

**THE OASIS HEALTHCARE GROUP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

parent accounts

Company Name: Oasis Healthcare Group Limited

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## **THE OASIS HEALTHCARE GROUP LIMITED**

### **COMPANY INFORMATION**

#### **Directors**

J J Ash  
W Colvin (resigned 9 February 2017)  
P A C Fox (resigned 9 February 2017)  
J Gonzalez  
D J Leatherbarrow  
J F Perry  
Lord S A Rose (resigned 1 March 2017)  
J R Wyatt (resigned 9 February 2017)  
E J Coyle (appointed 1 April 2017)

#### **Company secretary**

Bupa Secretaries 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

# **THE OASIS HEALTHCARE GROUP LIMITED**

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## **THE OASIS HEALTHCARE GROUP LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017**

The Directors present the Group Strategic Report of The Oasis Healthcare Group Limited (the "Group") for the year ended 31 March 2017.

#### **Business review**

On 9 February 2017, the entire issued share capital of The Oasis Healthcare Group Limited was acquired by Bupa Finance plc.

The Group has enjoyed a successful year and the Board foresee continued expansion. This will be achieved by 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 loss of £8,725,000 (2016: profit £7,154,000) and a loss for the financial year of £44,235,000 (2016: £17,346,000).

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 8.5% from £39,676,000 for the year to 31 March 2016 to £43,032,000 for the year ended 31 March 2017. The increases 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 364 at 31 March 2016 to 395 at 31 March 2017. 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 27 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 2016/7, the Group completed on many acquisitions and mergers, which has significantly increased its national footprint across the UK, increasing the number of practices from 364 at 31 March 2016 to 395 at 31 March 2017. 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 the 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 organisational 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

## THE OASIS HEALTHCARE GROUP LIMITED

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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.

#### Acquisitions

The Group's strategy involves growing the business through both organic and non-organic growth. The non-organic growth involves the acquisition 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 is 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.

|                                      | 2017    | 2016    |
|--------------------------------------|---------|---------|
| Turnover (£000)                      | 321,136 | 275,096 |
| Turnover by type of activity (£000)  |         |         |
| Provision of NHS dental services     | 141,153 | 127,469 |
| Provision of private dental services | 179,983 | 147,627 |
| Gross margin (%)                     | 47.8%   | 47.6%   |
| EBITDAE (£000)                       | 43,032  | 39,676  |
| EBITDAE margin (%)                   | 13.4%   | 14.4%   |

**THE OASIS HEALTHCARE GROUP LIMITED**

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

**Non-GAAP EBITDAE**

|                                                | <b>2017<br/>£000</b> | <b>2016<br/>£000</b> |
|------------------------------------------------|----------------------|----------------------|
| Loss on ordinary activities before taxation    | <b>(48,969)</b>      | <b>(25,619)</b>      |
| <b>Adjustments for:</b>                        |                      |                      |
| Exceptional administrative expenses            | <b>20,277</b>        | <b>5,728</b>         |
| Interest payable and similar expenses          | <b>40,292</b>        | <b>32,864</b>        |
| Interest receivable and similar income         | <b>(48)</b>          | <b>(91)</b>          |
| Amortisation of goodwill and intangible assets | <b>19,347</b>        | <b>16,420</b>        |
| Depreciation of tangible fixed assets          | <b>12,133</b>        | <b>10,374</b>        |
| <b>EBITDAE</b>                                 | <b>43,032</b>        | <b>39,676</b>        |

**Other key performance indicators**

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

|                           | <b>2017</b>      | <b>2016</b>      |
|---------------------------|------------------|------------------|
| Total practices           | <b>395</b>       | <b>364</b>       |
| Total active patients*    | <b>2,025,972</b> | <b>1,832,768</b> |
| Customer satisfaction (%) | <b>98%</b>       | <b>97%</b>       |
| CQC compliance (%)        | <b>100%</b>      | <b>99.3%</b>     |
| Private LFL growth (%)    | <b>5.5%</b>      | <b>7.9%</b>      |
| UDA LFL delivery (%)      | <b>97%</b>       | <b>98%</b>       |

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

This report was approved by the board on 30 June 2017 and signed on its behalf.

**J Gonzalez**  
Director

## **THE OASIS HEALTHCARE GROUP LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017**

The Directors present their report and the audited financial statements of The Oasis Healthcare Group Limited (the "Company") and The Oasis Healthcare Group Limited group (the "Group") for the year ended 31 March 2017.

#### **Principal activities**

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

The Directors do not anticipate any material change in the Company's or Group's activities in the ensuing year.

#### **Results and dividends**

The loss for the financial year, after taxation, amounted to £44,235,000 (2016: £17,346,000).

In accordance with the terms of the preference shares, a dividend of £13,299,000 (2016: £11,805,000) has been accrued in these financial statements classified as an interest expense and accrued as an amount owed to group undertakings. The Directors do not recommend the payment of any other dividend and no other dividends have been paid during the year (2016: £nil).

#### **Directors**

The Directors who served during the year were:

J J Ash  
W Colvin (resigned 9 February 2017)  
P A C Fox (resigned 9 February 2017)  
J Gonzalez  
D J Leatherbarrow  
J F Perry  
Lord S A Rose (resigned 1 March 2017)  
J R Wyatt (resigned 9 February 2017)

#### **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.

#### **Employee involvement**

Employees are kept informed of the operational and financial developments of the Group through meetings, practice newsletters and the intranet. Dentists undertake a "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.

## **THE OASIS HEALTHCARE GROUP LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017**

#### **Statement of directors' responsibilities in respect of the financial statements**

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the group and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and parent company's auditors are aware of that information.

## **THE OASIS HEALTHCARE GROUP LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017**

#### **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 equity instruments and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions and acquisitions.

#### **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 Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

#### **Disclosure of information to auditors**

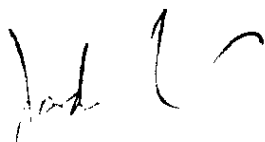
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- 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.

#### **Independent auditors**

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

This report was approved by the board on 30 June 2017 and signed on its behalf.



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

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### 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 parent company's affairs as at 31 March 2017 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 2017;
- the Company Balance Sheet as at 31 March 2017;
- 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;
- 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.

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## Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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## Other matters on which we are required to report by exception

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### 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.

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### 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.

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## **Responsibilities for the financial statements and the audit**

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5, 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 parent 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 parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

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



Colin Bates (Senior statutory auditor)

for and on behalf of

**PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors  
Bristol

7 July 2017

**THE OASIS HEALTHCARE GROUP LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2017**

|                                                                       | Note | 2017<br>£000    | 2016<br>£000    |
|-----------------------------------------------------------------------|------|-----------------|-----------------|
| Turnover                                                              | 4    | 321,136         | 275,096         |
| Cost of sales                                                         |      | (167,774)       | (144,266)       |
| <b>Gross profit</b>                                                   |      | <b>153,362</b>  | <b>130,830</b>  |
| Administrative expenses                                               |      | (142,982)       | (118,665)       |
| Exceptional administrative expenses                                   | 5    | (20,277)        | (5,728)         |
| Other operating income                                                |      | 1,172           | 717             |
| <b>Operating (loss)/profit</b>                                        | 6    | <b>(8,725)</b>  | <b>7,154</b>    |
| Interest receivable and similar income                                | 10   | 48              | 91              |
| Interest payable and similar expenses                                 | 11   | (35,016)        | (32,864)        |
| Debt issue costs written off                                          |      | (5,276)         | -               |
| <b>Loss before tax</b>                                                |      | <b>(48,969)</b> | <b>(25,619)</b> |
| Tax on loss                                                           | 12   | 4,734           | 8,273           |
| <b>Loss for the financial year</b>                                    |      | <b>(44,235)</b> | <b>(17,346)</b> |
| Exchange differences arising on consolidation of foreign subsidiaries |      | 277             | 283             |
| <b>Other comprehensive income for the year</b>                        |      | <b>277</b>      | <b>283</b>      |
| <b>Total comprehensive expense for the year</b>                       |      | <b>(43,958)</b> | <b>(17,063)</b> |
| <b>Loss for the year attributable to:</b>                             |      |                 |                 |
| Owners of the parent company                                          |      | (44,235)        | (17,346)        |
|                                                                       |      | <b>(44,235)</b> | <b>(17,346)</b> |

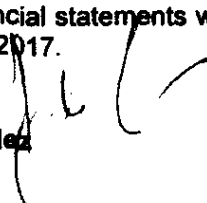
The notes on pages 15 to 41 form part of these financial statements.

**THE OASIS HEALTHCARE GROUP LIMITED**  
**REGISTERED NUMBER: 08405422**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2017**

|                                                         | Note | 2017<br>£000     | 2016<br>£000    |
|---------------------------------------------------------|------|------------------|-----------------|
| <b>Fixed assets</b>                                     |      |                  |                 |
| Intangible assets                                       | 14   | 319,543          | 288,533         |
| Tangible assets                                         | 15   | 67,258           | 61,450          |
|                                                         |      | <u>386,801</u>   | <u>349,983</u>  |
| <b>Current assets</b>                                   |      |                  |                 |
| Stocks                                                  | 17   | 5,438            | 4,135           |
| Debtors                                                 | 18   | 23,749           | 18,820          |
| Cash at bank and in hand                                |      | 14,779           | 19,511          |
|                                                         |      | <u>43,966</u>    | <u>42,466</u>   |
| Creditors: amounts falling due within one year          | 19   | (449,676)        | (37,358)        |
| <b>Net current (liabilities)/assets</b>                 |      | <u>(405,710)</u> | <u>5,108</u>    |
| <b>Total assets less current liabilities</b>            |      | <u>(18,909)</u>  | <u>355,091</u>  |
| Creditors: amounts falling due after more than one year | 20   | (72,395)         | (405,303)       |
| <b>Provisions for liabilities</b>                       |      |                  |                 |
| Deferred taxation                                       | 23   | (10,833)         | (8,023)         |
| Other provisions                                        | 24   | (1,730)          | (1,674)         |
|                                                         |      | <u>(12,563)</u>  | <u>(9,697)</u>  |
| <b>Net liabilities</b>                                  |      | <u>(103,867)</u> | <u>(59,909)</u> |
| <b>Capital and reserves</b>                             |      |                  |                 |
| Called up share capital                                 | 25   | 14               | 14              |
| Share premium account                                   | 26   | 989              | 989             |
| Foreign exchange reserve                                | 26   | 78               | (199)           |
| Profit and loss account                                 | 26   | (104,948)        | (60,713)        |
| <b>Shareholders' deficit</b>                            |      | <u>(103,867)</u> | <u>(59,909)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2017.

  
**J Gonzalez**  
 Director

  
**D J Leatherbarrow**  
 Director

The notes on pages 15 to 41 form part of these financial statements.

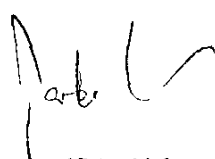
**THE OASIS HEALTHCARE GROUP LIMITED**  
**REGISTERED NUMBER: 08405422**

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2017**

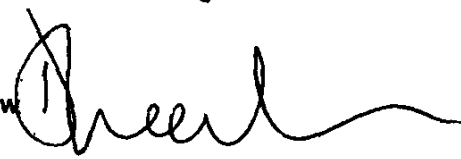
|                                                         | Note | 2017<br>£000    | 2016<br>£000    |
|---------------------------------------------------------|------|-----------------|-----------------|
| <b>Fixed assets</b>                                     |      |                 |                 |
| Investments                                             | 16   | 46,255          | 46,255          |
| <b>Current assets</b>                                   |      |                 |                 |
| Debtors                                                 | 18   | 47,080          | 17,587          |
| Cash at bank and in hand                                |      | 241             | 9,201           |
|                                                         |      | <u>47,321</u>   | <u>26,788</u>   |
| Creditors: amounts falling due within one year          | 19   | (63,575)        | -               |
| <b>Net current (liabilities)/assets</b>                 |      | <u>(16,254)</u> | <u>26,788</u>   |
| <b>Total assets less current liabilities</b>            |      | <u>30,001</u>   | <u>73,043</u>   |
| Creditors: amounts falling due after more than one year | 20   | (68,497)        | (99,010)        |
| <b>Net liabilities</b>                                  |      | <u>(38,496)</u> | <u>(25,967)</u> |
| <b>Capital and reserves</b>                             |      |                 |                 |
| Called up share capital                                 | 25   | 14              | 14              |
| Share premium account                                   | 26   | 989             | 989             |
| Profit and loss account                                 | 26   | (39,499)        | (26,970)        |
| <b>Shareholders' deficit</b>                            |      | <u>(38,496)</u> | <u>(25,967)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2017.

**J Gonzalez**  
Director



**D J Leatherbarrow**  
Director



The notes on pages 15 to 41 form part of these financial statements.

**THE OASIS HEALTHCARE GROUP LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

|                                                                              | <b>Called up<br/>share capital</b> | <b>Share<br/>premium<br/>account</b> | <b>Foreign<br/>exchange<br/>reserve</b> | <b>Profit and<br/>loss account</b> | <b>Shareholders'<br/>deficit</b> |
|------------------------------------------------------------------------------|------------------------------------|--------------------------------------|-----------------------------------------|------------------------------------|----------------------------------|
|                                                                              | <b>£000</b>                        | <b>£000</b>                          | <b>£000</b>                             | <b>£000</b>                        | <b>£000</b>                      |
| At 1 April 2016                                                              | 14                                 | 989                                  | (199)                                   | (60,713)                           | (59,909)                         |
| <b>Comprehensive (expense) /<br/>income for the year</b>                     |                                    |                                      |                                         |                                    |                                  |
| Loss for the financial year                                                  | -                                  | -                                    | -                                       | (44,235)                           | (44,235)                         |
| Exchange differences arising on the<br>consolidation of foreign subsidiaries | -                                  | -                                    | 277                                     | -                                  | 277                              |
| <b>Total comprehensive (expense) /<br/>income for the year</b>               | -                                  | -                                    | 277                                     | (44,235)                           | (43,958)                         |
| <b>At 31 March 2017</b>                                                      | <b>14</b>                          | <b>989</b>                           | <b>78</b>                               | <b>(104,948)</b>                   | <b>(103,867)</b>                 |

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

|                                                                              | <b>Called up<br/>share capital</b> | <b>Share<br/>premium<br/>account</b> | <b>Foreign<br/>exchange<br/>reserve</b> | <b>Profit and<br/>loss account</b> | <b>Shareholders'<br/>deficit</b> |
|------------------------------------------------------------------------------|------------------------------------|--------------------------------------|-----------------------------------------|------------------------------------|----------------------------------|
|                                                                              | <b>£000</b>                        | <b>£000</b>                          | <b>£000</b>                             | <b>£000</b>                        | <b>£000</b>                      |
| At 1 April 2015                                                              | 14                                 | 989                                  | (482)                                   | (43,367)                           | (42,846)                         |
| <b>Comprehensive (expense) /<br/>income for the year</b>                     |                                    |                                      |                                         |                                    |                                  |
| Loss for the financial year                                                  | -                                  | -                                    | -                                       | (17,346)                           | (17,346)                         |
| Exchange differences arising on the<br>consolidation of foreign subsidiaries | -                                  | -                                    | 283                                     | -                                  | 283                              |
| <b>Total comprehensive (expense) /<br/>income for the year</b>               | -                                  | -                                    | 283                                     | (17,346)                           | (17,063)                         |
| <b>At 31 March 2016</b>                                                      | <b>14</b>                          | <b>989</b>                           | <b>(199)</b>                            | <b>(60,713)</b>                    | <b>(59,909)</b>                  |

The notes on pages 15 to 41 form part of these financial statements.

**THE OASIS HEALTHCARE GROUP LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

|                                                 | <b>Called up<br/>share capital</b> | <b>Share<br/>premium<br/>account</b> | <b>Profit and<br/>loss account</b> | <b>Shareholders'<br/>deficit</b> |
|-------------------------------------------------|------------------------------------|--------------------------------------|------------------------------------|----------------------------------|
|                                                 | <b>£000</b>                        | <b>£000</b>                          | <b>£000</b>                        | <b>£000</b>                      |
| At 1 April 2016                                 | 14                                 | 989                                  | (26,970)                           | (25,967)                         |
| <b>Comprehensive expense for the year</b>       |                                    |                                      |                                    |                                  |
| Loss for the financial year                     | -                                  | -                                    | (12,529)                           | (12,529)                         |
|                                                 | -                                  | -                                    | (12,529)                           | (12,529)                         |
| <b>Total comprehensive expense for the year</b> |                                    |                                      |                                    |                                  |
|                                                 | 14                                 | 989                                  | (39,499)                           | (38,496)                         |

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

|                                                 | <b>Called up<br/>share capital</b> | <b>Share<br/>premium<br/>account</b> | <b>Profit and<br/>loss account</b> | <b>Shareholders'<br/>deficit</b> |
|-------------------------------------------------|------------------------------------|--------------------------------------|------------------------------------|----------------------------------|
|                                                 | <b>£000</b>                        | <b>£000</b>                          | <b>£000</b>                        | <b>£000</b>                      |
| At 1 April 2015                                 | 14                                 | 989                                  | (16,402)                           | (15,399)                         |
| <b>Comprehensive expense for the year</b>       |                                    |                                      |                                    |                                  |
| Loss for the financial year                     | -                                  | -                                    | (10,568)                           | (10,568)                         |
|                                                 | -                                  | -                                    | (10,568)                           | (10,568)                         |
| <b>Total comprehensive expense for the year</b> |                                    |                                      |                                    |                                  |
|                                                 | 14                                 | 989                                  | (26,970)                           | (25,967)                         |

The notes on pages 15 to 41 form part of these financial statements.

**THE OASIS HEALTHCARE GROUP LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2017**

|                                                               | <b>2017<br/>£000</b> | <b>2016<br/>£000</b> |
|---------------------------------------------------------------|----------------------|----------------------|
| <b>Cash flows from operating activities</b>                   |                      |                      |
| Loss for the financial year                                   | <b>(44,235)</b>      | <b>(17,346)</b>      |
| <b>Adjustments for:</b>                                       |                      |                      |
| Amortisation of intangible assets                             | <b>19,347</b>        | <b>16,420</b>        |
| Depreciation of tangible assets                               | <b>12,133</b>        | <b>10,374</b>        |
| Net interest payable                                          | <b>34,968</b>        | <b>32,773</b>        |
| Debt issue costs written off                                  | <b>5,276</b>         | <b>-</b>             |
| Deferred taxation                                             | <b>(3,889)</b>       | <b>(8,240)</b>       |
| Increase in stocks                                            | <b>(1,303)</b>       | <b>(719)</b>         |
| Increase in debtors                                           | <b>(4,929)</b>       | <b>(3,221)</b>       |
| Increase / (decrease) in creditors                            | <b>13,647</b>        | <b>(918)</b>         |
| Increase / (decrease) in deferred consideration provisions    | <b>2,294</b>         | <b>(827)</b>         |
| Increase in provisions                                        | <b>56</b>            | <b>1,648</b>         |
| Corporation tax paid                                          | <b>(1,007)</b>       | <b>(144)</b>         |
| <b>Net cash generated from operating activities</b>           | <b>32,358</b>        | <b>29,800</b>        |
| <b>Cash flows from investing activities</b>                   |                      |                      |
| Purchase of businesses (net of cash acquired)                 | <b>(52,902)</b>      | <b>(47,341)</b>      |
| Sale of intangible assets                                     | <b>157</b>           | <b>-</b>             |
| Purchase of tangible fixed assets                             | <b>(15,758)</b>      | <b>(15,759)</b>      |
| Sale of tangible fixed assets                                 | <b>58</b>            | <b>156</b>           |
| <b>Net cash from investing activities</b>                     | <b>(68,445)</b>      | <b>(62,944)</b>      |
| <b>Cash flows from financing activities</b>                   |                      |                      |
| Repayment of loans                                            | <b>(321,604)</b>     | <b>(2,687)</b>       |
| New loan from group company                                   | <b>363,272</b>       | <b>43,012</b>        |
| Repayment of new finance leases                               | <b>(351)</b>         | <b>(814)</b>         |
| Interest paid                                                 | <b>(10,239)</b>      | <b>(9,882)</b>       |
| <b>Net cash used in financing activities</b>                  | <b>31,078</b>        | <b>29,629</b>        |
| <b>Net decrease in cash and cash equivalents</b>              | <b>(5,009)</b>       | <b>(3,515)</b>       |
| Cash and cash equivalents at beginning of year                | <b>19,511</b>        | <b>22,743</b>        |
| Foreign exchange gains and losses                             | <b>277</b>           | <b>283</b>           |
| <b>Cash and cash equivalents at the end of year</b>           | <b>14,779</b>        | <b>19,511</b>        |
| <b>Cash and cash equivalents at the end of year comprise:</b> |                      |                      |
| Cash at bank and in hand                                      | <b>14,779</b>        | <b>19,511</b>        |

## THE OASIS HEALTHCARE GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 1. General information

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

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Group's and Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

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 judgment in applying the Group's accounting policies (see note 3).

##### Parent Company disclosure exemptions

In preparing the separate financial statements of the parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the Company and the parent Company would be identical;
- Disclosures in respect of the parent Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Company as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent Company as their remuneration is included in the totals for the Company as a whole.

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Oasis Healthcare Group Limited as at 31 March 2017 and these financial statements may be obtained from Oasis Healthcare Support Centre, Building E, Vantage Office Park, Old Gloucester Road, Hambrook, Bristol, BS16 1GW.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**2. Accounting policies (continued)**

**2.3 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form 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.

**2.4 Going concern**

The Oasis Healthcare Group Limited and its subsidiary undertakings on consolidation (the "Group") meets its day to day working capital requirements through cash at bank and funding via a loan from the parent company, Bupa Finance plc. 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.

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

**2.5 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 treatment.

## THE OASIS HEALTHCARE GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 2. Accounting policies (continued)

##### 2.6 Intangible assets

###### Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Statement of Comprehensive Income over its estimated 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 5 years.

Patient 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.

##### 2.7 Tangible fixed assets

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

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 profit or loss 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.

Depreciation is provided on the following basis:

|                        |                               |
|------------------------|-------------------------------|
| Freehold property      | - over 50 years straight line |
| Leasehold improvements | - over 15 years straight line |
| Motor vehicles         | - over 4 years straight line  |
| Fixtures and fittings  | - 3 - 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 in the Consolidated Statement of Comprehensive Income.

##### 2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**2. Accounting policies (continued)**

**2.9 Stocks**

Stocks 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, stocks 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 profit or loss.

**2.10 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.

**2.11 Cash and cash equivalents**

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

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 Group's cash management.

**2.12 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 debtors and creditors, 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 debtors and creditors, 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 out-right 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

## THE OASIS HEALTHCARE GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 2. Accounting policies (continued)

##### 2.12 Financial instruments (continued)

net basis or to realise the asset and settle the liability simultaneously.

##### 2.13 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.

##### 2.14 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.

##### 2.15 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.

## THE OASIS HEALTHCARE GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 2. Accounting policies (continued)

##### 2.16 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.

##### 2.17 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.

##### 2.18 Operating leases: the Group as lessee

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

## **THE OASIS HEALTHCARE GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

#### **2. Accounting policies (continued)**

##### **2.19 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 payment 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.

###### **Defined benefit pension plan**

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**2. Accounting policies (continued)**

**2.20 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.

**2.21 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 charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.22 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.

**2.23 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 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 2017

#### 3. Judgments 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 lease and contingencies

Provision is made for dilapidations and contingencies. These provisions require management's best estimates 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.

#### 4. Turnover

The whole of the turnover is attributable to the one principal activity of the Group being the operation of dental practices and provision of dental services.

All turnover arose within the United Kingdom and Republic of Ireland.

# THE OASIS HEALTHCARE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 5. Exceptional administrative expenses

|                             | 2017<br>£000  | 2016<br>£000 |
|-----------------------------|---------------|--------------|
| Integration costs           | 1,680         | 2,042        |
| Restructuring costs         | 2,506         | 2,297        |
| Refinancing costs           | 2,663         | 629          |
| Bupa fair value adjustments | 2,059         | -            |
| Completion bonus            | 10,531        | -            |
| Other                       | 838           | 760          |
|                             | <u>20,277</u> | <u>5,728</u> |

Exceptional costs consist of refinancing costs of £2,663,000 (2016: £629,000) that relate to costs associated with the sale to Bupa. Integration costs relate to the costs of integrating new acquisitions of £1,680,000 (2016: £2,042,000). Restructuring costs such as property closure costs, professional fees and redundancy costs amount to £2,506,000 (2016: £2,297,000). Other exceptional costs of £838,000 (2016: £760,000) relate to acquisition research and other projects. £10,531,000 (2016: £nil) relates to the bonuses paid to staff on completion of the Bupa acquisition.

### 6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

|                                                       | 2017<br>£000  | 2016<br>£000 |
|-------------------------------------------------------|---------------|--------------|
| Depreciation of tangible fixed assets                 | 12,133        | 10,374       |
| Amortisation of intangible assets, including goodwill | 19,347        | 16,420       |
| Exchange differences                                  | (7)           | 51           |
| Other operating lease rentals                         | 10,474        | 8,998        |
|                                                       | <u>10,474</u> | <u>8,998</u> |

### 7. Auditors' remuneration

|                                                                                                                    | 2017<br>£000 | 2016<br>£000 |
|--------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Fees payable to the Group's auditors and their associates for the audit of the Group's annual financial statements | 17           | 15           |
| <b>Fees payable to the Group's auditors and their associates in respect of:</b>                                    |              |              |
| Audit-related assurance services                                                                                   | 256          | 224          |
| Other services relating to taxation not falling within compliance services                                         | -            | 23           |
| All other assurance services                                                                                       | -            | 80           |
| All other non-audit services                                                                                       | 1,190        | 593          |
|                                                                                                                    | <u>1,446</u> | <u>920</u>   |

**THE OASIS HEALTHCARE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**8. Employees**

Staff costs were as follows:

|                       | <b>2017</b>          | <b>2016</b>   |
|-----------------------|----------------------|---------------|
|                       | <b>£000</b>          | <b>£000</b>   |
| Wages and salaries    | <b>70,649</b>        | 52,947        |
| Social security costs | <b>5,182</b>         | 3,820         |
| Completion bonus      | <b>10,531</b>        | -             |
| Other pension costs   | <b>721</b>           | 603           |
|                       | <b><u>87,083</u></b> | <u>57,370</u> |

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

|                      | <b>2017</b>         | <b>2016</b>  |
|----------------------|---------------------|--------------|
|                      | <b>No.</b>          | <b>No.</b>   |
| Dentists             | <b>9</b>            | 9            |
| Practice staff       | <b>4,060</b>        | 3,338        |
| Administration staff | <b>217</b>          | 174          |
|                      | <b><u>4,286</u></b> | <u>3,521</u> |

**9. Directors' remuneration**

|                                                               | <b>2017</b>         | <b>2016</b>  |
|---------------------------------------------------------------|---------------------|--------------|
|                                                               | <b>£000</b>         | <b>£000</b>  |
| Directors' emoluments                                         | <b>1,369</b>        | 1,393        |
| Company contributions to defined contribution pension schemes | <b>67</b>           | 79           |
|                                                               | <b><u>1,436</u></b> | <u>1,472</u> |

During the year retirement benefits were accruing to 3 Directors (2016 - 3) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to no Directors (2016 - NIL) in respect of defined benefit pension schemes.

The highest paid Director received remuneration of £496,000 (2016 - £508,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £nil (2016 - £nil).

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

**THE OASIS HEALTHCARE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**10. Interest receivable and similar income**

|                           | <b>2017</b> | <b>2016</b> |
|---------------------------|-------------|-------------|
|                           | <b>£000</b> | <b>£000</b> |
| Other interest receivable | <b>48</b>   | <b>91</b>   |

**11. Interest payable and similar expenses**

|                                                       | <b>2017</b>   | <b>2016</b>   |
|-------------------------------------------------------|---------------|---------------|
|                                                       | <b>£000</b>   | <b>£000</b>   |
| Bank interest payable                                 | <b>12,294</b> | <b>11,716</b> |
| Loans note interest payable                           | <b>8,792</b>  | <b>8,617</b>  |
| Finance charge on deferred consideration              | <b>579</b>    | <b>598</b>    |
| Other interest payable                                | <b>51</b>     | <b>113</b>    |
| Dividend payable on preference shares treated as debt | <b>13,299</b> | <b>11,805</b> |
| Finance leases and hire purchase contracts            | <b>1</b>      | <b>15</b>     |
|                                                       | <b>35,016</b> | <b>32,864</b> |

**12. Tax on loss**

|                                                | <b>2017</b>    | <b>2016</b>    |
|------------------------------------------------|----------------|----------------|
|                                                | <b>£000</b>    | <b>£000</b>    |
| <b>Corporation tax</b>                         |                |                |
| Current tax on loss for the year               | <b>(821)</b>   | <b>-</b>       |
| Adjustments in respect of previous periods     | <b>(24)</b>    | <b>(33)</b>    |
| <b>Total current tax</b>                       | <b>(845)</b>   | <b>(33)</b>    |
| Origination and reversal of timing differences | <b>(3,889)</b> | <b>(8,240)</b> |
| <b>Tax on loss</b>                             | <b>(4,734)</b> | <b>(8,273)</b> |

**THE OASIS HEALTHCARE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**12. Tax on loss (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

|                                                                                   | 2017<br>£000          | 2016<br>£000          |
|-----------------------------------------------------------------------------------|-----------------------|-----------------------|
| Loss before tax                                                                   | <u>(48,968)</u>       | <u>(25,619)</u>       |
| Loss multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%) | (9,793)               | (5,124)               |
| <b>Effects of:</b>                                                                |                       |                       |
| Expenses not deductible for tax purposes                                          | 3,814                 | 2,578                 |
| Lower rate taxes on overseas earnings                                             | 35                    | (58)                  |
| Adjustments to tax charge in respect of prior periods                             | (24)                  | (87)                  |
| Preference share dividend                                                         | 2,660                 | 2,529                 |
| Current year timing differences                                                   | (160)                 | 888                   |
| Deferred tax assets not previously recognised                                     | (1,266)               | (8,999)               |
| <b>Total tax credit for the year</b>                                              | <u><u>(4,734)</u></u> | <u><u>(8,273)</u></u> |

**Factors that may affect future tax charges**

The July 2015 and March 2016 Budget Statements announced changes to the UK Corporation tax regime which will reduce the main rate of Corporation Tax to 19% from 1 April 2017 and 17% from 1 April 2020. As the changes have been substantively enacted at the balance sheet date their effects are included in these financial statements.

**13. Dividends**

|                                                                                   | 2017<br>£000  | 2016<br>£000  |
|-----------------------------------------------------------------------------------|---------------|---------------|
| Dividend of £0.19 (2016: £0.17) per share accrued in respect of preference shares | <u>13,299</u> | <u>11,805</u> |

**THE OASIS HEALTHCARE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**14. Intangible assets**

**Group**

|                                     | <b>Patient list<br/>£000</b> | <b>Brands<br/>£000</b> | <b>Goodwill<br/>£000</b> | <b>Total<br/>£000</b> |
|-------------------------------------|------------------------------|------------------------|--------------------------|-----------------------|
| <b>Cost</b>                         |                              |                        |                          |                       |
| At 1 April 2016                     | 104,077                      | 905                    | 219,259                  | 324,241               |
| Disposals                           | -                            | -                      | (206)                    | (206)                 |
| On acquisition of subsidiaries      | 36,309                       | -                      | 14,497                   | 50,806                |
| Reduction in deferred consideration | -                            | -                      | (364)                    | (364)                 |
| Foreign exchange movement           | 40                           | -                      | 74                       | 114                   |
| At 31 March 2017                    | <u>140,426</u>               | <u>905</u>             | <u>233,260</u>           | <u>374,591</u>        |
| <b>Amortisation</b>                 |                              |                        |                          |                       |
| At 1 April 2016                     | 6,924                        | 236                    | 28,548                   | 35,708                |
| Charge for the year                 | 6,918                        | 181                    | 12,248                   | 19,347                |
| On disposals                        | -                            | -                      | (49)                     | (49)                  |
| Foreign exchange movement           | 2                            | -                      | 40                       | 42                    |
| At 31 March 2017                    | <u>13,844</u>                | <u>417</u>             | <u>40,787</u>            | <u>55,048</u>         |
| <b>Net book value</b>               |                              |                        |                          |                       |
| At 31 March 2017                    | <u>126,582</u>               | <u>488</u>             | <u>192,473</u>           | <u>319,543</u>        |
| At 31 March 2016                    | <u>97,153</u>                | <u>669</u>             | <u>190,711</u>           | <u>288,533</u>        |

Amortisation is charged to administrative expenses in the Statement of Comprehensive Income.

Details of acquisitions in the year are provided in note 27.

**THE OASIS HEALTHCARE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**15. Tangible assets**

**Group**

|                           | Freehold<br>property<br>£000 | Motor<br>vehicles<br>£000 | Fixtures and<br>fittings<br>£000 | Leasehold<br>improvements<br>£000 | Total<br>£000 |
|---------------------------|------------------------------|---------------------------|----------------------------------|-----------------------------------|---------------|
| <b>Cost or valuation</b>  |                              |                           |                                  |                                   |               |
| At 1 April 2016           | 9,175                        | 47                        | 36,303                           | 31,999                            | 77,524        |
| Additions                 | -                            | 39                        | 12,257                           | 3,462                             | 15,758        |
| Acquisition of businesses | 645                          | 67                        | 1,913                            | 251                               | 2,876         |
| Disposals                 | (8)                          | (30)                      | (269)                            | (144)                             | (451)         |
| Revaluations              | (781)                        | -                         | -                                | -                                 | (781)         |
| Exchange adjustments      | -                            | -                         | 288                              | 69                                | 357           |
| At 31 March 2017          | <u>9,031</u>                 | <u>123</u>                | <u>50,492</u>                    | <u>35,637</u>                     | <u>95,283</u> |
| <b>Depreciation</b>       |                              |                           |                                  |                                   |               |
| At 1 April 2016           | 96                           | 30                        | 9,151                            | 6,797                             | 16,074        |
| Charge for the year       | 131                          | 26                        | 8,641                            | 3,335                             | 12,133        |
| Disposals                 | (8)                          | (22)                      | (266)                            | (97)                              | (393)         |
| Exchange adjustments      | -                            | -                         | 173                              | 38                                | 211           |
| At 31 March 2017          | <u>219</u>                   | <u>34</u>                 | <u>17,699</u>                    | <u>10,073</u>                     | <u>28,025</u> |
| <b>Net book value</b>     |                              |                           |                                  |                                   |               |
| At 31 March 2017          | <u>8,812</u>                 | <u>89</u>                 | <u>32,793</u>                    | <u>25,564</u>                     | <u>67,258</u> |
| At 31 March 2016          | <u>9,079</u>                 | <u>17</u>                 | <u>27,152</u>                    | <u>25,202</u>                     | <u>61,450</u> |

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

|                                   | 2017<br>£000 | 2016<br>£000 |
|-----------------------------------|--------------|--------------|
| Furniture, fittings and equipment | <u>354</u>   | <u>678</u>   |

# THE OASIS HEALTHCARE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 16. Investments

#### Company

|                          | Investments<br>in subsidiary<br>companies<br>£000 |
|--------------------------|---------------------------------------------------|
| <b>Cost or valuation</b> |                                                   |
| At 1 April 2016          | 46,255                                            |
| At 31 March 2017         | 46,255                                            |
| <b>Net book value</b>    |                                                   |
| At 31 March 2017         | 46,255                                            |
| At 31 March 2016         | 46,255                                            |

Details of the subsidiaries can be found in note 33.

### 17. Stocks

|                                     | Group<br>2017<br>£000 | Group<br>2016<br>£000 | Company<br>2017<br>£000 | Company<br>2016<br>£000 |
|-------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Raw materials and consumables       | 4,603                 | 3,778                 | -                       | -                       |
| Finished goods and goods for resale | 835                   | 357                   | -                       | -                       |
|                                     | <u>5,438</u>          | <u>4,135</u>          | <u>-</u>                | <u>-</u>                |

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 £32,392,578 (2016 - £28,694,599).

**THE OASIS HEALTHCARE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**18. Debtors**

|                                            | <b>Group<br/>2017<br/>£000</b> | <b>Group<br/>2016<br/>£000</b> | <b>Company<br/>2017<br/>£000</b> | <b>Company<br/>2016<br/>£000</b> |
|--------------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| <b>Amounts falling due within one year</b> |                                |                                |                                  |                                  |
| Trade debtors                              | 14,517                         | 12,072                         | -                                | -                                |
| Amounts owed by group undertakings         | -                              | -                              | 47,080                           | 17,587                           |
| Other debtors                              | 3,404                          | 898                            | -                                | -                                |
| Prepayments and accrued income             | 5,828                          | 5,850                          | -                                | -                                |
|                                            | <b>23,749</b>                  | <b>18,820</b>                  | <b>47,080</b>                    | <b>17,587</b>                    |

Included in amounts owed by group undertakings is £8,712,000 (2016: £8,712,000) relating 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 owed by group undertakings are unsecured, interest free and repayable on demand.

**19. Creditors: Amounts falling due within one year**

|                                                             | <b>Group<br/>2017<br/>£000</b> | <b>Group<br/>2016<br/>£000</b> | <b>Company<br/>2017<br/>£000</b> | <b>Company<br/>2016<br/>£000</b> |
|-------------------------------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Bank loans and overdrafts                                   | -                              | 3,711                          | -                                | -                                |
| Trade creditors                                             | 19,836                         | 15,632                         | -                                | -                                |
| Amounts owed to group undertakings                          | 407,513                        | -                              | 63,433                           | -                                |
| Deferred consideration                                      | 5,651                          | 3,370                          | -                                | -                                |
| Corporation tax                                             | 144                            | 850                            | -                                | -                                |
| Other taxation and social security                          | 1,386                          | 1,333                          | -                                | -                                |
| Obligations under finance lease and hire purchase contracts | 269                            | 266                            | -                                | -                                |
| Other creditors                                             | 2,331                          | 1,445                          | 142                              | -                                |
| Accruals and deferred income                                | 12,546                         | 10,751                         | -                                | -                                |
|                                                             | <b>449,676</b>                 | <b>37,358</b>                  | <b>63,575</b>                    | <b>-</b>                         |

Bank loans are stated net of unamortised debt issue costs of £nil (2016: £1,662,000).

On 9 February 2017, an interest bearing loan facility of £400m was provided by Bupa Finance plc. The facility is repayable on demand and will be automatically terminated on 9 February 2018. The interest is charged at 35 basis points above the prevailing six month LIBOR rate and is accrued on the principal amount and also any unpaid accrued interest outstanding. At 31 March 2017, £363,271,000 had been drawn down.

Amounts owed to group undertakings comprise the Bupa Finance plc loan of £363,271,000, interest accrued thereon of £441,000 and accrued preference share dividends of £43,801,000.

# THE OASIS HEALTHCARE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 20. Creditors: Amounts falling due after more than one year

|                                    | <b>Group<br/>2017<br/>£000</b> | <b>Group<br/>2016<br/>£000</b> | <b>Company<br/>2017<br/>£000</b> | <b>Company<br/>2016<br/>£000</b> |
|------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Bank loans and overdrafts          | -                              | 230,151                        | -                                | -                                |
| Other loans                        | -                              | 72,257                         | -                                | -                                |
| Deferred consideration             | 3,898                          | 3,885                          | -                                | -                                |
| Preference share dividends payable | -                              | 30,513                         | -                                | 30,513                           |
| Share capital treated as debt      | 7                              | 7                              | 7                                | 7                                |
| Share premium treated as debt      | 68,490                         | 68,490                         | 68,490                           | 68,490                           |
|                                    | <b>72,395</b>                  | <b>405,303</b>                 | <b>68,497</b>                    | <b>99,010</b>                    |

Disclosure of the terms and conditions attached to the non-equity shares is made in note 25.

Bank loans are stated net of unamortised debt issue costs of £nil (2016: £4,887,000).

#### Bank loans

On 9 February 2017, all bank loans were repaid to Société Générale.

#### Other loans

On 9 February 2017, all Investor and Management loan notes were redeemed.

### 21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

|                 | <b>Group<br/>2017<br/>£000</b> | <b>Group<br/>2016<br/>£000</b> |
|-----------------|--------------------------------|--------------------------------|
| Within one year | <b>63</b>                      | <b>266</b>                     |

**THE OASIS HEALTHCARE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**22. Financial instruments**

|                                                                       | <b>Group<br/>2017<br/>£000</b> | <b>Group<br/>2016<br/>£000</b> | <b>Company<br/>2017<br/>£000</b> | <b>Company<br/>2016<br/>£000</b> |
|-----------------------------------------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| <b>Financial assets</b>                                               |                                |                                |                                  |                                  |
| Cash at bank and in hand                                              | <b>14,779</b>                  | 19,511                         | <b>241</b>                       | 9,201                            |
| Financial assets that are debt instruments measured at amortised cost | <b>19,109</b>                  | 14,705                         | <b>47,080</b>                    | 17,587                           |
|                                                                       | <b><u>33,888</u></b>           | <u>34,216</u>                  | <b><u>47,321</u></b>             | <u>26,788</u>                    |
| <b>Financial liabilities</b>                                          |                                |                                |                                  |                                  |
| Financial liabilities measured at amortised cost                      | <b>(522,071)</b>               | (442,430)                      | <b>(132,072)</b>                 | (99,010)                         |

Financial assets measured at fair value through profit or loss comprises cash at bank.

Financial assets that are debt instruments 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.

**23. Deferred taxation**

**Group**

|                                                            | <b>2017<br/>£000</b>   | <b>2016<br/>£000</b> |
|------------------------------------------------------------|------------------------|----------------------|
| At beginning of year                                       | <b>(8,023)</b>         | (9,862)              |
| Credited to Consolidated Statement of Comprehensive Income | <b>3,889</b>           | 8,243                |
| Arising on business combinations                           | <b>(6,699)</b>         | (6,404)              |
| <b>At end of year</b>                                      | <b><u>(10,833)</u></b> | <u>(8,023)</u>       |

# THE OASIS HEALTHCARE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 23. Deferred taxation (continued)

|                            | Group<br>2017<br>£000 | Group<br>2016<br>£000 |
|----------------------------|-----------------------|-----------------------|
| Tax losses carried forward | (4,305)               | (3,789)               |
| Acquired intangible assets | 20,932                | 17,361                |
| Acquired tangible assets   | (5,677)               | (5,455)               |
| Other timing differences   | (117)                 | (94)                  |
|                            | <u>(10,833)</u>       | <u>(8,023)</u>        |

The Group has unprovided deferred tax balances of £50,000 (2016: £35,000) in respect of depreciation charges in excess of accelerated capital allowances, £453,000 (2016: £424,000) in respect of tax losses and £2,000 (2016: £1,551,000) in respect of other timing differences. These amounts are unprovided as their recovery is not currently assessed as probable.

### 24. Provisions

#### Group

|                           | Property<br>provisions<br>£000 |
|---------------------------|--------------------------------|
| At 1 April 2016           | 1,674                          |
| Charged to profit or loss | 560                            |
| Utilised in year          | (504)                          |
| <b>At 31 March 2017</b>   | <b><u>1,730</u></b>            |

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 2017

#### 25. Called up share capital

|                                                                  | 2017<br>£000 | 2016<br>£000 |
|------------------------------------------------------------------|--------------|--------------|
| <b>Shares classified as equity</b>                               |              |              |
| <b>Allotted, called up and fully paid</b>                        |              |              |
| 770,000 (2016 - 770,000) 'A' ordinary shares of £0.01 each       | 8            | 8            |
| 256,974 (2016 - 256,974) 'B' ordinary shares of £0.01 each       | 3            | 3            |
| 250,040 (2016 - 250,040) 'C' ordinary shares of £0.0125 each     | 3            | 3            |
|                                                                  | <u>14</u>    | <u>14</u>    |
| <b>Shares classified as debt</b>                                 |              |              |
| <b>Allotted, called up and fully paid</b>                        |              |              |
| 68,497,037 (2016 - 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 shall 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 shall 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", "B" and "C" ordinary shares 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 2017**

#### **26. Reserves**

##### **Share premium account**

The share premium account represents the consideration received on the issue of shares in the Company in excess of the nominal value of those shares, net of share issue costs, bonus issues of shares and any subsequent capital reductions.

##### **Foreign exchange reserve**

The foreign exchange reserve 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 accumulated profits, losses and distributions of the Group or Company.

# THE OASIS HEALTHCARE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 27. Business combinations

During the year, the Group made a number of acquisitions of dental practices and laboratories. 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<br>£000 | Fair value<br>adjustment<br>£000 | Fair value<br>£000 |
|--------------------------------------------------------------|--------------------|----------------------------------|--------------------|
| Tangible                                                     | 2,684              | 165                              | 2,849              |
| Intangible                                                   | -                  | 36,309                           | 36,309             |
|                                                              | <u>2,684</u>       | <u>36,474</u>                    | <u>39,158</u>      |
| Stocks                                                       | 687                | 82                               | 769                |
| Debtors                                                      | 2,803              | (132)                            | 2,671              |
| Cash at bank and in hand                                     | 5,922              | -                                | 5,922              |
| <b>Total assets</b>                                          | <u>12,096</u>      | <u>36,424</u>                    | <u>48,520</u>      |
| Creditors due within one year                                | (5,960)            | (385)                            | (6,345)            |
| Bank overdrafts                                              | (216)              | -                                | (216)              |
| Deferred tax on differences between fair value and tax bases | (171)              | (6,490)                          | (6,661)            |
| <b>Fair value of net assets</b>                              | <u>5,749</u>       | <u>29,549</u>                    | <u>35,298</u>      |
| Goodwill                                                     | 12,481             | -                                | 12,481             |
| <b>Total purchase consideration</b>                          | <u>18,230</u>      | <u>29,549</u>                    | <u>47,779</u>      |
| Cash                                                         | (41,196)           | -                                | (41,196)           |
| Contingent consideration                                     | (5,055)            | -                                | (5,055)            |
| Acquisition costs                                            | (1,528)            | -                                | (1,528)            |
| Cash and cash equivalents in subsidiary acquired             | 5,922              | -                                | 5,922              |
| <b>Cash outflow on acquisition</b>                           | <u>(41,857)</u>    | <u>-</u>                         | <u>(41,857)</u>    |

## THE OASIS HEALTHCARE GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 27. Business combinations (continued)

The results of acquired businesses since their acquisition are as follows:

|                       | Current<br>period since<br>acquisition<br>£000 |
|-----------------------|------------------------------------------------|
| Turnover              | 17,300                                         |
| Profit for the period | 2,764                                          |

#### 28. 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 £nil at 31 March 2017 (2016: £233,862,000). The Directors do not expect any material loss to arise in respect of the guarantees.

#### 29. Capital commitments

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

|                                                               | Group<br>2017<br>£000 | Group<br>2016<br>£000 |
|---------------------------------------------------------------|-----------------------|-----------------------|
| Contracted for but not provided in these financial statements | 2,781                 | 1,932                 |

#### 30. Pension commitments

The Group has established a stakeholders' pension scheme for all employees who are eligible to join. In the year to 31 March 2017, the Group charge was £721,000 (2016: £603,000).

The Group operates a defined benefit scheme for 4 (2016: 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 2017**

**31. Commitments under operating leases**

At 31 March 2017 the Group had future minimum lease payments under non-cancellable operating leases as follows:

|                                              | <b>Group<br/>2017<br/>£000</b> | <b>Group<br/>2016<br/>£000</b> |
|----------------------------------------------|--------------------------------|--------------------------------|
| Not later than 1 year                        | <b>10,931</b>                  | 10,062                         |
| Later than 1 year and not later than 5 years | <b>31,557</b>                  | 27,028                         |
| Later than 5 years                           | <b>29,071</b>                  | 20,966                         |
|                                              | <b><u>71,559</u></b>           | <b><u>58,056</u></b>           |

**32. Related party transactions**

Bridgepoint Advisers Limited, the Company's former ultimate controlling party, charges a monitoring fee of £150,000 (2016: £180,000) per annum. These financial statements include a creditor of £nil (2016: £162,000) in relation to that fee.

# THE OASIS HEALTHCARE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 33. Subsidiary undertakings

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 exemption from audit:

| Name                                                            | Class of shares | Holding | Principal activity                                          |
|-----------------------------------------------------------------|-----------------|---------|-------------------------------------------------------------|
| 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 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%    | Holding company                                             |
| 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                               |
| 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 Colwyn Bay Limited*                                   | Ordinary        | 100%    | Operation of dental practices                               |
| Dentalign Eastbourne Limited*                                   | Ordinary        | 100%    | Operation of dental practices                               |
| Dentalign Wrexham Limited*                                      | Ordinary        | 100%    | Operation of dental practices                               |
| Ortho 2008 Limited*                                             | Ordinary        | 100%    | Operation of dental practices                               |
| Orthoscene Limited*                                             | Ordinary        | 100%    | Orthodontic dentistry                                       |
| Nigel Reynolds 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                               |
| Windmill Dental Surgery Limited*                                | Ordinary        | 100%    | Operation of dental practices                               |
| Steeple Grange Smiles Limited*                                  | Ordinary        | 100%    | Operation of dental practices                               |
| Kidson Orthodontics Limited*                                    | Ordinary        | 100%    | Operation of dental practices                               |
| Deysbrook Dental Surgery Limited*                               | Ordinary        | 100%    | Operation of dental practices                               |
| BASDAC LLP*                                                     | Ordinary        | 100%    | Operation of dental practices                               |
| Apex Dental Care Limited*                                       | Ordinary        | 100%    | Operation of dental practices                               |
| Caring Dentistry Limited*                                       | Ordinary        | 100%    | Operation of dental practices                               |
| Smile Lincs Limited*                                            | Ordinary        | 100%    | Operation of dental practices                               |
| Apex Holding Limited*                                           | Ordinary        | 100%    | Holding company                                             |
| JDH Holdings Limited*                                           | Ordinary        | 100%    | Holding company                                             |
| Ceracryl Laboratories Limited*                                  | Ordinary        | 100%    | Dormant                                                     |
| Xeon Smiles UK Limited*                                         | Ordinary        | 100%    | Operation of dental practices                               |
| FACE (Facial Aesthetic Centres of Excellence) Limited*          | Ordinary        | 100%    | Provision of facial aesthetics                              |
| Oral Hygiene Innovations Limited*                               | Ordinary        | 100%    | Supply of oral hygiene products                             |
| Dr J.D. Hull & Associates (Physiotherapy & Osteopathy) Limited* | Ordinary        | 100%    | Provision of physiotherapy, osteopathy and similar services |
| Highland Dental Care Limited*                                   | Ordinary        | 100%    | Operation of dental practices                               |
| Den Dental Group Practice LLP*                                  | Ordinary        | 100%    | Operation of dental practices                               |
| Goodteeth Dental Surgeries Limited*                             | Ordinary        | 100%    | Operation of dental practices                               |
| The Adams and Lee Dental Practice Limited*                      | Ordinary        | 100%    | Operation of dental practices                               |
| Hillington Park Dental Practice Limited*                        | Ordinary        | 100%    | Operation of dental practices                               |

## THE OASIS HEALTHCARE GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

|                                                   |          |      |                                |
|---------------------------------------------------|----------|------|--------------------------------|
| Total Orthodontics Limited*                       | Ordinary | 100% | Orthodontic dentistry          |
| Winning Smiles (Gillingham) Limited*              | Ordinary | 100% | Operation of dental practices  |
| J A Jordan and Associates Limited*                | Ordinary | 100% | Operation of dental practices  |
| Grosvenor Orthodontic Clinic (Beckenham) Limited* | Ordinary | 100% | Orthodontic dentistry          |
| Mojo-D Limited*                                   | Ordinary | 100% | Operation of dental laboratory |
| Victoria Reese 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  |
| Smile Dental Care Limited*                        | Ordinary | 100% | Operation of dental practices  |
| Priors Croft Dental Practice Limited*             | Ordinary | 100% | Operation of dental practices  |
| James Taylor and Partners Limited*                | Ordinary | 100% | Operation of dental practices  |
| Milehouse 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  |
| Richley Dental Ceramics Limited*                  | Ordinary | 100% | Operation of dental laboratory |
| Aesthetic Dental Laboratory Limited*              | Ordinary | 100% | Operation of dental laboratory |
| Quest Dental Care LLP*                            | Ordinary | 100% | Operation of dental practices  |
| Cheshire Cat Orthodontics Limited*                | Ordinary | 100% | Operation of dental practices  |
| Lawrence Street Dental Practice Limited*          | Ordinary | 100% | Operation of dental practices  |
| Oral Implantology Limited*                        | Ordinary | 100% | Operation of dental practices  |
| A4 Health Group Limited*                          | Ordinary | 100% | Operation of dental practices  |
| MFM Community Limited*                            | Ordinary | 100% | Operation of dental practices  |
| Dencraft (South Yorkshire) Limited*               | Ordinary | 100% | Operation of dental laboratory |
| BE White Limited*                                 | Ordinary | 100% | Operation of dental practices  |
| Synergy Ceramics Limited*                         | Ordinary | 100% | Operation of dental laboratory |
| Colchester Dental Referral Centre Limited*        | Ordinary | 100% | Operation of dental practices  |
| Windslade Limited*                                | Ordinary | 100% | Operation of dental practices  |
| Highwoods and St Johns Limited*                   | Ordinary | 100% | Operation of dental practices  |
| Derwent House Orthodontics Limited*               | Ordinary | 100% | Operation of dental practices  |
| Nadir Khan Surgical Limited*                      | Ordinary | 100% | Operation of dental practices  |
| T C Patel Limited*                                | Ordinary | 100% | Operation of dental practices  |
| J.J. Thompson (Orthodontic Appliances) Limited*   | Ordinary | 100% | Operation of dental laboratory |
| Eurodonic Limited*                                | Ordinary | 100% | Operation of dental laboratory |
| Oswestry Dental Laboratory Limited*               | Ordinary | 100% | Operation of dental laboratory |
| Creative Designs Dental Laboratory Limited*       | Ordinary | 100% | Operation of dental laboratory |
| Cranmore Excellence in Dentistry Limited*         | Ordinary | 100% | Operation of dental practices  |
| DE (Belmont Road) Limited*                        | Ordinary | 100% | Operation of dental practices  |
| Oasis Healthcare Holdings Ireland Limited         | Ordinary | 100% | Holding company                |
| Xeon Dental Services Limited                      | Ordinary | 100% | Operation of dental practices  |
| Smiles Dental Practices North Limited*            | Ordinary | 100% | Operation of dental practices  |
| Blueapple Dental and Implant Team Limited*        | Ordinary | 100% | Operation of dental practices  |

#### 34. Ultimate parent company and controlling party

In the period to 9 February 2017, the Company's ultimate parent undertaking was certain funds managed by Bridgepoint, an independent private equity group.

On 9 February 2017, the entire issued share capital of The Oasis Healthcare Group Limited was acquired by Bupa Finance plc.

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