

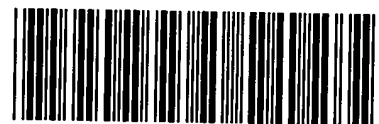
# **ADP Holdings Limited**

Annual report and financial statements

Registered number 04298115

Year ended 31 March 2016

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## Contents

Strategic report for the year ended 31 March 2016	1
Directors' report for the year ended 31 March 2016	2
Independent auditors' report to the members of ADP Holdings Limited	4
Income statement	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9

## Strategic report for the year ended 31 March 2016

The directors present the Strategic report for the year ended 31 March 2016.

### Principal activities

The principal activity of the company is to act as an investment holding company.

The company did not trade in the year to 31 March 2016 nor during the year to 31 March 2015. Accordingly, no income statement or statement of changes in equity has been presented. In addition, the company has not items of other comprehensive income during the current or previous year and therefore no statement of other comprehensive income has been presented.

### Business review

#### *Review of the development and performance of the company*

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

The group provides a range of National Health Service ('NHS') and private dental services from practices located in England, Wales and Scotland along with support services to other third party dental practices and the wider healthcare sector.

On 29 September 2015, as part of a group simplification exercise, ADP No.1 Limited and Natural Management Ltd, both wholly owned subsidiaries of the company, transferred their 100% interests in the issued share capital of IDH Limited and Community Dental Centres Limited respectively to IDH Acquisitions Limited.

Immediately following these transfers, the directors assessed the carrying value of the company's investments in ADP No.1 Limited and Natural Management Ltd and recorded an impairment of £12,081,000 in the company's income statement in order to align the carrying value of the investments with their estimated recoverable amounts.

#### *Strategy and future outlook*

The company is expected to remain an investment holding company in the forthcoming year.

### Financial review

The loss on ordinary activities after taxation for the year ended 31 March 2016 was £12,081,000 (2015: £Nil).

### Principal risks and uncertainties

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

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

On behalf of the Board



**WHM Robson**

Director

7 December 2016

## **Directors' report for the year ended 31 March 2016**

The directors present their report and the audited financial statements of ADP Holdings Limited for the year ended 31 March 2016.

### **Future developments**

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

### **Proposed dividend**

The directors do not recommend the payment of dividend for the year (2015: £nil).

### **Directors**

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

WHM Robson  
T Scicluna  
S Williams

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

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

select suitable accounting policies and then apply them consistently;

make judgements and accounting estimates that are reasonable and prudent;

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;

notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Directors' report for the year ended 31 March 2016** *(continued)*

### **Subsequent events**

On 5 August 2016, IDH Finance Plc, a wholly owned subsidiary of Turnstone Equityco 1 Limited, issued £275 million of senior secured fixed rate notes, £150 million of senior secured floating rate notes and £130 million of second lien notes maturing between 2022 and 2023.

The proceeds were used to repay the group's existing notes and borrowings under the super senior revolving credit facility ('SSRCF').

On the same date, the group also entered into an agreement with a syndicate of banks for a new £100 million SSRCF, available until 2022.

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

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

### **Independent auditors**

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

On behalf of the Board



**WHM Robson**  
*Director*  
7 December 2016

Europa House  
Stoneclough Road  
Kearsley  
Manchester  
M26 1GG

## **Independent auditors' report to the members of ADP Holdings Limited**

### **Report on the financial statements**

#### **Our opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

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

- the balance sheet as at 31 March 2016;
- the income statement for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

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

## **Independent auditors' report to the members of ADP Holdings Limited** *(continued)*

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

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

#### **What an audit of financial statements involves**

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

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

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

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

In addition, we read all the financial and non-financial information in the Annual report and financial statements 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.



**Randal Casson (Senior Statutory Auditor)**  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
7 December 2016

**Income statement**  
*for the year ended 31 March 2016*

	<i>Note</i>	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Impairment of investment in subsidiaries	7	(12,081)	-
<b>Loss on ordinary activities before taxation</b>		<b>(12,081)</b>	<b>-</b>
Tax on loss on ordinary activities	6	-	-
<b>Loss for the financial year</b>		<b>(12,081)</b>	<b>-</b>

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

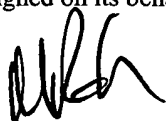


**Balance sheet**  
*at 31 March 2016*

	<i>Note</i>	<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>			
Investments	7	10,427	22,508
<b>Current assets</b>			
Debtors	8	14,913	14,913
<b>Creditors: amounts falling due within one year</b>	9	<b>(30,214)</b>	<b>(30,214)</b>
<b>Net current liabilities</b>		<b>(15,301)</b>	<b>(15,301)</b>
<b>Net (liabilities)/assets</b>		<b>(4,874)</b>	<b>7,207</b>
<b>Capital and reserves</b>			
Called up share capital	10	14,798	14,798
Share premium account	11	886	886
Accumulated losses	11	<b>(20,558)</b>	<b>(8,477)</b>
<b>Total shareholders' (deficit)/funds</b>		<b>(4,874)</b>	<b>7,207</b>

The notes on pages 9 to 14 form an integral part of these financial statements.

These financial statements on pages 6 to 14 were approved by the board of directors on 7 December 2016 and were signed on its behalf by:



**WHM Robson**  
*Director*

**Statement of changes in equity**  
*for the year ended 31 March 2016*

	<b>Called up share capital £'000</b>	<b>Share premium account £'000</b>	<b>Accumulated losses £'000</b>	<b>Total shareholders' funds/(deficit) £'000</b>
Balance at 1 April 2014 and 31 March 2015	14,798	886	(8,477)	7,207
<b>Comprehensive expense for the year</b>				
Loss for the financial year	-	-	(12,081)	(12,081)
<b>Balance at 31 March 2016</b>	<b>14,798</b>	<b>886</b>	<b>(20,558)</b>	<b>(4,874)</b>

## Notes to the financial statements

### 1 Company information

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

The principal activity of the company is to act as an investment holding company.

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

### 2 Accounting policies

#### *Basis of preparation*

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

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

The financial statements have been prepared on a going concern basis due to the company having the continued support of its parent.

This is the first year in which the company has prepared its financial statements in accordance with FRS 102. The company's deemed transition date to FRS 102 is 1 April 2014. However, no transition differences have arisen and, therefore, the balance sheets at both 1 April 2014 (the transition date) and 31 March 2015 are unchanged from those previously reported.

The financial statements are presented in Sterling (£).

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

#### *Exemptions for qualifying entities under FRS 102*

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

The company has taken advantage of the following exemptions:

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

#### *Investments*

Investments held as fixed assets are stated at cost less amounts written off for impairment.

Long-term intercompany balances, which have been generated by the holding company funding the subsidiaries' acquisitions of dental practices, are treated as investments in the balance sheet.

## Notes to the financial statements *(continued)*

### 2 Accounting policies *(continued)*

#### *Impairment of investments*

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

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

#### *Financial instruments*

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

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

### 3 Significant accounting judgements and estimates

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

#### *Impairment of investments*

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

#### *Carrying value of financial assets and liabilities*

At the end of each reporting period, the Directors assess the carrying value of financial assets for objective evidence of impairment. In addition, where financial assets or liabilities constitute a financing arrangement, the value of the asset or liability is measured by reference to the present value of the estimated future cashflows. Both of these estimates require the future cashflows arising from the financial assets or liabilities to be estimated and an appropriate discount rate to be selected.

### 4 Auditors' remuneration

Auditors' remuneration of £250 in respect of the year ended 31 March 2016 has been borne by a fellow group undertaking (2015: £250).

### 5 Directors and employees

The directors received no emoluments from the company for their services during the financial year (2015: £nil). The emoluments received as a director of a group trading company are disclosed in the financial statements of Petrie Tucker and Partners Limited for S Williams and in the financial statements of Turnstone Equityco 1 Limited for WHM Robson and T Scicluna.

The company has no other employees (2015: none).

## Notes to the financial statements *(continued)*

### 6 Tax on (loss)/result on ordinary activities

#### a) Analysis of tax charge for the financial year

	2016 £'000	2015 £'000
<i>Current tax</i>		
Current tax at 20% (2015: 21%)	-	-
	<hr/>	<hr/>
<b>Tax on (loss)/result on ordinary activities</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>

#### b) Factors affecting the tax charge for the financial year

The tax charge for the year is higher than (2015: equal to) the standard rate of corporation tax in the UK for the year ended 31 March 2016 of 20% (2015: 21%). The differences are explained below:

	2016 £'000	2015 £'000
(Loss)/result on ordinary activities before taxation	(12,081)	-
	<hr/>	<hr/>
(Loss)/result on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 21%)	(2,416)	-
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2,416	-
	<hr/>	<hr/>
<b>Tax on (loss)/result on ordinary activities</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>

The main rate of corporation tax was reduced from 21% to 20% from 1 April 2015. Further reductions to 19% from 1 April 2017 and to 18% from 1 April 2020 were substantively enacted on 18 November 2015.

A further reduction in the main rate of corporation tax to 17% from 1 April 2020 was substantively enacted as part of the Finance Act 2016 on 15 September 2016. As this change had not been substantively enacted at the balance sheet date, its effect is not included in these financial statements.

## Notes to the financial statements *(continued)*

### 7 Investments

	Shares in subsidiary £'000
<b>Cost</b>	
At 1 April 2015 and 31 March 2016	25,487
<b>Impairment</b>	
At 1 April 2015	2,979
Impairment of investments in ADP No.1 Limited and Natural Management Ltd	12,081
<b>At 31 March 2016</b>	<b>15,060</b>
<b>Net book value</b>	
At 31 March 2016	10,427
At 31 March 2015	22,508

The company owns 100% of its immediate subsidiary undertakings: ADP Healthcare Limited; ADP No.1 Limited; MyDentist Limited; and Natural Management Limited.

On 29 September 2015, as part of a group simplification exercise, ADP No.1 Limited and Natural Management Ltd, both wholly owned subsidiaries of the company, transferred their 100% interests in the issued share capital of IDH Limited and Community Dental Centres Limited respectively to IDH Acquisitions Limited.

Immediately following these transfers, the directors assessed the carrying value of the company's investments in ADP No.1 Limited and Natural Management Ltd and recorded an impairment of £12,081,000 in the company's income statement in order to align the carrying value of the investments with their estimated recoverable amounts.

The table below provides details of the company's subsidiary undertakings, as at 31 March 2016, following the group simplification. All companies are indirectly owned with the exception of the four companies listed above. All of the non-trading entities are holding companies for investments in other group companies.

The company owns (either directly or indirectly) 100% of the ordinary share capital of all of the companies listed.

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

Name of subsidiary	Principal activity	Country of incorporation
ADP Healthcare Limited	Dormant	England
ADP No.1 Limited	Non-trading	England
MyDentist Limited	Dormant	England
Natural Management Ltd	Non-trading	England

## Notes to the financial statements *(continued)*

### 8 Debtors

	2016 £'000	2015 £'000
Amounts owed by group undertakings	14,913	14,913

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

### 9 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to group undertakings	30,214	30,214

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

### 10 Called up share capital

	Number	2016 £'000	Number	2015 £'000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of 10 pence each	147,983,740	14,798	147,983,740	14,798

### 11 Reserves

The following describes the nature and purpose of each reserve within shareholders' (deficit)/funds:

#### *Share premium account*

The amount subscribed for share capital in excess of nominal value less any costs directly attributable to the issue of new shares.

#### *Accumulated losses*

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

### 12 Financial assets and liabilities

The company has the following financial instruments:

	Note	2016 £'000	2015 £'000
<b>Financial assets measured at amortised cost</b>			
Amounts owed by group undertakings	8	14,913	14,913
<b>Financial liabilities measured at amortised cost</b>			
Amounts owed to group undertakings	9	(30,214)	(30,214)

## Notes to the financial statements *(continued)*

### 13 Controlling party

The immediate parent undertaking is ADP Healthcare Acquisitions Limited, a company incorporated in England.

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

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

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

### 14 Subsequent events

On 5 August 2016, IDH Finance Plc, a wholly owned subsidiary of Turnstone Equityco 1 Limited, issued £275 million of senior secured fixed rate notes, £150 million of senior secured floating rate notes and £130 million of second lien notes maturing between 2022 and 2023.

The proceeds were used to repay the group's existing notes and borrowings under the super senior revolving credit facility ('SSRCF').

On the same date, the group also entered into an agreement with a syndicate of banks for a new £100 million SSRCF, available until 2022.