

TAG Medical Limited

Annual report and financial statements

Registered number 06116357

Year ended 31 March 2017

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Strategic report for the year ended 31 March 2017

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

Principal activities

The principal activity of the company is the provision of medical equipment testing and calibration services for care homes and GP practices.

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.

Strategy and future outlook

The directors believe that the company continues to be well positioned within the group's Dental Directory division to take advantage of opportunities across the dental services market.

Financial review

The company's revenue was principally derived from the provision of medical equipment testing and calibration services for care homes and GP practices.

Turnover for the year was £713,382 (2016: £1,007,629). Loss on ordinary activities before taxation for the year was £30,121 (2016: profit of £201,780). The loss for the financial year was £26,046 (2016: profit of £201,085).

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 £1,755 (2016: profit of £215,763).

Principal risks and uncertainties

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

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

Key performance indicators

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

Other KPIs used by the company include the following:

- Engineer utilisation by area
- Jobs per working day

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

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

Financial risk management

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

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

Credit risk

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations. New customers are subject to external credit checks using the main agencies. Credit terms are negotiated individually and subsequently monitored closely by the credit control team. The company has no significant concentration of credit risk as third party exposure is spread over a number of customers.

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

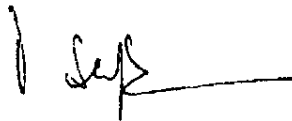
Market risk is the risk that changes in the level of market competition, or movements in foreign exchange rates will affect the company's income or costs. The company operates within markets which are subject to a high degree of competition. In addition, the cost of certain materials purchased by the company can be indirectly impacted by movements in foreign exchange rates. Both of these factors can apply pressure to the company's pricing and therefore impact margins and the ability of the company to win and retain contracts. The company principally mitigates this risk through the competitive tendering of its significant supply contracts and regular monitoring of competitor pricing.

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 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.

On behalf of the Board



O Shafi Khan

Director

13 December 2017

Directors' report for the year ended 31 March 2017

The directors present their report and the unaudited financial statements of TAG Medical Limited for the year ended 31 March 2017.

Financial risk management

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

Future developments

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

Proposed dividend

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

Directors

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

A Pearson	
T Riall	(appointed 8 May 2017)
O Shafi Khan	(appointed 16 October 2017)
RM Stephenson	
WHM Robson	(resigned 31 July 2017)
T Scicluna	(resigned 31 March 2017)

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

Statement of directors' responsibilities

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

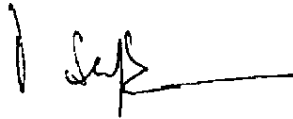
The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Audit exemption

For the year ended 31 March 2017, 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, DBG (UK) Limited, in accordance with section 479C of the Companies Act 2006.

On behalf of the Board



O Shafi Khan

Director

13 December 2017

Europa House
Stoneclough Road
Kearsley
Manchester
M26 1GG

Income statement
for the year ended 31 March 2017

	<i>Note</i>	2017 £	2016 £
Turnover	4	713,382	1,007,629
Cost of sales		(61,975)	(35,383)
Gross profit		651,407	972,246
Administrative expenses		(681,528)	(770,466)
(Loss)/profit on ordinary activities before taxation	5	(30,121)	201,780
Tax on (loss)/profit on ordinary activities	8	4,075	(695)
(Loss)/profit for the financial year		(26,046)	201,085

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

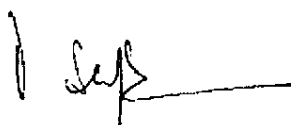
Balance sheet
at 31 March 2017

	<i>Note</i>	2017	2016
		£	£
Fixed assets			
Tangible assets	9	65,989	84,647
Current assets			
Stocks	10	266	266
Debtors	11	1,679,575	1,252,156
Cash at bank and in hand		115,244	805,786
		1,795,085	2,058,208
Creditors: amounts falling due within one year	12	(585,181)	(840,314)
Net current assets		1,209,904	1,217,894
Total assets less current liabilities		1,275,893	1,302,541
Provisions for liabilities	13	-	(602)
Net assets		1,275,893	1,301,939
Capital and reserves			
Called up share capital	14	100	100
Retained earnings	15	1,275,793	1,301,839
Total shareholders' funds		1,275,893	1,301,939

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

- a. For the financial year ended 31 March 2017 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.
- b. The member has not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.
- c. The directors acknowledge their responsibility for:
 - i. ensuring the company keeps accounting records which comply with Section 386; and
 - ii. 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 board of directors on 13 December 2017 and were signed on its behalf by:



O Shafi Khan
Director

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

	Called up share capital £	Retained earnings £	Total shareholders' funds £
Balance at 1 April 2015	100	1,100,754	1,100,854
	<hr/>	<hr/>	<hr/>
Comprehensive income for the year			
Profit for the financial year	-	201,085	201,085
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	100	1,301,839	1,301,939
	<hr/>	<hr/>	<hr/>
Comprehensive expense for the year			
Loss for the financial year	-	(26,046)	(26,046)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	100	1,275,793	1,275,893
	<hr/>	<hr/>	<hr/>

Notes to the financial statements

1 Company information

TAG Medical Limited (the 'company') is a private company limited by shares 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 the provision of medical equipment testing and calibration services for care homes and GP practices.

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 TAG Medical 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 relates to the company's principal activity of the provision of medical equipment testing and calibration services, to the extent that the company has obtained the right to the consideration. All services are provided in the United Kingdom.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

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.

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 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 net realisable value (net realisable value is the price at which stocks can be sold after allowing for costs of realisation). Goods for resale are valued at actual cost, including the value of any trade discounts received or 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 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.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

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 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 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. Where the eventual tax paid or reclaimed is different to the amounts originally estimated, 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 provision of medical equipment testing and calibration services. All services are provided in the United Kingdom.

Notes to the financial statements *(continued)*

5 (Loss)/profit on ordinary activities before taxation

	2017 £	2016 £
<i>(Loss)/profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation – owned assets	28,388	13,983
	<hr/> <hr/>	<hr/> <hr/>

6 Employees

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

	2017 No of employees	2016 No of employees
Engineering	15	15
Sales and administration	5	4
	<hr/> 20 <hr/>	<hr/> 19 <hr/>

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	435,093	459,988
Social security costs	40,037	41,837
Other pension costs	3,049	2,724
	<hr/> 478,179 <hr/>	<hr/> 504,549 <hr/>

7 Directors' remuneration

The directors received no emoluments from the company for their services during the financial year (2016: £Nil). The emoluments received as a director of a group holding company are disclosed in the financial statements of Turnstone Equityco for WHM Robson and T Scicluna. The emoluments received as a director of a group trading company are disclosed in the financial statements of DBG (UK) Limited for A Pearson and in the financial statements of Billericay Dental Supply Co Limited for RM Stephenson.

Notes to the financial statements *(continued)*

8 Tax on (loss)/profit on ordinary activities

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

	2017 £	2016 £
Current tax		
Current tax for the year	-	-
Deferred tax		
Deferred tax (credit)/charge for the year	(4,313)	344
Adjustment relating to the prior year	287	380
Impact of change in tax rate	(49)	(29)
Total deferred tax (credit)/charge for the year	(4,075)	695
Tax on (loss)/profit on ordinary activities	(4,075)	695

b) Factors affecting the tax charge for the financial year

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

	2017 £	2016 £
(Loss)/profit on ordinary activities before taxation	(30,121)	201,780
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20%)	(6,024)	40,356
Effects of:		
Expenses not deductible for tax purposes	828	555
Difference in tax rate – capital allowances	633	(253)
Short term timing differences	-	-
Adjustment relating to the prior year	287	380
Impact of change in tax rate	(49)	(29)
Group relief surrendered/(claimed) for nil consideration	250	(40,314)
Tax on (loss)/profit on ordinary activities	(4,075)	695

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 2016	165,884
Additions	9,730
	<hr/>
At 31 March 2017	175,614
	<hr/>
<i>Accumulated depreciation</i>	
At 1 April 2016	81,237
Charge for the year	28,388
	<hr/>
At 31 March 2017	109,625
	<hr/>
<i>Net book value</i>	
At 31 March 2017	65,989
	<hr/>
At 31 March 2016	84,647
	<hr/>

10 Stocks

	2017 £	2016 £
Goods for resale	266	266
	<hr/>	<hr/>

11 Debtors

	2017 £	2016 £
Trade debtors	134,111	158,435
Amounts owed by group undertakings	1,518,979	1,077,955
Deferred tax (note 13)	3,473	-
Prepayments and accrued income	23,012	15,766
	<hr/>	<hr/>
	1,679,575	1,252,156
	<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)*

12 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	-	55,991
Amounts owed to group undertakings	523,648	746,390
Other taxation and social security	33,874	27,848
Accruals and deferred income	27,659	10,085
	<u>585,181</u>	<u>840,314</u>

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

13 Provisions for liabilities

	Deferred tax £
At 1 April 2016	602
Accelerated capital allowances	(4,313)
Adjustment relating to the prior year	287
Impact of change in tax rate	(49)
Transferred to debtors (note 11)	3,473
	<u>-</u>
At 31 March 2017	<u>-</u>

Deferred tax (asset)/provision

The elements of deferred taxation are as follows:

	2017 £	2016 £
Accelerated capital allowances	(3,473)	602

14 Called up share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

15 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)*

16 Financial assets and liabilities

The company has the following financial instruments:

	<i>Note</i>	2017 £	2016 £
Financial assets measured at amortised cost			
Trade debtors	<i>11</i>	134,111	158,435
Amounts owed by group undertakings	<i>11</i>	1,518,979	1,077,955
		<hr/> 1,653,090 <hr/>	<hr/> 1,236,390 <hr/>
Financial liabilities measured at amortised cost			
Trade creditors	<i>12</i>	-	(55,991)
Amounts owed to group undertakings	<i>12</i>	(523,648)	(746,390)
		<hr/> (523,648) <hr/>	<hr/> (802,381) <hr/>

17 Controlling party

The immediate parent undertaking is DBG (UK) Limited, incorporated in England.

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

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

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