

DD Group Holdings Ltd
Company Number: 07905936

Annual report and financial statements - 31 March 2021

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DD Group Holdings Ltd
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DD Group Holdings Ltd
Strategic report
For the year ended 31 March 2021

The directors present their Strategic report for the year ended 31 March 2021.

Principal activities

The principal activity of the company is to act as an investment holding company.

On 29th January 2020, H M Logistics Limited changed its name to DD Group Holdings Ltd.

Business review

Review of the development and performance of the company

The company is a member of the group of companies headed by Turnstone Equityco 1 Limited ('the group'). The principal activities of the group are the operation of dental practices and the provision of materials, services and equipment to dental practices.

The group is organised into two distinct business units, {my}dentist and DD divisions, which provide a range of National Health Service ('NHS') and private dental services from practices throughout the United Kingdom along with support services to other third party dental practices and the wider healthcare sector.

Strategy and future outlook

The company is expected to remain an investment holding company during the forthcoming year.

Financial review

Operating loss for the year was £4,062 (2020: £4,902). The loss for the financial year was £4,062 (2020: £4,902).

Earnings before interest, tax, depreciation and amortisation ("EBITDA") is the key indicator for the company's stakeholders. In the year EBITDA before the loss on disposal of assets was a loss of £4,062 (2020: £4,902).

Principal risks and uncertainties

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

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

DD Group Holdings Ltd
Strategic report
For the year ended 31 March 2021

Financial risk management

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

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

Credit risk

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

Liquidity risk

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

Market risk

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

Inflation risk

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

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

DD Group Holdings Ltd

Strategic report

For the year ended 31 March 2021

Covid-19

As dental practices reduced their purchasing of materials and equipment during the Covid-19 lockdown, the DD division utilised its skill set in sourcing key elements of PPE such as masks, gloves and aprons. While this provides part of their normal core service to dental practices, the focus switched to sourcing larger amounts of items to meet the demand for large orders from the NHS supply chain and other public authorities.

Section 172(1) statement

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

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

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

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

Consequences of decisions in the long term

The company has the following key strategies:

- To provide the highest level of customer service
- To develop services provided to high street dental practices and the Beauty Market
- To develop a nationwide dental practice engineering service
- To maintain a leading role in digitally enhanced e-commerce to the dental and beauty market
- To expand into non-medical beauty
- To ensure cost efficiency across the group

The directors believe these are critical long term factors for the success of the company. The company plans for strategic investment to support these goals, examples include investment in technology to improve efficiency in the warehouse and opening up new markets through new distribution contracts in adjacent areas.

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

The company is committed to understanding the needs of customers and works with key suppliers to develop services and products that provide solutions to customer’s requirements.

DD Group Holdings Ltd

Strategic report

For the year ended 31 March 2021

Section 172(1) statement (continued)

Engaging with our people

As a healthcare business, it is critical that we maintain the highest possible standards and our people are key to this objective. The directors and senior leadership team want our people to be engaged in the success of the company and to strive to provide industry leading levels of service to customers. The Managing Director for DD and the rest of the senior leadership team regularly meet with employees and visit the regional businesses within the division to gather feedback on potential improvement and to empower individual teams.

The company is committed to maximising the level of employee involvement in its business at all levels. At the end of each quarter, the Managing Director will host a “town hall” outlining business performance and what actions the company will take in response, this includes question and answer sessions with employees. The effect of these measures is an open dialogue across the organisation. Appropriate training is given to enable employees to perform their jobs more competently and to develop their skills and competencies to their full potential. The company also has a wellbeing committee (created in response to Covid-19) and is actively promoted throughout the company.

During the first coronavirus lockdown, dental practices were still open for telephone triage appointments and face to face for urgent treatment however with lower treatment volumes the demand for products and services reduced significantly. While dental practices have remained open in local and subsequent nationwide lockdowns, the beauty market has been more restricted. Changes were made to warehouse operations by the company to ensure that social distancing was enforced and when combined with lower levels of demand, some staff were furloughed to reduce the numbers in the building at any one time. Office based employees, where possible, were all moved to working remotely using technology solutions and working flexibly around domestic circumstances. We have ensured that all employees have access to appropriate IT systems and equipment so that they can adequately perform their functions and make sure key business functions remain uninterrupted.

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

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

The company maintains a wide range of relationships in the dental and healthcare sector in order to ensure it is able to plan effectively for the future. The company regularly meets with a focus group of clinicians, in order to bring products to market and foster the company’s marketing approach through weekly updates and discussions. In addition to this, members of the senior leadership team are part of representative boards in the industry, and the company is part of the Dental Nurse Forum UK, and on the Board of the BDIA statistics committee. The group is also a founder member of the Association of Dental Groups and through this works with other dental corporates in the UK on issues that affect the industry as a whole. Furthermore, through the British College of Aesthetics Medicine, the company engages with The Cosmetics and Aesthetics Medicine Committee to remain up to date with the community and uses their customer base for quantitative research through online surveys.

Through its detailed customer services function, CRM system and account manager led approach, the company fosters strong, loyal and long-lasting relationships with its customers. Similarly, its approach to suppliers is collaborative, secured by good business partnering.

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

We aim to deliver outstanding service to our customers, ensuring that they are able to provide great clinical outcomes for their patients and customers.

We provide volunteer opportunities and fundraising activities for all employees providing a way that people can give their time and money to causes they choose. We also donated products to a number of healthcare charities based in the UK and overseas.

We are committed to continuous education and training within the dental industry and as well as supporting already qualified professionals through a number of sponsorship arrangements. We have donated restorative materials such as composites to enable undergraduate and postgraduate students to practice their skills and techniques on study models prior to treating patients.

DD Group Holdings Ltd
Strategic report
For the year ended 31 March 2021

Section 172(1) statement (continued)

Maintaining a reputation for high standards of business conduct

The company operates in a highly regulated environment across all of its business areas. This level of regulation is critical as it ultimately aims to protect patients and to ensure they receive the right level of care and are treated fairly. Our approach aligns with our strategy to maintain the highest service standards.

The company operates under Medicines and Healthcare products Regulatory Agency (MHRA) regulations and pharmacy services are registered with the General Pharmaceutical Council.

The reputation of the Company is held in a high regard. Health and Safety being fundamental to the business with periodic risk registers being maintained and shared amongst the directors and senior leadership team, plus communicated internally, with an active team continuously reviewing existing and emerging risks for all stakeholders.

The company has published on its website the policy to ensure that suppliers, contractors and other parties engaged in the supply chain adhere to a high level of ethical values.

The group and therefore the company is partly funded through debt securities listed on The International Stock Exchange. Quarterly briefing presentations are held for bondholders to discuss developments in the group over the last three months in an open and transparent way. This also provides an opportunity for questions to be raised with the Chief Executive Officer and Chief Financial Officer. All significant announcements are published on the {my}dentist website.

The need to act fairly as between members of the company

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

On behalf of the Board



B Goodger
Director

Date: 21 December 2021

DD Group Holdings Ltd
Directors' report
For the year ended 31 March 2021

The directors present their report and the audited financial statements for the year ended 31 March 2021.

Financial risk management

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

Future developments

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

Proposed dividend

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

Directors

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

GP Adams
B Goodger
NK Pandya (appointed 27 November 2020)
T Riall

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

Events after the reporting period

On 28 May 2021, the group announced that a binding share purchase agreement had been entered into for Palamon Capital Partners and the management team to acquire The Carlyle Group's shareholding. On 16 August 2021, the transaction was completed and a full refinancing of the Group's third party borrowings was finalised.

Employee engagement

The company has no employees and therefore has nothing to report in respect of employee engagement activity during the year.

DD Group Holdings Ltd
Directors' report
For the year ended 31 March 2021

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

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

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

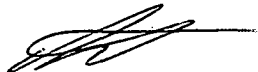
Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution that they be reappointed as auditors will be proposed at the annual general meeting.

On behalf of the Board



B Goodger
Director

Date: 21 December 2021

Europa House
Europa Trading Estate
Stoneclough Road
Kearsley
Manchester
M26 1GG

DD Group Holdings Ltd
Independent auditors' report to the members of DD Group Holdings Ltd
For the year ended 31 March 2021

Report on the audit of the financial statements

Opinion

In our opinion, DD Group Holdings Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2021; the Income statement and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

In connection with our audit of the 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

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

DD Group Holdings Ltd
Independent auditors' report to the members of DD Group Holdings Ltd
For the year ended 31 March 2021

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of 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 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 company or to cease operations, or have no realistic alternative but to do so.

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent journal entries, designed to manipulate the financial performance and/or position of the company. Audit procedures performed by the engagement team included:

- Obtained an understanding of the legal and regulatory framework applicable to the company and how the company are complying with that framework;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud; and
- Testing of balances and transactions in the year back to supporting evidence to validate the reasonableness of the transaction.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

DD Group Holdings Ltd

Independent auditors' report to the members of DD Group Holdings Ltd For the year ended 31 March 2021

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

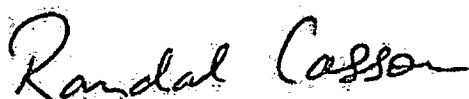
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

Date: 21 December 2021

DD Group Holdings Ltd
Income statement
For the year ended 31 March 2021

	Note	2021 £	2020 £
Administrative expenses		<u>(4,062)</u>	<u>(4,902)</u>
Operating loss	4	(4,062)	(4,902)
Loss before tax		(4,062)	(4,902)
Tax on loss	6	<u>-</u>	<u>-</u>
Loss for the financial year		(4,062)	(4,902)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive expense for the year		<u>(4,062)</u>	<u>(4,902)</u>

The above Income statement should be read in conjunction with the accompanying notes

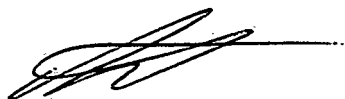
DD Group Holdings Ltd
Balance sheet
As at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	7	57,049,336	57,049,336
Total fixed assets		<u>57,049,336</u>	<u>57,049,336</u>
Current assets			
Debtors	8	162,008	161,990
Cash at bank and in hand		<u>151,077</u>	<u>6,480</u>
Total current assets		<u>313,085</u>	<u>168,470</u>
Current liabilities			
Creditors: amounts falling due within one year	9	<u>16,234,712</u>	<u>16,086,035</u>
Total current liabilities		<u>16,234,712</u>	<u>16,086,035</u>
Net current liabilities		<u>(15,921,627)</u>	<u>(15,917,565)</u>
Total assets less current liabilities		<u>41,127,709</u>	<u>41,131,771</u>
Net assets		<u>41,127,709</u>	<u>41,131,771</u>
Capital and reserves			
Called up share capital	10	10,000	10,000
Share premium account	11	43,010,585	43,010,585
Accumulated losses	12	<u>(1,892,876)</u>	<u>(1,888,814)</u>
Total equity		<u>41,127,709</u>	<u>41,131,771</u>

The notes on pages 14 to 20 form an integral part of these financial statements.

DD Group Holdings Ltd's company number is 07905936.

These financial statements on pages 11 to 20 were approved by the board of directors on 21 December 2021 and were signed on its behalf by:



B Goodger
Director

Date: 21 December 2021

DD Group Holdings Ltd
Statement of changes in equity
For the year ended 31 March 2021

	Called up share capital £	Share premium account £	Accumulated losses £	Total equity £
Balance at 1 April 2019	10,000	43,010,585	(1,883,912)	41,136,673
Loss for the financial year	-	-	(4,902)	(4,902)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive expense for the year	-	-	(4,902)	(4,902)
Balance at 31 March 2020	<u>10,000</u>	<u>43,010,585</u>	<u>(1,888,814)</u>	<u>41,131,771</u>

	Called up share capital £	Share premium account £	Accumulated losses £	Total equity £
Balance at 1 April 2020	10,000	43,010,585	(1,888,814)	41,131,771
Loss for the financial year	-	-	(4,062)	(4,062)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive expense for the year	-	-	(4,062)	(4,062)
Balance at 31 March 2021	<u>10,000</u>	<u>43,010,585</u>	<u>(1,892,876)</u>	<u>41,127,709</u>

The above Statement of changes in equity should be read in conjunction with the accompanying notes

DD Group Holdings Ltd
Notes to the financial statements
For the year ended 31 March 2021

1. Company information

The financial statements cover DD Group Holdings Ltd as an individual entity. The financial statements are presented in Pound sterling, which is DD Group Holdings Ltd's functional and presentation currency.

The company is a private company limited by shares, incorporated in the United Kingdom and domiciled in England. Its registered office is Europa House, Europa Trading Estate, Stoneclough Road, Kearsley, Manchester, M26 1GG.

The principal activity of the company is to act as an investment holding company.

The company is a member of the group of companies headed by Turnstone Equityco 1 Limited ('the group'). The principal activities of the group are the operation of dental practices and the provision of materials, services and equipment to dental practices.

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102'), and with the Companies Act 2006.

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

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

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

Exemptions for qualifying entities under FRS 102

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

The company has taken advantage of the following exemptions:

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

Taxation

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

DD Group Holdings Ltd
Notes to the financial statements
For the year ended 31 March 2021

2. Accounting policies (continued)

Investments

Investments held as fixed assets are stated at historical purchase cost less amounts written off for impairment.

Impairment of fixed assets

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

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

Financial instruments

Basic financial assets and liabilities, including amounts owed by group undertakings, borrowings and cash and bank balances, in accordance with section 11 and 12 of FRS102 are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

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

3. Significant accounting judgements and estimates

Impairment of fixed assets

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

Carrying value of financial assets and liabilities

At the end of each reporting period, the directors assess the carrying value of financial assets for objective evidence of impairment. In addition, where financial assets or liabilities constitute a financing arrangement, the value of the asset or liability is measured by reference to the present value of the estimated future cash flows. Both of these estimates require the future cash flows arising from the financial assets or liabilities to be estimated and an appropriate discount rate to be selected.

DD Group Holdings Ltd
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4. Operating loss

2021	2020
£	£

Auditors' remuneration

Amounts receivable by the auditors and their associates in respect of:
Fees payable for the audit

2,320	1,650
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Loss on disposal of assets

The company did not dispose of any assets in the year. In the year ended 31 March 2020, the loss on disposal of assets relates to the write off of an intercompany loan with PDS Dental Laboratory Leeds Limited, which was waived following the disposal of the subsidiary company on 4 October 2018.

5. Directors and employees

The directors received no emoluments from the company for their services during the financial year (2020: £nil). The emoluments received as a director of a group trading company are disclosed in the financial statements of DD Products and Services Ltd for GP Adams and B Goodger, in the financial statements of Turnstone Equityco 1 Limited for T Riall, and NK Pandya.

The company had no employees during the year (2020: none).

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6. Tax on loss

Factors affecting the tax credit for the financial year

The tax charge for the year is higher (2020: higher) than the standard rate of corporation tax in the UK for the year ended 31 March 2021 of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Loss before tax	(4,062)	(4,902)
Tax at the statutory tax rate of 19% (2020: 19%)	(772)	(931)
Expenses not deductible for tax purposes	190	190
Group relief surrendered for nil consideration	582	741
Tax on loss	-	-

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. Had this been substantively enacted by the balance sheet date this would have had no effect on the tax expense/deferred tax asset.

7. Investments

Investment at cost and net book value in subsidiaries

At 1 April 2020 and 31 March 2021

£
57,049,336

The table below provides details of the company's subsidiary undertakings as at 31 March 2021. The company holds 100% of the ordinary share capital of each of the companies listed, either directly or indirectly (indicated by a * in the tables below).

All of the subsidiary companies are incorporated in the United Kingdom.

DD Group Holdings Ltd
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For the year ended 31 March 2021

7. Investments (continued)

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

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

Notes

- a. The registered address of subsidiaries domiciled in England is Europa House, Europa Trading Estate, Stoneclough Road, Kearsley, Manchester, M26 1GG.
- b. The registered address of subsidiaries domiciled in Scotland is 1 Johnston Street, Paisley, Renfrewshire, PA1 1XQ.
- c. The registered address of subsidiaries domiciled in Northern Ireland is c/o A&L Goodbody Solicitors, 6th Floor, 42-46 Fountain Street, Belfast, BT1 5EF.
- d. The registered address of subsidiaries domiciled in Ireland is The Black Church, St Mary's Place, Dublin 7, D07P4AX.
- e. The registered address of subsidiaries domiciled in Jersey is PO Box 771, Ground Floor, Colomberie Close, St Helier, Jersey, JE4 0RX.
- f. The registered address of subsidiaries domiciled in England is 6 Perry Way, Witham, England, CM8 3SX.
- (*) Subsidiary indirectly owned by the company.

8. Debtors

	2021 £	2020 £
Trade debtors	1,209	1,239
Amounts owed by group undertakings	160,683	160,683
Other debtors	116	68
	<u>162,008</u>	<u>161,990</u>

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

While the amounts owed by group undertakings are repayable on demand, it is not expected that they will be settled within 12 months.

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9. Creditors: amounts falling due within one year

	2021 £	2020 £
Amounts owed to group undertakings	16,230,989	16,081,100
Accruals and deferred income	3,723	4,935
	<u>16,234,712</u>	<u>16,086,035</u>

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

10. Called up share capital

The allotted, called up and fully paid share capital is as follows:

	2021 No. of shares	2021 £	2020 No. of shares	2020 £
Ordinary shares of £0.01 each	1,000,000	10,000	1,000,000	10,000

11. Share premium account

The amount subscribed for share capital in excess of nominal value less any costs directly attributable to the issue of new shares.

12. Accumulated losses

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

13. Financial assets and liabilities

The company has the following financial instruments:

	2021 £	2020 £
Financial assets measured at amortised cost		
Trade debtors (note 9)	1,209	1,239
Amounts owed by group undertakings (note 9)	160,683	160,683
Other debtors (note 9)	116	68
	<u>162,008</u>	<u>161,990</u>
	2021 £	2020 £
Financial liabilities measured at amortised cost		
Amounts owed to group undertakings (note 10)	(16,230,989)	(16,081,100)
Accruals (note 10)	(3,723)	(4,935)
	<u>(16,234,712)</u>	<u>(16,086,035)</u>

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14. Controlling party

The immediate parent undertaking is The Dental Directory Limited, incorporated in the United Kingdom.

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

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

At the 31 March 2021 and up to 16 August 2021 the ultimate controlling party was considered by the directors to be CEP III Participations S.a.r.l. SICAR, an investment vehicle for The Carlyle Group. CEP III Participations S.a.r.l. SICAR was the controlling party of Turnstone Equityco 1 Limited. Following the Palamon transaction, the controlling party from 16 August 2021 is considered by the directors to be ADP Primary Care Acquisitions Limited.

15. Events after the reporting period

On 16 August 2021, following the completion of the Palamon transaction, the immediate parent undertaking of Turnstone Equityco 1 Limited was ADP Primary Care Acquisitions Limited. The controlling party from 16 August 2021 is considered by the directors to be ADP Primary Care Acquisitions Limited.