

Company Registration No. 08738842

Eagle Bidco Limited

Annual report and financial statements

For the year ending 31 December 2018



Eagle Bidco Limited

Annual report and financial statements For the year ended 31 December 2018

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Eagle Bidco Limited

Strategic report

The directors present their strategic report for the year ended 31 December 2018.

Business review and future developments

The company's principal activity is that of an intermediate holding company. The company is part of the Busy Bees group of companies ('the group').

Turnover for the year was £nil (2017: £nil). The loss for the financial year was £57,843,000 (2017: loss of £33,774,000). Shareholder's deficit was £172,722,000 at 31 December 2018 (2017: deficit of £114,879,000).

On 8 June 2018 the company made an investment in Eagle Target 6 Limited of £59,244,000 as part of the group's acquisition of Busy Bees Australia Holding PTY Ltd.

It is expected that the company will continue to act as an investment holding company for the foreseeable future.

A further RCF facility of £66.0m was drawn down to fund the acquisitions within the group in August 2019 and then on 11 September 2019 the group completed a refinance exercise where the existing term loan (TLB3) was increased by a further £100.0m to £161.5m. The additional loan will be used to repay the amount drawn down on the RCF facility (£66.0m) and to fund future acquisitions.

The company has not identified particular key performance indicators due to its nature being an intermediate holding company.

Principal risks and uncertainties

The company considers its key risks to be in relation to the value of its investments and therefore whether any impairment is required and also the recoverability of its inter-company debt.

Credit risk

The company's principal assets are investments in subsidiary companies. The company also has receivables that primarily relate to other group companies. Any impairment arising on these is recognised based on comparisons to the recoverable amount and solvency/liquidity of these undertakings.

Liquidity Risk

The company's funding requirements are under constant review. All funding is through senior loan notes on a long term loan basis.

Currency Risk

The company has minimal currency risk.

Going concern

In preparation of the financial statements, the directors have made an assessment of the company's ability to continue as a going concern.

The company is reliant on the support of its parent company, Eagle Superco Limited, to be able to meet its liabilities as they fall due. However, the directors consider that the company is an integral part of Eagle Superco Limited structure and strategy, which is evidenced by a letter of support from Eagle Superco Limited, which states its intent to provide necessary financial support to ensure that the company is a going concern for at least twelve months from the date of approval of these financial statements. After making enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and financial statements.

Eagle Bidco Limited

Strategic report (continued)

Approved by the Board of Directors and signed on behalf of the board:



M Davies
Director
24 September 2019

Busy Bees
Shaftesbury Drive
Burntwood
Staffordshire
WS7 9QP

Eagle Bidco Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

Details of the directors' assessment of future developments, going concern and principal risks are set out in the Strategic report.

Proposed dividend

The directors do not recommend payment of a final dividend (2017: £nil).

Post Balance sheet events

As of the date of signing of these accounts, there have been no post balance sheet events.

Directors

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

S A Irons

J C Douin

M Randles

R Shiu

M Davies – Appointed 11 December 2018

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report.

Political contributions

During the year, there were no political donations (2017: £nil).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board



M Davies

Director

24 September 2019

Busy Bees
Shaftesbury Drive
Burntwood
Staffordshire
WS7 9QP

Eagle Bidco Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Eagle Bidco Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Eagle Bidco Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of income and retained earnings;
- the balance sheet; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Independent auditor's report to the members of Eagle Bidco Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

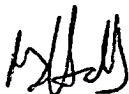
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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.



Andrew Halls, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
24 September 2019

Eagle Bidco Limited

Profit and loss account For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Administrative expenses		(133)	(52)
Operating loss	4	(133)	(52)
Interest receivable and similar income	6	1,521	13,424
Interest payable and similar expenses	7	(59,195)	(47,190)
Loss before taxation		(57,807)	(33,818)
Tax on loss	8	(36)	44
Loss for the financial year		<u>(57,843)</u>	<u>(33,774)</u>

All amounts relate to continuing activities. There are no items of other comprehensive income in either year other than those reflected in the profit and loss account. Accordingly, no separate statement of other comprehensive income is presented.

Statement of income and retained earnings For the year ended 31 December 2018

	2018 £'000	2017 £'000
Accumulated deficit at the beginning of the year	(114,974)	(81,200)
Loss for the financial year	(57,843)	(33,774)
Accumulated deficit at the end of the year	<u>(172,817)</u>	<u>(114,974)</u>

The notes on pages 9 to 21 form part of these financial statements.

Eagle Bidco Limited

Balance sheet As at 31 December 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Investments	9	364,129	303,574
		<u>364,129</u>	<u>303,574</u>
Current assets			
Debtors	10	263,817	247,766
Creditors: amounts falling due within one year	11	(278,367)	(246,857)
Net current (liabilities)/assets		<u>(14,550)</u>	<u>909</u>
Total assets less current liabilities		349,579	304,483
Creditors: amounts falling due in more than one year	12	(522,254)	(419,351)
Provisions for liabilities	13	(47)	(11)
Net liabilities		<u>(172,722)</u>	<u>(114,879)</u>
Capital and reserves			
Called up share capital	14	95	95
Profit and loss account		<u>(172,817)</u>	<u>(114,974)</u>
Total shareholder's deficit		<u>(172,722)</u>	<u>(114,879)</u>

These financial statements of Eagle Bidco Limited (registered number 08738842) were approved by the board of directors and authorised for issue on 24 September 2019. They were signed on its behalf by:



M Davies
Director

The notes on pages 9 to 21 form part of these financial statements.

Eagle Bidco Limited

Notes to the financial statements For the year ended 31 December 2018

1. Basis of preparation

Eagle Bidco Limited (the company) is a company incorporated in England, United Kingdom under the Companies Act 2006.

The company is a private company limited by shares and is registered in England and Wales. The address of the company's registered office is shown on page 2.

These financial statements have been prepared under the historical cost basis of accounting, as modified to include fair value of derivatives as at the date of transition to Financial Reporting Standard 102 ("FRS 102") as explained below, and in accordance with FRS 102 and with the Companies Act 2006.

The company meets the definition of a qualifying entity under FRS 102 and advantage has been taken of certain of the disclosure exemptions set out in paragraph 1.12 of that standard. Accordingly the following disclosures have not been made in these financial statements:

- financial instruments as otherwise required by section 11 of FRS 102;
- a cash flow statement as otherwise required by section 7 of FRS 102; and
- key management personnel compensation as otherwise required by paragraph 33.7 of FRS 102.

The company's results are included in the consolidated accounts of Eagle Superco Limited and Eagle Midco Limited, companies registered in England, United Kingdom. Accordingly the company has taken advantage of the exemption given in s400 of the Companies Act 2006 from preparing and delivering group accounts. The financial statements therefore contain information about the company as an individual undertaking and not about its group.

Functional currency

The functional currency is pounds sterling as that is the currency of the economic environment in which the company operates.

2. Accounting policies

Going concern

In preparation of the financial statements, the directors have made an assessment of the company's ability to continue as a going concern.

The company is reliant on the support of its parent company, Eagle Superco Limited, to be able to meet its liabilities as they fall due. However, the directors consider that the company is an integral part of Eagle Superco Limited structure and strategy, which is evidenced by a letter of support from Eagle Superco Limited, which states its intent to provide necessary financial support to ensure that the company is a going concern for at least twelve months from the date of approval of these financial statements. After making enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and financial statements.

Investments

In the company's financial statements, investments in subsidiary undertakings are stated at cost less provision for any impairment losses.

Eagle Bidco Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

2. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

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 asset 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 statement of financial position 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.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Eagle Bidco Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

2. Accounting policies (continued)

Financial instruments (continued)

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes. At least two thirds of any outstanding external debt is hedged through interest rate caps. These interest rate caps are valued on an annual basis and recorded on the balance sheet at their current valuation.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Impairment of assets

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, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An 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.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired 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. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Eagle Bidco Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

2. Accounting policies (continued)

Impairment of assets (continued)

Financial assets (continued)

For financial assets carried at cost less impairment, the impairment loss 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.

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Operating loss

Operating loss is defined as the loss for the period after all operating costs and income but before interest receivable and similar income, interest payable and similar charges and taxation. Operating loss is disclosed as a separate line on the face of the profit and loss account.

Related party transactions

The company is exempt from the requirements of section 33 of FRS 102 to disclose transactions with other wholly-owned group undertakings as its financial statements are included in the consolidated financial statements of a parent company whose financial statements are publically available.

Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Eagle Bidco Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

2. Accounting policies (continued)

Taxation (continued)

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment carried at deemed cost is provided based on the difference between the accounts and tax base costs.

Deferred tax assets and liabilities are offset only if the company has a legally enforceable right to set off current tax assets against current tax liabilities.

3. Accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from the sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

The key estimate is around the valuation and impairment of investments. An impairment exercise is performed on annual basis to review the value of investments. During 2018 there was no impairment of the investments.

4. Operating loss

The fees payable to the company's auditor for the audit of the company's annual financial statements of £11,000 (2017: £10,000) and fees payable to the company's auditor and their associates for other services to the company of £nil (2017: £nil) were borne by another group company.

The company had no employees in the current or preceding year.

5. Directors' remuneration

	2018 No.	2017 No.
Number of directors	5	4

4 directors (2017: 3 directors) were remunerated in the current period by a fellow group company. 1 director (2017: 1 director) was remunerated by the ultimate controlling party.

6. Interest receivable and similar income

	2018 £'000	2017 £'000
Loan note interest	1,521	1,165
Interest due from group undertaking	-	12,259
	<u>1,521</u>	<u>13,424</u>

Eagle Bidco Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

7. Interest payable and similar expenses

	2018 £'000	2017 £'000
Loan note interest	1,311	1,165
Interest due to group undertakings	30,852	24,954
Senior debt interest	24,580	17,810
Amortisation of debt issue costs	2,177	2,699
Interest rate cap charges	-	215
Hedging deferred premium	275	312
Loan early termination charges	-	35
	<u>59,195</u>	<u>47,190</u>

8. Tax on loss

	2018 £'000	2017 £'000
Current tax		
Current tax on loss for the year	-	-
Total current tax charge	<u>-</u>	<u>-</u>
Deferred tax		
Adjustment in respect of prior periods	-	(8)
Effect of change in tax rates	(4)	5
Origination and reversal of timing differences	40	(41)
Total deferred tax (see note 13)	<u>36</u>	<u>(44)</u>
Tax charge/(credit)	<u>36</u>	<u>(44)</u>

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2018 £'000	2017 £'000
Loss before tax	<u>(57,807)</u>	<u>(33,818)</u>
Tax on loss at standard UK corporation tax rate of 19.00% (2017: 19.25%)	(10,983)	(6,509)
Effect of:		
- Deferred tax not provided	104	-
- Expenses not deductible for tax purposes	4,084	3,016
- Group relief surrendered for £nil consideration	6,835	3,452
- Effect of tax rate charges	(4)	5
- Adjustment in respect of prior periods	-	(8)
Total tax charge/(credit) for the year	<u>36</u>	<u>(44)</u>

Eagle Bidco Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

8. Tax on loss on ordinary activities (continued)

Factors that may affect future tax charges

The standard rate of tax applied to the reported profit on ordinary activities is 19.00% (2017: 19.25%). The government has announced that the UK corporation tax rate will reduce to 17% by 1 April 2020. Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015 and to 17% (effective from 1 April 2020) was substantively enacted in September 2016. These reductions will further reduce the company's current tax charge.

The deferred tax balances at 31 December 2018 and 31 December 2017 have been calculated based on the rates that were substantively enacted at the balance sheet dates that will apply when the timing differences are expected to reverse. Accordingly, a rate of 17% has been used as at 31 December 2018 and 17% as at 31 December 2017.

At 31 December 2018 the company has no unrecognised trading losses (2017: £nil) available to offset against certain future profits.

9. Investments

	£ '000
Cost and net book value in subsidiary company	
1 January 2018	303,574
Additions in the year	60,555
	<hr/>
At 31 December 2018	364,129
	<hr/>

The additions relate to the interest rolled up on the loan notes (£1,311,000 – see note 12) and an investment in Eagle Target 6 Limited of £59,244,000 as part of the acquisition of Busy Bees Australia Holding PTY Ltd on 8 June 2018.

A full listing of subsidiary companies is provided below. Unless otherwise indicated, the below subsidiaries are held indirectly.

Eagle Bidco Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

9. Investments (continued)

Name	Country of registration	Nature of business	% ordinary share capital held
Eagle Target Limited*	England and Wales	Management services/ holding company	100%
Eagle Target 2 Limited*	England and Wales	Management services/ holding company	100%
Eagle Target 3 Limited*	England and Wales	Management services/ holding company	100%
Eagle Target 4 Limited*	England and Wales	Management services/ holding company	100%
Eagle Target 5 Limited*	England and Wales	Management services/ holding company	100%
Eagle Target 6 Limited*	England and Wales	Management services/ holding company	100%
Eagle Target 7 Limited*	England and Wales	Management services/ holding company	100%
Busy Bees Holdings Limited	England and Wales	Management services/ holding company	100%
Busy Bees Nurseries Limited	England and Wales	Childcare services	100%
Busy Bees Day Nurseries Limited	England and Wales	Childcare services	100%
Busy Bees Day Nurseries (Trading) Limited	England and Wales	Childcare services	100%
Busy Bees Education and Training Limited	England and Wales	Childcare training	100%
Just Learning Limited	England and Wales	Childcare services	100%
Nu Nu Limited	England and Wales	Dormant	100%
Busy Bees Nurseries (Scotland) Limited	Scotland	Childcare services	100%
Gatford Limited	Scotland	Childcare services	100%
Learning Just Limited	England and Wales	Childcare services	100%
Careshare Holdings Limited	Scotland	Childcare services	100%
Just Learning Malling Limited	England and Wales	Childcare services	100%
Kids First Day Nurseries Limited	England and Wales	Childcare services	100%
Positive Steps Childrens Day Nurseries Limited	England and Wales	Childcare services	100%
Early Years Child Care Limited	England and Wales	Dormant	100%
Early Years Childcare (SouthEast) Limited	England and Wales	Dormant	100%
Paintkey Limited	England and Wales	Management services/ holding company	100%
Kinder Nurseries Limited	England and Wales	Childcare services	100%
Lilliput (Brompton) Limited	England and Wales	Dormant	100%
Lilliput Childcare Services Limited	England and Wales	Dormant	100%
Q Day Nurseries Limited	England and Wales	Dormant	100%
Rosevale Holdings Limited	England and Wales	Management services/ holding company	100%
Caring Daycare Limited	England and Wales	Childcare services	100%
Major Minors Limited	England and Wales	Childcare services	100%
Bush Babies Childrens Nurseries (Holdings) Limited	England and Wales	Management services/ holding company	100%
Bush Babies Childrens Nurseries Limited	England and Wales	Childcare services	100%
Oak Tree Nursery Investments Limited	England and Wales	Management services/ holding company	100%
Cashew Holdings Limited	England and Wales	Management services/ holding company	100%

Eagle Bidco Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

9. Investments (continued)

Name	Country of registration	Nature of business	% of ordinary share capital held
Forest Nursery Investments Limited	England and Wales	Management services/ holding company	100%
Treetops Nurseries Limited	England and Wales	Childcare services	100%
HCL Acquisitions Limited	England and Wales	Management services/ holding company	100%
HCL Finance Limited	England and Wales	Management services/ holding company	100%
Happy Child Limited	England and Wales	Childcare services	100%
Happy Child (Mottingham) Limited	England and Wales	Childcare services	100%
Happy Child (Southwalk) Limited	England and Wales	Childcare services	100%
Playtime Nursery Limited	England and Wales	Childcare services	100%
The Green Umbrella Day Nursery Limited	England and Wales	Childcare services	100%
CR Childcare Limited	England and Wales	Childcare services	100%
Kindercare (Harrogate) Limited	England and Wales	Childcare services	100%
Queen of Hearts Nursery School Limited	England and Wales	Childcare services	100%
Treetops Nurseries (London) Limited	England and Wales	Childcare services	100%
Treetops Gloucestershire Limited	England and Wales	Childcare services	100%
Toybox Day Nurseries Limited	England and Wales	Childcare services	100%
Treetops Belper Limited	England and Wales	Childcare services	100%
Treetops Clipstone Limited	England and Wales	Childcare services	100%
Treetops Cheam Limited	England and Wales	Childcare services	100%
Treetops Epsom Limited	England and Wales	Childcare services	100%
Treetops Teddington Limited	England and Wales	Childcare services	100%
Treetops Sutton Limited	England and Wales	Childcare services	100%
The Edinburgh Nursery Limited	Scotland	Childcare services	100%
Claremont Childcare Limited	Scotland	Childcare services	100%
Toybox Great Denham Limited	England and Wales	Childcare services	100%
Toybox Properties Limited	England and Wales	Leasing Company	100%
Eagle Leasing Limited	England and Wales	Leasing Company	100%
Mace Montessori Schools Limited	England and Wales	Childcare services	100%
Green Gables Primary School Limited	England and Wales	Childcare services	100%
Green Gables Montessori School Limited	England and Wales	Childcare services	100%
Daisy and Jake Day Nursery Limited	England and Wales	Childcare services	100%
Eden Homes (Wirral) Limited	England and Wales	Property company	100%
Droitwich Spa Nursery and Kindergarten Limited	England and Wales	Childcare services	100%
Kids Multiverse Limited	England and Wales	Management services/ holding company	100%
Little Learners Pre-School (UK) Limited	England and Wales	Childcare services	100%
Busy Bees Holdings Pte. Ltd.	Singapore	Management services/ holding company	100%
Busy Bees Asia Pte. Ltd.	Singapore	Childcare services	100%
Busy Bees Singapore Pte. Ltd.	Singapore	Childcare services	100%
Odyssey The Global Preschool Pte. Ltd.	Singapore	Childcare services	100%
Learning Vision @ Work Pte. Ltd.	Singapore	Childcare services	100%
Brighton Montessori Centres Pte. Ltd.	Singapore	Childcare services	100%
Pats Schoolhouse Pte. Ltd.	Singapore	Childcare services	100%
Learning Horizon Pte. Ltd.	Singapore	Childcare services	100%

Eagle Bidco Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

9. Investments (continued)

Name	Country of registration	Nature of business	% of ordinary share capital held
Asian International College Pte. Ltd.	Singapore	Childcare services	100%
Global Educare Sdn Bhd	Malaysia	Childcare services	100%
Tadika Peter & Jane Sdn Bhd	Malaysia	Holding company	100%
Children's Studio Sdn Bhd	Malaysia	Childcare services	100%
Peter & Jane Franchise Sdn Bhd	Malaysia	Childcare services	100%
Busy Bees Canada Holdings Limited	Canada	Management services/ holding company	100%
BrightPath Early Learning Inc	Canada	Childcare services	100%
BrightPath Kids Corp.	Canada	Childcare services	100%
EPG Realty Inc.	Canada	Childcare services	100%
ABC Academy Inc.	Canada	Childcare services	100%
Busy Bees Australia Holding PTY Ltd	Australia	Management services/ holding company	100%
Busy Bees Australia Bidco PTY Ltd	Australia	Management services/ holding company	100%
Foundation Early Learning Ltd	Australia	Childcare services	100%
Total Childcare Solutions Australia Ltd	Australia	Childcare services	100%
FEL Child Care Centres 1 Pty Ltd	Australia	Childcare services	100%
FEL Child Care Centres 2 Pty Ltd	Australia	Childcare services	100%
FEL Child Care Centres 3 Pty Ltd	Australia	Childcare services	100%
FEL Child Care Centres 4 Pty Ltd	Australia	Childcare services	100%
Caerus Childcare Pty Ltd	Australia	Childcare services	100%
FEL Child Care Developments Pty Ltd	Australia	Childcare services	100%

*Held Directly

Unless otherwise indicated, the above subsidiaries are held indirectly.

The registered office of all entities in England and Wales is Busy Bees At Latchford House Shenstone Business Park, Lynn Lane, Shenstone, Lichfield, Staffordshire, WS14 0SB, United Kingdom.

The registered office of all Scottish entities is 1 Lochside Place, Edinburgh, EH12 9DF, United Kingdom.

The registered office of Lauder Learning Limited is Carnegie College, Halbeath, Dunfermline, KY11 8DY, United Kingdom.

The registered address of Singapore entities is 15A Changi Business Central 1, #07-01 the Eightrium, Singapore, 486035.

The registered address of Global Educare Sdn. Bhd. is Suite 2-4, Level 2, Tower Block, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Malaysia.

The registered address of Busy Bees Canada Holdings Limited and ABC Academy Inc. is 79 Wellington St. W. 30th Floor, TD South Tower, Toronto, ON M5K 1N2.

The registered address of BrightPath Early Learning Inc. and EPG Realty Inc. is 200 Rivercrest Drive, SE, Suite 201, Calgary, AB, T2C 2X5.

The registered address of BrightPath Kids Corp. is 2141627 Ontario Limited, ABC Academy Inc., 199 Bay Street, Suite 5300, Commerce Court West, Toronto, ON M5L1B9.

The registered office of all Australian entities is 34 Station Street, Nundah, QLD 4012. Postal Address. PO Box 63, Nundah QLD 4012.

Eagle Bidco Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

10. Debtors

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	262,443	246,680
Prepayments and accrued income	654	438
Other debtors	720	848
	<u>263,817</u>	<u>247,766</u>

There is no repayment date attached to the amount owed by group undertakings. The interest rate on the loan is 12.5% (2017: 12.5%).

11. Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Amounts owed to group undertakings	278,099	246,387
Accruals and deferred income	268	435
Other creditors	-	35
	<u>278,367</u>	<u>246,857</u>

There is no repayment date attached to the amount owed to group undertakings. The interest rate on the loan is 12.5% (2017: 12.5%).

12. Creditors: amounts falling due in more than one year

	2018 £'000	2017 £'000
Loan Notes	11,801	10,490
Senior Debt	510,453	408,861
	<u>522,254</u>	<u>419,351</u>

Debt can be analysed as falling due:

	2018 £'000	2017 £'000
Senior Debt		
In one year or less or on demand	-	-
Between one and two years	-	-
Between two and five years	-	-
Five years or more	510,453	408,861
	<u>510,453</u>	<u>408,861</u>

Eagle Bidco Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

12. Creditors: amounts falling due in more than one year (continued)

	2018 £'000	2017 £'000
In one year or less or on demand	-	-
Between one and two years	-	-
Between two and five years	-	-
Five years or more	11,801	10,490
	<u>11,801</u>	<u>10,490</u>

The senior debt figures reported above are the net balances after including any refinancing costs.

Secured bank loans of £511.5m are secured on all assets of Group and subsidiary undertakings. On 27 September 2018, the group completed a refinance exercise where the existing TLB3 loan of £411.5m was increased by £100.0m to £511.5m. This additional loan was used to repay the amount drawdown on the RCF facility (£42.6m) and fund the Go Kindy acquisition. The remaining balance was held in group cash to part fund an Ireland acquisition which completed in February 2019. The covenant related to the bank loans are monitored at Eagle Midco Limited, being the immediate holding company.

The loan notes related to intercompany have an interest rate of 12.5% and are repayable in 2038. £350.0m of the bank loan is covered by an interest rate cap which restricts LIBOR from increasing above 3.0% until 31 December 2021.

13. Deferred tax liability

	Deferred taxation £ '000
At 1 January 2018	11
Charge to the profit and loss account for the year (note 8)	36
At 31 December 2018	<u>47</u>

The deferred tax provision recognised at 17% (2017: 17%) is as follows:

	2018 £'000	2017 £'000
Other short term timing differences	<u>47</u>	<u>11</u>

14. Called up share capital

	2018 £'000	2017 £'000
Called up, allotted and fully paid		
9,500,000 ordinary shares of £0.01 each	<u>95,000</u>	<u>95,000</u>

Eagle Bidco Limited

Notes to the financial statements (continued) **For the year ended 31 December 2018**

15. Commitments

- (a) The company had no capital commitments at 31 December 2018 (2017: £nil).
- (b) Unlimited cross-guarantee is provided by other group companies in respect of the company's senior debt borrowings. Total group and company senior debt borrowings at 31 December 2018 are £511.5m (2017: £411.5m). A further RCF facility of £66.0m was drawn down to fund the acquisitions within the group in August 2019 and then on 11 September 2019 the group completed a refinance exercise where the existing TLB3 was increased by a further £100.0m to £611.5m. The additional loan will be used to repay the amount drawn down on the RCF facility (£66.0m) and to fund future acquisitions.
- (c) The company had no annual commitments under non cancellable operating leases in either the current or prior year.

16. Related party transactions

The company has taken the exemption available under FRS102 not to disclose related party transactions with other 100% controlled members of the same group. There were no other related party transactions in the year.

17. Controlling parties

The company's immediate parent undertaking is Eagle Midco Limited. The largest group into which the company is consolidated is the group headed by Eagle Superco Limited and the smallest group into which the company is consolidated is the group headed by Eagle Midco Limited. Eagle Midco Limited, Eagle Superco Limited and Eagle Midco Limited are all incorporated in Great Britain and registered at St Mathews, Shaftesbury Drive, Burntwood, Staffordshire, WS7 9QP. The consolidated financial statements of Eagle Superco Limited can be obtained from the company's registered address above. The ultimate parent company is Eagle Superco Limited and the ultimate controlling party is the Ontario Teachers' Pension Plan incorporated in Canada, its registered address is 5650 Yonge Street, Toronto, Ontario, M2M 2H5.