

Registered number: 08405422

THE OASIS HEALTHCARE GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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THE OASIS HEALTHCARE GROUP LIMITED

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THE OASIS HEALTHCARE GROUP LIMITED

COMPANY INFORMATION

DIRECTORS

J J Ash
D J Leatherbarrow
J F Perry
W Colvin
P A C Fox
Lord S A Rose
J Gonzalez
J R Wyatt

COMPANY SECRETARY

Oasis Healthcare Limited

REGISTERED NUMBER

08405422

REGISTERED OFFICE

Oasis Healthcare Support Centre
Building E, Vantage Office Park
Old Gloucester Road
Hambrook
Bristol
BS16 1GW

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol
BS2 0FR

BANKERS

Barclays Bank plc
11th Floor
Churchill Place
London
E14 5HP

THE OASIS HEALTHCARE GROUP LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

I am delighted to report another successful year for Oasis. Dentistry is an exciting and important market to be in and we are proud to be leading the change in the industry so that dentistry is led by consumer choice

Oasis has continued to expand both organically and through acquisitions. This has resulted in delivering excellent growth.

- Turnover: £275m (up 18% from £234m last year)
- EBITDAE: £40m (up 34% from £30m last year)

We continued to deliver on our NHS commitments with UDA delivery of 98% and UOA delivery of 100% in England and Wales, and a strong participation in other domiciles. We continue to partner with the NHS in the development of new prototypes in England. In addition to delivering our NHS contracts, we also grew our private like for like ("LFL") revenue by 7.9%, another strong year reflecting the growing Oasis consumer franchise. We completed on 36 acquisitions and mergers in the UK and opened 2 new-build sites in Republic of Ireland, expanding our footprint to 364 practices at the end of the year. Oasis now has a strong presence across the whole of the UK and Ireland and provides dentistry to over 1.8 million patients, which represents an increase of around 170,000 compared to the prior year.

This is only possible because of the hard work and dedication of all our clinicians and support staff. We engage over 1,600 dentists and employ over 4,000 members of staff. I would like to say thank you to every one of them for all their efforts and commitment that makes Oasis the go to brand for dentistry. This is reflected in our strong patient scores with 97% of patients saying they would recommend Oasis to their friends or family.

We continued to invest in strong clinical compliance as well as corporate governance. This is emphasised by our 99% CQC compliance record. Our Dental Care Board, with majority dentist membership, has met 4 times this year and the full Board of Directors has met 11 times during the year, providing strategic direction to the business. As we look ahead, we will build on the success of this year, further expand our national footprint in the UK and Ireland and continue to deliver excellent service, care and value for money to our patients.

Lord Rose
Chairman

THE OASIS HEALTHCARE GROUP LIMITED

REPORT OF THE CHIEF EXECUTIVE OFFICER AS AT 31 MARCH 2016

Oasis is the leading provider of private dentistry in the UK and Ireland and a major provider to the NHS in all domiciles. As at 31 March 2016, we operated from 364 practices providing care to over 1.8 million patients.

Our vision is clear. To be recognised as the go to brand for dentistry in the UK and Ireland – putting the patient at the heart of everything we do. Central to our ethos is a commitment to increasing access to affordable, quality dentistry and expanding choice. We have been championing clear transparent pricing, moving to single price point, as well as extending opening hours. This patient centric approach has also seen the introduction of a new, modern practice design, online appointment booking, digital x-rays and patient wi-fi.

Oasis is committed to leading the innovation of the dental industry, bringing our patients' dental journey into the 21st century, with the patient always at the heart of all that we do.

Growing our footprint

During the year ended 31 March 2016, we completed on 36 acquisitions and mergers in the UK. We also opened 2 new-build sites in Ireland, expanding our footprint to 364 practices at the end of the year.

We now have a good presence in all part of the UK and Ireland with

- 297 practices in England
- 20 practices in Wales
- 11 practices in Scotland
- 16 practices in Northern Ireland
- 20 practices in Republic of Ireland

Putting the patient at the heart of everything we do

We have continued to invest in our customer proposition.

- We have continued with our estate upgrade program; including re-branding practices and a rolling dental chair replacement project.
- We have invested in digital x-ray fully across the estate and now have 25 CBCT scanners for use throughout the group.
- We have introduced on-line booking into all practices and are seeing growth in the number of patients who book their appointment on-line.
- All our practices now have extended opening hours, opening from 8am until 7pm at least 3 days a week and some practices are beginning to open on Saturdays and Sundays.
- We have introduced platinum practices to further enhance the customer experience in certain sites.
- We have focused on expanding treatment choice to patients, seeing strong growth in our Basics offering and also specialist treatments
- Our Dental Care Board has met 4 times throughout the year and has provided strong clinical guidelines that are then implemented throughout the business

We are proud to have a 99% CQC compliance record and committed to ensuring it remains high. We are proud that this focus on the patient has resulted in strong patient endorsement, with a net promoter score of +42

THE OASIS HEALTHCARE GROUP LIMITED

REPORT OF THE CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED 31 MARCH 2016

Working in partnership with the NHSO

Oasis continues to maintain a strong working relationship with the NHS. We maintain close links at local levels with commissioning managers to ensure appropriate delivery of quality care to our patient base. We continue to offer a range of services through NHS partnership, including orthodontics, minor oral surgery as well as our general dental offerings.

We remain committed to delivering our NHS contracts, delivering 98% of our contracted UDAs in 2015/16, which we believe is a market leading position for a dental body corporate and ahead of the market overall. We also delivered 100% of our contracted UOAs during the year ended 31 March 2016.

We are proud to work closely with the Department of Health on their prototypes Initiative which aims to improve the oral health of the country and increase access to dentistry. Oasis is running 8 of 82 prototypes

There are currently a number of these pilots running within our practices, including new build NHS practices and a pilot in 5 of our Cumbria practices which uses an oral health score rather than a UDA system. We are also working with the Northamptonshire PCT to increase access to dentistry in 4 of our practices, with extended opening times of 8am to 8pm, 365 days a year

Investing in our people

Our success is a result of the dedication and hard work of our people. As at 31 March 2016, we had 1,626 self-employed dentists (2015: 1,486), 490 hygienists and therapists (2015: 403), 3,631 employed practice staff (2015: 2,917) and a well-resourced support centre. Our teams are united by our organisational values and our collective goal of putting the patient at the heart of everything that we do and I am proud of what we have achieved this year.

2015/2016 saw the introduction of a number of new initiatives aimed at engaging, developing and retaining our teams. I held two CEO Company all hands conference calls and 7 'Big Meetings' across the country for all staff and dentists, helping our teams to understand our financial aspirations and performance, engage in the business' strategy and ask questions.

We welcomed the introduction of the National Living Wage on the 1st April 2016 having prepared a proactive stance towards the change. We implemented our National Living Wage Plus, a company commitment to exceed the regulations, further uplifting the salaries of skilled roles. This was not the only key reward improvement as we also introduced a company-wide payroll sacrifice scheme and employee benefits portal. We strongly believe we have a market competitive pay and benefits package.

Our talent pipeline remains a significant part of our success and in 2015/2016 we expanded our investment in this important area. We facilitated a second Practice Manager Academy and introduced for the first time this year a celebratory graduation event, welcoming Lord Rose as our key note speaker. 58 graduated from the programme during the year and we average a 60-70% success rate for promotions. We appreciate the importance of early talent retention and in the latter stages of the year our teams worked towards the production and implementation of an innovative 12 week blended e-learning programme which we have called our Practice Manager Orientation.

We continued our investment in our Nurse Academy with approximately 200 learners at any one time. We are well positioned at this stage for the 2017 introduction of the Apprenticeship levy. We also delivered on our commitment to hold regional nurse & hygienist conferences. Over 500 of our staff took part in the opportunity gaining essential CPD, networking with suppliers and committing to practice business plans. Two practices won brand new air-flow technology, funded by partners. Hygienist development was a key theme in Quarter Four with further introduction of air-flow technology in trial sites and the expansion of nurse support. This programme and activity will continue through 2016/2017.

THE OASIS HEALTHCARE GROUP LIMITED

REPORT OF THE CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED 31 MARCH 2016

We also invested in a new HRIS technology to enable teams to continue to provide excellent services against a backdrop of rapid growth. This new technology has enabled integrated services and employee and manager self-service.

We are committed to ensuring our clinicians have plenty of continual professional development opportunities and we specifically focused on social orthodontics and whitening skills development alongside our normal programmes of work and dentist inductions. We are proud to partner with an established industry supplier to deliver core CPD for our clinical populations. We also supported four key leaders with their MBA in Healthcare in partnership with the University of Plymouth alongside the sponsorship of 30 varying dental MSCs for our dentists.

Talent acquisition is an important focus area for our business as we seek to ensure a solid flow of resources in order to deliver great care to our patients. In 2015/2016 we established an in-house employed recruitment team to reduce our reliance on agency support. Expansion of these services will happen in 2016/2017 with a focus on building our employer brand in the market place. The associate recruitment team continue their focus on identifying talented dentists, therapists and hygienist to join our group. They maintain an active presence in the overseas market, dental trade shows and explore all relevant recruitment channels to network with the best talent. We believe we have a competitive offering for our associates and our scale now means we can offer opportunities that are not available in the independent market place.

A particular highlight is always our conference where we celebrate the year and cast the vision for the coming year. This year we also had a lecture from a visiting clinical expert, Chris Tredwin Dean of Peninsula Dental School, who presented on restorative dentistry. The evening culminated in an awards dinner, hosted by Rory Bremner, when we presented the following awards:

Oasis contributor of the year – Katie Kerr
Support function of the year – Clinical compliance
Receptionists of the year – Julie Fryer, Harrogate & Daniel Adams, Ivybridge
Hygienists / Therapists of the year – Sharon Tozer & Helen Jones, Solihull & Jane Fellows, Wells
Nurses of the year – Emily Jarvis, Stamford & Ria Peglar, Trowbridge
Areas of the year – Andy Relf, Northern Ireland & Martina Lamden, South West
Practices of the year – Rhyi & Wantage & Grosvenor House, Tunbridge Wells
Practice managers of the year – Amanda Finlay, Bolton & Charlotte Gallagher, Sevenoaks
Outreach initiative – Deborah Simpson, Lytham
Dentists of the year – Ian Morrison, Sale Moor & Marie Sharkey, Strabane
Changing face, transforming lives – Oliver Harman, Tunbridge Wells

Charitable partnership and community work

Oasis Dental Care is active within the communities it serves

We continue to partner with Bridge2Aid, a dental charity, to help train rural-based Health Workers in Tanzania – giving them the skills, equipment and resources they need to provide emergency dental care. Oasis has run a number of events, both at an individual practice level and also at a corporate level and through support of the flagship charity day called "smile in pink". We are proud to have raised over £10,000 for Bridge2Aid during the year.

We decided this year to lend our support to local charities in order to show our support for local communities. Our major campaign was held on Saturday 27th February 2016 when practices opened their doors to see patients, raise funds for local charities, with Oasis donating 20% of any profits taken on the day to the charities. In total, £45,000 was raised for local charities and Oasis's charity partner, Bridge2Aid, £23,000 raised by our fantastic teams and £22,000 matched funds from Oasis.

During the year we have trialed a partnership with "Pennies" enabling our patients to make small donations to Bridge2Aid when using a card transaction. This trial was successful and a full launch can be anticipated in 2016/2017.

THE OASIS HEALTHCARE GROUP LIMITED

REPORT OF THE CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED 31 MARCH 2016

Oasis also operates an outreach programme, aimed at increasing education and oral health awareness to young children and families through school visits. We have paid particular focus to work experience opportunities this year and have developed a structured programme for our practices.

Financial results

We have had another year of strong growth

- Turnover: £275m (up 18% from £234m last year)
- EBITDAE £40m (up 34% from £30m last year)

Like for like turnover increased by 3% in the year, split 7.9% increase in private turnover and flat NHS turnover. EBITDA margin has improved by 1.8% to 14.4% as a result of a number of cost savings initiatives for consumables and lab fees following our investment in an on-line labs procurement system and tight control of overheads both at practice and head office levels.

Future prospects

We at Oasis are very proud of our dedication and achievements in pioneering the dental patient journey and challenging the status quo in order to adopt patient focused change. This past year has seen a continuation of that journey and the patient has, and will always, remain at the heart of all that we do.

We believe we are leading the change in the dental market and that patients are responding to this change. We believe we are well placed to continue to grow both in terms of patients, revenue and practices. We will continue to invest: in our practices to provide modern, quality facilities; in expanding our footprint across the UK and Ireland, and in marketing to grow our patient base. During the coming year, we will launch the first national TV campaign from a dental practice chain.

We believe through the investment, innovation and commitment to excellence and patient outcomes Oasis has shown, we are leading the way to shape a modern dental sector, which is changing the face of dentistry.

J J Ash
CEO

THE OASIS HEALTHCARE GROUP LIMITED

REPORT FROM THE DENTAL CARE BOARD AS AT 31 MARCH 2016

At Oasis, we are passionate about ensuring clinical governance across all our practices and for all our clinicians. We have a Dental Care Board whose remit it is to monitor the clinical governance of all registered dental care professionals working across our geographically widespread locations and to co-ordinate the activities of the independent Dental Body Corporates comprising the group structure. Clinical governance is defined as a systematic approach to maintaining and improving the quality of patient care within a healthcare system. The Dental Care Board has designed and implemented a system which aims to provide the members with sufficient information about activity to allow monitoring of the group's clinical performance. The intention of this system is to protect our patients, maintain the professional status of our clinicians and enhance the reputation of the company.

The areas of focus for the Dental Care Board are as follows.

NHS performance: To track and assess practice performance against national standards in each market, including NHS Vital Signs. To flag up individual dentists whose performance does not fall within nationally agreed parameters and to ensure that appropriate management of these issues has taken place.

Private performance: Outliers are tracked and a similar monitoring system to NHS Vital Signs bespoke to Oasis will soon be launched.

Complaints: To establish and continually improve processes to identify, respond to and learn from patient complaints. To review the complaints received and dealt with at the Support Centre, including details of both volume and seriousness of the complaints and to ensure that those complaints are being addressed. Oasis has a bespoke on-line system to track, respond and learn from complaints.

HR: To identify development opportunities to build the competence of our clinical teams.

CQC compliance: To establish leading edge systems to ensure a high level of CQC compliance, RQIA compliance and requirements in all domiciles. To receive and review a list of each practice inspected during the preceding three months, along with a summary of the report from the CQC, and any other bodies, and list of any actions implemented as a result. Oasis has a bespoke audit system and a team of auditors to ensure outstanding CQC compliance, currently at 99.3%.

Patient feedback: To ensure robust patient feedback processes for private and NHS / Public treatments. To review a summary of questionnaires gathered in the practices and online surveys completed by patients, with outlying performance being highlighted and investigated where necessary.

The Board also has a role in advising the executive team of changes in professional standards and legislation which may impact upon the business and setting protocols for adoption across the group. Meetings of the Dental Care Board take place quarterly and include a good mixture of experienced clinicians and senior executives from the group.

As a group, we know that strong clinical governance must underpin everything that we do and we believe that by investing in the Dental Care Board, we are at the forefront of clinical governance in the dental industry in the UK.

THE OASIS HEALTHCARE GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016

The directors present their Group Strategic Report of The Oasis Healthcare Group Limited (the "Group") for the year ended 31 March 2016.

BUSINESS REVIEW

The dental care market remains a fragmented but fast consolidating sector. The Group has enjoyed a successful year and the Board foresees continued expansion. This will be achieved through continuing to be a leading player in both NHS and private dentistry, in many cases incorporating both types of business in a single practice, and extending this lead by rapid growth through both acquisition and organic growth.

The results for the year show an operating profit of £7,154,000 (2015: £4,170,000) and a loss after tax of £17,346,000 (2015: £23,936,000).

The Board considers that EBITDAE provides the most meaningful basis for assessing the underlying performance of the Group, albeit that these terms are not defined by United Kingdom Generally Accepted Accounting Practice and therefore may not be directly comparable with other companies' adjusted profit measures. EBITDAE has increased by 34% from £29,580,000 for the year to 31 March 2015 to £39,676,000 for the year ended 31 March 2016. The increase in turnover and EBITDAE are due in part to the impact of acquisitions, like for like revenue growth, and operational and purchasing efficiencies.

During the year, the group made a number of acquisitions of individual dental practices and small groups of dental practices, increasing the number of practices from 338 at 31 March 2015 to 364 at 31 March 2016. This has further strengthened the group's position as the UK's largest provider of private dental care and a major provider to the NHS. Details of acquisitions in the year are disclosed in note 31 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Group's strategy are subject to a number of risks and uncertainties. The key business risks and uncertainties affecting the Group are set out below. Risks are formally reviewed by the board and appropriate processes are put in place to monitor and mitigate them.

Competition

During 2015/16, the Group completed on many acquisitions and mergers which has significantly increased its national footprint across the UK, increasing the number of practices from 338 at 31 March 2015 to 364 at 31 March 2016. Given the fragmented nature of the market with a high volume of small and geographically limited providers, the corporate exposure to competition is mitigated through the development and embedding of a strong national brand identity, national presence and clinical compliance framework.

Human resources

The Group's ability to recruit and retain dentists is key to the future growth of the business. The directors place a significant emphasis on the recruitment, retention and performance of the Group's largely self-employed dentists and the Group's staff. The Group has established policies to manage recruitment and retention, such as the Group's "Fitness to Practice" training programme, as well as developing links with dental schools both in the UK and Europe to provide a flow of well qualified dental practitioners. The Group's associate contract for self-employed dentists aims to motivate, incentivise and retain those practitioners through the provision of self-employed revenue sharing.

Clinical standards

It is of utmost importance to the Group that the clinical care delivered to our patients is at a standard expected from the Group, by patients, industry forums and regulatory authorities. The Board has established a formal organisation structure that allows clinical policies and procedures to be developed and ensure day-to-day compliance monitoring. The Board is supported by a separate Dental Care Board comprised of eminent people in healthcare, including dentistry. This is further supported by Regional Clinical Service Advisors each of whom is a qualified dental practitioner and an external audit clinical team to ensure compliance with CQC standards. The Group also has a Clinical Director who reports directly to the Chief Executive Officer. Rigorous monitoring of standards and the continued development and training of the Group's dentists is applied. The Board have further mitigated any risk by ensuring that suitable insurance policies are taken out at both an individual and corporate level.

THE OASIS HEALTHCARE GROUP LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2016

Acquisitions

The Group's strategy involves growing the business through both organic and non-organic growth. The non-organic growth involves the acquisitions of individual practices and dental bodies corporate with multiple practices. The risk to growth through the availability of suitable acquisitions together with competition within the corporate dental care sector is minimised by a dedicated acquisitions team. The risk of loss or reduction of the financial facility to fund these acquisitions is mitigated by demonstrating a robust stewardship of funds and stringent criteria for new acquisitions to ensure they add growth and are a strategic fit for the Group.

IT and finance systems

Reliable and robust IT and financial systems and processes that enable practices and central services to operate effectively and efficiently are of paramount importance. An infrastructure investment programme is in place to ensure that network, practice and financial IT hardware and software are upgraded and replaced on an ongoing basis. Risk of failure in IT systems are mitigated by a dedicated IT team, appropriate external IT service and hosting providers and a disaster recovery programme. Finance systems, processes and controls are managed by an experienced and qualified finance team to support business needs and pay dentists, suppliers and employees accurately and on a timely basis.

FINANCIAL KEY PERFORMANCE INDICATORS

The performance of the business is monitored at various levels from Group level down through region, area and practice level to individual dentists. Management accounts are produced and reviewed on a monthly basis. The key financial measures the directors consider as important are turnover, gross margin and EBITDAE. The directors also monitor the split of income between private and NHS.

	2016	2015
Turnover (£'000)	275,096	234,001
Turnover by type of activity (£'000)		
Provision of NHS dental services	127,469	111,899
Provision of private dental services	147,627	122,102
Gross margin (%)	47.6%	46.8%
EBITDAE (£'000)	39,676	29,580
EBITDAE margin (%)	14.4%	12.6%

OTHER KEY PERFORMANCE INDICATORS

The Board has continued to monitor business performance using the following key non-financial performance indicators.

	2016	2015
Total practices	364	338
Total active patients*	1,832,768	1,662,965
Customer satisfaction	97.0%	98.2%
CQC Compliance	99.3%	100%
Private LFL growth	7.9%	8.6%
UDA LFL delivery	98%	99%

*Active patients are defined as patients who have visited a practice within the last 24 months.

This report was approved by the board on 22 July 2016 and signed on its behalf by:


J Gonzalez
Director

THE OASIS HEALTHCARE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The Directors present their annual report and the audited financial statements of The Oasis Healthcare Group Limited (the "Company") and the audited consolidated financial statements of the The Oasis Healthcare Group Limited Group (the "Group") for the year ended 31 March 2016.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of a holding company. The principal activity of the Group is the operation of dental practices and provision of dental services.

ADOPTION OF FRS 102

As a result of the FRS 102 transition, the Group has recognised an increase in intangible assets of £7,994,000, an increased deferred tax liability of £9,585,000, a reduction in deferred consideration of £1,134,000 and a decrease in retained earnings of £457,000. The increase in Group Intangible assets are as a result of attributing a value to the Patient lists and Brand of the business combinations since the transition date of 1st April, 2014. The increase in intangible assets has resulted in the Group recognising a deferred tax liability. No deferred tax is recognised on goodwill. The reduction in deferred consideration under FRS 102 is as a result of recognising the present value of future payments. Please refer to note 39 for further details of these adjustments.

RESULTS AND DIVIDENDS

The loss for the financial year amounted to £17,346,000 (2015: £23,936,000)

In accordance with the terms of the Preference shares, a dividend of £11,805,000 (2015: £10,372,000) has been accrued in these financial statements classified as an interest expense and accrued as a long term liability. The Directors do not recommend the payment of any other dividend and no other dividends have been paid during the year.

DIRECTORS

The Directors who served during the year and up to the date of signing the financial statements were:

J J Ash
D J Leatherbarrow
J F Perry
W Colvin
P A C Fox
Lord S A Rose
J Gonzalez
J R Wyatt

FUTURE DEVELOPMENTS

The Group will continue to increase its provision of NHS dentistry whilst also maintaining a firm commitment to private dentistry. The Group will seek to develop a range of affordable, fixed price offerings including orthodontics, implants and facial aesthetics. This will ensure that the Group continues to develop a strong national brand in order to combat competition from local providers.

ENVIRONMENTAL MATTERS

The Group is conscious of its environmental responsibilities and is taking steps to reduce the impact on the environment through schemes such as waste recycling, heavy metal recovery, emissions control and reduction in energy usage. The CRC Energy Efficiency Scheme commenced in April 2010 and, as a portfolio company, the Group collates and reports emissions to the parent to comply with the scheme requirements.

THE OASIS HEALTHCARE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

EMPLOYEE INVOLVEMENT

Employee involvement, consultation and development fulfil key roles in achieving the Group's continuing growth. Employees are kept informed through meetings, practice newsletters and the Intranet. Dentists undertake an extensive Fitness to Practice induction programme before new practices are opened, ensuring that a high quality of service is delivered. For overseas dentists practicing in the UK for the first time this is tailored to the needs of the individual. The Group also assists overseas dentists with integrating into the local community.

Our annual conference is our key forum to bring dentists, staff, support teams and suppliers together - discussing Oasis' progress, plans and quality initiatives.

All Oasis dentists and employees have the opportunity to develop and progress. As well as regular updates at the Support Centre in Bristol, practices work together in local clusters to benefit the teams with improved networking, increased referral activity, comprehensive clinical and business management support, targeted investment and local decision making.

DISABLED EMPLOYEES

All practicable arrangements are made to accommodate disabled persons into employment. Those who become disabled whilst in the Group's employment are retrained and/or transferred to alternative jobs as appropriate. All employees are eligible for appropriate training, career development and promotion opportunities and disabled people are not treated any differently in this respect.

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

The Group and Company agree payment terms with their suppliers when they enter into binding purchase contracts. The Group and Company seek to abide by the payment terms agreed with suppliers whenever they are satisfied that the supplier has supplied the goods and services in accordance with the agreed terms and conditions. The Group and Company do not have a standard or code which deals specifically with the payment of suppliers.

The ratio, expressed in days, between the amounts invoiced to the Group by their suppliers in the year ended 31 March 2016 and the amounts owed to its trade creditors at the year end was 38 (2015: 39) days.

The Company had no trade creditors at 31 March 2016 (2015: none).

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate cash flow risk. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the board of directors are implemented by the Group's finance department.

Credit risk

The Group has implemented policies that require non-NHS funded balances to be settled upon the treatment occurring. Our credit risk primarily relates to PCTs and is therefore considered to be low.

Liquidity risk

The Group maintains cash balances and a mix of long-term loans and other equity instruments and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations, planned expansions, and acquisitions as well as providing covenant cover.

Interest rate cash flow risk

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances which earn interest at a floating rate. The Group uses financial derivatives in order to minimise its exposure to interest fluctuations on its bank borrowings. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

THE OASIS HEALTHCARE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

GOVERNANCE

The Oasis Healthcare Group Limited Board met 11 times during the year. In addition to main Board meetings powers are delegated to the following sub-committees: Audit, Nominations, Remuneration, the Executive Committee as well as the independent Dental Bodies Corporate. Each has a clear statute of authority and delegated powers, met regularly during the year and made reports to the Board. A risk register is updated regularly by the Executive Committee and reviewed at Board meetings.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Group Strategic Report, Directors' Report and the group and parent company financial statements (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 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).

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 group and the company and of the profit or loss of the group and company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

THE OASIS HEALTHCARE GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

INDEPENDENT AUDITORS

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board on 22 July 2016 and signed on its behalf by:



J Gonzalez
Director

THE OASIS HEALTHCARE GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE OASIS HEALTHCARE GROUP LIMITED

Report on the financial statements

Our opinion

In our opinion, The Oasis Healthcare Group Limited's group financial statements and parent company financial statements (the "financial statements")

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2016 and of the group's loss and cash flows 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 Consolidated Balance Sheet as at 31 March 2016;
- the Company Balance Sheet as at 31 March 2016
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Company 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 matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility

THE OASIS HEALTHCARE GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE OASIS HEALTHCARE GROUP LIMITED

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.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 group's and 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.



Colin Bates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

22 July 2016

THE OASIS HEALTHCARE GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £000	2015 £000
Turnover	5	275,086	234,001
Cost of sales		(144,266)	(124,512)
Gross profit		130,830	109,489
Administrative expenses		(117,948)	(101,352)
Exceptional administrative expenses	14	(5,728)	(3,967)
Operating profit		7,154	4,170
Interest receivable and similar income	10	91	78
Interest payable and similar charges	11	(32,864)	(28,491)
Loss on ordinary activities before taxation		(25,619)	(24,243)
Tax on loss on ordinary activities	12	8,273	307
Loss for the financial year		(17,346)	(23,936)
Exchange differences arising on consolidation of foreign subsidiaries		283	(482)
Other comprehensive income/(expense) for the financial year		283	(482)
Total comprehensive expense for the year		(17,063)	(24,418)
Loss for the financial year attributable to:			
Owners of the parent Company		(17,346)	(23,936)
		(17,346)	(23,936)
Total comprehensive expense for the financial year attributable to:			
Owners of the parent Company		(17,063)	(24,418)
		(17,063)	(24,418)

THE OASIS HEALTHCARE GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
FOR THE YEAR ENDED 31 MARCH 2016**

	2016 £000	2015 £000
Non-GAAP EBITDAE		
Loss on ordinary activities before taxation	(25,619)	(24,243)
Adjustments for:		
Exceptional administrative expenses	5,728	3,967
Interest payable and similar charges	32,864	28,491
Interest receivable and similar income	(91)	(78)
Amortisation of goodwill and intangible assets	16,420	12,837
Depreciation of tangible fixed assets	10,374	8,606
EBITDAE	39,676	29,580

THE OASIS HEALTHCARE GROUP LIMITED
REGISTERED NUMBER:08405422

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2016

	Note	2016 £000	2015 £000
Fixed assets			
Intangible assets	16	288,533	255,249
Tangible assets	17	61,450	51,480
		<u>349,983</u>	<u>306,729</u>
Current assets			
Inventories	19	4,135	3,416
Debtors, amounts falling due within one year	20	18,820	15,800
Cash at bank and in hand	21	19,511	22,743
		<u>42,466</u>	<u>41,759</u>
Creditors' amounts falling due within one year	22	(37,358)	(34,388)
Net current liabilities		<u>5,108</u>	<u>7,371</u>
Total assets less current liabilities		<u>355,091</u>	<u>314,100</u>
Creditors' amounts falling due after more than one year	23	(405,303)	(345,283)
Provisions for liabilities			
Deferred taxation	27	(8,023)	(9,862)
Other provisions	28	(1,874)	(1,801)
		<u>(9,897)</u>	<u>(11,663)</u>
Net liabilities		<u>(59,909)</u>	<u>(42,848)</u>
Capital and reserves			
Called up share capital	29	14	14
Share premium account	30	989	989
Foreign exchange reserve	30	(199)	(482)
Profit and loss account	30	(60,713)	(43,367)
Total shareholders' deficit		<u>(59,909)</u>	<u>(42,846)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 July 2016 by:

J Gonzalez
Director

The notes on pages 24 to 56 form part of these financial statements

THE OASIS HEALTHCARE GROUP LIMITED
REGISTERED NUMBER:08405422

COMPANY BALANCE SHEET
AS AT 31 MARCH 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Investments	18	46,255	46,255
		<u>46,255</u>	<u>46,255</u>
Current assets			
Debtors: amounts falling due within one year	20	17,587	13,299
Cash at bank and in hand	21	9,201	12,251
		<u>26,788</u>	<u>25,550</u>
Total assets less current liabilities		73,043	71,805
 Creditors: amounts falling due after more than one year	 23	 (99,010)	 (87,204)
Net liabilities		<u>(25,967)</u>	<u>(15,399)</u>
Capital and reserves			
Called up share capital	29	14	14
Share premium account	30	989	989
Profit and loss account	30	(26,970)	(16,402)
Total shareholders' deficit		<u>(25,967)</u>	<u>(15,399)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 July 2016 by:


J Gonzalez
 Director

THE OASIS HEALTHCARE GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital £000	Share premium account £000	Foreign exchange reserve £000	Profit and loss account £000	Total shareholders' deficit £000
At 1 April 2015	14	989	(482)	(43,367)	(42,846)
Comprehensive expense for the financial year					
Loss for the financial year	-	-	-	(17,348)	(17,348)
Exchange differences arising on consolidation of foreign subsidiaries	-	-	283	-	283
Other comprehensive income for the financial year	-	-	283	-	283
Total comprehensive income / (expense) for the financial year	-	-	283	(17,348)	(17,065)
At 31 March 2016	14	989	(199)	(60,713)	(59,909)

THE OASIS HEALTHCARE GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015**

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total shareholders' deficit
	£000	£000	£000	£000	£000
At 1 April 2014	14	989	-	(19,431)	(18,428)
Comprehensive expense for the financial year					
Loss for the financial year	-	-	-	(23,936)	(23,936)
Exchange differences arising on consolidation of foreign subsidiaries	-	-	(482)	-	(482)
Other comprehensive expense for the year	-	-	(482)	-	(482)
Total comprehensive expense for the financial year	-	-	(482)	(23,936)	(24,418)
At 31 March 2015	14	989	(482)	(43,367)	(42,846)

The notes on pages 24 to 56 form part of these financial statements.

THE OASIS HEALTHCARE GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' deficit £000
At 1 April 2015	14	989	(16,402)	(15,399)
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(10,568)	(10,568)
Total comprehensive expense for the financial year	-	-	(10,568)	(10,568)
At 31 March 2016	14	989	(26,970)	(25,967)

FOR THE YEAR ENDED 31 MARCH 2015

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' deficit £000
At 1 April 2014	14	989	(7,270)	(6,267)
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(9,132)	(9,132)
Total comprehensive expense for the financial year	-	-	(9,132)	(9,132)
At 31 March 2015	14	989	(16,402)	(15,399)

The notes on pages 24 to 56 form part of these financial statements.

THE OASIS HEALTHCARE GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

	2016 £000	2015 £000
Cash flows from operating activities		
Profit for the financial year	(17,346)	(23,936)
Adjustments for:		
Amortisation of intangible assets	16,420	12,837
Depreciation of tangible assets	10,374	8,606
Loss on disposal of tangible assets	156	525
(Increase) / decrease in inventories	(719)	348
Interest payable and similar charges	32,864	28,491
Interest receivable and similar income	(91)	(78)
Deferred taxation	(8,240)	(328)
(Increase) / decrease in debtors	(3,221)	2,183
Decrease in creditors	(918)	(7,688)
Increase in provisions	1,648	1,040
Corporation tax	(144)	(118)
Decrease in deferred consideration provisions	(827)	(364)
Net cash generated from operating activities	28,956	21,518
Cash flows from investing activities		
Purchase of tangible fixed assets	(15,759)	(11,728)
Purchase of businesses (net of cash acquired)	(47,341)	(95,932)
Net cash used in investing activities	(63,100)	(107,660)
Cash flows from financing activities		
New secured loans	43,012	106,621
Repayment of loans	(2,687)	(4,500)
Repayment of new finance leases	(814)	(907)
Interest paid	(9,882)	(8,734)
Net cash used in financing activities	29,629	92,480
Net (decrease) / increase in cash and cash equivalents	(3,515)	6,338
Cash and cash equivalents at beginning of year	22,743	16,887
Exchange gains / (losses) on cash and cash equivalents	283	(482)
Cash and cash equivalents at the end of the year	19,511	22,743
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	19,511	22,743

THE OASIS HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. GENERAL INFORMATION

The Oasis Healthcare Group Limited (the "Company") and its subsidiaries (together the "Group") operate dental practices and provide dental services throughout the United Kingdom and Republic of Ireland. The Group operates with a number of recognised brand names

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is Oasis Healthcare Support Centre, Building E, Vantage Office Park, Old Gloucester Road, Hambrook, Bristol, BS16 1GW.

2. STATEMENT OF COMPLIANCE

These consolidated and separate financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information of the impact of first-time adoption of FRS 102 is given in note 39.

3. ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006

Information on the impact of first-time adoption of FRS 102 is given in note 39.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Company's accounting policies (see note 4).

The following principal accounting policies have been applied consistently throughout the year:

3.2 EXEMPTIONS FOR QUALIFYING ENTITIES UNDER FRS 102

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and includes the company's cash flows in its own consolidated financial statements

The company has taken advantage of the exemption, under FRS 102 paragraph 33.7, from disclosing the total compensation of key management personnel, on the basis that it is a qualifying entity and includes the company's key management compensation in its own consolidated financial statements.

This information is included in the consolidated financial statements of The Oasis Healthcare Group Limited as at 31 March 2016 which are included in these financial statements.

The company has taken advantage of the exemption, under FRS 102 paragraph 35.31, from restating the accounting of business combinations that were dated prior to the FRS 102 transition date.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements

THE OASIS HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3. ACCOUNTING POLICIES (continued)

3.3 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption, under FRS 102 paragraph 33 2, from disclosing transactions with members of the same group that are wholly owned.

3.4 GOING CONCERN

The Group meets its day to day working capital requirements through cash at bank and term bank loans which are secured by a first debenture incorporating fixed and floating charges over the assets and undertakings of each material Group company. The Group has continued to be cash generative since the balance sheet date with the cash generated contributing to the funding of the Group's working capital requirements

The directors have prepared projections in support of the Group's ongoing compliance with the terms of the loan facilities including the ability of the Group to operate within the financial and non financial covenants contained in the respective facility agreements (the "covenants") In preparing the projections the directors have made various assumptions concerning future trading performance, and in particular in relation to expected growth in UDA delivery and private revenue. These projections have been stress tested to determine the level of headroom available within the respective facilities such as to allow the Group to continue to operate within the covenants. The stress testing takes account of the mitigating courses of action available to the Group to enhance the level of such headroom.

In light of the above, the directors have concluded that it is appropriate to prepare the Group financial statements on a going concern basis.

3.5 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full

The consolidated financial statements incorporate the results of business combinations using the purchase method In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained They are deconsolidated from the date control ceases

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2014.

THE OASIS HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3. ACCOUNTING POLICIES (continued)

3.6 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably

Turnover represents the value of dentistry goods or services supplied. NHS income is recognised based on the levels of dental activity delivered. Where there is under-delivery against target activity levels, a potential clawback arises and a creditor is established. Private treatment is recognised based on the stage of completion, with cash settled at the time of the treatment.

3.7 INTANGIBLE ASSETS

GOODWILL

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life, considered to be 15 to 20 years.

OTHER INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Patent lists are estimated to have a useful economic life of between 15 and 20 years. Brand names are estimated to have a useful economic life of 5 years.

THE OASIS HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3. ACCOUNTING POLICIES (continued)

3.8 TANGIBLE ASSETS

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Depreciation is provided on the following bases:

Freehold property	-	Over 50 years straight line
Leasehold improvements	-	Over 15 years straight line
Fixtures, fittings and equipment	-	3 to 10 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Consolidated Statement of Comprehensive Income.

3.9 OPERATING LEASES

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the period of the lease.

3.10 VALUATION OF INVESTMENTS

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

3.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, inventories are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

3.12 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

THE OASIS HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3. ACCOUNTING POLICIES (continued)

3.13 CASH AT BANK AND IN HAND

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

3.14 FINANCIAL INSTRUMENTS

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.15 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

THE OASIS HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3. ACCOUNTING POLICIES (continued)

3.16 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

3.17 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

3.18 FINANCE COSTS

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.19 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

THE OASIS HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3. ACCOUNTING POLICIES (continued)

3.20 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

3.21 INTEREST INCOME

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

3.22 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet

THE OASIS HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3. ACCOUNTING POLICIES (continued)

3.23 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits,
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3.24 EXCEPTIONAL ITEMS

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

3.25 DEFERRED CONSIDERATION

The Group uses deferral of part of the consideration for acquisitions of dental practices to manage the risk that practices acquired will fail to attain acceptable levels of turnover. The amount deferred is interest free, recognised in creditors and discounted where material. The unwinding of any discount is taken to the Consolidated Statement of Comprehensive Income and included within interest payable and similar charges.

THE OASIS HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

4. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below

(i) Fair values on acquisitions

The fair value of tangible and intangible assets acquired on acquisitions involve the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. In addition the estimation of the contingent consideration payable requires estimation of the level of profitability of the business acquired. The estimation of the fair values requires the combination of assumptions including revenue growth, sales mix and customer attrition rates. In addition the use of discount rates requires judgement.

(ii) Impairment of intangible assets and goodwill

The Group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified, the estimation of recoverable value of the cash generating units (CGUs) is tested. This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

(iii) Provisions for dilapidations, onerous leases and contingencies

Provision is made for dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred. The timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

(iv) Useful expected lives of intangible assets

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

NHS Patient List: 20 years
Private Patient List: 15 years
Brand: 5 years

NHS and Private patient lists estimated useful lives have been derived from analysing the number of years of discounted future free cash flows in the Business Combinations models. In determining the estimated useful lives, NHS and Private patient attrition rates and future growth rates were considered.

5. TURNOVER

The whole of the turnover is attributable to the one principal activity of the Group, being dental services. All turnover arose within the United Kingdom and Ireland.

THE OASIS HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

6. OPERATING PROFIT

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets	10,374	8,606
Amortisation of intangible assets, including goodwill	16,420	12,837
Operating lease charges	8,998	8,770
Impairment of trade debtors	-	87
Government grant amortisation	64	135
Exchange differences	51	(6)
	<u> </u>	<u> </u>

7. AUDITORS' REMUNERATION

	2016 £000	2015 £000
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	15	18
	<u> </u>	<u> </u>
Fees payable to the Group's auditors in respect of:		
The auditing of financial statements of associates of the Group	224	214
All taxation advisory services not falling within compliance services	23	44
All other assurance services	80	4
All other non-audit services	593	979
	<u> </u>	<u> </u>
	<u>920</u>	<u>1,241</u>

8. EMPLOYEES

Staff costs were as follows.

	2016 £000	2015 £000
Wages and salaries	52,947	48,009
Social security costs	3,820	3,349
Other pension costs	603	580
	<u> </u>	<u> </u>
	<u>57,370</u>	<u>51,938</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2016 Number	2015 Number
Dentists	9	9
Practice staff	3,338	2,977
Administrative staff	174	163
	<u> </u>	<u> </u>
	<u>3,521</u>	<u>3,149</u>

THE OASIS HEALTHCARE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

9. DIRECTORS' REMUNERATION AND KEY MANAGEMENT COMPENSATION

	2016 £000	2015 £000
Aggregate directors' emoluments	1,393	1,324
Company contributions to defined contribution pension schemes	79	85
	<u>1,472</u>	<u>1,409</u>

During the year retirement benefits were accruing to 3 Directors (2015: 4) in respect of defined contribution pension schemes

The highest paid Director received remuneration of £508,000 (2015: £433,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £Nil (2015: £Nil)

All directors' remuneration was settled by a subsidiary on behalf of the Group.

10. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £000	2015 £000
Other interest receivable	<u>91</u>	<u>78</u>

THE OASIS HEALTHCARE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

11. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £000	2015 £000
Bank interest payable	11,716	10,281
Other loan interest payable	113	197
Loan note interest payable	8,617	7,571
Finance charge on deferred consideration	598	-
Dividends payable on preference shares classed as debt	11,805	10,372
Finance leases and hire purchase agreements	15	70
	<u>32,864</u>	<u>28,491</u>

12. TAX ON LOSS ON ORDINARY ACTIVITIES

	2016 £000	2015 £000
Corporation tax		
Adjustments in respect of prior years	(33)	21
Total current tax	<u>(33)</u>	<u>21</u>
Deferred tax		
Origination and reversal of timing differences	(8,240)	(328)
Total deferred tax	<u>(8,240)</u>	<u>(328)</u>
Tax on loss on ordinary activities	<u>(8,273)</u>	<u>(307)</u>

THE OASIS HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

12. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

FACTORS AFFECTING TAX CREDIT FOR THE YEAR

The tax assessed for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	2016 £000	2015 £000
Loss on ordinary activities before tax	(25,619)	(24,243)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	(5,124)	(5,091)
Effects of:		
Expenses not deductible for tax purposes	2,578	3,860
Capital allowances for year in excess of depreciation	-	(1,563)
Lower rate taxes on overseas earnings	(58)	116
Adjustments to tax charge in respect of prior years	(87)	21
Current year timing differences which are unrecognised assets	888	-
Deferred tax assets not previously recognised	(8,999)	-
Unrelieved tax losses carried forward	-	744
Employee share option scheme	-	(435)
Preference share dividend	2,529	2,174
Other	-	(133)
Total tax credit for the year	(8,273)	(307)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The July 2015 Budget Statement announced changes (which were subsequently enacted) to the UK Corporation tax regime which will reduce the main rate of Corporation Tax to 19% from 1 April 2017 and 18% from 1 April 2020. A further change was announced in the March 2016 Budget to further reduce the Corporation Tax rate to 17% by 1 April 2020, which has yet to be substantively enacted.

Accordingly, deferred tax has been calculated using a tax rate of 18%-19%, as applicable.

13. DIVIDENDS

	2016 £000	2015 £000
Dividend of £0.17 (2015: 0.15) per share accrued in respect of Preference Shares	11,805	10,372

THE OASIS HEALTHCARE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

14. EXCEPTIONAL ITEMS

	2016 £000	2015 £000
Exceptional administrative costs		
Integration costs	2,042	3,142
Restructuring costs	2,297	825
Capital finance costs	629	-
Other	760	-
	5,728	3,967

Exceptional costs relate to the costs of integrating new acquisitions £2,042,000 (2015: £3,142,000), Restructuring costs such as property closure costs and redundancy costs amounting to £2,297,000 (2015: £825,000), Capital finance costs of £629,000 (2015: £nil) and Other costs of £760,000 (2015: £nil) Other exceptional costs relate to acquisition research and other projects

15. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss for the financial year of the parent Company for the year was £10,568,000 (2015: £9,132,000).

THE OASIS HEALTHCARE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

16. INTANGIBLE ASSETS

Group

	Patient List £000	Brands £000	Goodwill £000	Total £000
Cost				
At 1 April 2015	69,165	905	204,427	274,497
Additions	34,869	-	14,859	49,728
Disposals	-	-	(4)	(4)
Reduction in deferred consideration	-	-	(77)	(77)
Foreign exchange translation adjustment	43	-	54	97
At 31 March 2016	104,077	905	219,259	324,241
Accumulated amortisation				
At 1 April 2015	2,407	55	16,786	19,248
Charge for the year	4,512	181	11,727	16,420
Foreign exchange translation adjustment	5	-	35	40
At 31 March 2016	6,924	236	28,548	35,708
Net book value				
At 31 March 2016	97,153	669	190,711	288,533
At 31 March 2015	66,758	850	187,641	255,249

Amortisation is charge to administrative expenses in the statement of comprehensive income

Details of acquisitions in the year are provided in note 31

THE OASIS HEALTHCARE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

17. TANGIBLE ASSETS

Group

	Freehold property £000	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 1 April 2015	5,800	28,088	23,275	57,163
Additions	2	3,804	11,833	15,639
Acquisition of businesses	3,373	293	1,074	4,740
Disposals	-	(236)	(73)	(309)
Foreign exchange translation adjustment	-	50	241	291
At 31 March 2016	9,175	31,999	36,350	77,524
Accumulated depreciation				
At 1 April 2015	28	3,652	2,003	5,683
Charge for the year	68	3,203	7,103	10,374
Disposals	-	(90)	(64)	(154)
Foreign exchange translation adjustment	-	32	139	171
At 31 March 2016	96	6,797	9,181	16,074
At 31 March 2016	9,079	25,202	27,169	61,450
At 31 March 2015	5,771	24,436	21,273	51,480

The net book value of assets held under finance leases or hire purchase agreements, included above, are as follows:

	2016 £000	2015 £000
Fixtures, fittings and equipment	678	1,316

THE OASIS HEALTHCARE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

18. INVESTMENTS

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2015	46,255
	<hr/>
Net book value	
At 31 March 2016	46,255
	<hr/>
At 31 March 2015	46,255
	<hr/>

Details of the subsidiaries can be found in note 37

19. INVENTORIES

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Raw materials and consumables	3,778	3,167	-	-
Finished goods and goods for resale	357	249	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,135	3,416	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £23,669,549 (2015. £26,606,893).

THE OASIS HEALTHCARE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

20. DEBTORS

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Trade debtors	12,072	9,461	-	-
Amounts owed by group undertakings	-	-	17,587	13,299
Other debtors	898	1,210	-	-
Prepayments and accrued income	5,850	4,929	-	-
	18,820	15,600	17,587	13,299

Included in amounts owed by group undertakings is £8,712,000 (2015: £8,712,000) related to unsecured subordinated redeemable loan notes which bear interest at 13.5% and are repayable in full at par no later than 7 May 2021.

Other amounts due from group undertakings are unsecured, interest free and repayable on demand.

21. CASH AND CASH EQUIVALENTS

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Cash at bank and in hand	19,511	22,743	9,201	12,251

22. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank loans	3,711	3,365	-	-
Trade creditors	15,632	12,577	-	-
Corporation tax	850	495	-	-
Other taxation and social security	1,333	991	-	-
Obligations under finance lease and hire purchase agreements	266	731	-	-
Deferred consideration	3,370	1,239	-	-
Accruals and deferred income	10,751	14,192	-	-
Other creditors	1,445	798	-	-
	37,358	34,388	-	-

Bank loans are stated net of unamortised debt issue costs of £1,662,000 (2015: £1,336,000).

THE OASIS HEALTHCARE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

23. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank loans	230,151	188,738	-	-
Other loans	72,257	63,656	-	-
Net obligations under finance leases and hire purchase agreements	-	264	-	-
Deferred consideration	3,885	5,421	-	-
Preference share dividends payable	30,513	18,707	30,513	18,707
Share capital treated as debt	7	7	7	7
Share premium treated as debt	68,490	68,490	68,490	68,490
	405,303	345,283	99,010	87,204

Disclosure of the terms and conditions attached to the non-equity shares is made in note 29.

Bank loans are stated net of unamortised debt issue costs of £4,887,000 (2015 £4,707,000).

24. LOANS

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Amounts falling due within one year				
Bank loans	3,711	3,365	-	-
	3,711	3,365	-	-
Amounts falling due within one to two years				
Bank loans	3,723	14,446	-	-
Amounts falling due within two to five years				
Bank loans	226,428	42,042	-	-
Amounts falling due after five years				
Bank loans	-	132,250	-	-
Other loans	72,257	63,656	-	-
	72,257	195,906	-	-

THE OASIS HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

24. LOANS (continued)

Bank loans

On 3 May 2013, Oasis Healthcare Midco 2 Limited entered into a banking facility agreement with Societe Generale to enable it to complete the acquisition of 'Duke Street Capital Oasis Acquisitions Limited' and refinance its existing loan facilities. Following this, the Societe Generale loan comprises of 5 loan facilities as follows

- 1 A £27m loan facility repayable in instalments over 6 years to 7 May 2019, of which £16.1m remains outstanding at 31 March 2016 (2015: £18.7m),
- 2 A £62.2m loan facility repayable in one instalment on 7 May 2020 of which £62.2m has been drawn down by 31 March 2016,
- 3 A £146.5m Capex Acquisition loan facilities 1,2,3,4 & 5 repayable in one instalment on 7 May 2020, of which £119.2m had been drawn down by 31 March 2016. Capex facility 4 was provided by Societe Generale on 20 May 2015. Capex facility 5 was provided by Societe General on 28 January 2016.
- 4 A £40m facility B2 was provided by Societe Generale on 14 May 2014, repayable in one instalment on 7 May 2020, of which all had been drawn down by 31 March 2016; and
- 5 A £7m revolving facility repayable on 7 May 2019 of which £3m had been drawn down by 31 March 2016 (2015: £3m), with no repayments made

Loan notes

On 7 May 2013, unsecured, redeemable Investor and Management loan notes which both carry a payment in kind coupon rate of 13.5%, are both subordinate to the bank facilities, rank *pari passu* to each other and are repayable in 2021, were issued as follows:

- 1) £50m of Investor loan notes of which £49.8m remain outstanding at 31 March 2016 (2015: £49.8m), and
- 2) £1.1m of Management loan notes of which are £238,000 remain outstanding at 31 March 2016 (2015: £238,000)

On 2 September 2013 the investor loan notes were admitted to the official list of the Channel Islands Stock Exchange (the "exchange") and are subject to the rules of the exchange.

THE OASIS HEALTHCARE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

25. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Due within one year	266	731	-	-
Due between one and five years	-	264	-	-
	<u>266</u>	<u>995</u>	<u>-</u>	<u>-</u>

26. FINANCIAL INSTRUMENTS

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	14,705	11,407	17,587	13,299
Financial liabilities				
Financial liabilities measured at amortised cost	(442,430)	(377,170)	(99,010)	(87,204)

Financial assets measured at amortised cost comprise trade debtors, other debtors, accrued income and amounts due from group undertakings (company only).

Financial liabilities measured at amortised cost comprise bank loans, other loans, trade creditors, other creditors, accruals and share capital treated as debt.

THE OASIS HEALTHCARE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

27. DEFERRED TAXATION

Group

	Deferred taxation £000
At 1 April 2015	9,862
Charged to the Consolidated Statement of Comprehensive Income	(8,243)
Acquired deferred tax liability	6,404
At 31 March 2016	8,023

The provision for deferred taxation is made up as follows:

	Group 2016 £000	Group 2015 £000
Accelerated capital allowances	-	277
Acquired intangible assets	17,361	9,585
Acquired tangible assets	(5,455)	-
Other timing differences	(94)	-
Tax losses	(3,789)	-
	8,023	9,862

The Group has recognised a deferred tax liability of £15,773,000 (2015: £9,585,000) as a result of the transition to FRS 102, whereby intangible assets are recognised on business combinations. No deferred tax was previously recognised on goodwill prior to the FRS 102 transition date.

In addition, the Group has unprovided deferred tax balances of £35,000 (2015: £5,208,000) in respect of depreciation charges in excess of accelerated capital allowances, £424,000 (2015: £8,013,000) in respect of tax losses and £1,551,000 (2015: £185,000) in respect of other timing differences. These amounts are unprovided as their recovery is not currently assessed as probable.

THE OASIS HEALTHCARE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

28. OTHER PROVISIONS

Group

	Property provisions £000
At 1 April 2015	1,801
Additions	624
Utilised in year	(751)
At 31 March 2016	1,674

The property provisions are in respect of onerous leases and dilapidations and are the directors' best estimate of the liability. The provision has not been discounted because the effect of discounting is not considered significant due to the expected timing of payments.

THE OASIS HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

29. CALLED UP SHARE CAPITAL

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
770,000 (2015: 770,000) 'A' Ordinary shares of £0.01 each	8	8
256,974 (2015: 256,974) 'B' Ordinary shares of £0.01 each	3	3
250,040 (2015: 250,040) 'C' Ordinary shares of £0.0125 each	3	3
	<u>14</u>	<u>14</u>
	2016 £000	2015 £000
Shares classified as debt		
Allotted, called up and fully paid		
68,497,037 (2015: 68,497,037) Preference shares of £0.0001 each	<u>7</u>	<u>7</u>

The various classes of share capital have the following key rights attached:

Income

The Preference shares are entitled to a fixed cumulative preferential dividend at an annual rate of 13.5% of the total issue price of the share, compounded annually. The dividend shall not be payable until the earlier of an exit event, 8 years from the date of subscription or a specified default event.

'A' and 'B' Ordinary shares rank *pari passu* to receive dividends that the Company may determine from time to time to declare.

'C' Ordinary shares are entitled to receive an aggregate amount equal to the total distribution (if any) made to 'A' and 'B' Ordinary shares with the aggregate amount to be divided on *pro-rata* basis amongst the 'C' Ordinary shareholders.

Redemption and return of capital

The Preference shares are redeemable at the full issue price on the earlier of an exit event, 8 years from the date of subscription or a specified default event. The Preference shares also have priority on any other return of capital by the Company.

'A' and 'B' Ordinary shares rank *pari passu* in the event of a return of capital and have priority over the 'C' Ordinary shares. The amount returnable is subject to a ratchet mechanism set out in the Articles of Association.

The 'C' Ordinary shares are entitled to receive their initial investment and outstanding dividends, subject to a maximum cap.

Voting

The 'A' Ordinary, 'B' Ordinary and 'C' Ordinary share rank *pari passu*, except that on a resolution to be passed by a show of hands at a General Meeting of the Company the 'C' Ordinary shares do not carry a vote.

The Preference shares do not carry a vote, except on class rights matters.

THE OASIS HEALTHCARE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

30. RESERVES

Share premium account

The share premium account represents amounts received on the issue of share capital in excess of the nominal value of share capital, less any costs incurred as a result of the issue.

Foreign exchange reserve

The foreign exchange reserves represents the cumulative foreign exchange translation differences arising as a result of the retranslation of foreign subsidiaries on consolidation.

Profit and loss account

The profit and loss account represents the cumulative profits and losses of the Group less any distributions made to the owners of the Group.

THE OASIS HEALTHCARE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

31. BUSINESS COMBINATIONS

During the year, the Group made a number of acquisitions of dental practices, including practices in Peterborough, Plymouth, Poole, Winchester, Castleford, York and Great Dunmow. None of the acquisitions were for consideration in excess of £10m. The fair values of assets and liabilities acquired, in total, were as follows:

	Book value £000	Fair value adjustment £000	Fair value £000
Fixed assets			
Tangible	4,621	119	4,740
Intangible	-	34,869	34,869
	4,621	34,988	39,609
Current assets			
Inventories	257	88	345
Debtors	335	(44)	291
Cash at bank and in hand	2,057	1	2,058
	7,270	35,033	42,303
Total assets	7,270	35,033	42,303
Creditors			
Other creditors and provisions	(1,959)	(490)	(2,449)
Bank overdrafts	(10)	-	(10)
Deferred tax	-	(6,159)	(6,159)
	5,301	28,384	33,685
Total identifiable net assets	5,301	28,384	33,685
Goodwill	13,831	-	13,831
	19,132	28,384	47,516
Total	19,132	28,384	47,516
Satisfied by:			
Cash			(40,863)
Contingent consideration			(4,193)
Acquisition costs			(2,360)
			(47,516)
Total consideration			(47,516)
Cash and cash equivalents in subsidiary acquired			2,058
			(45,458)
Cash outflow on acquisition			(45,458)

THE OASIS HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

31. BUSINESS COMBINATIONS (continued)

The results of acquisitions since acquisition are as follows:

	Current period since acquisition 2016 £000
Turnover	9,656
Profit for the period	1,497

The difference of £1,028,000 between the goodwill figure presented above and the goodwill additions per note 16 relates to costs and fair value adjustments in respect of prior year acquisitions.

32. CAPITAL COMMITMENTS

At 31 March, the Group had capital commitments as follows:

	Group 2016 £000	Group 2015 £000
Contracted for but not provided in these financial statements	1,832	897

33. PENSION COMMITMENTS

The Group has established a stakeholder pension scheme for all employees which are eligible to join. In the period to 31 March 2016 the Group charge was £603,000 (2015 £580,000)

The Group operates a defined benefit scheme for 4 employees. Employer contributions are significantly higher than the contracted entitlement to allow for future commitments and valuation fluctuations. The scheme is immaterial for Group purposes and is accounted for on a cash basis.

THE OASIS HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

34. COMMITMENTS UNDER OPERATING LEASES

At 31 March, the Group had future minimum lease payments under non-cancellable operating leases as follows

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Not later than 1 year	10,062	10,183	-	-
Later than 1 year and not later than 5 years	27,028	25,710	-	-
Later than 5 years	20,966	18,353	-	-
Total	58,056	54,246	-	-

35. CONTINGENT LIABILITIES

The Company is a member of the group banking arrangement under which it is party to unlimited cross guarantees in respect of the banking facilities of other group undertakings, amounting to £233,862,000 at 31 March 2016 (2015 £198,200,000). The directors do not expect any loss to the Company to arise in respect of the guarantees.

36. RELATED PARTY TRANSACTIONS

Bridgepoint Advisers Limited, the Company's ultimate controlling party, charges a monitoring fee of £180,000 (2015 £180,000) per annum. These financial statements include a creditor of £162,000 (2015: £162,000) in relation to that fee.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

37. SUBSIDIARY UNDERTAKING

The following were subsidiary undertakings of the Company. The Group has provided the necessary guarantees under section 479a of the Companies Act 2006 to enable those subsidiaries marked with an asterisk (*) to claim the exemption from audit:

Name	Class of shares	Holding	Principal activity
Incorporated in England and Wales:			
Oasis Healthcare Midco 1 Limited*	Ordinary	100 %	Holding Company
Oasis Healthcare Midco 2 Limited	Ordinary	100 %	Holding Company
Oasis Healthcare Bidco Limited*	Ordinary	100 %	Holding Company
Oasis Group EBT Trustee Limited*	Ordinary	100 %	Trustee of Employee benefit trust
Oasis Healthcare International Limited	Ordinary	100 %	Holding Company
Duke Street Capital Oasis Midco Limited*	Ordinary	100 %	Holding Company
Duke Street Capital Oasis Acquisitions Limited*	Ordinary	100 %	Holding Company
Oasis Healthcare Limited*	Ordinary	100 %	Operation of dental practices
Oasis Dental Care Limited*	Ordinary	100 %	Operation of dental practices
Oasis Dental Care (Central) Holdings Limited*	Ordinary	100 %	Holding Company
Oasis Dental Care (Central) Limited*	Ordinary	100 %	Operation of dental practices
Oasis Dental Care (Southern) Holdings Limited*	Ordinary	100 %	Holding Company
Oasis Dental Care (Southern) Limited*	Ordinary	100 %	Operation of dental practices
Dentalign Wrexham Limited*	Ordinary	100 %	Operation of dental practices
Kidson Orthodontics Limited*	Ordinary	100 %	Operation of dental practices
Ortho 2008 Limited*	Ordinary	100 %	Operation of dental practices
Steeple Grange Smiles Limited*	Ordinary	100 %	Operation of dental practices
Duke Street Capital Oasis Orthodontics Holdings Limited*	Ordinary	100 %	Holding Company
Duke Street Capital Oasis Orthodontics Limited*	Ordinary	100 %	Holding Company
Dentalign Orthodontics Limited*	Ordinary	100 %	Holding Company
Dentalign Orthodontics LLP*	Ordinary	100 %	Operation of dental practices
Dentalign Eastbourne Limited*	Ordinary	100 %	Operation of dental practices
Dentalign Colwyn Bay Limited*	Ordinary	100 %	Operation of dental practices

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Daysbrook Dental Surgery Limited*	Ordinary	100 % Operation of dental practices
BASDAC (2011) LLP*	Ordinary	100 % Operation of dental practices
Orthoscene Limited*	Ordinary	100 % Operation of dental practices
Roberts-Harry Clinic Limited*	Ordinary	100 % Operation of dental practices
Harbour Way Surgery Limited*	Ordinary	100 % Operation of dental practices
Nigel Reynolds Limited*	Ordinary	100 % Operation of dental practices
Windmill Dental Surgery Limited*	Ordinary	100 % Operation of dental practices
JDH Holdings Limited*	Ordinary	100 % Holding Company
Xeon Smiles UK Limited*	Ordinary	100 % Operation of dental practices
FACE (Facial Aesthetic Centres of Excellence) Limited*	Ordinary	100 % Provision of facial aesthetics
Ceracryl Laboratones Limited*	Ordinary	100 % Operation of dental laboratory
Oral Hygiene Innovations Limited*	Ordinary	100 % Supply of oral hygiene products
Dr JD Hull Associates (Physiotherapy & Osteopathy) Limited*	Ordinary	100 % Provision of physiotherapy, osteopathy and similar services
Apex Holding Limited*	Ordinary	100 % Holding Company
Apex Dental Care Limited*	Ordinary	100 % Operation of dental practices
Smile Lincs Limited*	Ordinary	100 % Operation of dental practices
Caring Dentistry Limited*	Ordinary	100 % Operation of dental practices
Den Dental Group Practice LLP*	Ordinary	100 % Operation of dental practices
Highland Dental Care Limited*	Ordinary	100 % Operation of dental practices
Mojo-D Limited*	Ordinary	100 % Operation of dental practices
Grosvenor Orthodontic Clinic (Beckenham) Limited*	Ordinary	100 % Provision of orthodontic care
Total Orthodontics Limited*	Ordinary	100 % Provision of orthodontic care
Hillington Park Dental Practice Limited*	Ordinary	100 % Operation of dental practices
The Adams & Lee Dental Practice Limited*	Ordinary	100 % Operation of dental practices
Victoria Reese Dental Practice Limited*	Ordinary	100 % Operation of dental practices
Winning Smiles (Gillingham) Limited*	Ordinary	100 % Operation of dental practices
Priors Croft Dental Practice Limited*	Ordinary	100 % Operation of dental practices
Quantum Ortho Limited*	Ordinary	100 % Operation of dental practices
Devon Smiles Limited*	Ordinary	100 % Operation of dental practices
James Taylor and Partners Limited*	Ordinary	100 % Operation of dental practices
J A Jordan & Associates Limited*	Ordinary	100 % Operation of dental practices
Smile Dental Care Limited*	Ordinary	100 % Operation of dental practices
Clive Zane Limited*	Ordinary	100 % Operation of dental practices
Eckington Dental Practice Limited*	Ordinary	100 % Operation of dental practices
Goodteeth Dental Surgeries Limited*	Ordinary	100 % Operation of dental practices

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Milehouse Dental Care Limited*	Ordinary	100 % Operation of dental practices
Richley Dental Ceramics Limited*	Ordinary	100 % Operation of dental laboratory
Lawrence Street Dental Practice Limited*	Ordinary	100 % Operation of dental practices

All of the investments are companies that are indirectly owned except for Oasis Healthcare Midco 1 Limited, which is directly owned

Incorporated in the Republic of Ireland:

Oasis Healthcare Holdings Ireland Limited	Ordinary	100 % Holding Company
Xeon Dental Services Limited	Ordinary	100 % Operation of dental practices

Incorporated in Northern Ireland:

Smiles Dental Practices North Limited*	Ordinary	100 % Operation of dental practices
Blueapple Dental & Implant Team Limited*	Ordinary	100 % Operation of dental practices

38. CONTROLLING PARTY

The directors regard the ultimate controlling party to be certain funds managed by Bridgepoint Advisers Limited, an independent private equity company

The smallest and largest group for which group financial statements are prepared is The Oasis Healthcare Group Limited.

THE OASIS HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

39. FIRST TIME ADOPTION OF FRS 102

Group

	As previously stated 1 April 2014 £000	Effect of transition 1 April 2014 £000	FRS 102 (as restated) 1 April 2014 £000	As previously stated 31 March 2015 £000	Effect of transition 31 March 2015 £000	FRS 102 (as restated) 31 March 2015 £000
Fixed assets	195,683	-	195,683	298,735	7,984	306,729
Current assets	31,950	-	31,950	41,759	-	41,759
Creditors' amounts falling due within one year	(34,322)	-	(34,322)	(49,168)	14,780	(34,388)
Total assets less current liabilities	193,311	-	193,311	291,326	22,774	314,100
Creditors' amounts falling due after more than one year	(210,998)	-	(210,998)	(331,637)	(13,646)	(345,283)
Provisions for liabilities	(737)	-	(737)	(2,078)	(9,585)	(11,663)
Capital and reserves	(18,424)	-	(18,424)	(42,389)	(457)	(42,846)
	(18,424)	-	(18,424)	(42,389)	(457)	(42,846)

THE OASIS HEALTHCARE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

39. FIRST TIME ADOPTION OF FRS 102 (continued)

	As previously stated 31 March 2015 £000	Effect of transition 31 March 2015 £000	FRS 102 (as restated) 31 March 2015 £000
Turnover	234,001	-	234,001
Cost of sales	(124,512)	-	(124,512)
	<u>109,489</u>	<u>-</u>	<u>109,489</u>
Administrative expenses	(104,392)	(927)	(105,319)
	<u>5,097</u>	<u>(927)</u>	<u>4,170</u>
Operating profit			
Interest receivable and similar income	78	-	78
Interest payable and similar charges	(18,119)	-	(18,119)
Dividends on shares treated as debt	(10,372)	-	(10,372)
Taxation	(168)	475	307
	<u>(23,484)</u>	<u>(452)</u>	<u>(23,936)</u>

Explanation of changes to previously reported profit and equity

As at 31 March 2015, the Group recognised an increase in intangible assets of £7,984,000, an increase in deferred tax liability of £9,585,000, a reduction in deferred consideration of £1,134,000 and an increase in retained earnings of £457,000. The increase in Group intangible assets are as a result of attributing a value to the Patient lists and Brand of the business combinations since the transition date of 1st April, 2014. The increase in intangible assets has resulted in the Group recognising a deferred tax liability. No deferred tax was previously recognised on goodwill prior to the FRS 102 transition date. The reduction in deferred consideration under FRS102 is as a result of recognising the present value of future payments.

In the year to March 2015, the Group incurred a £927,000 higher amortisation charge, reflecting the lower estimated useful lives of the intangible assets recognised as a result of the business combinations. The Group also recognised a £475,000 credit to the profit and loss account in relation to the partial release of the deferred tax liability created on these acquisitions.

For the Company, there is no accounting impact of the change to FRS 102 and so there is no transition note in the notes to the financial statements.