

DD Group Holdings Ltd

**Annual report and revised consolidated
financial statements**

**Company Registered Number:
07905936**

31 March 2022

MONDAY



A03 *ABZ7NUNN* 13/03/2023 #183
COMPANIES HOUSE

Contents

Strategic report	3
Directors' report	8
Statement of directors' responsibilities in respect of the annual report and the financial statements	10
Independent auditor's report to the members of DD Group Holdings Ltd	11
Consolidated Profit and Loss Account and Other Comprehensive Income	15
Consolidated Balance Sheet	16
Company Balance Sheet	17
Consolidated Statement of Changes in Equity	18
Company Statement of Changes in Equity	19
Consolidated Cash Flow Statement	20
Notes to the revised consolidated financial statements	21

Strategic report

The directors present their Strategic report for the Group and Company for the year ended 31 March 2022.

Principal activities

The principal activities of the DD Group Holdings Ltd group of companies ("the Group") is the provision of materials, services and equipment to dental practices. The company's activity is to act as an investment holding company.

The Group is organised into four distinct business areas:

- Supply of dental consumables and equipment to dental and healthcare practitioners;
- Supply of beauty and medical aesthetics to aesthetic clinics;
- Provision of engineering and equipment services to dental and aesthetic practices; and
- Provision of training and mentorship activities to dental and aesthetic practices.

The principal trading entity of the Group is DD Products and Services Ltd trading as DD, along with a number of smaller businesses including Dolby Medical Limited based in Scotland, Med-FX Ltd, concentrating on medical aesthetics and BF Mulholland Limited who supply to Northern Ireland and the Republic of Ireland.

DD is a leading supplier of dental and other medical consumables, materials, medical aesthetics and services (including the installation and servicing of specialised dental equipment), selling dental supplies and services to at least 8,000 dental practices and 3,000 aesthetic practices.

Business review

Review of the performance of the Group

The Group has carried the momentum developed during 2020-21 into 2021-22 to grow revenue. Revenue growth was driven across both dental and beauty product lines. New sales contracts with leading dental corporates in the UK and Ireland as well as smaller "High Street" practices increased revenue from dental materials and engineering services. The Group also showed significant growth due to strong demand for sales of toxins and fillers.

The management team have continued to focus on customer service to improve the order process and customer experience. Significant improvements have also been made in back office processes to support improvements in margins and customer experience, e.g. engineering scheduling.

Strategy and future outlook

The directors believe that the Group continues to be well positioned to take advantage of opportunities across the dental and healthcare market. The Group are looking to increase their current product range across the board to satisfy current and future demand, whilst also exploring different geographical markets in order to further grow sales and EBITDA.

Key performance indicators

Key performance indicators ("KPI's") which the directors and other stakeholders monitor are Sales, EBITDA, and Profit after tax. This is reviewed in absolute terms and in relation to budgeted and prior year comparatives.

Other KPIs used by the company include the following:

- Number of telephone and internet orders received;
- Percentage of orders fulfilled per day;
- Warehouse OTIF;
- Number of items booked in and repaired per day;
- Engineer utilisation by area; and
- Assets per day by engineer.

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

DD Group Holdings Ltd
Strategic report
For the year ended 31 March 2022

Strategic report *(continued)*

Principal risks and uncertainties

There are a number of risks which could affect the Group's operations and results. The management of the business and the execution of the Group's strategy are subject to a number of risks and uncertainties.

Credit risk

Credit risk is the risk of financial loss to the Group 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 Group 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 Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation.

Market risk

Market risk is the risk that changes in foreign exchange rates will affect the Group's income. The Group purchases certain materials in currencies other than sterling. The Group mitigates this risk through the use of, for example, derivative financial instruments such as foreign currency forward contracts or option contracts. This risk is also managed through competitive tendering for the Group's significant supply contracts.

Inflation risk

Inflation risk is the risk that the cost of key services and products procured by the Group will rise with inflation and affect the Group's income.

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

Currency risk

The Group is exposed to foreign exchange rate. Market data/currency exposure is reviewed on a timely manner. A proportion of transaction exposures, including those associated with forecast transactions, are then hedged principally using forward exchange contracts, but also matching liabilities to assets of the same currency.

Strategic report *(continued)*

Section 172(1) statement

The directors of the company must act in accordance with the duties detailed in section 172 of the Companies Act 2006:

“A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and in doing so have regard (amongst other matters to) -

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.”

The directors remain conscious of the impact their decisions have on employees, customers, communities, suppliers, regulators, investors and the environment. The directors focus on engagement with all stakeholders and this informs the group's decision-making process.

Consequences of decisions in the long term

The Group has the following key strategies.

- To improve and extend our current product range to customers,
- To optimise site productivity;
- To further grow our engineering business organically;
- To expand into new geographical markets; and
- To ensure every site is sustainable for the future.

The Group continues to invest in its growing business through people, marketing, technology, and to explore new operating models and ways of working to ensure long-term success.

The Group aims to operate and develop its businesses in a way that supports current needs and provides a platform for future development. This decision-making process takes into account the relevant economic, environmental and social factors to sustain the group for the long term. Part of this decision-making process includes resource allocation decisions over where to invest capital to generate the best return to underpin long term operational requirements.

The impact of Covid-19 on the business meant that during the last two years, on many occasions the directors were required to balance the demands of the short-term environment while also considering the long-term strategic impact of decisions.

Engaging with our people

At DD we want our people to be able to provide our customers with industry leading service. The Managing Director also regularly visits the regional businesses within the division or holds video “town hall” meetings to listen to perspectives from employees and to empower teams.

During financial year 2021-22, restrictions relating to access to offices and sites have reopened with appropriate safety provisions. The business has taken a “hybrid” approach to central operations with support teams, depending on roles, able to work flexibly where possible.

Further information is provided in the Directors' report section “People”.

Strategic report *(continued)*

Section 172(1) statement *(continued)*

Understanding the views of all of our stakeholders and fostering of business relationships

Engaging stakeholders and developing meaningful partnerships is essential for long term business success. The group is engaged in regular and open dialogue with relevant stakeholders to understand perspectives, expectations, concerns and needs.

The group maintains a wide range of relationships in the dental, beauty, and healthcare sector in order to ensure it is able to plan effectively for the future, through ensuring relationships are well maintained, with regular reviews and constant contact to ensure maximum reliability of infrastructure

As a distributor of pharmaceutical products, the directors prioritise regulatory compliance and seeks to have transparent and cooperative relationships with all regulatory authorities.

Impact of the company's operations on the community and environment

The directors recognise that the Group's operations have an impact to the community and environment, from the energy and resources used, to the products supplied and the waste generated. As an organisation, the Group is committed to reducing the environmental impact of its operations and minimising its environmental footprint.

Further information is provided in the Strategic Report section "Streamlined energy and carbon reporting disclosure".

Maintaining a reputation for high standards of business conduct

The Group operates in highly regulated environments across all of its business areas. This level of regulation is critical as it ultimately aims to protect patients and to ensure they receive the right level of care and are treated fairly. Within the Group, the Med-FX pharmacy is a registered pharmacy with the General Pharmaceutical Council and is required to declare each year compliance with professional, ethical and fitness to practice standards.

We also have a health and safety team that ensures that we are maintaining a safe environment for our employees, and frequently provides updates to employees on health and safety matters.

The need to act fairly as between members of the company

After weighing up all relevant factors, the directors consider which course of action best enables delivery of the group's strategy for the long term, taking into consideration the impact on stakeholders.

The Group recognises its important role in meeting the needs of customers. The Group strongly believes that it will only succeed by working with its suppliers, regulatory authorities, investors, and other stakeholders. This is particularly the case at this time, where society faces issues as complex and challenging as climate change and the cost of living crisis.

Streamlined energy and carbon reporting disclosure ("SECR")

The Group aims to minimise the impact of all of its business activities upon the environment, in addition to complying with all relevant laws and regulations. As far as practicable, the Group is aiming to:

- reduce consumption of electricity, gas and other fossil fuels;
- reduce the consumption of consumables and recycle equipment and other redundant items or waste;
- reduce travel where possible and offset travel carbon emissions by using more environmentally friendly vehicles; and
- use, store, control and dispose of hazardous materials, in line with best environmental practices.

To achieve these aims, the group has an environmental committee, which comprises employees from across the business, and has signed up to the Planet Mark Certification programme. The committee's objective is to identify and promote changes that will contribute towards the group's aims.

Initiatives rolled-out across the business over the last few years had been shown to be successful in reducing overheads and the impact on the environment pre-Covid. These included reducing staff travel through the use of online meetings; monitoring staff travel more effectively with the expenses system; increasing the use of low power LED lighting across the sites; initiatives across our sites to reduce waste; and working with our vehicle fleet providers in ensuring that the majority of the Group's company vehicles provided to employees are more environmentally friendly.

Strategic report *(continued)*

Streamlined energy and carbon reporting disclosure ("SECR") *(continued)*

DD emitted 1,558,563 kgCO₂e (Kilogrammes of carbon dioxide equivalent) for 2021/22 (across scope 1 and 2). This can be presented as 1,559 tCO₂e (tonnes of carbon dioxide equivalent) with an intensity indicator of 2.72 tCO₂e per total full-time equivalent employee (FTE) and 7.42 tCO₂e per £ million of revenue.

The Group has adopted an operational control approach to establishing the boundary. The methodology adopted is in line with the Greenhouse Gas Protocol and the BEIS Environmental Reporting Guidelines. The calculations have been completed on the SmartCarbon™ Calculator using the 2021 UK Government emissions factors.

The below table shows UK GHG emissions and energy use data for the year 1 April 2021 to 31 March 2022:

Emissions source	Units	Energy consumption (kWh)	Carbon Emissions (kgCO ₂ e)	Carbon Emissions (tCO ₂ e)
Scope 1				
Natural gas	1,122,315 kWh	1,122,315	205,563.30	205.56
R-410A	2 kg	-	4,593.60	4.59
Average car (petrol)	347,343 km	250,514	60,545.40	60.55
Average car (diesel)	3,869,934 km	2,599,822	651,813.03	651.81
Total Scope 1			922,515	923
Scope 2				
UK National Grid electricity	2,995,561 kWh	2,995,561	636,047.42	636.05
Total Scope 1 & 2			1,558,563	1,559
Total tCO₂e per *FTE on gross scope 1 & 2				2.72
Total tCO₂e per *£m Turnover on gross scope 1 & 2				7.42
Scope 3				
National rail	12,001 km	-	425.91	0.43
Average car (petrol)	35,710 km	25,755	6,224.54	6.22
Average car (diesel)	2,172 km	1,459	365.88	0.37
Flights (Short-haul, with RF)	42,702 km	27,214	6,448.91	6.45
Total Scope 3			13,465	13
Total Scope 1, 2 & 3			1,572,028	1,572
Total tCO₂e per *FTE on gross scope 1, 2 & 3				2.74
Total tCO₂e per *£m Turnover on gross scope 1, 2 & 3				7.49

*Notes: For 1 April 2021 to 31 March 2022 the number of Full-time equivalent employees (FTE) was 570 and the Turnover was £210m. Prior year comparative information not presented as this is the first year of reporting.

On behalf of the Board



B Goodger
Director

Date: 10 February 2023

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2022.

Financial risk management

Please refer to the Strategic report for a description of the Group'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

There were no dividends paid, recommended or declared during the current or previous financial year.

Directors

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

GP Adams	
B Goodger	
JM Wells	
BF Mulholland	(resigned 10 June 2021)
KL Mulholland	(resigned 31 January 2022)
MF Mulholland)	(resigned 8 June 2022)
NK Pandya	(resigned 6 June 2022)
T Riall	(resigned 6 June 2022)

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

Employees

People are essential to the success of the company and we look to create an environment where our employees are treated fairly, feel valued and are provided with training and opportunities to develop their careers.

The company is an equal opportunities employer and is committed to the principle of equality regardless of race, religion, creed, colour, nationality, gender, disability, age, gender re-assignment or sexual orientation. Applications for employment from disabled persons are given full and fair consideration with regard paid only to the ability of candidates to carry out satisfactorily the duties of the job. Should an existing employee become disabled, every effort is made to ensure continuing employment with retraining arranged where necessary. Disabled persons share in the opportunities for career development and promotion while training takes account of any special needs.

Briefing and consultative procedures exist throughout the company to inform employees on matters of concern to them, the financial and economic performance of their business units and to provide opportunities for comment and discussion.

Employee engagement

Please refer to section 172 statement for details regarding employee engagement.

Engagement with suppliers, customers and other business relationships

Please refer to section 172 statement for details regarding engagement with suppliers, customers and other business relationships.

Events after the reporting period

In June 2022, it was announced that a binding share purchase agreement had been entered into for the sale of The Dental Directory Limited's shareholding in DD Group Holdings Ltd to Sun Cayman NIH VIII Phey Holdings, L.P. On 8 June 2022, the transaction was completed and three new companies were set up to facilitate the new capital structure – Phey Bidco Limited, Phey Holdco Limited, and Phey Topco Limited. Subsequently, Sun Cayman NIH VIII Phey Holdings, L.P. assigned its rights under the share purchase agreement to Phey Bidco Limited who subsequently purchased the entire issued share capital of DD Group Holdings Ltd on 8 June 2022.

On 1 August 2022 Phey Bidco Ltd entered into a Finance Agreement. At the date of signing £72.5m of financing has been drawdown with further facilities available. The different facilities under this agreement are repayable between August 2028 and August 2029.

Statement of directors' responsibilities in respect of the annual report and 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 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, 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 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 company will continue in business.

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

The directors are also 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.

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



B Goodger
Director

Date: 10 February 2023

6 Perry Way
Witham
England
CM8 3SX

Independent auditor's report to the members of DD Group Holdings Ltd

Report on the audit of the revised financial statements

Opinion

In our opinion, DD Group Holdings Ltd's revised group financial statements and revised company financial statements (the "financial statements"):

- give a true and fair view, as seen as at the date of the original financial statements were approved, of the state of the group's and of the company's affairs as at 31 March 2022 and of the group's and company's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law) seen as at the date the original financial statements were approved; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

We have audited the revised financial statements, included within the Annual report and revised consolidated financial statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet and the Company Balance Sheet as at 31 March 2022; the Consolidated Profit and Loss Account and Other Comprehensive Income, the Consolidated Cashflow Statement, the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies and which replace the original financial statement approved by the directors on 30 December 2022. The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date the original financial statements were approved.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the revised financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the revised financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – revision to the note 11 to the financial statements

In forming our opinion on the revised financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 (Accounting Policies) to these revised financial statements concerning the need for revision of note 11 (Investments) because the original financial statements did not include the disclosures required by section 479A(2)(d) of the Companies Act 2006 to enable the financial statements of subsidiary undertakings to be exempt from the requirement to be audited. The original financial statements were approved on 30 December 2022, and our previous auditors' report was signed on that date. We have not performed a subsequent events review for the period from the date of our previous auditors' report to the date of this report.

Independent auditor's report to the members of DD Group Holdings Ltd *(continued)*

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the revised financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the revised financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the revised financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the revised financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the revised financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the revised financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2022 is consistent with the revised financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Independent auditor's report to the members of DD Group Holdings Ltd *(continued)*

Responsibilities for the revised financial statements and the audit

Responsibilities of the directors for the revised financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the revised financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of revised financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the revised financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the revised financial statements

Our objectives are to obtain reasonable assurance about whether the revised financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these revised financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to other regulatory regulations (including those monitored by the Medical Health Regulatory Authority) and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the revised financial statements. We also considered those laws and regulations that have a direct impact on the revised financial statements such as tax regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the revised financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential overstatement of revenue through manipulation of revenue recognition or the use of journals to manipulate financial results. Audit procedures performed by the engagement team included:

- Obtained an understanding of the legal and regulatory framework applicable to the company and how the company are complying with that framework;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, including unusual revenue journal entries; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the revised financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Independent auditor's report to the members of DD Group Holdings Ltd *(continued)*

A further description of auditors' responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. In the context of an audit of revised financial statements, in respect of our conclusion relating to going concern, we are only required to consider audit evidence up to the date of our original auditors' report. In other respects, this description forms part of our auditors' report.

We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors. The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Companies (Revision of Defective Accounts and Reports) Regulations 2008 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.

Other required reporting

Opinion prescribed by the Companies (Revision of Defective Accounts and Reports) Regulations 2008

The original financial statements for the year ended 31 March 2022 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in note 11 to these revised financial statements.

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the revised company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Hazel Macnamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
10 February 2023


Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2022

	<i>Note</i>	2022 £000	Unaudited 2021 £000
Turnover	2	210,300	164,382
Cost of sales		(168,570)	(135,807)
Gross profit		41,730	28,575
Distribution costs		(9,468)	(8,642)
Administrative expenses		(27,576)	(19,763)
Other operating income	3	45	1,831
Operating profit		4,731	2,001
Analysed as			
EBITDA before non-underlying items		13,542	6,735
Depreciation on tangible assets	4	(592)	(844)
Amortisation on intangible assets	4	(2,049)	(2,366)
Other losses - foreign exchange loss	4	(228)	(125)
Non-underlying items (within administrative expenses)	4	(5,942)	(1,399)
Operating profit		4,731	2,001
Interest payable and similar expenses	7	(4)	(10)
Profit before taxation		4,727	1,991
Tax on profit	8	724	272
Profit for the financial year		5,451	2,263
Other comprehensive income		-	-
Total comprehensive income attributable to the shareholders for the year		5,451	2,263

Consolidated Balance Sheet
As at 31 March 2022

	<i>Note</i>	2022		Unaudited 2021	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	9		1,392		1,785
Tangible assets	10		3,571		3,004
			<hr/>		<hr/>
			4,963		4,789
Current assets					
Stocks	13	25,287		28,558	
Debtors	14	62,853		56,803	
Cash at bank and in hand	15	7,206		4,681	
		<hr/>		<hr/>	
		95,346		90,042	
Creditors: amounts falling due within one year	16	(74,280)		(74,234)	
		<hr/>		<hr/>	
Net current assets			21,066		15,808
			<hr/>		<hr/>
Total assets less current liabilities			26,029		20,597
			<hr/>		<hr/>
Provisions for liabilities					
Other provisions	18		(228)		(247)
			<hr/>		<hr/>
Net assets			25,801		20,350
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	20		10		10
Share premium account	20		43,011		43,011
Profit and loss account	20		(17,220)		(22,671)
			<hr/>		<hr/>
Total equity			25,801		20,350
			<hr/>		<hr/>

These financial statements on pages 15 to 45 were approved by the board of directors on 10 February 2023 and were signed on its behalf by:

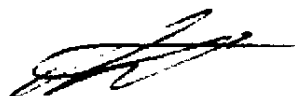


Ben Goodger
Director
Company registered number: 07905936

Company Balance Sheet
As at 31 March 2022

	<i>Note</i>	2022 £000	2021 £000
Fixed assets			
Investments	<i>11</i>	<u>59,517</u>	<u>57,049</u>
Total fixed assets		<u>59,517</u>	<u>57,049</u>
Current assets			
Debtors	<i>14</i>	<u>161</u>	<u>162</u>
Cash at bank and in hand	<i>15</i>	<u>142</u>	<u>152</u>
Total current assets		<u>303</u>	<u>314</u>
Current liabilities			
Creditors: amounts falling due within one year	<i>16</i>	<u>(18,747)</u>	<u>(16,235)</u>
Total current liabilities		<u>(18,747)</u>	<u>(16,235)</u>
Net current liabilities		<u>(18,444)</u>	<u>(15,921)</u>
Total assets less current liabilities		<u>41,073</u>	<u>41,128</u>
Net assets		<u>41,073</u>	<u>41,128</u>
Capital and reserves			
Called up share capital	<i>20</i>	<u>10</u>	<u>10</u>
Share premium account	<i>20</i>	<u>43,011</u>	<u>43,011</u>
Profit and loss account	<i>20</i>	<u>(1,893)</u>	<u>(1,889)</u>
Total comprehensive expense for the year		<u>(55)</u>	<u>(4)</u>
Total equity		<u>41,073</u>	<u>41,128</u>

These financial statements on pages 15 to 45 were approved by the board of directors on 10 February 2023 and were signed on its behalf by:



Ben Goodger
Director
Company registered number: 07905936

Consolidated Statement of Changes in Equity

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 April 2020	10	43,011	(24,934)	18,087
Profit for the financial year	-	-	2,263	2,263
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	2,263	2,263
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2021	10	43,011	(22,671)	20,350
	<hr/>	<hr/>	<hr/>	<hr/>

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 April 2021	10	43,011	(22,671)	20,350
Profit for the financial year	-	-	5,451	5,451
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	5,451	5,451
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2022	10	43,011	(17,220)	25,801
	<hr/>	<hr/>	<hr/>	<hr/>

Company Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Accumulated losses £000	Total equity £000
Balance at 1 April 2020	10	43,011	(1,889)	41,132
Loss for the financial year	-	-	(4)	(4)
Total comprehensive expense for the year	-	-	(4)	(4)
Balance at 31 March 2021	<u>10</u>	<u>43,011</u>	<u>(1,893)</u>	<u>41,128</u>

	Called up share capital £000	Share premium account £000	Accumulated losses £000	Total equity £000
Balance at 1 April 2021	10	43,011	(1,893)	41,128
Loss for the financial year	-	-	(55)	(55)
Total comprehensive expense for the year	-	-	(55)	(55)
Balance at 31 March 2022	<u>10</u>	<u>43,011</u>	<u>(1,948)</u>	<u>41,073</u>

**Consolidated Cash Flow Statement
for the year ended 31 March 2022**

	<i>Note</i>	2022	Unaudited
		£000	2021 £000
Cash flows from operating activities			
Profit for the financial year		5,451	2,263
Adjustments for:			
Depreciation and amortisation	4	2,641	3,211
Net fair value (gains)/losses recognised in P&L		(309)	623
Profit on disposal of tangible fixed assets	4	(1)	(25)
Interest payable and similar expenses	7	4	10
Tax on profit	8	(724)	(272)
		<hr/> 7,062	<hr/> 5,810
Increase in trade and other debtors		(3,780)	(6,744)
Decrease/(Increase) in stocks		3,272	(7,973)
(Decrease)/Increase in trade and other creditors		303	12,351
Decrease in provisions		(23)	(246)
		<hr/> 6,834	<hr/> 3,198
Interest paid		-	(4)
Net cash generated from operating activities		<hr/> 6,834	<hr/> 3,194
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		11	25
Acquisition of intangible fixed assets	9	(807)	(296)
Acquisition of tangible fixed assets	10	(1,170)	(666)
Acquisition of a subsidiary, net of cash acquired	12	(971)	-
Contingent deferred consideration paid	11	(1,372)	-
		<hr/> (4,309)	<hr/> (937)
Net cash used in investing activities			
Net increase in cash and cash equivalents		2,525	2,257
Cash and cash equivalents at 1 April		4,681	2,424
Cash and cash equivalents at 31 March	15	<hr/> 7,206	<hr/> 4,681

Notes

(to the revised consolidated financial statements)

1 Company information

DD Group Holding Ltd (the "Company") is a private company limited by shares, incorporated, domiciled and registered in England in the UK. The registered number is 07905936 and the registered address is 6 Perry Way, Witham, England, CM8 3SX.

The Group are a leading supplier of dental and other medical consumables, materials, medical aesthetics and services (including the installation and servicing of specialised dental equipment), selling dental supplies and services to at least 8,000 dental practices and 3,000 aesthetic practices.

1.1 Basis of preparation

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")*. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2022. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

In the previous year, the Company had taken the exemption by virtue of section 400 of the Companies Act 2006 from the requirement to prepare Group financial statements. The Company has not taken the exemption for the current year and hence these group financial statements have been prepared.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included;
- Certain disclosures required by FRS102.11 Basic Financial Instruments and FRS102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36 (4) of Schedule 1; and
- From disclosing related party transactions between wholly owned entities that are part of the DD Group Holdings Ltd group of companies.

The financial statements are prepared on the historical cost basis except that the derivative financial instruments are stated at their fair value.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Revisions to the consolidated financial statements

These revised consolidated financial statements replace the consolidated financial statements approved by the Board of Directors on 30 December 2022. These revised consolidated financial statements have been prepared as at 30 December 2022 and not the date of revision and accordingly do not deal with events between those dates. Revisions have been made in respect of note 11 of these revised consolidated financial statements. This note now explains that certain subsidiaries of the Group qualify for exemption from an audit under section 479A of the Companies Act 2006.

Notes (continued)

1.2 Going concern

The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate, having given due consideration to current trading forecasts and the various finance facilities available to the Group.

The Group recorded an operating profit for the year and generated cash. This has continued post year end and the directors have prepared cash flow forecasts of a period 12 months from the date of approval of these financial statements, which indicate that the Group will have sufficient funds to meet its liabilities as they fall due for that period.

Based on this, the directors have concluded that they have a reasonable expectation that the Group and Company will have adequate resources to continue in operational existence for the foreseeable future, and at least twelve months from the date of signing these financial statements. They therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

1.3 Critical accounting estimates

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 28.

1.4 Foreign currency transactions

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. *Non-monetary assets and liabilities denominated in foreign currencies* that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5 Classification of financial instruments issued by the Group and the Company

In accordance with FRS 102.22, financial instruments issued by the Group and the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the entity to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the entity; and
- where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

1.6 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.7 Other financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

The entity assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

- Leasehold improvements 10 years
- Fittings and equipment 2 - 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which it is expected an asset's future economic benefits will be consumed.

1.9 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Notes (continued)

1.10 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Where the cost of the business combination exceeds the fair value of the group's interest in the assets, liabilities and contingent liabilities acquired, negative goodwill arises. The group, after consideration of the assets, liabilities and contingent liabilities acquired and the cost of the combination, recognises negative goodwill on the balance sheet and releases this to profit and loss, up to the fair value of non-monetary assets acquired, over the periods in which the non-monetary assets are recovered and any excess over the fair value of non-monetary assets in the income statement over the period expected to benefit.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software 2-25 years

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 5 years.

The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.11 Other operating income

Due to the Covid-19 pandemic, the group took up the government grant schemes that were available to it in the year. Such grants are recognised in other operating income in the period for which claims are made.

1.12 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Goods for resale are valued at actual cost, including the value of any trade discounts received or transport and handling costs incurred. Provisions are made for obsolete, slow moving and defective stock.

1.13 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Notes (continued)

1.13 Impairment excluding stocks and deferred tax assets (continued)

Financial assets (including trade and other debtors) (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.14 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The group makes contributions to the Private Pension ('Aviva') and 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 group in an independently administered fund.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.15 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Notes (continued)

1.16 Turnover

Turnover represents the income received in the ordinary course of business for the sale of materials, services and equipment to dental practices and to the wider healthcare sector, to the extent that the Group has obtained the right to the consideration. Amounts are stated net of discounts, returns, and value added taxes. Revenue generated from the sale of goods is recognised once all of our performance obligations have been met with the customer, this is usually on despatch or on delivery of the goods. Revenue generated from services is recognised upon completion of the service.

Accrued and deferred income

Where the group delivers their performance obligations for the supply of goods or services to customers in advance of invoices being raised, the group will recognise the uninvoiced element and this is disclosed as accrued income.

Where the group receives an amount upfront in respect of future income streams, the value of the receipt is amortised over the period of the contract as the services are delivered and the unexpired element is disclosed as deferred income.

1.17 Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation, in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest payable

Interest payable and similar expenses include bank interest payable and unwinding of the discount on provisions that are recognised in the profit and loss account. Interest payable is recognised in profit or loss as they accrue, using the effective interest method.

1.18 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for; differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Turnover

Turnover relates to the Group's principal activity of the supply of beauty and healthcare goods and services. All services are principally provided in the United Kingdom and the Republic of Ireland.

Turnover is analysed by category as follows:

	2022	Unaudited 2021
	£000	£000
Sale of goods	193,100	152,938
Provision of services	17,200	11,444
	<u>210,300</u>	<u>164,382</u>

3 Other operating income

	2022	Unaudited 2021
	£000	£000
Furlough grant income	45	1,831
	<u>45</u>	<u>1,831</u>

4 Operating profit

Operating profit is stated after charging/(crediting):

	2022	Unaudited 2021
	£000	£000
Depreciation on tangible assets	592	844
Amortisation on intangible assets	2,049	2,366
Operating leases – land and buildings	628	584
Operating leases – other	675	579
Non-underlying items – restructuring	283	594
Non-underlying items – legal and professional	1,533	938
Non-underlying items – other	4,126	(108)
Profit on disposal of tangible fixed assets	(1)	(25)
Other losses - foreign exchange loss	228	125
	<u>11,171</u>	<u>6,795</u>

Notes *(continued)*

4 **Operating profit** *(continued)*

Auditors' remuneration:

	2022	Unaudited
	£000	2021
		£000
Audit of these financial statements	48	2
Audit of the financial statements of subsidiaries of the Company	222	120
	<hr/>	<hr/>

Non-underlying items

Restructuring

Costs incurred during the years ended 31 March 2022 and 31 March 2021 principally relate to senior management changes, and redundancy payments to staff.

Legal and professional

Costs incurred during the years ended 31 March 2022 and 31 March 2021 principally relate to the legal and professional fees associated with senior management changes, and business restructuring.

Other

The majority of the costs incurred in the financial year related to net realisable value adjustments for stocks acquired (personal protective equipment) during the Covid 19 pandemic in the current and previous financial years.

There were also costs amounting to £1,352k (2021: £nil) payable to auditors for non-audit services by the Group during the year. These costs relate to professional and advisory fees in relation to the sale of the Group (see note 26).

Foreign exchange forward contracts

The Group uses foreign exchange forward contracts to hedge a proportion of the Group's exposure to fluctuations in foreign exchange rates, principally against the Euro and US Dollar. Realised and unrealised gains and losses arising from these derivative financial instruments are recognised in the income statement within 'Other losses - foreign exchange loss'. The Group has elected not to apply hedge accounting in these financial statements.

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2022	Unaudited 2021
Administration	115	107
Engineering	251	234
Distribution	204	171
	570	512

The aggregate payroll costs of these persons were as follows.

	2022	Unaudited 2021
	£000	£000
Wages and salaries	19,423	16,679
Social security costs	1,720	1,764
Other pension costs (note 19)	365	465
	21,508	18,908

6 Directors' remuneration

	2022	Unaudited 2021
	£000	£000
Directors' emoluments	1,668	661
Benefits in kind	8	3
Employer pension contributions	10	10
	1,686	674

No directors accrued retirement benefits under money purchase or defined benefit pension schemes during the year (2021: none). Certain directors received no emoluments from the company for their services. The emoluments received as a director of a group holding company are disclosed in the financial statements of Turnstone Equityco 1 Limited for NK Pandya and T Riall.

The aggregate of emoluments for the highest paid director were £1.128k (2021: £490k), which included benefits in kind of £7k (2021: £4k).

The only key management personnel in the period were the directors of the group whose remuneration are disclosed within this note.

Notes *(continued)*

7 Interest payable and similar expenses

	2022	Unaudited 2021
	£000	£000
Interest payable	-	4
Unwind of discount on provisions	4	6
Total interest payable and similar expenses	4	10

8 Taxation

Total tax expense recognised in the profit and loss account

	2022	2022	Unaudited 2021	Unaudited 2021
	£000	£000	£000	£000
<i>Current tax</i>				
Current tax on income for the period		-		-
<i>Deferred tax (see note 17)</i>				
Origination and reversal of timing differences	(63)		(271)	
Adjustments in respect of prior periods	(59)		(1)	
Change in tax rate	(602)		-	
Total deferred tax		(724)		(272)
Total tax		(724)		(272)

Notes (continued)

8 Taxation (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK for the year ended 31 March 2022 of 19% (2021: 19%). The differences are explained below:

Reconciliation of effective tax rate

	2022	Unaudited 2021
	£000	£000
Profit before taxation	4,727	1,991
Tax using the UK corporation tax rate of 19% (2021: 19%)	898	378
Group relief claimed	(1,533)	(1,049)
Non-deductible expenses	529	330
Remeasurement of deferred tax for changes in tax rates	(631)	71
Fixed asset differences	57	-
Deferred tax asset not recognised	16	-
Over provided in prior years	(60)	(2)
	<hr/>	<hr/>
Total tax credit included in profit or loss	(724)	(272)
	<hr/>	<hr/>

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2021) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 March 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related timing differences (2021: 19%).

The Group has taxable losses of £247k (2021: £237k) that are available to offset against future taxable profits in the UK tax group. Deferred tax assets have not been recognised in respect of these losses as it is not reasonably foreseeable that these will be utilised.

Notes (continued)

9 Intangible assets

<i>Group</i>	Goodwill £000	Negative Goodwill £000	Software £000	Total £000
Cost				
Balance at 1 April 2021	38,438	-	3,085	41,523
Additions	1,372	(523)	807	1,656
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2022	39,810	(523)	3,892	43,179
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated amortisation and impairment				
Balance at 1 April 2021	37,199	-	2,539	39,738
Amortisation for the year	1,994	(523)	578	2,049
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2022	39,193	(523)	3,117	41,787
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2021	1,239	-	546	1,785
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	617	-	775	1,392
	<hr/>	<hr/>	<hr/>	<hr/>

The negative goodwill recognised relates to the acquisition of TAG Medical Limited during the year - refer to note 12.

Amortisation charge

The amortisation charge is recognised in the below line item in the profit and loss account:

	2022	Unaudited 2021
	£000	£000
Administrative expenses	2,049	2,366
	<hr/>	<hr/>
	2,049	2,366
	<hr/>	<hr/>

Notes *(continued)*

10 Tangible fixed assets

Group

	Leasehold improvements £000	Fittings and equipment £000	Total £000
Cost			
Balance at 1 April 2021	399	17,640	18,039
Additions	30	1,140	1,170
Disposals	-	(12)	(12)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2022	429	18,768	19,197
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
Balance at 1 April 2021	395	14,640	15,035
Depreciation charge for the year	-	592	592
Disposals	-	(1)	(1)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2022	395	15,231	15,626
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2021	4	3,000	3,004
	<hr/>	<hr/>	<hr/>
At 31 March 2022	34	3,537	3,571
	<hr/>	<hr/>	<hr/>

Notes *(continued)*

11 Investments

Company

£000

Investment at cost and net book value in subsidiaries

At 1 April 2021	57,049
Additions	2,468
At 31 March 2022	<u>59,517</u>

Additions in the year comprise of the contingent deferred consideration payable to the original owners for BF Mulholland Limited (£1,372k), and the acquisition of TAG Medical Limited (£1,096k, see note 12), a company incorporated in the United Kingdom and domiciled in England. The principal activity of TAG Medical Limited is the provision of medical equipment testing and calibrations services for care homes and GP practices

The table below provides details of the Company's subsidiary undertakings as at 31 March 2022. The Company holds 100% of the ordinary share capital of each of the companies listed, either directly or indirectly (indicated by a * in the table below).

DD Group Holdings Ltd has provided a guarantee to the members of certain subsidiary companies (marked ' in the table below), over all of their respective outstanding liabilities, under section 479C of the Companies Act 2006. As a result, having also received agreement from all members of each company, the companies identified below are exempt from audit of their individual company financial statements for the year ended 31 March 2022 by virtue of section 479A of the Companies Act 2006.

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

Notes *(continued)*

11 Investments *(continued)*

Name of subsidiary	Principal activity	Domiciled in	Note
¹ BF Mulholland Limited	Healthcare goods and services	Northern Ireland	b
BF Mulholland IRE Limited (*)	Dormant	Ireland	c
DD Products and Services Ltd	Healthcare goods and services	England	e
¹ Dolby Medical Limited	Equipment servicing	Scotland	a
¹ Dolby Medical EBT Trustee Limited (*)	Non-trading	Scotland	a
Handpiece Express Limited (*)	Dormant	England	e
Med-FX Ltd	Distributor of facial aesthetics products	England	e
¹ Mi Tec Ltd	Equipment repair	England	e
Mintek UK Limited	Dormant	England	e
Unodent Limited	Dormant	England	e
X Dent Limited	Healthcare goods and services	Jersey	d
¹ TAG Medical Limited	Medical equipment testing and calibrations servicing	England	e

Notes:

- a. The registered address of subsidiaries domiciled in Scotland is Units 1-3, Block 5, Manor Farm Business Park, Stirling, FK9 5QD.
- b. The registered address of subsidiaries domiciled in Northern Ireland is c/o A&L Goodbody Solicitors, 6th Floor, 42-46 Fountain Street, Belfast, BT1 5EF.
- c. The registered address of subsidiaries domiciled in Ireland is The Black Church, St Mary's Place, Dublin 7, D07P4AX.
- d. The registered address of subsidiaries domiciled in Jersey is PO Box 771, Ground Floor, Colomberie Close, St Helier, Jersey, JE4 0RX.
- e. The registered address of subsidiaries domiciled in England is 6 Perry Way, Witham, England, CM8 3SX.
- ¹ Company exempt from audit under section 479A of the Companies Act 2006.

Notes (continued)

12 Business combinations

Acquisitions in the current period

On 16 February 2022, the Group acquired all of the voting shares of TAG Medical Limited for £1,096k. The principal activity of TAG Medical Limited is the provision of medical equipment testing and calibrations services for care homes and GP practices.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Recognised values on acquisition £000
Acquiree's net assets at the acquisition date:	
Trade and other debtors	1,529
Deferred tax assets	17
Cash at hand and in bank	125
Trade and other creditors	(52)
	<hr/>
Net identifiable assets and liabilities	1,619
	<hr/>
Total cost of business combination.	
Cash consideration paid	1,096
	<hr/>
Goodwill on acquisition	(523)
	<hr/>

Negative goodwill of £523k was recognised on acquisition as a result of previous trading between TAG Medical Limited and the other subsidiaries within the DD Group Holdings Ltd group of companies. As such, the £523k represents the balances with these companies which existed on the acquisition date.

No fair value adjustments were identified from the above acquisition

Acquisitions in the previous period

There were no acquisitions in the previous period.

Notes *(continued)*

13 Stocks

Group

	2022	Unaudited
	£000	2021
		£000
Goods for resale	25,287	28,558
	25,287	28,558

Stocks are stated after provisions for impairment of £5,815k (2021: £4,119k).

14 Debtors

Group

	2022	Unaudited
	£000	2021
		£000
Trade debtors	25,189	21,686
Amounts owed by group undertakings	29,295	23,940
Other debtors	4,432	7,883
Deferred tax assets (see note 17)	2,570	1,829
Prepayments and accrued income	1,367	1,465
	62,853	56,803

Company

	2022	2021
	£000	£000
Trade debtors	1	1
Amounts owed by group undertakings	160	161
	161	162

All the above balances are due within one year with the exception of deferred tax of £2,570k (2021: £1,829k), and an amount included within other debtors of £1,123k (2021: £nil) comprising of amounts receivable from a supplier in respect of a settlement after 31 March 2023.

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

Trade debtors are stated after provisions for impairment: Group £1,195k (2021: £1,242k); Company £nil (2021: £nil).

Notes (continued)

15 Cash at bank and in hand

<i>Group</i>	2022	Unaudited 2021
	£000	£000
Cash at bank and in hand	7,206	4,681
Cash and cash equivalents per cash flow statement	<u>7,206</u>	<u>4,681</u>
 <i>Company</i>	 2022	 2021
	£000	£000
Cash at bank and in hand	142	152
	<u>142</u>	<u>152</u>

16 Creditors: amounts falling due within one year

<i>Group</i>	2022	Unaudited 2021
	£000	£000
Trade creditors	13,706	21,127
Amounts owed to group undertakings	49,491	44,019
Taxation and social security	2,580	1,333
Other creditors	3,277	5,708
Other financial liabilities (see note 21)	25	334
Accruals and deferred income	5,201	1,713
	<u>74,280</u>	<u>74,234</u>
 <i>Company</i>	 2022	 2021
	£000	£000
Amounts owed to group undertakings	18,698	16,231
Accruals and deferred income	49	4
	<u>18,747</u>	<u>16,235</u>

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

Notes (continued)

17 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2022	Unaudited 2021	2022	Unaudited 2021	2022	Unaudited 2021
	£000	£000	£000	£000	£000	£000
Accelerated capital allowances	1,944	1,829	-	-	1,944	1,829
Short term timing differences	626	-	-	-	626	-
Tax assets	2,570	1,829	-	-	2,570	1,829
Net of tax assets	-	-	-	-	-	-
Net tax assets	2,570	1,829	-	-	2,570	1,829

In addition to the deferred tax asset above, the Group has additional unrecognised gross tax losses of £247k (2021: £133k).

The deferred tax assets at 31 March 2022 includes £17k (2021: £nil) arising from business combinations during the year.

18 Other provisions

Group	Onerous lease provision	Lease dilapidation provision	Total
	£000	£000	£000
Balance at 1 April 2021	212	35	247
Provisions used during the year	(23)	-	(23)
Unwinding of discount on provisions	4	-	4
Balance at 31 March 2022	193	35	228

Onerous lease provision - Provision has been recognised for the expected losses as a result of unutilised leasehold properties. The provision is calculated based on the future lease commitments less any expected future income derived from the property

Lease dilapidation provision - Provision has been recognised for the costs associated with contractual obligations to return certain warehouse and office premises to their original condition at the end of the lease.

Notes (continued)

19 Employee benefits

Group

Defined contribution plans

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £365k (2021: £465k).

20 Called up share capital and reserves

Group and company

	<i>In thousands of shares</i>	
On issue at 1 April 2021 and 31 March 2022 – fully paid		1,000
	2022	2021
	£000	£000
Allotted, called up and fully paid		
1,000,000 (2021: 1,000,000) ordinary shares of £0.01 each	10	10
	10	10

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

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

Profit and loss account

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

21 Financial instruments

21 (a) Carrying amounts of financial instruments measured at fair value

Group

	2022	Unaudited 2021
	£000	£000
Liabilities measured at fair value through profit or loss:		
Held as derivatives – foreign exchange forward contracts (see note 4)	25	334

Notes *(continued)*

21 Financial instruments *(continued)*

21 (b) Carrying amounts of financial instruments measured at amortised cost

Group	Note	2022	Unaudited
		£'000	2021
			£'000
Financial assets measured at amortised cost			
Trade debtors	14	25,189	21,686
Amounts owed by group undertakings	14	29,295	23,940
Other debtors	14	4,432	7,883
		<u>58,916</u>	<u>53,509</u>
Financial liabilities measured at amortised cost			
Trade creditors	16	13,706	21,127
Amounts owed to group undertakings	16	49,491	44,019
Other creditors	16	3,277	5,708
Accruals	16	4,820	1,380
		<u>71,294</u>	<u>72,234</u>
Company			
	Note	2022	2021
		£'000	£'000
Financial assets measured at amortised cost			
Trade debtors	14	1	1
Amounts owed by group undertakings	14	160	161
		<u>161</u>	<u>162</u>
Financial liabilities measured at amortised cost			
Amounts owed to group undertakings	16	18,698	16,231
Accruals	16	49	4
		<u>18,747</u>	<u>16,235</u>

Notes (continued)

22 Operating leases

Group

Leases as a lessee

Non cancellable operating lease rentals are payable as follows:

	2022	Unaudited 2021
	£000	£000
Land and buildings:		
Within one year	723	633
Between one year and five years	2,802	2,526
After five years	<u>7,203</u>	<u>7,729</u>
	<u>10,728</u>	<u>10,888</u>
 Other:		
Within one year	444	343
Between one year and five years	708	410
After five years	<u>17</u>	<u>-</u>
	<u>1,169</u>	<u>753</u>

During the year £1,303k (2021: £1,163k) was recognised by the Group as an expense in the profit and loss account in respect of operating leases.

23 Contingencies

Group

In June 2022, the Group had received a claim from a supplier in relation to a historic supply of goods to the Group. The supplier is claiming for loss of profits due to the terms imposed in the agreement between the Group and the supplier. The supplier has indicated their intention to issue proceedings against the Group however no proceedings have been issued to date.

Notes (continued)

24 Related parties

Identity of related parties with which the Group has transacted

The Group has entered into related party transactions with its parent i.e., for Turnstone Equityco 1 Limited and the associated companies of the parent.

Related party transactions consist of transactions with other companies outside of DD Group Holdings Ltd's consolidated group financial statements ("the Group"). The identity of these companies is disclosed in the financial statements of Turnstone Equityco 1 Limited, a company incorporated in the United Kingdom. The consolidated financial statements of Turnstone Equityco 1 Limited are publicly available and may be obtained from Turnstone Equityco 1 Limited, Europa House, Stoneclough Road, Kearsley, Manchester, M26 1GG.

Related party transactions and balances

	Sales to		Administrative expenses incurred from	
	2022	Unaudited 2021	2022	Unaudited 2021
	£000	£000	£000	£000
Entities with control over the Group	24,086	24,291	20,908	18,572
	<hr/>	<hr/>	<hr/>	<hr/>
	Receivables outstanding		Creditors outstanding	
	2022	Unaudited 2021	2022	Unaudited 2021
	£000	£000	£000	£000
Entities with control over the Group	29,295	23,940	49,491	44,019
	<hr/>	<hr/>	<hr/>	<hr/>

25 Ultimate parent company and parent company of larger group

At 31 March 2022 and up to 8 June 2022, the immediate parent undertaking was The Dental Directory Limited, a company incorporated in the United Kingdom. The ultimate controlling party was considered by the directors to be ADP Primary Care Acquisitions Limited.

The results of the company are consolidated in the financial statements of Turnstone Equityco 1 Limited, a company incorporated in the United Kingdom. Turnstone Equityco 1 Limited is the parent undertaking of the smallest and largest group to consolidate these financial statements. The consolidated financial statements of Turnstone Equityco 1 Limited are publicly available and may be obtained from Turnstone Equityco 1 Limited, Europa House, Stoneclough Road, Kearsley, Manchester, M26 1GG.

From 8 June 2022, the immediate parent undertaking is Phey Bidco Limited. The ultimate parent company in the UK of Phey Bidco Limited is Phey Topco Limited. The ultimate controlling party of Phey Topco Limited is a private equity investment fund advised by an affiliate of Sun Capital Partners, Inc. 5200 Town Center Circle, 4th Floor, Boca Raton, Florida 33486, USA.

Notes (continued)

26 Subsequent events

On 8 June 2022, following the completion of the sale of The Dental Directory Limited's shareholding in DD Group Holdings Ltd to Sun Cayman NIH VIII Phey Holdings, L.P., the immediate parent undertaking of DD Group Holdings Ltd was Phey Bidco Limited. The ultimate parent company in the UK of Phey Bidco Limited is Phey Topco Limited. The ultimate controlling party of Phey Topco Limited is a private equity investment fund advised by an affiliate of Sun Capital Partners, Inc.

On 1 August 2022 Phey Bidco Ltd entered into a Finance Agreement. At the date of signing £72.5m of financing has been drawdown with further facilities available. The different facilities under this agreement are repayable between August 2028 and August 2029.

Please also refer to note 23 relating to contingencies subsequent to the year end.

27 Accounting estimates and judgements

The preparation of financial statements in accordance with the generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The Directors have made a number of estimates and assumptions regarding the future and made some significant judgements in applying the Group's accounting policies. These are discussed below:

Sources of estimation uncertainty

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 income 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 17.

Useful economic lives of fixed assets

Tangible and intangible assets are depreciated/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

Notes *(continued)*

27 Accounting estimates and judgements *(continued)*

Critical accounting judgements

Impairment of fixed assets

At each reporting date, fixed assets, including goodwill, tangible assets and investments, 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.

Carrying value of stocks

At each reporting date, the directors assess the carrying value of stocks for objective evidence of impairment. Provision is made for obsolete, slow moving and defective stock, where the estimated selling price less costs to sell is lower than the carrying value.

Carrying value of financial assets

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 cash flows. Both of these estimates require the future cash flows arising from the financial assets to be estimated and an appropriate discount rate to be selected.