

Salcombe Dental Practice Limited
Annual report and financial statements
Registered number 06005190
Year ended 31 March 2018

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Strategic report for the year ended 31 March 2018

The director presents the Strategic report for the year ended 31 March 2018.

Principal activities

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

Business review

Review of the development and performance of the company

On 30 November 2018, 100% of the issued share capital of the company was acquired by Dr O. Sultan.

During the year and until 30 November 2018 the company was a member of the group of companies headed by Turnstone Equityco 1 Limited ("the group"). The principal activities of the group are the operation of dental practices and the provision of materials, services and equipment to dental practices. The company provides NHS dental services to patients.

Strategy and future outlook

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

Financial review

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

Turnover for the year was £193,667 (2017: £192,656). The loss on ordinary activities before taxation for the year was £74,609 (2017: £29,545). The loss for the financial year was £72,439 (2017: £26,620).

Earnings before interest, tax, depreciation and amortisation ("EBITDA") is the key indicator for the company's stakeholders. In the year EBITDA was a loss of £61,798 (2017: £16,804).

Principal risks and uncertainties

For the year ended 31 March 2018, and until 30 November 2018, the company's risks and uncertainties were integrated with the principal risks and uncertainties of the group. Accordingly, the principal risks and uncertainties of Turnstone Equityco 1 Limited, which includes those of the company, are discussed in the Strategic report in the financial statements of Turnstone Equityco 1 Limited which does not form part of this report.

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

Key performance indicators

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

Other KPIs used by the company include the following:

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

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

Strategic report for the year ended 31 March 2018 *(continued)*

Financial risk management

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

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

Credit risk

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

Liquidity risk

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

Market risk

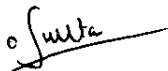
Market risk is the risk that changes in foreign exchange rates and interest rates will affect the company's income or costs.

The company has limited currency risk as all operations are carried out in the United Kingdom and all income and expenses are denominated in Sterling.

Inflation risk

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

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



O Sultan

Director

17 December 2018

Director's report for the year ended 31 March 2018

The director presents his report and the unaudited financial statements of Salcombe Dental Practice Limited for the year ended 31 March 2018.

Financial risk management

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

Future developments

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

Proposed dividend

The director does not recommend the payment of a dividend for the year (2017: £nil).

Directors

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

O Sultan	(appointed 30 November 2018)
M Prasad	(resigned 30 November 2018)
WHM Robson	(resigned 31 July 2017)
O Shafi Khan	(appointed 16 October 2017, resigned 30 November 2018)
A Spindler	(appointed 31 July 2017, resigned 12 October 2017)
N Whitley	(appointed 31 July 2017, resigned 30 November 2018)
S Williams	(resigned 31 July 2017)

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

Statement of directors' responsibilities

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the director must not approve the financial statements unless he is 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 the financial statements, the director is 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 company will continue in business.

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

The director is 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.

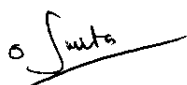
Director's report for the year ended 31 March 2018 *(continued)*

Subsequent events

On 30 November 2018, 100% of the issued share capital of the company was acquired by Dr O. Sultan.

Audit exemption

For the year ended 31 March 2018, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 as Turnstone Equityco 1 Limited has provided a guarantee over all of the outstanding liabilities of the company to the company's immediate parent and sole member, IDH Acquisitions Limited, in accordance with section 479C of the Companies Act 2006.



O Sultan

Director

17 December 2018

47 Stonerwood Avenue
Birmingham
B28 0AX

Income statement
for the year ended 31 March 2018

	<i>Note</i>	2018 £	2017 £
Turnover	4	193,667	192,656
Cost of sales		(144,154)	(122,730)
Gross profit		49,513	69,926
Administrative expenses		(124,122)	(99,471)
Loss on ordinary activities before taxation	5	(74,609)	(29,545)
Tax on loss on ordinary activities	8	2,170	2,925
Loss for the financial year		(72,439)	(26,620)

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 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	9		73,829		75,291
Current assets					
Stocks	10	6,250		6,500	
Debtors	11	6,608		36,872	
			12,858	43,372	
Creditors: amounts falling due within one year	12	(59,214)		(18,751)	
Net current (liabilities)/assets			(46,356)		24,621
Net assets			27,473		99,912
Capital and reserves					
Called up share capital	13		100		100
Retained earnings	14		27,373		99,812
Total shareholders' funds			27,473		99,912

The notes on pages 8 to 15 form an integral part of these financial statements.

- For the financial year ended 31 March 2018 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.
- The member has not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.
- The director acknowledges his responsibility for:
 - ensuring the company keeps accounting records which comply with Section 386; and
 - preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year in accordance with the requirements of the Companies Act relating to accounts, so far as is applicable to the company.

These financial statements on pages 5 to 15 were approved by the director on December 2018:



O Sultan
Director

17/12/18

Statement of changes in equity
for the year ended 31 March 2018

	Called up share capital £	Retained earnings £	Total shareholders' funds £
Balance at 1 April 2016	100	126,432	126,532
Comprehensive expense for the year			
Loss for the financial year	-	(26,620)	(26,620)
Balance at 31 March 2017	100	99,812	99,912
Comprehensive expense for the year			
Loss for the financial year	-	(72,439)	(72,439)
Balance at 31 March 2018	100	27,373	27,473

Notes to the financial statements

1 Company information

Salcombe Dental Practice Limited (the 'company') is a private company limited by shares incorporated and domiciled in England. The address of the registered office is: 47 Stonerwood Avenue, Birmingham, B28 0AX.

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

During the year ended 31 March 2018, the company was 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 Salcombe Dental Practice Limited have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the United Kingdom and Ireland ('FRS 102'), and with the Companies Act 2006.

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

The financial statements are presented in Sterling (£).

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

Exemptions for qualifying entities under FRS 102

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

The company has taken advantage of the following exemptions:

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

Turnover

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

Taxation

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

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

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

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Tangible assets and depreciation

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

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

Fittings and equipment	4-10 years
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Where the residual value of an asset is material it is reviewed at the end of each financial year, to ensure that it has been depreciated on an appropriate basis.

Impairment of fixed assets

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

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

Stocks

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

Leases

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

Pensions

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

Financial instruments

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

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

Notes to the financial statements *(continued)*

3 Significant accounting judgements and estimates

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

Impairment of fixed assets

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

Income tax

The current income tax provision directly relates to the actual tax payable on the group's profits. Assumptions and judgements are made in applying tax laws to the taxable profits in any given period in order to calculate the tax charge for that year, including any deferred tax element. Where the eventual tax paid or reclaimed is different to the amounts originally estimated, or where deferred tax estimates are revised, the difference will be charged or credited to the income statement in the period in which it is determined. See also note 8.

Useful economic lives of fixed assets

Tangible fixed assets are amortised over their useful economic lives. Useful lives are based on management's estimates of the period over which the assets will generate income. Useful lives are periodically reviewed for their continued appropriateness. Changes to estimates can result in changes in the carrying values and hence change the amounts charged to the income statement in particular periods which could be significant. More details, including carrying values, are included in note 9.

4 Turnover

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

5 Loss on ordinary activities before taxation

	2018 £	2017 £
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Depreciation – owned assets	12,811	12,741
Operating leases – land and buildings	13,330	19,812
	<hr/>	<hr/>

Notes to the financial statements *(continued)*

6 Employees

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

	2018 No of employees	2017 No of employees
Surgery staff	5	4
Administration staff	3	3
	<u>8</u>	<u>7</u>

The aggregate payroll costs of these persons were as follows:

	2018 £	2017 £
Wages and salaries	104,169	92,356
Social security costs	7,266	5,875
Other pension costs	550	360
	<u>111,985</u>	<u>98,591</u>

7 Directors' remuneration

The directors received no emoluments from the company for their services during the financial year (2017: £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 M Prasad, O Shafi Khan, N Whitley, WHM Robson, A Spindler and S Williams.

Notes to the financial statements *(continued)*

8 Tax on loss on ordinary activities

a) Analysis of tax credit for the financial year

	2018 £	2017 £
Current tax		
Current tax for the year	-	-
Deferred tax		
Deferred tax credit for the year	(1,947)	(1,936)
Adjustment relating to the prior year	(223)	(1,036)
Impact of change in tax rate	-	47
Total deferred tax credit for the year	(2,170)	(2,925)
Tax on loss on ordinary activities	(2,170)	(2,925)

b) Factors affecting the tax charge for the financial year

The tax charge for the year is higher (2017: higher) than the standard rate of corporation tax in the UK for the year ended 31 March 2018 of 19% (2017: 20%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before taxation	(74,609)	(29,545)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 20%)	(14,176)	(5,909)
Effects of:		
Expenses not deductible for tax purposes	500	523
Difference in tax rate – capital allowances	40	129
Adjustment relating to the prior year	(223)	(1,036)
Impact of change in tax rate	-	47
Group relief surrendered for nil consideration	11,689	3,321
Tax on loss on ordinary activities	(2,170)	(2,925)

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

Notes to the financial statements *(continued)*

9 Tangible fixed assets

	Fittings and equipment £
<i>Cost</i>	
At 1 April 2017	185,345
Additions	11,349
	<hr/>
At 31 March 2018	196,694
	<hr/>
<i>Accumulated amortisation</i>	
At 1 April 2017	110,054
Charge for the year	12,811
	<hr/>
At 31 March 2018	122,865
	<hr/>
<i>Net book value</i>	
At 31 March 2018	73,829
	<hr/>
At 31 March 2017	75,291
	<hr/>

10 Stocks

	2018 £	2017 £
Dental practice consumables	6,250	6,500
	<hr/>	<hr/>

11 Debtors

	2018 £	2017 £
Amounts owed by group undertakings	-	32,918
Prepayments and accrued income	1,706	1,222
Deferred tax	4,902	2,732
	<hr/>	<hr/>
	6,608	36,872
	<hr/>	<hr/>

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

Notes to the financial statements *(continued)*

11 Debtors *(continued)*

Deferred tax

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

	£
At 1 April 2017	2,732
Accelerated capital allowances	1,947
Adjustment relating to the prior year	223
	<hr/>
At 31 March 2018	4,902
	<hr/>

The elements of deferred taxation are as follows:

	2018 £	2017 £
Accelerated capital allowances	4,902	2,732
	<hr/>	<hr/>

12 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	1,312	414
Amounts owed to group undertakings	38,806	-
Accruals and deferred income	19,096	18,337
	<hr/>	<hr/>
	59,214	18,751
	<hr/>	<hr/>

13 Called up share capital

	2018 £	2017 £
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
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14 Reserves

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

Retained earnings

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

Notes to the financial statements *(continued)*

15 Commitments

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

	2018 £	2017 £
Land and buildings:		
Within one year	13,200	11,640
Between one year and five years	37,106	44,353
Expiring after five years	-	-
	<u>50,306</u>	<u>55,993</u>

16 Financial assets and liabilities

The company has the following financial instruments:

	Note	2018 £	2017 £
Financial assets measured at amortised cost			
Amounts owed by group undertakings	11	-	32,918
Financial liabilities measured at amortised cost			
Trade creditors	12	(1,312)	(414)
Amounts owed to group undertakings	12	(38,806)	-
		<u>(40,118)</u>	<u>(414)</u>

17 Controlling party

On 30 November 2018, 100% of the issued share capital of the company was acquired by Dr O. Sultan. From this date onwards, Dr O. Sultan is also considered to be the ultimate controlling party.

Until 30 November 2018, the immediate parent undertaking was IDH Acquisitions Limited, incorporated in England.

Until 30 November 2018, the results of the company were consolidated in the financial statements of Turnstone Equityco 1 Limited, a company incorporated in England.

Turnstone Midco 2 Limited was the parent undertaking of the smallest group to consolidate these financial statements. Turnstone Equityco 1 Limited was 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.

Until 30 November 2018, the ultimate controlling party was 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.