

Company Registration No. 07780931 (England and Wales)

**MEDICO-DENTAL HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

TUESDAY



A16 \*A7HML9WY\*  
30/10/2018 #311  
COMPANIES HOUSE

## 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 2017

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The directors present the strategic report for the year ended 31 December 2017 and the Board's Strategic Report.

### Results

We are pleased to report a like for like increase in revenue of 28.1% (£1.80m) from £6.39m to £8.19m for the period in line with our group forecast. Our gross profit for 2017 increased by £0.77m from £2.52m to £3.29m. Our operating loss before taxation reduced by £855k or 19.1%.

In what are difficult operating conditions in a world of uncertainty this increase in our revenue for the period confirms that we continue to offer great value and great service to our patients. We continue to look at our cost base to create greater efficiencies without impacting on the quality of service we provide.

I am confident that 2018 will bring profitability to the group as revenues continue in an upward trajectory. Across the board, our practices still have "revenue headroom" with approximately 40% capacity.

I want to thank our dedicated teams who work tirelessly to deliver our vision of affordable and convenient private dentistry in a familiar and safe environment. When we started just 6 short years ago, our mission was to change the dental landscape by placing dentistry within a retail environment making dentistry more widely available to the public at large through easy and convenient access.

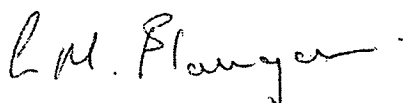
### Fair review of the business

During the year we consolidated our practices on the firm foundation created over the past four years. Our relationship with Sainsbury's continues to grow and we have agreed in principle to facilitate building further sites in FY2018.

We believe that we are at the vanguard of how dentistry and medicine will be accessed in the future. By bringing the service to the patient rather than the patient having to go to the service – all in the comfort of familiar surroundings, not only adds reassurance but convenience as well.

We are very much aware of the support we receive from our suppliers and customers to whom we are very grateful. I would also like to thank all my fellow members of staff for their hard work and dedication throughout the year. The continued growth of the business is down to their enthusiasm, loyalty and commitment.

On behalf of the board



L M Flanagan

Group Chief Executive

29 October 2018

**MEDICO-DENTAL HOLDINGS LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their annual report and financial statements for the year ended 31 December 2017.

**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 further 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 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**  
29 October 2018

## **MEDICO-DENTAL HOLDINGS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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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**

### **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 2017 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 2017 and of its profit 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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

29 October 2018

**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 2017**

	Notes	2017 £	2016 £
<b>Turnover</b>	<b>3</b>	8,194,181	6,392,327
Cost of sales		(4,900,373)	(3,873,527)
<b>Gross profit</b>		3,293,808	2,518,800
Administrative expenses		(6,825,977)	(6,291,957)
<b>Operating loss</b>	<b>4</b>	(3,532,169)	(3,773,157)
Interest payable and similar expenses	<b>7</b>	(87,789)	(702,104)
Amounts written off investments		-	(200)
<b>Loss before taxation</b>		(3,619,958)	(4,475,461)
Tax on loss	<b>8</b>	20,927	1,096,146
<b>Loss for the financial year</b>		(3,599,031)	(3,379,315)
Loss for the financial year is attributable to:			
- Owners of the parent company		(3,812,881)	(3,337,502)
- Non-controlling interests		213,850	(41,813)
		(3,599,031)	(3,379,315)

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 2017**

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	2017 £	2016 £
Loss for the year	(3,599,031)	(3,379,315)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(3,599,031)</u>	<u>(3,379,315)</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	(3,812,881)	(3,337,502)
- Non-controlling interests	<u>213,850</u>	<u>(41,813)</u>
	<u>(3,599,031)</u>	<u>(3,379,315)</u>

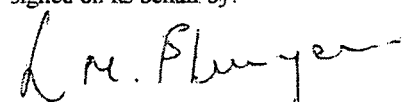
**MEDICO-DENTAL HOLDINGS LIMITED**

**GROUP BALANCE SHEET**

**AS AT 31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>Fixed assets</b>			
Goodwill	9	111,993	139,422
Other intangible assets	9	-	71,979
Total intangible assets		111,993	211,401
Tangible assets	10	2,842,423	3,223,312
		2,954,416	3,434,713
<b>Current assets</b>			
Stocks	14	128,976	158,591
Debtors	15	2,380,020	1,741,767
Cash at bank and in hand		179,582	301,968
		2,688,578	2,202,326
<b>Creditors: amounts falling due within one year</b>	16	(4,424,653)	(3,738,417)
<b>Net current liabilities</b>		(1,736,075)	(1,536,091)
<b>Total assets less current liabilities</b>		1,218,341	1,898,622
<b>Creditors: amounts falling due after more than one year</b>	17	(16,763,613)	(13,844,863)
<b>Net liabilities</b>		(15,545,272)	(11,946,241)
<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		175,471	204,717
Capital redemption reserve		2	2
Profit and loss reserves		(17,283,517)	(13,499,882)
<b>Equity attributable to owners of the parent company</b>		(15,544,952)	(11,732,071)
<b>Non-controlling interests</b>		(320)	(214,170)
		(15,545,272)	(11,946,241)

The financial statements were approved by the board of directors and authorised for issue on 29 October 2018 and are signed on its behalf by:



L M Flanagan  
Director

**MEDICO-DENTAL HOLDINGS LIMITED**

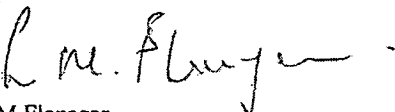
**COMPANY BALANCE SHEET**

**AS AT 31 DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Investments	11		17,000,295		295
<b>Current assets</b>					
Debtors	15	791,003		14,472,373	
Cash at bank and in hand		18,165		137,270	
		809,168		14,609,643	
<b>Creditors: amounts falling due within one year</b>	16	(1,583,500)		(1,585,506)	
<b>Net current (liabilities)/assets</b>			(774,332)		13,024,137
<b>Total assets less current liabilities</b>			16,225,963		13,024,432
<b>Creditors: amounts falling due after more than one year</b>	17		(16,608,101)		(13,395,101)
<b>Net liabilities</b>			(382,138)		(370,669)
<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			(1,945,230)		(1,933,761)
<b>Total equity</b>			(382,138)		(370,669)

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 £11,469 (2016 - £600,143 loss).

The financial statements were approved by the board of directors and authorised for issue on 29 October 2018 and are signed on its behalf by:

  
L M Flanagan  
Director

Company Registration No. 07780931

MEDICO-DENTAL HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	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 2016</b>	1,839	1,561,253	233,963	2	(10,191,626)	(8,394,569)	(172,357)	(8,566,926)
<b>Year ended 31 December 2016:</b>								
Loss and total comprehensive income for the year	-	-	-	-	(3,337,502)	(3,337,502)	(41,813)	(3,379,315)
Transfers	-	-	(29,246)	-	29,246	-	-	-
<b>Balance at 31 December 2016</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)

**MEDICO-DENTAL HOLDINGS LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 January 2016</b>	1,839	1,561,253	(1,333,618)	229,474
<b>Year ended 31 December 2016:</b>				
Loss and total comprehensive income for the year	-	-	(600,143)	(600,143)
<b>Balance at 31 December 2016</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)

**MEDICO-DENTAL HOLDINGS LIMITED**

**GROUP STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	27	(2,902,147)		(2,515,272)	
Interest paid		(87,789)		(702,104)	
Income taxes paid		(9)		-	
<b>Net cash outflow from operating activities</b>		<b>(2,989,945)</b>		<b>(3,217,376)</b>	
<b>Investing activities</b>					
Purchase of intangible assets		-		(49,000)	
Proceeds on disposal of intangibles		97,000		-	
Purchase of tangible fixed assets		(111,232)		(114,104)	
Proceeds on disposal of fixed asset investments		-		(200)	
Other investments and loans made		(57,521)		-	
Proceeds from other investments and loans		8,072		-	
<b>Net cash used in investing activities</b>		<b>(63,681)</b>		<b>(163,304)</b>	
<b>Financing activities</b>					
Proceeds from borrowings		3,213,000		3,710,000	
Payment of finance leases obligations		(281,760)		(254,098)	
<b>Net cash generated from financing activities</b>		<b>2,931,240</b>		<b>3,455,902</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(122,386)</b>		<b>75,222</b>	
Cash and cash equivalents at beginning of year		301,968		226,746	
<b>Cash and cash equivalents at end of year</b>		<b>179,582</b>		<b>301,968</b>	

**MEDICO-DENTAL HOLDINGS LIMITED**

**COMPANY STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	28	(3,332,105)		(3,018,399)	
Interest paid		-		(596,037)	
<b>Net cash outflow from operating activities</b>		<u>(3,332,105)</u>		<u>(3,614,436)</u>	
<b>Net cash used in investing activities</b>			-		-
<b>Financing activities</b>					
Proceeds from borrowings		<u>3,213,000</u>		<u>3,710,000</u>	
<b>Net cash generated from financing activities</b>		<u>3,213,000</u>		<u>3,710,000</u>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		(119,105)		95,564	
Cash and cash equivalents at beginning of year		<u>137,270</u>		<u>41,706</u>	
<b>Cash and cash equivalents at end of year</b>		<u><u>18,165</u></u>		<u><u>137,270</u></u>	



# MEDICO-DENTAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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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 .

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 freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

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 £11,469 (2016 - £600,143 loss).

#### 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.

## MEDICO-DENTAL HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

(Continued)

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 2017. 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.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

#### 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.

#### 1.4 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.

**MEDICO-DENTAL HOLDINGS LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1 Accounting policies**

**(Continued)**

**1.6 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Amortisation 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:

Development Costs	25% Straight line
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**1.7 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.

**1.8 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, associates and jointly controlled entities 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 2017

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#### 1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.9 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.

#### 1.10 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.

**MEDICO-DENTAL HOLDINGS LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1 Accounting policies**

**(Continued)**

**1.11 Cash and cash equivalents**

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

**1.12 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.

***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.

**MEDICO-DENTAL HOLDINGS LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1 Accounting policies**

**(Continued)**

Basic financial liabilities, including creditorsloans 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.

**1.13 Equity instruments**

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

**1.14 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.

**1.15 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.

**1.16 Retirement benefits**

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

**MEDICO-DENTAL HOLDINGS LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**1 Accounting policies**

**(Continued)**

**1.17 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 the profit and loss account 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 income 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 lease asset are consumed.

**1.18 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:

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Dental sales	8,194,181	6,392,327
	<u>8,194,181</u>	<u>6,392,327</u>
	2017 £	2016 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	8,194,181	6,392,327
	<u>8,194,181</u>	<u>6,392,327</u>

**MEDICO-DENTAL HOLDINGS LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**4 Operating loss**

	2017	2016
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	156	53
Depreciation of owned tangible fixed assets	342,784	329,275
Depreciation of tangible fixed assets held under finance leases	149,337	149,337
Amortisation of intangible assets	27,429	45,950
Profit on disposal of intangible assets	(25,021)	-
Cost of stocks recognised as an expense	604,936	320,022
Operating lease charges	1,161,101	1,091,236
	<u>1,161,101</u>	<u>1,091,236</u>

**5 Auditor's remuneration**

	2017	2016
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	1,500	1,500
Audit of the financial statements of the company's subsidiaries	32,000	44,243
	<u>33,500</u>	<u>45,743</u>

**6 Employees**

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

	Group		Company	
	2017	2016	2017	2016
	Number	Number	Number	Number
Directors	10	7	-	-
Head Office administration, finance and marketing	10	16	-	-
Dental practice staff	134	104	-	-
	<u>154</u>	<u>127</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Wages and salaries	3,557,072	3,209,966	-	-
Social security costs	290,685	262,144	-	-
Pension costs	19,542	13,769	-	-
	<u>3,867,299</u>	<u>3,485,879</u>	<u>-</u>	<u>-</u>



**MEDICO-DENTAL HOLDINGS LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**7 Interest payable and similar expenses**

	2017	2016
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on finance leases and hire purchase contracts	54,772	82,433
Other interest on financial liabilities	31,145	618,935
	<u>85,917</u>	<u>701,368</u>
<b>Other finance costs:</b>		
Other interest	1,872	736
	<u>87,789</u>	<u>702,104</u>

**8 Taxation**

	2017	2016
	£	£
<b>Current tax</b>		
Adjustments in respect of prior periods	(20,927)	-
	<u></u>	<u></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(1,096,146)
	<u></u>	<u></u>
Total tax credit for the year	<u>(20,927)</u>	<u>(1,096,146)</u>

As of 01 April 2017, the corporation tax rate changed from 20% to 19%.

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

	2017	2016
	£	£
Loss before taxation	(3,619,958)	(4,475,461)
	<u></u>	<u></u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(696,842)	(895,092)
Tax effect of expenses that are not deductible in determining taxable profit	5,187	124,482
Unutilised tax losses carried forward	686,087	674,888
Adjustments in respect of prior years	(20,927)	-
Permanent capital allowances in excess of depreciation	(89,165)	-
Depreciation on assets not qualifying for tax allowances	94,733	95,722
Change in deferred tax asset	-	(1,096,146)
	<u></u>	<u></u>
Taxation credit for the year	<u>(20,927)</u>	<u>(1,096,146)</u>

The group has estimated losses of £13,835,463 (2016: £10,271,379) available for carry forward against future trading profits. On the basis of these financial statements no provision has been made for corporation tax.

**MEDICO-DENTAL HOLDINGS LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**9 Intangible fixed assets**

<b>Group</b>	<b>Goodwill</b>	<b>Development Costs</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 January 2017	171,422	97,000	268,422
Disposals	-	(97,000)	(97,000)
At 31 December 2017	171,422	-	171,422
<b>Amortisation and impairment</b>			
At 1 January 2017	32,000	25,021	57,021
Amortisation charged for the year	27,429	-	27,429
Disposals	-	(25,021)	(25,021)
At 31 December 2017	59,429	-	59,429
<b>Carrying amount</b>			
At 31 December 2017	111,993	-	111,993
At 31 December 2016	139,422	71,979	211,401

The company had no intangible fixed assets at 31 December 2017 or 31 December 2016.

**10 Tangible fixed assets**

<b>Group</b>	<b>Surgery fitouts</b>	<b>Plant and Fixtures, fittings machinery &amp; equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 January 2017	3,966,928	423,891	200,867	4,613,186
Additions	31,061	27,846	52,325	111,232
At 31 December 2017	3,997,989	451,737	253,192	4,724,418
<b>Depreciation and impairment</b>				
At 1 January 2017	1,046,226	234,078	106,642	1,389,874
Depreciation charged in the year	340,750	99,741	46,251	492,121
At 31 December 2017	1,386,976	333,819	152,893	1,881,995
<b>Carrying amount</b>				
At 31 December 2017	2,611,013	117,918	100,299	2,842,423
At 31 December 2016	2,920,702	189,813	94,225	3,223,312

The company had no tangible fixed assets at 31 December 2017 or 31 December 2016.

**MEDICO-DENTAL HOLDINGS LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**10 Tangible fixed assets**

**(Continued)**

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Plant and machinery	5,995	27,391
Fixtures, fittings & equipment	1,677	4,350
Motor vehicles	787,618	910,906
Computer equipment	2,817	4,797
	<u>798,107</u>	<u>947,444</u>
Depreciation charge for the year in respect of leased assets	<u>149,337</u>	<u>149,337</u>

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:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Cost	3,715,215	3,674,474
Accumulated depreciation	<u>1,174,545</u>	<u>861,186</u>
Carrying value	<u>2,540,670</u>	<u>2,813,288</u>

**11 Fixed asset investments**

		<b>Group</b>		<b>Company</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Investments in subsidiaries	<b>12</b>	<u>-</u>	<u>-</u>	<u>17,000,295</u>	<u>295</u>

**MEDICO-DENTAL HOLDINGS LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**11 Fixed asset investments (Continued)**

**Movements in fixed asset investments**

<b>Company</b>	<b>Shares in group undertakings</b>
	<b>£</b>
<b>Cost or valuation</b>	
At 1 January 2017	295
Additions	17,000,000
	<u>17,000,295</u>
At 31 December 2017	
	<u>17,000,295</u>
<b>Carrying amount</b>	
At 31 December 2017	17,000,295
	<u>17,000,295</u>
At 31 December 2016	295
	<u>295</u>

**12 Subsidiaries**

Details of the company's subsidiaries at 31 December 2017 are as follows:

<b>Name of undertaking</b>	<b>Registered office</b>	<b>Nature of business</b>	<b>Class of shares held</b>	<b>% Held</b>
				<b>Direct Indirect</b>
Centre For Dentistry Limited	England	Dental services	Ordinary	97.00
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:

<b>Name of undertaking</b>	<b>Profit/(Loss)</b>	<b>Capital and Reserves</b>
	<b>£</b>	<b>£</b>
Centre For Dentistry Limited	(2,537,242)	(676,238)
Centre For Dermatology Limited	-	100
Propcom Limited	(1,050,320)	2,513,299

**13 Financial instruments**

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	825,314	292,446	791,003	14,472,373
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	21,067,668	17,488,999	18,191,601	14,980,607
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**MEDICO-DENTAL HOLDINGS LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**14 Stocks**

	<b>Group</b>	<b>2016</b>	<b>Company</b>	<b>2016</b>
	<b>2017</b>		<b>2017</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Raw materials and consumables	128,976	158,591	-	-

**15 Debtors**

	<b>Group</b>	<b>2016</b>	<b>Company</b>	<b>2016</b>
	<b>2017</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	-	-	786,048	14,467,418
Other debtors	779,250	306,282	4,955	4,955
Prepayments and accrued income	437,624	339,339	-	-
	<u>1,237,810</u>	<u>645,621</u>	<u>791,003</u>	<u>14,472,373</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>1,142,210</u>	<u>1,096,146</u>	<u>-</u>	<u>-</u>

<b>Total debtors</b>	<u>2,380,020</u>	<u>1,741,767</u>	<u>791,003</u>	<u>14,472,373</u>
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**16 Creditors: amounts falling due within one year**

	<b>Group</b>	<b>2016</b>	<b>Company</b>	<b>2016</b>
	<b>2017</b>		<b>2017</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Obligations under finance leases	294,251	281,761	-	-
Trade creditors	1,587,769	1,090,009	1,121	6,627
Amounts due to group undertakings	1	-	100	100
Other taxation and social security	120,598	94,281	-	-
Other creditors	1,936	5,675	-	-
Accruals and deferred income	2,420,098	2,266,691	1,582,279	1,578,779
	<u>4,424,653</u>	<u>3,738,417</u>	<u>1,583,500</u>	<u>1,585,506</u>

**MEDICO-DENTAL HOLDINGS LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Obligations under finance leases	19	155,512	449,762	-	-
Other borrowings	18	16,608,101	13,395,101	16,608,101	13,395,101
		<u>16,763,613</u>	<u>13,844,863</u>	<u>16,608,101</u>	<u>13,395,101</u>

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

Payable other than by instalments	(16,608,101)	(13,395,101)	(16,608,101)	(13,395,101)
	<u></u>	<u></u>	<u></u>	<u></u>

**18 Loans and overdrafts**

	Group 2017 £	2016 £	Company 2017 £	2016 £
Other loans	16,608,101	13,395,101	16,608,101	13,395,101
	<u>16,608,101</u>	<u>13,395,101</u>	<u>16,608,101</u>	<u>13,395,101</u>
Payable after one year	16,608,101	13,395,101	16,608,101	13,395,101
	<u>16,608,101</u>	<u>13,395,101</u>	<u>16,608,101</u>	<u>13,395,101</u>

Amounts included above which fall due after five years:

Payable other than by instalments	(16,608,101)	(13,395,101)	(16,608,101)	(13,395,101)
	<u></u>	<u></u>	<u></u>	<u></u>

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**

	Group 2017 £	2016 £	Company 2017 £	2016 £
Future minimum lease payments due under finance leases:				
Within one year	321,577	336,533	-	-
In two to five years	163,849	485,426	-	-
	<u>485,426</u>	<u>821,959</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(35,663)	(90,436)	-	-
	<u>449,763</u>	<u>731,523</u>	<u>-</u>	<u>-</u>

**MEDICO-DENTAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2017****19 Finance lease obligations****(Continued)**

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:

	Assets 2017 £	Assets 2016 £
<b>Group</b>		
Tax losses	1,096,146	1,096,146

The company has no deferred tax assets or liabilities.

There were no deferred tax movements in the year.

**21 Retirement benefit schemes**

	2017 £	2016 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	19,542	13,769

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.

**22 Share capital**

	Group and company 2017 £	2016 £
<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
	1,839	1,839

**MEDICO-DENTAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2017**

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**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>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	843,777	938,244	-	-
Between two and five years	3,352,707	2,998,050	-	-
In over five years	956,502	1,559,400	-	-
	<u>5,152,986</u>	<u>5,495,694</u>	<u>-</u>	<u>-</u>

**24 Related party transactions****Transactions with related parties**



**MEDICO-DENTAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2017****24 Related party transactions****(Continued)**

Included within other debtors at the year end is an amount of £3,300 (2015: £5,300) 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.

At the year end trade creditors includes £10,800 (2015: £9,600) due to David Harman, who is a director and shareholder in the ultimate parent company, Medico-Dental Holdings Limited. Charges of £49,000 were made by David Harman to the company during the year and these have been capitalised within intangible fixed assets as a development cost.

Included within other debtors is an amount of £389,054 due from Inica Holdings Limited, a company which D Harman and D Flanagan are also directors and shareholders in. During the year the company's intangible asset was transferred for £97,000 (excluding VAT) and various costs incurred on behalf of Inica Holdings Limited totalling £189,778 (excluding VAT) were recharged. Also included within creditors at the year end is an amount of £236,160 due to Inica Holdings Limited, in respect of computer services provided to the company.

**25 Directors' transactions**

Included within other debtors is an amount of £214,683 (2016: £165,234) which is the balance on the below named directors' loan accounts. No interest has been charged on these loans. These loans have been repaid in full following the year end by the introduction of £450,000 into the company inputted by the directors jointly within nine months of the year end.

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
D J T Flanagan		82,617	40,203	-	-	122,820
L M Flanagan		82,617	9,246	-	-	91,863
		<u>165,234</u>	<u>49,449</u>	<u>-</u>	<u>-</u>	<u>214,683</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.

**MEDICO-DENTAL HOLDINGS LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**27 Cash generated from group operations**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Loss for the year after tax	(3,599,031)	(3,379,315)
Adjustments for:		
Taxation credited	(20,927)	(1,096,146)
Finance costs	87,789	702,104
Gain on disposal of intangible assets	(25,021)	-
Amortisation and impairment of intangible assets	27,429	45,950
Depreciation and impairment of tangible fixed assets	492,121	478,612
Amounts written off investments	-	200
Movements in working capital:		
Decrease/(increase) in stocks	29,615	(15,623)
(Increase) in debtors	(17,581,704)	(60,058)
Increase in creditors	17,687,582	809,004
<b>Cash absorbed by operations</b>	<b>(2,902,147)</b>	<b>(2,515,272)</b>

**27 Cash generated from operations - company**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Loss for the year after tax	(11,469)	(600,143)
Adjustments for:		
Finance costs	-	596,037
Movements in working capital:		
(Increase) in debtors	(3,318,630)	(3,613,188)
(Decrease)/increase in creditors	(2,006)	598,895
<b>Cash absorbed by operations</b>	<b>(3,332,105)</b>	<b>(3,018,399)</b>