Portman Healthcare (Finance) Limited

Annual report and unaudited financial statements

for the period ended 30 September 2021

Registered number 09114886

Portman Healthcare (Finance) Limited

Report and financial statements

Contents

Portman Healthcare (Finance) Limited

Strategic report

The directors, in preparing this Strategic Report, have complied with S414C of the Companies Act 2006.

Principal activities

The principal activities of Portman Healthcare (Finance) Limited is as an investment holding company

Business review and future developments

The Company's loss for the period ended 30 September 2021 was £2,807,000 (2020: £1,239,000).

Key performance indicators

Portman Healthcare (Finance) Limited does not have any trading operations. For this reason, the Company's directors do not set key performance indicators for this specific entity. For key performance indicators affecting the wider group, please refer to the consolidated financial statements of Menthe Investments S.à.r.l.

Principal risks and uncertainties

The Group is exposed to the general economy. Pressure on an individual's disposable income could potentially negatively impact turnover; however, the Group focuses on buying good quality private focused dental practices as well as growing practices organically.

Approved by the Board and signed on its behalf by:

Darren Milne
Chief Financial Officer

Portman Healthcare (Finance) Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements for the period ended 30 September 2021.

Going concern

The Company is a wholly-owned subsidiary of Portman Healthcare (Holding) and has no trading operations, assets or liabilities. This is unlikely to change for the next 12 months from the signing of the accounts.

Accordingly, the Directors have concluded that the Company will continue in operational existence for 12 months from the signing of the accounts. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial risk management objectives and policies

The Company actively manages its cash and debt finance to ensure that it has sufficient funds.

Dividends

The directors paid an interim dividend of £4,780,000 in relation to this financial year which was settled before 30 September 2021 (2020: £nil).

Directors

The directors, who served throughout the financial year and subsequently, were as follows:

Mr Darren Milne
Mr Sam Waley-Cohen

Approved by the Board and signed on its behalf by:

Darren Milne
Chief Financial Officer

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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; 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Portman Healthcare (Finance) Limited

Profit and loss account
For the period ended 30 September 2021

	Note	2021 £'000	2020 £'000
Administration Expenditure		53	-
Operating profit		53	-
Finance costs	3	(2,860)	(1,239)
Loss on ordinary activities before taxation		(2,807)	(1,239)
Tax on loss on ordinary activities	5	-	-
Total comprehensive loss for the financial year		(2,807)	(1,239)

The notes on pages 7 to 13 form part of these financial statements.

There have been no items of comprehensive income or expense for the current or preceding financial year other than as stated in the Company's statement of comprehensive income and, accordingly, no separate statement of other comprehensive income is presented.

All of the Company's activities are classified as continuing.

Portman Healthcare (Finance) Limited

Statement of financial position

As at 30 September 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Investments	6	-	18,542
Current assets			
Debtors	7	-	83,242
Creditors: amounts falling due within one year	8	-	(53)
Net current assets		-	83,189
Total assets less current liabilities		-	101,731
Capital employed			
Creditors: amounts falling due after more than one year	9	-	108,766
Called-up share capital	10	-	-
Retained Deficit		-	(7,035)
Total capital employed		-	101,731

The notes on pages 7 to 13 form part of these financial statements.

The presentation of the balance sheet shows a total for 'Total capital employed'. The directors consider that this more appropriately represents the funding structure of the Company as the non-current liabilities include funding from shareholders and senior lenders.

For the period ended 30 September 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. An intermediate parent company (Menthe Investments S.à.r.l., incorporated in Luxembourg, registration number B225818) has guaranteed the liabilities of the Company.

The member has not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of Portman Healthcare (Finance) Limited (registered number 09114886) were approved by the Board of Directors and authorised for issue on 24 June 2022.

They were signed on its behalf by:

Darren Milne
Chief Financial Officer

Portman Healthcare (Finance) Limited

Statement of changes in equity
For the period ended 30 September 2021

	Note	Called-up share capital £'000	Share premium £'000	Retained deficit £'000	Total £'000
At 1 October 2020	10	-	-	(5,796)	(5,796)
Total comprehensive loss for the financial year		-	-	(1,239)	(1,239)
At 30 September 2020	10	-	-	(7,035)	(7,035)
Total comprehensive loss for the financial year		-	-	(2,807)	(2,807)
Share issues		-	14,622	-	14,622
Transfer		-	(14,622)	14,622	-
Dividend		-	-	(4,780)	(4,780)
At 30 September 2021		-	-	-	-

The notes on pages 7 to 13 form part of these financial statements.

Notes to the financial statements
For the period ended 30 September 2021

1. Significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and previous financial year.

a) General information and basis of accounting

Portman Healthcare (Finance) Limited is a privately-owned company incorporated in England, in the United Kingdom, under the Companies Act. The registered address is Rosehill, New Barn Lane, Cheltenham, Gloucestershire, GL52 3LZ. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 1.

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council.

The functional currency of Portman Healthcare (Finance) Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Portman Healthcare (Finance) Limited meets the definition of a qualifying entity under FRS 101 and has therefore taken advantage of the disclosure exemptions available to it in respect of financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

b) Basis of consideration

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The results of the Company and its subsidiaries are included in the consolidated financial statements of Menthe Investments S.à.r.l.

c) Going concern

The Company is a wholly-owned subsidiary of Portman Healthcare (Holding) and has no trading operations, assets or liabilities. This is unlikely to change for the next 12 months from the signing of the accounts.

Accordingly, the Directors have concluded that the Company will continue in operational existence for 12 months from the signing of the accounts. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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 Company after deducting all of its liabilities.

i. Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Non-current debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

d) Financial instruments (continued)

(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

ii. Investments

In the balance sheet, investments are held at cost; for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

iii. Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

iv. Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

d) Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

i. Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a Cash Generating Unit ("CGU") is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro rata basis and then to any goodwill allocated to that CGU.

ii. Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

e) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

e) Taxation (continued)

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 Company conducts impairment reviews of investments in subsidiaries and non-financial assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use which is based on future cash flows and a suitable discount rate in order to calculate the present value. Where the present value of actual future cash flows is less than expected, an impairment loss may arise.

During the year, after reviewing the business environment as well as the Company's strategies and past performance of its CGUs, management concluded that there was no impairment necessary.

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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Finance charges

	2021 £'000	2020 £'000
Interest on loans due from Group undertakings	-	(3,984)
Interest receivable on preference shares in subsidiaries	-	(205)
Interest on loans due to Parent company	2,860	5,428
	2,860	1,239

4. Directors' and employees' remuneration

The Company had no employees during the period (2020: nil).

None of the directors received any remuneration for their services as directors of the Company. The directors are remunerated by other group companies and it is not practicable to determine which part of their remuneration relates to services to the Company.

5. Tax on loss on ordinary activities

The tax credit comprises:	2021 £'000	2020 £'000
Current tax on loss on ordinary activities		
UK corporation tax	-	-
Total current tax	-	-
Total tax credit on loss on ordinary activities	-	-

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	£'000	£'000
Loss on ordinary activities before tax	(2,807)	(1,239)
	£'000	**£'000**
Tax on loss on ordinary activities at before tax at 19% (2020: 19%)	(533)	(235)
Effects of:		
Expenses not deductible for tax purposes	284	(39)
Income not taxable for tax purposes	(10)	(18)
Group relief not paid for	259	292
Current tax credit for year	-	-

The Company earns its profits entirely in the UK. Therefore, the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently a rate of 19%.

It was announced in the Chancellor's Budget on 3 March 2021 that the main rate of UK corporation tax will rise to 25% from 1 April 2023.

Notes to the financial statements (continued)
For the period ended 30 September 2021

6. Fixed asset investments

	2021 £'000	2020 £'000
Subsidiary undertakings	-	18,542

In the prior year the Company held 100% of the ordinary shares in Portman Healthcare Limited. This subsidiary undertaking is registered at the following address: The Port, Rosehill, New Barn Lane, Cheltenham, Gloucestershire, GL52 3LZ, England.

The subsidiary qualifies for the exemption from Audit by Parent Guarantee – Entities' debts and liabilities are guaranteed by the Company at the reporting date in accordance with section 479A of the Companies Act 2006.

7. Debtors

	2021 £'000	2020 £'000
Amounts falling within one year:		
Other debtors	-	961
Amounts falling due after one year:		
Loans owed by Group undertakings	-	82,281
	-	83,242

Loans owed by Group undertakings are unsecured, bear interest at a rate of 7% and have no fixed date for repayment.

8. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Other creditors	-	53

9. Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Loans owed to Parent company	-	90,908
Loans owed to other group companies	-	17,858
	-	108,766

Loans owed to Parent company are unsecured, bear interest at a rate of 7% and have no fixed date for repayment.

No interest is levied in relation to the loans owed to other Group undertakings. There are no set terms for when repayment is due.

10. Called-up share capital and reserves

	2021 £	2020 £
Allotted, called-up and fully-paid		
2 Ordinary shares (1 of £1 each)	2	1

Notes to the financial statements (continued)
For the period ended 30 September 2021

11. Ultimate parent company and controlling party

The Company is a wholly-owned subsidiary of Portman Healthcare (Holding) Limited, incorporated in England (registered address The Port, Rosehill, New Barn Lane, Cheltenham, Gloucestershire, GL52 3LZ.)

Menthe Investments S.à.r.l. (registered address 21 Rue Glesener, L-1631 Luxembourg) is the smallest group preparing consolidated accounts which include Portman Healthcare (Finance) Limited for the period ended 30 September 2021. Copies of these consolidated financial statements can be obtained from Portman Healthcare (Group) Limited, The Port, Rosehill, New Barn Lane, Cheltenham, Gloucestershire, GL52 3LZ.

Menthe Topco S.à.r.l. (registered address 21 Rue Glesener, L-1631 Luxembourg) is the largest group preparing consolidated accounts which include Portman Healthcare (Finance) for the period ended 30 September 2021. Copies of these consolidated financial statements can be obtained from Portman Healthcare (Group) Limited, The Port, Rosehill, New Barn Lane, Cheltenham, Gloucestershire, GL52 3LZ.

The ultimate parent company and controlling party is Core Equity Holdings LP (registered address 4th Floor, Harbour Place, George Town, KY1-1002, Cayman Islands).