

Company Registration No. 07780931 (England and Wales)

**MEDICO-DENTAL HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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# MEDICO-DENTAL HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	D J T Flanagan L M Flanagan D Vogel S M Gatto D Harman
<b>Secretary</b>	Clarkson Hyde Company Secretaries Limited
<b>Company number</b>	07780931
<b>Registered office</b>	3rd Floor Chancery House St Nicholas Way Sutton Surrey SM1 1JB
<b>Auditor</b>	Clarkson Hyde LLP 3rd Floor Chancery House St Nicholas Way Sutton Surrey SM1 1JB
<b>Business address</b>	Carriage Court 22 Circus Mews Bath BA1 2PW
<b>Bankers</b>	Lloyds TSB Bank plc Reading Market Place Birmingham OSC Ariel House, 2138 Coventry Rd Sheldon B26 3JW

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# MEDICO-DENTAL HOLDINGS LIMITED

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**MEDICO-DENTAL HOLDINGS LIMITED**

**STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present the strategic report for the year ended 31 December 2018 and the Board's Strategic Report.

**Development, Performance and Position**

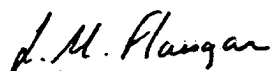
We are pleased to report an annual turnover of £8.84m in 2018, 7.85% increase from £8.19m in 2017, broadly in line with our group revenue forecast for the year. The gross profit of the group for the year was £3.66m, an 11.14% increase from £3.29m in 2017 due to an increase in annual turnover and better cost control. Group losses for the period were £3.25m compared to £3.60m in 2017, a 9.72% improvement on last year which reflects continuous growth and progress towards long term goals of financial sustainability.

Medico Dental Holdings Limited as a parent controlled 99.99% shareholding of Centre for Dentistry Limited and 100% shareholding of Propcom Limited during the year. The Group's net liabilities as at 31 Dec 2018 were £18.79m compared to £15.55m at the end of 2017, largely due to the short-term loans raised during the period to fund working capital needs of our subsidiaries.

Much of dental consumables are European which has created upward pressure on margin as Sterling continued to soften against the Euro. We have resisted raising our treatment prices as much as possible so that we continue to offer great value private dentistry.

I would like to thank our dedicated staff up and down the country who through their hard work and care continue to make a difference to our patients.

On behalf of the board



L M Flanagan

**Group Chief Executive**

16 September 2019

# MEDICO-DENTAL HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present their annual report and financial statements for the year ended 31 December 2018.

#### Principal activities

The principal activity of the company is that of management as a holding company.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D J T Flanagan  
L M Flanagan  
D Vogel  
S M Gatto  
D Harman

#### Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Auditor

Clarkson Hyde LLP were appointed auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**MEDICO-DENTAL HOLDINGS LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

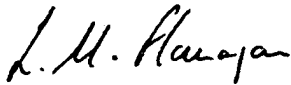
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



L M Flanagan

Director

16 September 2019

## MEDICO-DENTAL HOLDINGS LIMITED

### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF MEDICO-DENTAL HOLDINGS LIMITED

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##### Opinion

We have audited the financial statements of Medico-Dental Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

##### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the 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 in this regard.

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

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

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

**MEDICO-DENTAL HOLDINGS LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF MEDICO-DENTAL HOLDINGS LIMITED**

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**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

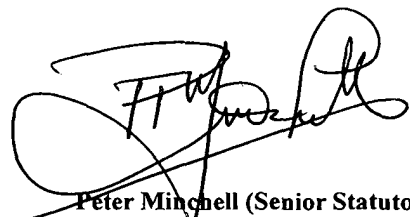
**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Peter Minchell (Senior Statutory Auditor)**  
**for and on behalf of Clarkson Hyde LLP**

**16 September 2019**

**Chartered Accountants**  
**Statutory Auditor**

3rd Floor  
Chancery House  
St Nicholas Way  
Sutton  
Surrey  
SM1 1JB



**MEDICO-DENTAL HOLDINGS LIMITED**

**GROUP PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
<b>Turnover</b>	<b>3</b>	8,837,580	8,194,181
Cost of sales		(5,176,737)	(4,900,373)
		<u>-</u>	<u>-</u>
<b>Gross profit</b>		3,660,843	3,293,808
Administrative expenses		(6,851,573)	(6,825,977)
<b>Operating loss</b>	<b>4</b>	(3,190,730)	(3,532,169)
Interest payable and similar expenses	7	(58,627)	(87,789)
<b>Loss before taxation</b>		(3,249,357)	(3,619,958)
Tax on loss	8	-	20,927
<b>Loss for the financial year</b>		<u>(3,249,357)</u>	<u>(3,599,031)</u>
Loss for the financial year is attributable to:			
- Owners of the parent company		(3,249,294)	(3,812,881)
- Non-controlling interests		(63)	213,850
		<u>(3,249,357)</u>	<u>(3,599,031)</u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

**MEDICO-DENTAL HOLDINGS LIMITED****GROUP STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2018**

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	2018 £	2017 £
<b>Loss for the year</b>	(3,249,357)	(3,599,031)
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>(3,249,357)</u>	<u>(3,599,031)</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	(3,249,294)	(3,812,881)
- Non-controlling interests	<u>(63)</u>	<u>213,850</u>
	<u>(3,249,357)</u>	<u>(3,599,031)</u>

**MEDICO-DENTAL HOLDINGS LIMITED**

**GROUP BALANCE SHEET**

**AS AT 31 DECEMBER 2018**

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Goodwill	9	84,563	111,993
Tangible assets	10	2,442,323	2,842,423
		<u>2,526,886</u>	<u>2,954,416</u>
<b>Current assets</b>			
Stocks	14	158,487	128,976
Debtors	15	2,052,091	2,380,020
Cash at bank and in hand		85,932	179,582
		<u>2,296,510</u>	<u>2,688,578</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(5,404,487)</u>	<u>(4,424,653)</u>
<b>Net current liabilities</b>		<u>(3,107,977)</u>	<u>(1,736,075)</u>
<b>Total assets less current liabilities</b>		<u>(581,091)</u>	<u>1,218,341</u>
<b>Creditors: amounts falling due after more than one year</b>	17	<u>(18,213,538)</u>	<u>(16,763,613)</u>
<b>Net liabilities</b>		<u><u>(18,794,629)</u></u>	<u><u>(15,545,272)</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	1,839	1,839
Share premium account		1,561,253	1,561,253
Revaluation reserve		146,225	175,471
Capital redemption reserve		2	2
Profit and loss reserves		<u>(20,503,565)</u>	<u>(17,283,517)</u>
<b>Equity attributable to owners of the parent company</b>		<u>(18,794,246)</u>	<u>(15,544,952)</u>
<b>Non-controlling interests</b>		<u>(383)</u>	<u>(320)</u>
		<u><u>(18,794,629)</u></u>	<u><u>(15,545,272)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 16 September 2019 and are signed on its behalf by:



L M Flanagan  
Director

**MEDICO-DENTAL HOLDINGS LIMITED**

**COMPANY BALANCE SHEET**

**AS AT 31 DECEMBER 2018**

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Investments	11	17,000,295	17,000,295
<b>Current assets</b>			
Debtors	15	3,232,569	791,003
Cash at bank and in hand		2,232	18,165
		<u>3,234,801</u>	<u>809,168</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(2,431,031)</u>	<u>(1,583,500)</u>
<b>Net current assets/(liabilities)</b>		<u>803,770</u>	<u>(774,332)</u>
<b>Total assets less current liabilities</b>		<u>17,804,065</u>	<u>16,225,963</u>
<b>Creditors: amounts falling due after more than one year</b>	17	(18,198,101)	(16,608,101)
<b>Net liabilities</b>		<u>(394,036)</u>	<u>(382,138)</u>
<b>Capital and reserves</b>			
Called up share capital	22	1,839	1,839
Share premium account		1,561,253	1,561,253
Profit and loss reserves		<u>(1,957,128)</u>	<u>(1,945,230)</u>
<b>Total equity</b>		<u>(394,036)</u>	<u>(382,138)</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £11,898 (2017 - £11,469 loss).

The financial statements were approved by the board of directors and authorised for issue on 16 September 2019 and are signed on its behalf by:

*L. M. Flanagan*

L M Flanagan  
Director

Company Registration No. 07780931

MEDICO-DENTAL HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
	£	£	£	£	£	£	£	£
<b>Balance at 1 January 2017</b>	1,839	1,561,253	204,717	2	(13,499,882)	(11,732,071)	(214,170)	(11,946,241)
<b>Year ended 31 December 2017:</b>								
Loss and total comprehensive income for the year	-	-	-	-	(3,812,881)	(3,812,881)	213,850	(3,599,031)
Transfers	-	-	(29,246)	-	29,246	-	-	-
<b>Balance at 31 December 2017</b>	1,839	1,561,253	175,471	2	(17,283,517)	(15,544,952)	(320)	(15,545,272)
<b>Year ended 31 December 2018:</b>								
Loss and total comprehensive income for the year	-	-	-	-	(3,249,294)	(3,249,294)	(63)	(3,249,357)
Transfers	-	-	(29,246)	-	29,246	-	-	-
<b>Balance at 31 December 2018</b>	1,839	1,561,253	146,225	2	(20,503,565)	(18,794,246)	(383)	(18,794,629)

**MEDICO-DENTAL HOLDINGS LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 January 2017</b>	1,839	1,561,253	(1,933,761)	(370,669)
<b>Year ended 31 December 2017:</b>				
Loss and total comprehensive income for the year	-	-	(11,469)	(11,469)
<b>Balance at 31 December 2017</b>	1,839	1,561,253	(1,945,230)	(382,138)
<b>Year ended 31 December 2018:</b>				
Loss and total comprehensive income for the year	-	-	(11,898)	(11,898)
<b>Balance at 31 December 2018</b>	1,839	1,561,253	(1,957,128)	(394,036)

**MEDICO-DENTAL HOLDINGS LIMITED**

**GROUP STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Cash absorbed by operations	27	(1,521,375)	(2,902,147)
Interest paid		(58,627)	(87,789)
Income taxes refunded/(paid)		20,936	(9)
<b>Net cash outflow from operating activities</b>		<b>(1,559,066)</b>	<b>(2,989,945)</b>
<b>Investing activities</b>			
Proceeds on disposal of intangibles		-	97,000
Purchase of tangible fixed assets		(72,001)	(111,232)
Other investments and loans made		-	(57,521)
Proceeds from other investments and loans		214,683	8,072
<b>Net cash generated from/(used in) investing activities</b>		<b>142,682</b>	<b>(63,681)</b>
<b>Financing activities</b>			
Proceeds from borrowings		1,590,000	3,213,000
Payment of finance leases obligations		(294,251)	(281,760)
<b>Net cash generated from financing activities</b>		<b>1,295,749</b>	<b>2,931,240</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(120,635)</b>	<b>(122,386)</b>
Cash and cash equivalents at beginning of year		179,582	301,968
<b>Cash and cash equivalents at end of year</b>		<b>58,947</b>	<b>179,582</b>
<b>Relating to:</b>			
Cash at bank and in hand		85,932	179,582
Bank overdrafts included in creditors payable within one year		(26,985)	-

**MEDICO-DENTAL HOLDINGS LIMITED**

**COMPANY STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	28		(1,605,933)		(3,332,105)
<b>Financing activities</b>					
Proceeds from borrowings		1,590,000		3,213,000	
<b>Net cash generated from financing activities</b>			1,590,000		3,213,000
<b>Net decrease in cash and cash equivalents</b>			(15,933)		(119,105)
Cash and cash equivalents at beginning of year			18,165		137,270
<b>Cash and cash equivalents at end of year</b>			2,232		18,165



# MEDICO-DENTAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

#### Company information

Medico-Dental Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 3rd Floor Chancery House, St. Nicholas Way, Sutton, Surrey, England, SM1 1JB.

The group consists of Medico-Dental Holdings Limited and all of its subsidiaries.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of some surgery fit outs at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Medico-Dental Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### 1.3 Going concern

Although the group has made further losses in the current year, the directors do not consider that these will be recurring in future years once the group is fully trading and in addition the group will continue to be supported financially by the raising of funds through shareholders and other providers. The directors are confident that the representation given by the major investor will ensure that the preparation of the accounts on a going concern basis continues to be the appropriate accounting treatment.

**1 Accounting policies**

**(Continued)**

**1.4 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**1.5 Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 6 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

**1.6 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Surgery fitouts	Between 10 to 15 years Straight line
Plant and machinery	25% Straight line
Fixtures, fittings & equipment	25% Straight line
Motor vehicles	25% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

**1.7 Fixed asset investments**

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

## MEDICO-DENTAL HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

(Continued)

##### 1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### 1.10 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

##### 1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# MEDICO-DENTAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### *Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

#### *Other financial assets*

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### *Impairment of financial assets*

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

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 profit or loss.

#### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### *Classification of financial liabilities*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### *Basic financial liabilities*

Basic financial liabilities, including creditors, loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

# MEDICO-DENTAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

(Continued)

#### 1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### 1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**MEDICO-DENTAL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**1 Accounting policies**

**(Continued)**

**1.17 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

**2 Judgements and key sources of estimation uncertainty**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**3 Turnover and other revenue**

An analysis of the group's turnover is as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by class of business</b>		
Dental sales	8,837,580	8,194,181
	<u>          </u>	<u>          </u>
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom	8,837,580	8,194,181
	<u>          </u>	<u>          </u>

**4 Operating loss**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	-	156
Depreciation of owned tangible fixed assets	337,582	342,784
Depreciation of tangible fixed assets held under finance leases	134,519	149,337
Amortisation of intangible assets	27,430	27,429
Profit on disposal of intangible assets	-	(25,021)
Cost of stocks recognised as an expense	626,059	828,583
Operating lease charges	1,237,751	1,161,101
	<u>          </u>	<u>          </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £0 (2017 - £156).

**MEDICO-DENTAL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**5 Auditor's remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	2,000	1,500
Audit of the financial statements of the company's subsidiaries	32,000	32,000
	<u>34,000</u>	<u>33,500</u>

**6 Employees**

The average monthly number of persons (including directors) employed by the group and company during the year was:

	<b>Group 2018 Number</b>	<b>2017 Number</b>	<b>Company 2018 Number</b>	<b>2017 Number</b>
Directors	7	10	5	5
Head office administration, finance & marketing	8	10	-	-
Dental practice staff	145	134	-	-
	<u>160</u>	<u>154</u>	<u>5</u>	<u>5</u>

Their aggregate remuneration comprised:

	<b>Group 2018 £</b>	<b>2017 £</b>	<b>Company 2018 £</b>	<b>2017 £</b>
Wages and salaries	3,620,908	3,557,072	-	-
Social security costs	310,075	290,685	-	-
Pension costs	43,405	19,542	-	-
	<u>3,974,388</u>	<u>3,867,299</u>	<u>-</u>	<u>-</u>

**7 Interest payable and similar expenses**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on finance leases and hire purchase contracts	27,098	54,772
Other interest on financial liabilities	29,889	31,145
	<u>56,987</u>	<u>85,917</u>
<b>Other finance costs:</b>		
Other interest	1,640	1,872
	<u>58,627</u>	<u>87,789</u>

**MEDICO-DENTAL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**8 Taxation**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Adjustments in respect of prior periods	-	(20,927)
	<u>          </u>	<u>          </u>

The actual charge/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Loss before taxation	(3,249,357)	(3,619,958)
	<u>          </u>	<u>          </u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(617,378)	(696,842)
Tax effect of expenses that are not deductible in determining taxable profit	4,394	5,187
Unutilised tax losses carried forward	592,968	686,087
Adjustments in respect of prior years	-	(20,927)
Permanent capital allowances in excess of depreciation	(69,683)	(89,165)
Depreciation on assets not qualifying for tax allowances	89,699	94,733
	<u>          </u>	<u>          </u>
Taxation charge/(credit)	-	(20,927)
	<u>          </u>	<u>          </u>

The group has estimated losses of £16,953,675 (2017: £13,835,463 ) available for carry forward against future trading profits. On the basis of these financial statements no provision has been made for corporation tax.

**9 Intangible fixed assets**

<b>Group</b>	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2018 and 31 December 2018	171,422
	<u>          </u>
<b>Amortisation and impairment</b>	
At 1 January 2018	59,429
Amortisation charged for the year	27,430
	<u>          </u>
At 31 December 2018	86,859
	<u>          </u>
<b>Carrying amount</b>	
At 31 December 2018	84,563
	<u>          </u>
At 31 December 2017	111,993
	<u>          </u>

The company had no intangible fixed assets at 31 December 2018 or 31 December 2017.



**MEDICO-DENTAL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**10 Tangible fixed assets**

Group	Surgery fitouts	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2018	3,997,989	451,737	253,192	21,500	4,724,418
Additions	14,096	50,402	7,503	-	72,001
At 31 December 2018	4,012,085	502,139	260,695	21,500	4,796,419
<b>Depreciation and impairment</b>					
At 1 January 2018	1,386,976	333,819	152,893	8,307	1,881,995
Depreciation charged in the year	345,248	75,354	46,120	5,379	472,101
At 31 December 2018	1,732,224	409,173	199,013	13,686	2,354,096
<b>Carrying amount</b>					
At 31 December 2018	2,279,861	92,966	61,682	7,814	2,442,323
At 31 December 2017	2,611,013	117,918	100,299	13,193	2,842,423

The company had no tangible fixed assets at 31 December 2018 or 31 December 2017.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2018 £	2017 £
Plant and machinery	-	5,995
Fixtures, fittings & equipment	-	1,677
Motor vehicles	664,330	787,618
Computer equipment	837	2,817
	665,167	798,107
Depreciation charge for the year in respect of leased assets	134,519	149,337

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2018 £	2017 £
Cost	3,719,630	3,715,215
Accumulated depreciation	1,488,692	1,174,545
Carrying value	2,230,938	2,540,670

**MEDICO-DENTAL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**11 Fixed asset investments**

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	12	-	-	17,000,295	17,000,295

**Movements in fixed asset investments**

Company	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 January 2018 and 31 December 2018	17,000,295
<b>Carrying amount</b>	
At 31 December 2018	17,000,295
At 31 December 2017	17,000,295

**12 Subsidiaries**

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Centre For Dentistry Limited	England	Dental services	Ordinary	99.99
Centre For Dermatology Limited	England	Dormant company	Ordinary	100.00
Propcom Limited	England	Provision of leased dental surgeries	Ordinary	100.00

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Centre For Dentistry Limited	(1,897,017)	(2,573,255)
Centre For Dermatology Limited	100	-
Propcom Limited	(1,340,442)	1,172,857

**MEDICO-DENTAL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**13 Financial instruments**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	562,389	825,314	3,231,262	791,003
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	23,348,180	21,067,668	20,629,132	18,191,601
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**14 Stocks**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Raw materials and consumables	158,487	128,976	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**15 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>				
Corporation tax recoverable	-	20,936	-	-
Amounts owed by group undertakings	-	-	3,226,307	786,048
Other debtors	562,389	779,250	4,955	4,955
Prepayments and accrued income	393,556	437,624	1,307	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	955,945	1,237,810	3,232,569	791,003
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**Amounts falling due after more than one year:**

Other debtors	-	46,064	-	-
Deferred tax asset (note 20)	1,096,146	1,096,146	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	1,096,146	1,142,210	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total debtors</b>	<b>2,052,091</b>	<b>2,380,020</b>	<b>3,232,569</b>	<b>791,003</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**MEDICO-DENTAL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**16 Creditors: amounts falling due within one year**

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	18	26,985	-	-	-
Obligations under finance leases	19	140,075	294,251	-	-
Trade creditors		1,477,964	1,587,769	152	1,121
Amounts owed to group undertakings		-	1	100	100
Other taxation and social security		269,845	120,598	-	-
Other creditors		1,037,151	1,936	850,000	-
Accruals and deferred income		2,452,467	2,420,098	1,580,779	1,582,279
		<u>5,404,487</u>	<u>4,424,653</u>	<u>2,431,031</u>	<u>1,583,500</u>

**17 Creditors: amounts falling due after more than one year**

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Obligations under finance leases	19	15,437	155,512	-	-
Other borrowings	18	18,198,101	16,608,101	18,198,101	16,608,101
		<u>18,213,538</u>	<u>16,763,613</u>	<u>18,198,101</u>	<u>16,608,101</u>

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	<u>(18,198,101)</u>	<u>(16,608,101)</u>	<u>(18,198,101)</u>	<u>(16,608,101)</u>
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**18 Loans and overdrafts**

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank overdrafts	26,985	-	-	-
Other loans	18,198,101	16,608,101	18,198,101	16,608,101
	<u>18,225,086</u>	<u>16,608,101</u>	<u>18,198,101</u>	<u>16,608,101</u>
Payable within one year	26,985	-	-	-
Payable after one year	18,198,101	16,608,101	18,198,101	16,608,101

Amounts included above which fall due after five years:

Payable other than by instalments	<u>(18,198,101)</u>	<u>(16,608,101)</u>	<u>(18,198,101)</u>	<u>(16,608,101)</u>
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**MEDICO-DENTAL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**18 Loans and overdrafts**

**(Continued)**

The long term loan is repayable on or before 31 December 2026, is unsecured and is interest free from 1 July 2016.

**19 Finance lease obligations**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Future minimum lease payments due under finance leases:				
Within one year	163,849	321,577	-	-
In two to five years	-	163,849	-	-
	<u>163,849</u>	<u>485,426</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(8,337)	(35,663)	-	-
	<u>155,512</u>	<u>449,763</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

**20 Deferred taxation**

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Assets</b>	<b>Assets</b>
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Tax losses	<u>1,096,146</u>	<u>1,096,146</u>

The company has no deferred tax assets or liabilities.

There were no deferred tax movements in the year.

**21 Retirement benefit schemes**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>43,405</u>	<u>19,542</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

**MEDICO-DENTAL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**22 Share capital**

	<b>Group and company</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
145,150 Ordinary of 1p each	1,452	1,452
38,720 A Ordinary of 1p each	387	387
	<u>1,839</u>	<u>1,839</u>

**23 Operating lease commitments**

**Lessee**

The operating leases represent leases of dental surgeries from third parties. The leases are negotiated over terms of 5 to 10 years.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	956,212	843,777	-	-
Between two and five years	3,638,671	3,352,707	-	-
In over five years	151,125	956,502	-	-
	<u>4,746,008</u>	<u>5,152,986</u>	<u>-</u>	<u>-</u>

**24 Related party transactions**

**Transactions with related parties**

Included within other debtors at the year end is an amount of £4,950 (2017: £4,200) due from Amalco Consolidated Limited, a company which is controlled by L M Flanagan and D J T Flanagan, who are directors of the company.

Included within creditors at the year end is an amount of £850,000 due to Inica Holdings Limited, a company which D Harman and D Flanagan are also directors and shareholders in. This loan is repayable on demand and is interest free.

**MEDICO-DENTAL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**25 Directors' transactions**

Included within other creditors is an amount of £184,279 (2017: £214,683 other debtors) which is the balance on the below named directors' loan accounts. No interest has been charged on these loans.

Description	% Rate	Opening balance £	Closing balance £
L M Flanagan -	-	91,863	(133,137)
D J T Flanagan -	-	122,820	(51,142)
		<u>214,683</u>	<u>(184,279)</u>

**26 Controlling party**

The ultimate controlling parties are L M Flanagan and D J T Flanagan.

The company is included within the consolidated accounts prepared for Medico-Dental Holdings Limited.

**27 Cash generated from group operations**

	2018 £	2017 £
Loss for the year after tax	(3,249,357)	(3,599,031)
Adjustments for:		
Taxation charged/(credited)	-	(20,927)
Finance costs	58,627	87,789
Gain on disposal of intangible assets	-	(25,021)
Amortisation and impairment of intangible assets	27,430	27,429
Depreciation and impairment of tangible fixed assets	472,101	492,121
Movements in working capital:		
(Increase)/decrease in stocks	(29,511)	29,615
Decrease/(increase) in debtors	92,310	(17,567,868)
Increase in creditors	1,107,025	17,673,746
<b>Cash absorbed by operations</b>	<u>(1,521,375)</u>	<u>(2,902,147)</u>

**MEDICO-DENTAL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**28 Cash generated from operations - company**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Loss for the year after tax	(11,898)	(11,469)
Movements in working capital:		
(Increase) in debtors	(2,441,566)	(3,318,630)
Increase/(decrease) in creditors	847,531	(2,006)
	<u>          </u>	<u>          </u>
<b>Cash absorbed by operations</b>	<b>(1,605,933)</b>	<b>(3,332,105)</b>
	<u>          </u>	<u>          </u>