from its ultimate parent company. The Group's forecasts and projections, covering a period of at least 12 months from the approval of these financial statements, show that the Group should be able to operate within the level of its current debt facilities.

The directors therefore 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 of accounting in preparing the annual financial statements.

Judgements and estimation uncertainty

There are no significant judgements or critical estimates noted.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Over the term of the lease
Furniture, fittings and equipment	15% reducing balance

Investments

Investment in a subsidiary company is held at cost less accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

LINNAEUS GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the Company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Financial instruments are classified, recognised and measured in terms of FRS 102 section 11 for basic financial instruments and section 12 for more complex financial instruments. For basic financial instruments, only section 11 will apply whereas section 11 and 12 will apply for the more complex financial instruments and transactions.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial assets or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

LINNAEUS GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2 Accounting policies (continued)

Financial instruments (continued)

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, and impairment loss is recognised in profit or loss as described below.

A non-financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Operating loss

Arrived at after charging:

	Year ended 31 December 2019 £	1 December 2017 to 31 December 2018 £
Depreciation expense	<u>132,842</u>	<u>33,124</u>

Audit fees and fees payable to the Company's auditors for non-audit services for both periods have been borne by a related group company.

4 Interest payable and similar expenses

	Year ended 31 December 2019 £	1 December 2017 to 31 December 2018 £
Interest on bank overdrafts and borrowings	-	5,792,457
Finance costs adjacent to interest	-	4,929,935
Interest on other borrowings	<u>24,155,416</u>	<u>8,602,478</u>
	<u>24,155,416</u>	<u>19,324,870</u>

5 Directors' remuneration

The directors are also officers of another group company and are not remunerated by this company. It is not practicable to allocate their remuneration between their services as director of this Company and other group companies.

LINNAEUS GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

6 Taxation

Tax charged/(credited) in the profit and loss account

	Year ended 31 December 2019 £	1 December 2017 to 31 December 2018 £
Current taxation		
UK corporation tax adjustment to prior periods	-	(2,387)
Deferred taxation		
Arising from origination and reversal of timing differences	-	7,564
Tax expense in the income statement	-	5,177

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	Year ended 31 December 2019 £	1 December 2017 to 31 December 2018 £
Loss before tax	(25,784,415)	(20,242,255)
Corporation tax at standard rate	(4,899,039)	(3,846,028)
Effect of expense not deductible in determining taxable profit (tax loss)	19,636	1,296,536
Decrease in UK and foreign current tax from adjustment for prior periods	-	(2,387)
Tax (decrease)/increase from effect of capital allowances and depreciation	(1,311)	4,086
Tax increase arising from group relief	4,880,714	2,552,970
Total tax charge	-	5,177

The reduction in the UK's corporation tax rate from 19% to 17% with effect from 1 April 2020 was substantively enacted on 6 September 2016. It was announced in the March 2020 budget that the corporation tax rate would not fall to 17% but remain at 19% until at least April 2022. This change was not substantively enacted at any balance sheet date presented in these financial statements.

LINNAEUS GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7 Tangible assets

	Leasehold improvements £	Furniture, fittings and equipment £	Total £
Cost			
At 1 January 2019	49,095	309,891	358,986
Additions	-	565,429	565,429
At 31 December 2019	49,095	875,320	924,415
Depreciation			
At 1 January 2019	1,763	45,998	47,761
Charge for the year	4,759	128,083	132,842
At 31 December 2019	6,522	174,081	180,603
Carrying amount			
At 31 December 2019	42,573	701,239	743,812
At 31 December 2018	47,332	263,893	311,225

8 Investments

	2019 £	2018 £
Investments in subsidiaries	480,626,991	282,193,900
Subsidiaries		£
Cost		
At 1 January 2019		282,193,900
Additions at cost		49,067,133
Additions relating to group restructure		154,625,455
Adjustment for prior year consideration		(3,763,340)
At 31 December 2019		482,123,148
Provision		
Amount written off on group restructure		1,496,157
Carrying amount		
At 31 December 2019		480,626,991
At 31 December 2018		282,193,900

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are disclosed in note 17.

In the opinion of the directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

LINNAEUS GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9 Debtors

	31 December 2019	31 December 2018
	£	£
Amounts owed by group undertakings	49,484,999	139,035,167
Other debtors	94,034	1,094,034
Prepayments	-	90,350
	<u>49,579,033</u>	<u>140,219,551</u>

10 Creditors

	Note	31 December 2019	31 December 2018
		£	£
Due within one year			
Bank loans and overdrafts	11	338,410,479	228,490,004
Trade creditors		-	352,608
Amounts owed to group undertakings		-	5,718,397
Accruals and deferred income		1,568,801	9,445,551
Other creditors		-	81,743
		<u>339,979,280</u>	<u>244,088,303</u>
Due after one year			
Loans and borrowings	11	227,457,946	212,334,988
Other creditors		-	1,000,000
		<u>227,457,946</u>	<u>213,334,988</u>

Other creditors includes ENII (2018 - £1,025,000) of deferred consideration payable in respect of acquisitions.

Details of the debt including security are disclosed in note 11 to the financial statements.

LINNAEUS GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11 Loans and borrowings

	2019 £	2018 £
Current loans and borrowings		
Bank loans and overdrafts	1,050	840,004
Other borrowings	<u>338,409,429</u>	<u>227,650,000</u>
	<u>338,410,479</u>	<u>228,490,004</u>
	2019 £	2018 £
Non-current loans and borrowings		
Other borrowings	<u>227,457,946</u>	<u>212,334,988</u>

Other borrowings due in less than one year include unsecured loans from a parent company, Mars Pet Services UK Limited, of £338,409,429 (2018 - £227,650,000). The principal loans are repayable in full on 2 January 2020, 23 July 2020 and 11 September 2020. Interest is charged on the principal amounts at 5.1% to 5.5% per annum and is payable annually in arrears commencing on 2 January 2020, 23 July 2020 and 11 September 2020 respectively. The loan due on 2 January 2020 has been renewed post year end and is due for repayment on 2 January 2025 with interest charged on principal amounts at 4% per annum.

Other borrowings due in more than one year include unsecured loans from a parent company, Mars Pet Services UK Limited, of £227,457,946 (2018 - £212,334,988). The principal loan is repayable in full on 18 June 2023. Interest is charged on the principal amount at 4.58% per annum and is payable annually in arrears commencing on 17 June 2019.

12 Called up share capital

Allotted, called up and fully paid shares

	31 December 2019 No.	£	31 December 2018 No.	£
Ordinary shares of £1 each	<u>3</u>	<u>3</u>	<u>1</u>	<u>1</u>

New shares allotted

During the year 2 ordinary shares having an aggregate nominal value of £2 were allotted for an aggregate consideration of £26,146,413. The shares were issued as part of the group restructure and consideration of trade and assets of related group companies.

Rights, Preferences, Restrictions

There is a single class of Ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

13 Reserves

Ordinary share capital relates to the issue of share capital.

Share premium reserve is the excess over the nominal value on the issue of share capital.

Profit and loss reserve is the accumulated profit or loss since incorporation less any dividends paid.

LINNAEUS GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14 Related party transactions

The company has taken advantage of the exemption available and has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary of the wider Mars group.

15 Parent and ultimate parent undertaking

The company's immediate parent is Linnaeus Group Limited, incorporated in England and Wales.

The ultimate parent is Mars, Incorporated, incorporated in the United States of America. The most senior parent entity producing publicly available financial statements is Mars Pet Services UK Limited. These financial statements are available upon request from Companies House. The ultimate controlling party is Mars, Incorporated.

The parent of the largest group in which these financial statements are consolidated is Mars, Incorporated, incorporated in United States of America.

The address of Mars, Incorporated is:
1209 Orange Street, Wilmington, DE, 19801

The parent of the smallest group in which these financial statements are consolidated is Mars Pet Services UK Limited, incorporated in England & Wales.

16 Non adjusting events after the financial period

Subsequent to year end, the COVID-19 pandemic has impacted on the group with veterinary centres and veterinary hospitals forced to cease trading with the exception of emergency procedures.

LINNAEUS GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17 Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows (all companies registered in England and Wales):

Subsidiary undertakings	Principal activity	Class	2019 Shares held %	2018 Shares held %
Martin Referral Services Limited	Dormant company	Ordinary	100	100
Willows Veterinary Services Limited	Provision of specialist veterinary services	Ordinary	100	100
Forem Holdings Acquisitions Limited	Intermediate parent company	Ordinary	100	100
Forem Holdings Limited*	Intermediate parent company	Ordinary	100	100
Forem Limited*	Dormant company	Ordinary	100	100
North Downs Specialist Referrals Limited*	Provision of specialist veterinary services	Ordinary	100	100
Avonvale Newco Limited	Intermediate parent company	Ordinary	100	100
Medicines4Pets Limited*	Dormant company	Ordinary	100	100
Avonvale Veterinary Centres Limited*	Provision of veterinary services	Ordinary	100	100
PawPicked Limited*	Dormant company	Ordinary	100	100
Cherrydownvets Limited	Provision of veterinary services	Ordinary	100	100
Calder Newco Limited	Intermediate parent company	Ordinary	100	100
Calder Vets Limited*	Provision of veterinary services	Ordinary	100	100
Donnachie and Townley Limited	Provision of veterinary services	Ordinary	100	100
VRCC Limited	Provision of specialist veterinary services	Ordinary	100	100
Shire Newco Limited	Intermediate parent company	Ordinary	100	100
Shire Vets Limited*	Provision of veterinary services	Ordinary	100	100

LINNAEUS GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17 Details of undertakings (continued)

Subsidiary undertakings	Principal activity	Class	2019 Shares held %	2018 Shares held %
Heathcote Newco Limited	Intermediate parent company	Ordinary	100	100
Burnfoot Veterinary Ventures Limited*	Provision of veterinary services	Ordinary	100	100
Village Vet Newco Limited	Intermediate parent company	Ordinary	100	100
Village Vet Holding Limited*	Intermediate parent company	Ordinary	100	100
Village Vet Limited*	Intermediate parent company	Ordinary	100	100
Village Vet London Limited*	Provision of veterinary services	Ordinary	100	100
Village Vet Cambridge Limited*	Provision of veterinary services	Ordinary	100	100
Petcare V Limited*	Intermediate parent company	Ordinary	100	100
London Vet Specialists Limited*	Provision of specialist veterinary services	Ordinary	100	100
A to Z Vets Limited*	Provision of veterinary services	Ordinary	100	100
A is for Antelope Limited*	Dormant company	Ordinary	100	100
B is for Bear Limited*	Dormant company	Ordinary	100	100
D is for Dog Limited*	Dormant company	Ordinary	100	100
E is for Elephant Limited*	Dormant company	Ordinary	100	100
F is for Fox Limited*	Dormant company	Ordinary	100	100
Well Animal Clinic Newco Limited*	Provision of veterinary services	Ordinary	100	100
Blythwood Veterinary Limited*	Provision of veterinary services	Ordinary	100	100
Blythwood Newco Limited	Intermediate parent company	Ordinary	100	100
Spinney Lodge Newco Limited	Intermediate parent company	Ordinary	100	100
Spinney Lodge Veterinary Hospital Limited*	Provision of veterinary services	Ordinary	100	100

LINNAEUS GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17 Details of undertakings (continued)

Subsidiary undertakings	Principal activity	Class	2019 Shares held %	2018 Shares held %
Cathcart & Winn Veterinary Hospital Limited	Provision of veterinary services	Ordinary	100	100
Nantorman Limited	Provision of veterinary services	Ordinary	100	100
Clarke and Marshall Limited	Provision of veterinary services	Ordinary	100	100
Linnaeus Veterinary Limited	Provision of veterinary services	Ordinary	100	100
Cinque Ports Newco Limited	Intermediate parent company	Ordinary	100	100
Cinque Ports Veterinary Group Limited*	Provision of veterinary services	Ordinary	100	100
Milbourn Equine Limited*	Provision of veterinary services	Ordinary	100	100
Leadon Vale Veterinary Centre Limited	Provision of veterinary services	Ordinary	100	100
AAS Vets Newco Limited	Intermediate parent company	Ordinary	100	100
AAS Veterinary Services Limited*	Provision of veterinary services	Ordinary	100	100
Broadway Heritage Holdings Limited	Intermediate parent company	Ordinary	100	100
Broadway SA Limited*	Provision of veterinary services	Ordinary	100	100
Kentdale Veterinary Orthopaedics Limited	Provision of veterinary services	Ordinary	100	100
Greenside Veterinary Practice Limited	Provision of veterinary services	Ordinary	100	100
Bradbury Property Holdings Limited	Property holding company	Ordinary	100	100
Wear Referrals Limited	Provision of veterinary services	Ordinary	100	100
Cromwell (St Ives) Limited	Dormant company	Ordinary	100	100
Cromwell (St Neots) Limited	Dormant company	Ordinary	100	100
The Cromwell Veterinary Group Limited	Provision of veterinary services	Ordinary	100	100
Eastcott Limited	Provision of veterinary services	Ordinary	100	100
Brentknoll Veterinary Centre Limited	Provision of veterinary services	Ordinary	100	100

LINNAEUS GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17 Details of undertakings (continued)

Subsidiary undertakings	Principal activity	Class	2019 Shares held %	2018 Shares held %
Vet4life Limited	Provision of veterinary services	Ordinary	100	100
Boundary Vets Limited	Provision of veterinary services	Ordinary	100	100
Maven Vets Limited	Provision of veterinary services	Ordinary	100	100
The Barn Animal Hospital Limited	Provision of veterinary services	Ordinary	100	100
Chapel House Veterinary Practice Limited	Provision of veterinary services	Ordinary	100	100
Hawick Veterinary Practice Limited	Provision of veterinary services	Ordinary	100	100
Black Paw Limited	Provision of veterinary services	Ordinary	100	100
Patergeddes Limited	Intermediate parent company	Ordinary	100	100
St Clair Veterinary Clinics Limited*	Provision of veterinary services	Ordinary	100	100
Cave Veterinary Specialists Ltd	Provision of veterinary services	Ordinary	100	100
The Park Veterinary Group Limited	Provision of veterinary services	Ordinary	100	100
Alder Veterinary Practice Limited	Provision of veterinary services	Ordinary	100	100
Blacks Vets Limited*	Provision of veterinary services	Ordinary	100	-
DVS Group Limited	Intermediate parent company	Ordinary	100	-
Veterinary Radiology Limited*	Intermediate parent company	Ordinary	100	-
Castlegate 598 Limited*	Intermediate parent company	Ordinary	100	-
Davies Veterinary Specialists Limited	Provision of veterinary services	Ordinary	100	-
Peak Veterinary Practice Limited	Provision of veterinary services	Ordinary	100	-
Veterinary Vision Limited*	Provision of veterinary services	Ordinary	100	-
West Midland Referrals Limited*	Provision of veterinary services	Ordinary	100	-

LINNAEUS GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17 Details of undertakings (continued)

*held indirectly

All companies have the registered address of Friars Gate, 1011 Stratford Road, Shirley, West Midlands, B90 4BN with the exception of the following companies registered in Scotland:

Greenside Veterinary Practice Limited with registered address of Greenside Farm, St Boswells, Roxburghshire, TD6 0AJ;

Hawick Veterinary Practice Limited with registered address of 1 Earl Street, Hawick, Roxburghshire, TD9 9PZ; and

Paterveddes Limited and St Clair Veterinary Clinics Limited with registered address of 2 Pottery Street, Kirkcaldy, KY1 3ET.