IDH Limited

Annual report and financial statements
Registered number 00243708
Year ended 31 March 2017

Contents

	Page
Strategic report for the year ended 31 March 2017	1
Directors' report for the year ended 31 March 2017	3
Independent auditors' report to the members of IDH Limited	5
Income statement	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10

Strategic report for the year ended 31 March 2017

The directors present the Strategic report for the year ended 31 March 2017.

Principal activities

The principal activity of the company is the provision of dental services.

Business review

Review of the development and performance of the company

The company is a member of the group of companies headed by Turnstone Equityco 1 Limited ("the group"). The principal activities of the group are the operation of dental practices and the provision of materials, services and equipment to dental practices. The company provides NHS dental services to patients.

Strategy and future outlook

The directors believe that the company continues to be well positioned to take advantage of further opportunities within the market, however there is likely to be a period of consolidation before growth recommences.

Financial review

The majority of the company's revenue was derived from a fixed income contract with the NHS Region. The fixed income nature of the contract provides the company with stability and visibility over its revenue and profit streams.

Turnover for the year was £51.0m (2016: £53.5m). Operating loss for the year was £1.0m (2016: profit of £0.6m). The loss for the financial year was £0.3m (2016: £0.2m).

Earnings before interest, tax, depreciation and amortisation ("EBITDA") is the key indicator for the company's stakeholders. In the year EBITDA was £3.0m (2016: £5.3m).

Principal risks and uncertainties

The company's risks and uncertainties are integrated with the principal risks and uncertainties of the group. Accordingly, the principal risks and uncertainties of Turnstone Equityco 1 Limited, which includes those of the company, are discussed in the Strategic report in the financial statements of Turnstone Equityco 1 Limited which does not form part of this report.

The consolidated financial statements of Turnstone Equityco 1 Limited are publicly available and may be obtained from the Company Secretary, Turnstone Equityco 1 Limited, Europa House, Stoneclough Road, Kearsley, Manchester, M26 1GG.

Key performance indicators

As noted above, one of the key performance indicators ("KPIs") which the directors and other stakeholders monitor is EBITDA. This is reviewed in absolute terms and in relation to budgeted and prior year comparatives.

Other KPIs used by the company include the following:

- Staff retention percentages
- Dentist retention percentages
- NHS activity performance against target

The directors consider these ratios to be commercially sensitive and as a consequence details are not disclosed within this report.

Strategic report for the year ended 31 March 2017 *(continued)*

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk and inflation risk.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Credit risk

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations. The nature of the company's contract with the NHS Region means that credit risk is minimised for a significant proportion of the company's revenue. The patient's contribution to NHS charges is usually collected before treatment in order to minimise risk to the company, however a risk may arise if treatment plans change and additional charges are not collected at the time of the appointment.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the company's income or costs.

The company has limited currency risk as all operations are carried out in the United Kingdom and all income and expenses are denominated in Sterling. However, as materials are principally sourced by other group companies from suppliers internationally, the company is indirectly exposed to currency risk as prices are adjusted to reflect currency movements. The group mitigates this risk through the use of, for example, derivative financial instruments such as foreign currency forward contracts or option contracts. This risk is also managed through competitive tendering for the group's significant supply contracts.

Inflation risk

Inflation risk is the risk that the cost of key services and products procured by the company will rise with inflation and affect the company's income. The rates paid under the terms of the company's NHS contract are reviewed on an annual basis and, over the course of the past few years, the annual uplifts have typically been lower than the rate of both RPI and CPI.

The company undergoes a regular review of key suppliers through its procurement programme to mitigate cost increases, using tendering processes where possible. In addition, the group seeks to rationalise its supplier base to benefit from its scale.

On behalf of the Board

O Shafi Khan
Director
22 December 2017

Directors' report for the year ended 31 March 2017

The directors present their report and the audited financial statements of IDH Limited for the year ended 31 March 2017.

Financial risk management

Please refer to the Strategic report for a description of the company's financial risk management processes.

Future developments

Please refer to the strategy and future outlook section of the Strategic report for a description of future developments.

Proposed dividend

The directors do not recommend the payment of a dividend for the year (2016: £Nil).

Directors

The directors who held office during the financial year and to the date of this report were as follows:

C Davies	
B Moroney	
M Prasad	
T Riall	(appointed 8 May 2017)
O Shafi Khan	(appointed 16 October 2017)
N Whitley	(appointed 31 July 2017)
WHM Robson	(resigned 31 July 2017)
T Scicluna	(resigned 31 March 2017)
A Spindler	(appointed 31 July 2017, resigned 12 October 2017)
S Williams	(resigned 31 July 2017)

The directors benefitted from qualifying third party indemnification provisions in place during the financial year and to the date of this report.

Statement of directors' responsibilities

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 prepared the financial statements 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). 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;
- 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.

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.

Directors' report for the year ended 31 March 2017 *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution that they be reappointed as auditors will be proposed at the annual general meeting.

On behalf of the Board

O Shafi Khan
Director
22 December 2017

Europa House
Stoneclough Road
Kearsley
Manchester
M26 1GG

Independent auditors' report to the members of IDH Limited

Report on the financial statements

Our opinion

In our opinion, IDH Limited's financial statements (the 'financial statements'):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements included within the Annual Report and Financial Statements (the "Annual report") comprise:

- the balance sheet as at 31 March 2017;
- the income statement for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion 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 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 addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of IDH Limited *(continued)*

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

Randal Casson

Randal Casson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
22 December 2017

Income statement
for the year ended 31 March 2017

	Note	**2017** **£'000**	2016 £'000
Turnover	*4*	**50,994**	53,474
Cost of sales		**(27,329)**	(27,900)
Gross profit		**23,665**	25,574
Administrative expenses		**(24,686)**	(25,096)
Other operating income		**172**	127
Loss on disposal of assets	*5*	**(157)**	(43)
Operating (loss)/profit	*5*	**(1,006)**	562
Analysed as			
EBITDA before exceptional items		**2,988**	5,274
Depreciation		**(1,768)**	(1,612)
Amortisation of intangible assets		**(1,677)**	(1,678)
Amortisation of grants		**2**	5
Loss on disposal of assets	*5*	**(157)**	(43)
Exceptional items	*5*	**(394)**	(1,384)
Operating (loss)/profit		**(1,006)**	562
Interest payable and similar charges	*8*	**(12)**	(13)
(Loss)/profit on ordinary activities before taxation		**(1,018)**	549
Tax on (loss)/profit on ordinary activities	*9*	**720**	(749)
Loss for the financial year		**(298)**	(200)

The company has no items of comprehensive income during the current or previous year other than those stated above and therefore no separate statement of comprehensive income has been presented.

Balance sheet
at 31 March 2017

	Note	**£'000**	**2017 £'000**	£'000	2016 £'000
Fixed assets					
Intangible assets	*10*		**18,467**		20,144
Tangible assets	*11*		**10,653**		10,620
Investments	*12*		**2,423**		2,423
			31,543		33,187
Current assets					
Stocks	*13*	**845**		996	
Debtors	*14*	**33,259**		33,300	
Cash at bank and in hand		**787**		181	
		34,891		34,477	
Creditors: amounts falling due within one year	*15*	**(58,312)**		(59,310)	
Net current liabilities			**(23,421)**		(24,833)
Total assets less current liabilities			**8,122**		8,354
Creditors: amounts falling due after more than one year	*16*		**(11)**		(13)
Provisions for liabilities	*17*		**(992)**		(924)
Net assets			**7,119**		7,417
Capital and reserves					
Called up share capital	*18*		**912**		912
Retained earnings	*19*		**6,207**		6,505
Total shareholders' funds			**7,119**		7,417

The notes on pages 10 to 21 form an integral part of these financial statements.

These financial statements on pages 7 to 21 were approved by the board of directors on 22 December 2017 and were signed on its behalf by:

O Shafi Khan
Director

Statement of changes in equity
for the year ended 31 March 2017

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total share-holders' funds
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2015	912	5,365	1	1,339	7,617
Comprehensive expense for the year					
Loss for the financial year	-	-	-	(200)	(200)
Other transactions recognised directly in equity					
Capital reduction	-	(5,365)	(1)	5,366	-
Balance at 31 March 2016	912	-	-	6,505	7,417
Comprehensive expense for the year					
Loss for the financial year	-	-	-	(298)	(298)
Balance at 31 March 2017	**912**	**-**	**-**	**6,207**	**7,119**

On 18 November 2015, the company undertook a capital reduction whereby the balances on the company's share premium account and capital redemption reserve were reduced by £5,365,414 and £1,000 respectively.

Notes to the financial statements

1 Company information

IDH Limited (the 'company') is a private company limited by shares incorporated and domiciled in England. The address of the registered office is: Europa House, Europa Trading Estate, Stoneclough Road, Kearsley, Manchester M26 1GG.

The principal activity of the company is the provision of dental services.

The company is a member of the group of companies headed by Turnstone Equityco 1 Limited ('the group'). The principal activities of the group are the operation of dental practices and the provision of materials, services and equipment to dental practices.

2 Accounting policies

Basis of preparation

The financial statements of IDH Limited have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the United Kingdom and Ireland ('FRS 102'), and with the Companies Act 2006.

These financial statements are prepared on a going concern basis, under the historical cost convention.

The financial statements are presented in Sterling (£).

A summary of the more important accounting policies, which have been applied on a consistent basis, is set out below.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with, including notification of, and no objection to, the use of the exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and that the company's cash flows are included within the consolidated cash flow statement for the group;
- from preparing a reconciliation of the number of shares outstanding at the beginning and end of the financial year;
- from disclosing the compensation paid to the company's key management personnel; and
- from disclosing related party transactions between wholly owned entities that are part of the Turnstone Equityco 1 Limited group of companies.

Turnover

Turnover represents the income received in the ordinary course of business for dentistry goods or services provided to the extent that the company has obtained the right to consideration. NHS turnover is recognised based on the volume of dental activity delivered in the contract period. Amounts received from the NHS in advance of dental activity delivered are held on the balance sheet within deferred income. Turnover from orthodontic treatment is recognised based on the stage of the completion reached during the course of treatment.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration and associated costs over the fair value of the separable net assets acquired, including intangible assets) arising in respect of business combinations is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

The company has not applied section 19 of FRS 102 to business combinations which occurred prior to the transition date of 1 April 2014, in accordance with the transitional exemption permitted under FRS 102.

Goodwill arising prior to the transition date is amortised over a useful life of 20 years. The useful lives reflect the period over which the company expects to benefit from the assets acquired.

In calculating the goodwill, the total consideration, both actual and deferred, is taken into account. Where the deferred consideration is contingent and dependent upon future trading performance, an estimate of the present value of the likely consideration payable is made. This contingent deferred consideration is re-assessed annually and corresponding adjustment is made to the goodwill arising on acquisition.

On the subsequent disposal or termination of a business acquired, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

Tangible assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset less expected residual value over its expected useful life as follows:

Fittings and equipment	4-10 years

Where the residual value of an asset is material it is reviewed at the end of each financial year, to ensure that it has been depreciated on an appropriate basis.

Impairment of fixed assets

At each reporting date fixed assets, including goodwill, tangible assets and investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated as the higher of its fair value less costs to sell or the value in use. This is then compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Dental practice consumables are valued at the weighted average purchase cost during the financial year. Average purchase cost is calculated to take account of trade discounts received and transport and handling costs incurred. Provision is made for obsolete, slow moving and defective stock.

Leases

Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Pensions

The company makes contributions to the National Employment Savings Trust ('NEST'), a defined contribution pension scheme, on behalf of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the income statement in the period to which they relate.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Government grants

Grants received to assist with the purchase of tangible fixed assets are credited to deferred income and are amortised over a period to match the life of the asset acquired. Revenue grants are recognised in the income statement in the financial year in which they are received.

Partnerships

Certain directors and members of group management act as partners on behalf of the company in a number of dental practice partnerships. Profits are recognised from the company's involvement in these partnerships as they are earned in line with the terms of the partnership agreements.

Financial instruments

Basic financial assets and liabilities, including trade and other receivables, trade and other payables, amounts owed to and by group undertakings and cash balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

3 Significant accounting judgements and estimates

In preparing the financial statements, the Directors are required to make significant judgements and estimates. The principal areas of the financial statements where judgements and estimates have been made are:

Impairment of fixed assets

At each reporting date, fixed assets, including goodwill, tangible assets and investments, are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. In determining whether there is an indication of impairment a number of judgemental factors must be considered, including an estimate of the future economic benefits that can be derived from the assets and current market conditions.

Income tax

The current income tax provision directly relates to the actual tax payable on the group's profits. Assumptions and judgements are made in applying tax laws to the taxable profits in any given period in order to calculate the tax charge for that year, including any deferred income tax element. Where the eventual tax paid or reclaimed is different to the amounts originally estimated, or where deferred tax estimates are revised, the difference will be charged or credited to the income statement in the period in which it is determined. See also note 9.

Notes to the financial statements *(continued)*

3 Significant accounting judgements and estimates *(continued)*

Useful economic lives of fixed assets

Fixed assets including goodwill and tangible assets are amortised over their useful economic lives. Useful lives are based on management's estimates of the period over which the assets will generate income. Useful lives are periodically reviewed for their continued appropriateness. Changes to estimates can result in changes in the carrying values and hence change the amounts charged to the income statement in particular periods which could be significant. More details, including carrying values, are included in notes 10 and 11.

4 Turnover

Turnover relates to the company's principal activity of the operation of dental practices. All services are provided in the United Kingdom.

5 Operating (loss)/profit

	2017	2016
	£'000	£'000
Operating (loss)/profit is stated after charging/(crediting):		
Depreciation – owned assets	**1,768**	1,612
Amortisation of intangible assets	**1,677**	1,678
Amortisation of grants	**(2)**	(5)
Operating leases – land and buildings	**2,615**	2,582
Rental income	**(5)**	(4)
Other operating income	**-**	(8)
Profits arising from involvement in partnerships	**(167)**	(115)
Loss on closure of dental practices	**157**	43
Exceptional items - rebranding costs	**394**	1,384
Auditors' remuneration:		
Amounts receivable by the auditors and their associates in respect of:		
Fees payable for the audit	**24**	15

Loss on closure of dental practices

The loss on closure of dental practices arose from costs incurred and assets which were scrapped following the closure of a small number of dental practices.

Notes to the financial statements *(continued)*

6 Employees

The average number of persons employed by the company (excluding directors), during the financial year was made up as follows:

	2017 **No of employees**	2016 No of employees
Surgery staff	**572**	580
Administration staff	**379**	373
	951	953

The aggregate payroll costs of these persons were as follows:

	2017 **£'000**	2016 £'000
Wages and salaries	**12,451**	12,140
Social security costs	**750**	707
Other pension costs	**55**	55
	13,256	12,902

7 Directors' remuneration

The directors received no emoluments from the company for their services during the financial year (2016: £Nil). The emoluments received as a director of a group holding company are disclosed in the financial statements of Turnstone Equityco 1 Limited for WHM Robson and T Scicluna. The emoluments received as a director of a group trading company are disclosed in the financial statements of Petrie Tucker and Partners Limited for C Davies, B Moroney, M Prasad and S Williams.

8 Interest payable and similar charges

	2017 **£'000**	2016 £'000
Unwinding of discount (note 17)	**12**	13

Notes to the financial statements *(continued)*

9 Tax on (loss)/profit on ordinary activities

a) Analysis of tax (credit)/charge for the financial year

	2017 £'000	2016 £'000
Current tax		
Current tax for the year	-	-
Deferred tax		
Deferred tax (credit)/charge for the year	**(269)**	527
Adjustment relating to the prior year	**(600)**	(68)
Impact of change in tax rate	**149**	290
Total deferred tax (credit)/charge for the year	**(720)**	749
Tax on (loss)/profit on ordinary activities	**(720)**	749

b) Factors affecting the tax charge for the financial year

The tax charge for the year is lower (2016: higher) than the standard rate of corporation tax in the UK for the year ended 31 March 2017 of 20% (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
(Loss)/profit on ordinary activities before taxation	**(1,018)**	549
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20%)	**(204)**	110
Effects of:		
Expenses not deductible for tax purposes	**110**	103
Difference in tax rate – capital allowances	**40**	25
Adjustment relating to the prior year	**(600)**	(68)
Impact of change in tax rate	**149**	290
Chargeable losses in the year	**-**	(8)
Group relief (claimed)/surrendered for nil consideration	**(215)**	297
Tax on profit on ordinary activities	**(720)**	749

The main rate of corporation tax reduces from 20% to 19% with effect from 1 April 2017. A further reduction in the main rate of corporation tax to 17% from 1 April 2020 was substantively enacted on 15 September 2016 and the deferred tax asset has been re-measured accordingly.

Notes to the financial statements *(continued)*

10 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 April 2016 and 31 March 2017	**33,548**
Accumulated amortisation	
At 1 April 2016	13,404
Charge for the year	1,677
At 31 March 2017	**15,081**
Net book value	
At 31 March 2017	**18,467**
At 31 March 2016	20,144

11 Tangible fixed assets

	Fittings and equipment £'000
Cost	
At 1 April 2016	34,925
Additions	1,948
Disposals	(177)
At 31 March 2017	**36,696**
Accumulated depreciation	
At 1 April 2016	24,305
Charge for the year	1,768
Disposals	(30)
At 31 March 2017	**26,043**
Net book value	
At 31 March 2017	**10,653**
At 31 March 2016	10,620

Notes to the financial statements *(continued)*

12 Investments

	2017	2016
	£'000	£'000
Investments at cost in subsidiary undertakings		
Investments in subsidiary undertakings	**2,423**	2,423

The table below provides details of the subsidiary undertakings, all of which are 100% interests in the ordinary share capital and all of which are consolidated in the financial statements of the ultimate parent company, Turnstone Equityco 1 Limited.

In the opinion of the directors, the value of the company's investment in its subsidiaries is not less than the amount at which it is shown in the balance sheet.

Name of subsidiary	**Principal activity**	**Country of incorporation**
@TheDentist Limited	Dormant	England
ADP Ashford Ltd	Dental practices	England
ADP Yorkshire Ltd	Dormant	England
Dental Health Care Limited	Dormant	England
Dental Talent Tree (Recruitment) Limited	Dental recruitment	England
IDH Mansfield Limited	Dental practices	England
OurDentist Ltd	Dormant	England

In addition to the limited companies listed above, the company controls the following partnerships, all of which are engaged in dental practice activities, through the appointment of members of the management team as partners, acting on behalf of the company:

Name of partnership	**Name of partnership**
Chantry Dental Practice Partnership	The Dental Surgery Partnership
JF Scott Dental Surgeon Partnership	The Lacey Dental Practice Partnership
Lambert Coutts & Associates Dental Practice Partnership	Trinity Terrace Dental Practice Partnership
The Caulfield Dental Surgery Partnership	Weymouth and the Bridges Dental Practice Partnership

13 Stocks

	2017	2016
	£'000	£'000
Dental practice consumables	**845**	996

Notes to the financial statements *(continued)*

14 Debtors

	2017	2016
	£'000	£'000
Trade debtors	**14**	112
Amounts owed by group undertakings	**29,282**	28,252
Deferred tax	**2,805**	2,085
Prepayments and accrued income	**1,158**	2,851
	33,259	33,300

Amounts owed by group undertakings are unsecured, are not subject to an interest charge and are repayable on demand.

Deferred tax

The movement on deferred tax in the financial year is analysed as follows:

	£'000
At 1 April 2016	2,085
Accelerated capital allowances	269
Adjustment relating to the prior year	600
Impact of change in tax rate	(149)
At 31 March 2017	**2,805**

The elements of deferred taxation are as follows:

	2017	2016
	£'000	£'000
Accelerated capital allowances	**2,805**	2,085

15 Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Trade creditors	**280**	1,822
Amounts owed to group undertakings	**45,694**	45,694
Accruals and deferred income	**12,338**	11,794
	58,312	59,310

Amounts owed to group undertakings are unsecured, are not subject to an interest charge and are repayable on demand.

Included within accruals and deferred income are unamortised Government grants totalling £3,000 (2016: £3,000). The amount amortised during the year is disclosed in note 5 and the movement on all grants is shown in note 16.

Notes to the financial statements *(continued)*

16 Creditors: amounts falling due after more than one year

	2017	2016
	£'000	£'000
Accruals and deferred income	**11**	13

The above accruals and deferred income relate wholly to unamortised Government grants. The amount amortised during the year is disclosed in note 5 and the movement on all grants is shown below:

	Government grants £'000
At start of the financial year	16
Amortisation charge (note 5)	(2)
At the end of the financial year	**14**

17 Provisions for liabilities

	Dilapidations £'000
At 1 April 2016	924
Credited to the income statement	103
Utilised in the financial year	(47)
Unwinding of discount	12
At 31 March 2017	**992**

Dilapidations

Provision has been made for the costs associated with contractual obligations to return the practices to their original condition at the end of the lease.

18 Called up share capital

	2017	2016
	£'000	£'000
Allotted, called up and fully paid		
911,789 ordinary shares of £1 each	**912**	912

Notes to the financial statements *(continued)*

19 Reserves

The following describes the nature and purpose of each reserve within shareholders' funds:

Retained earnings

Cumulative net gains and losses recognised in the company income statement or through equity.

20 Commitments

The company had the following future minimum lease payments under non-cancellable operating leases at the balance sheet date:

	2017	2016
	£'000	£'000
Land and buildings		
Within one year	**2,161**	2,154
Between one year and five years	**7,166**	7,047
After five years	**7,435**	8,202
	16,762	17,403

21 Financial assets and liabilities

The company has the following financial instruments:

	Note	**2017**	2016
		£'000	£'000
Financial assets measured at amortised cost			
Trade debtors	*14*	**14**	112
Amounts owed by group undertakings	*14*	**29,282**	28,252
		29,296	28,364
Financial liabilities measured at amortised cost			
Trade creditors	*15*	**(280)**	(1,822)
Amounts owed to group undertakings	*15*	**(45,694)**	(45,694)
		(45,974)	(47,516)

Notes to the financial statements *(continued)*

22 Contingent liabilities

Until 5 August 2016, the issued share capital of the company was pledged as security over the £200 million of senior secured fixed rate notes, £225 million of senior secured floating rate notes and £75 million of second lien notes issued by IDH Finance Plc, along with the obligations of Turnstone Bidco 1 Limited in respect of its £100 million super senior revolving credit facility ('SSRCF'). Both IDH Finance Plc and Turnstone Bidco 1 Limited are also wholly owned subsidiaries of Turnstone Equityco 1 Limited.

On 5 August 2016, IDH Finance Plc, issued £275 million of senior secured fixed rate notes, £150 million of senior secured floating rate notes and £130 million of second lien notes maturing between 2022 and 2023. The proceeds were used to repay the existing notes and borrowings under the SSRCF. On the same date, Turnstone Bidco 1 Limited entered into an agreement with a syndicate of banks for a new £100 million SSRCF, available until 2022.

As a result, the charge that was in place over the company's assets in respect of the existing notes and SSRCF was extinguished and the issued share capital of the company has been pledged as security for the new notes and SSRCF, in the event that either IDH Finance Plc, or Turnstone Bidco 1 Limited, are unable to meet, in full, their obligations as set out in the notes indenture and the SSRCF facility agreement.

23 Controlling party

The immediate parent undertaking is IDH Acquisitions Limited, incorporated in England.

The results of the company are consolidated in the financial statements of Turnstone Equityco 1 Limited, a company incorporated in England.

Turnstone Midco 2 Limited is the parent undertaking of the smallest group to consolidate these financial statements. Turnstone Equityco 1 Limited is the parent undertaking of the largest group to consolidate these financial statements. The consolidated financial statements of both Turnstone Midco 2 Limited and Turnstone Equityco 1 Limited are publicly available and may be obtained from Turnstone Equityco 1 Limited, Europa House, Stoneclough Road, Kearsley, Manchester, M26 1GG.

The ultimate controlling party is considered by the Directors to be CEP III Participations S.a.r.l. SICAR, an investment vehicle for The Carlyle Group. CEP III Participations S.a.r.l. SICAR is the controlling party of Turnstone Equityco 1 Limited.