

**Dental Excellence Ltd**  
**Company Number NI071064**

**Annual report and financial statements - 31 March 2022**

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**Dental Excellence Ltd**  
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**Dental Excellence Ltd**  
**Strategic report**  
**For the year ended 31 March 2022**

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

**Principal activities**

The principal activity of the company is the provision of NHS dental services.

**Business review**

*Review of the development and performance of the company*

The majority of the company's revenue was derived from fixed income contracts with the NHS Regions. The fixed income nature of the contracts provide the company with stability and visibility over its revenue and profit streams.

Turnover for the year was £1,794,498 (2021: £771,764). The profit before tax on ordinary activities for the year was £107,043 (2021: loss of £99,109). The profit for the financial year was £126,774 (2021: loss of £91,888).

Earnings before interest, tax, depreciation and amortisation ("EBITDA") is the key indicator for the company's stakeholders. In the year EBITDA before non-underlying items was £218,016 (2021: loss of £18,867).

The net assets of the company as at 31 March 2022 was £516,582 (2021: £389,808).

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 company is managed on a day to day basis as a trading company within the mydentist group and therefore the business review set out on the following pages is provided in this context.

Restrictions resulting from the Covid-19 pandemic continued to impact the business during the year and consequently the NHS in England and Wales continued to operate a more flexible system in place of the normal contractual UDA performance measures. This system adapted to the restrictions placed on practices by public health authorities and the consequent reduction in productivity as facilities could not be utilised 100%. In England:

- Following on from the delivery targets in place during FY2021, the NHS slowly increased the level of UDA delivery required to be deemed to have delivered 100% of the contract, during FY2022:
  - From 1 April 2021 to 30 September 2021, the target was set at 60% to be deemed to deliver 100%. If the practice delivered below 36% of contract, delivery reverted to actual UDAs completed. Between the lower threshold and the target a sliding scale between 80% and 100% applied to deemed delivery.
  - From 1 October 2021 to 31 December 2021, the target was increased to 65% with a higher threshold of 52% below which only delivered UDAs were allowed.
  - From 1 January 2022 to 31 March 2022, the target increased to 85% with a lower threshold position of 75%.
  - Clawback of 16.75% applied to all undelivered activity until 30 September 2021 and 12.75% from 1 October 2021 onwards.
- The target was further increased to 95% for the period from 1 April 2022 to 30 June 2022, with no lower threshold, before the NHS returned to normal contractual UDA performance measures from 1 July 2022.

The company has applied these rules to each of its contracts however there remains some uncertainty as to the final level of any repayment due back to the NHS for underperformance due to ongoing reviews by NHS Regions.

**Dental Excellence Ltd**  
**Strategic report**  
**For the year ended 31 March 2022**

**Business review (continued)**

***Strategy and future outlook***

The directors believe that the company continues to be well positioned to take advantage of further opportunities within the market, however in line with other group companies there is likely to be a period of consolidation before any significant further growth.

***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.

***Clinicians and other qualified staff***

The company requires skilled clinicians, hygienists and nurses in order to care for its patient base. The expansion of the European Union ('EU') over recent years and, until recently, the increased capacity of UK dental schools increased the supply of clinicians available to the company. The company has also significantly invested in increasing the recruitment capabilities of the company in order to attract new and retain existing clinicians. The directors recognise the importance of quality clinicians and their self-employed status for ensuring the continued success of the company. The company manages the risk associated with the supply of clinicians through offering access and subscription to training and development programmes to enhance retention. Due to factors which have resulted in a decrease in UDA delivery rates over recent years, the company continues to work to recruit additional clinicians in order to deliver its NHS contracts and to develop the provision of private dentistry including {my}options. In addition, the UK's withdrawal from membership of the EU may impact the supply of clinicians in future but could also open up alternative recruitment options through changes in immigration regulations. The company continues to monitor developments.

The most common method for a practice owner of engaging with clinicians in the dental industry is for the clinician to operate as a self-employed associate dentist. This enables dentists to retain their clinical freedom over the appropriate course of treatment for patients, to develop their interests in specific specialities by having the flexibility to work across different practices and to have control of the amount they can earn through the hours they make available for appointments. In return, they contribute to the running costs of the practice and are responsible for a share of the laboratory costs relating to their treatment plans. This method of engagement has been recognised historically as the normal approach for the industry through the use of a model contract developed by the British Dental Association (BDA). HMRC have published guidance that confirms if an associate is engaged on the terms of the model contract and the terms are followed, then the associate can consider themselves to be self-employed.

In common with many industries where self-employed individuals are utilised widely, HMRC have undertaken an industry-wide review of the engagement terms used and the way these terms are applied in practice. The company utilises the model contract developed by the BDA as its basis of engagement with dentists and has clear policies and procedures about how associates work with employed practice teams. The company, supported by external advisors, has engaged with HMRC in this review, including through discussions with senior operational management and practice teams. The company is aware that HMRC have approached a number of clinicians engaged by the company in order to discuss their self-employed status.

As of the date of this report, HMRC's review is still in progress.

HMRC have announced that they will withdraw the specific guidance relating to dentistry and the model contract with effect from April 2023. HMRC indicated that the withdrawal is due to their belief that they should not provide guidance on individual industry-specific contracts. Given the status of the current guidance, the group considers that any changes in HMRC's approach will relate to prospective rather than retrospective engagements and that status will need to be considered against HMRC's general guidance for self-employment in the future. Any change this has on the nature of engagement with clinicians is also likely to affect the entire industry.

**Dental Excellence Ltd**  
**Strategic report**  
**For the year ended 31 March 2022**

**Business review** *(continued)*

**Key performance indicators**

As noted above, one of the key performance indicators ("KPIs") which the directors and other stakeholders monitor is EBITDA. This is reviewed in absolute terms and in relation to budgeted and prior year comparatives.

Other KPIs used by the company include the following:

- Staff retention percentages;
- Dentist retention percentages; and
- NHS activity performance against target

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

**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. The nature of the company's contract with the NHS Regions means that credit risk is minimised for a significant proportion of the company's revenue. The patient's contribution to NHS charges is usually collected before treatment in order to minimise risk to the company, however a risk may arise if treatment plans change and additional charges are not collected at the time of the appointment.

***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 and interest rates will affect the company's income or costs.

The company has limited currency risk as all operations are carried out in the United Kingdom and all income and expenses are denominated in Sterling. However, as materials are principally sourced by other group companies from suppliers internationally, the company is indirectly exposed to currency risk as prices are adjusted to reflect currency movements. 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.

**Dental Excellence Ltd**  
**Strategic report**  
**For the year ended 31 March 2022**

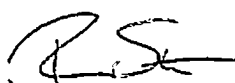
**Financial risk management** *(continued)*

***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 rates paid under the terms of the company's NHS contract are reviewed on an annual basis and, over the course of the past few years, the annual uplifts have typically been lower than the rate of both RPI and CPI.

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 group seeks to rationalise its supplier base to benefit from its scale.

On behalf of the Board



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R Storah  
Director

20 December 2022

**Dental Excellence Ltd**  
**Directors' report**  
**For the year ended 31 March 2022**

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

**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.

**Dividends**

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:

R Storah  
N Whitley

The directors benefitted from qualifying third party indemnity provisions in place during the financial year and at the date of approval of these financial statements.

**Going concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Turnstone Equityco 1 Limited. The directors have received confirmation that Turnstone Equityco 1 Limited intend to support the company for at least one year after these financial statements are signed, and therefore the going concern of the company is dependent on the going concern of the parent company. In making their assessment of the going concern of the parent company, the directors of the parent company have reviewed forecasts that consider both a base case and a severe but plausible downside case.

**Statement of directors' responsibilities**

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 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.

**Dental Excellence Ltd**  
**Directors' report**  
**For the year ended 31 March 2022**

**Statement of directors' responsibilities** *(continued)*

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.

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.

**Audit exemption**

For the year ended 31 March 2022, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 as Turnstone Equityco 1 Limited has provided a guarantee over all of the outstanding liabilities of the company to the company's immediate parent and sole member, Dental Excellence Group Limited, in accordance with section 479C of the Companies Act 2006.

On behalf of the Board



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R Storah  
Director

20 December 2022

c/o A&L Goodbody Solicitors  
6th Floor  
42-46 Fountain Street  
Belfast  
BT1 5EF



**Dental Excellence Ltd**  
**Statement of comprehensive income**  
**For the year ended 31 March 2022**

	Note	2022 £	2021 £
Turnover	4	1,794,498	771,764
Cost of sales		<u>(1,034,196)</u>	<u>(508,868)</u>
Gross profit		<u>760,302</u>	<u>262,896</u>
Other operating income		220,004	124,309
Administrative expenses		<u>(873,263)</u>	<u>(486,314)</u>
Profit/(loss) before tax on ordinary activities	5	107,043	(99,109)
Tax on ordinary activities	8	<u>19,731</u>	<u>7,221</u>
Profit/(loss) after tax on ordinary activities for the year		126,774	(91,888)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income/(expense) for the year		<u><u>126,774</u></u>	<u><u>(91,888)</u></u>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes*

**Dental Excellence Ltd**  
**Balance sheet**  
**As at 31 March 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	9	2,028,765	2,052,889
Tangible assets	10	<u>629,938</u>	<u>845,810</u>
Total fixed assets		<u>2,658,703</u>	<u>2,898,699</u>
<b>Current assets</b>			
Stocks	11	28,250	25,800
Debtors	12	<u>146,689</u>	<u>152,631</u>
Total current assets		<u>174,939</u>	<u>178,431</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	13	<u>2,316,040</u>	<u>2,396,302</u>
Total current liabilities		<u>2,316,040</u>	<u>2,396,302</u>
<b>Net current liabilities</b>		<u>(2,141,101)</u>	<u>(2,217,871)</u>
<b>Total assets less current liabilities</b>		<u>517,602</u>	<u>680,828</u>
<b>Non-current liabilities</b>			
Creditors: amounts falling due after more than one year	14	-	280,000
Provisions for liabilities	15	<u>1,020</u>	<u>11,020</u>
Total non-current liabilities		<u>1,020</u>	<u>291,020</u>
<b>Net assets</b>		<u>516,582</u>	<u>389,808</u>
<b>Capital and reserves</b>			
Called up share capital	16	100	100
Retained earnings	17	<u>516,482</u>	<u>389,708</u>
<b>Total capital and reserves</b>		<u>516,582</u>	<u>389,808</u>

The notes on pages 11 to 20 form an integral part of these financial statements.

- (a) For the financial year ended 31 March 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006.
- (b) The member has not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.
- (c) The directors acknowledge their responsibility for:
- ensuring the company keeps accounting records which comply with Section 386; and
  - preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year in accordance with the requirements of the Companies Act relating to accounts, so far as is applicable to the company.

Dental Excellence Ltd's company number is NI071064.

These financial statements on pages 8 to 20 were approved by the board of directors on 20 December 2022 and were signed on its behalf by:



\_\_\_\_\_  
R Storah  
Director

20 December 2022

*The above balance sheet should be read in conjunction with the accompanying notes*

**Dental Excellence Ltd**  
**Statement of changes in equity**  
**For the year ended 31 March 2022**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total capital and reserves £</b>
Balance at 1 April 2020	100	481,596	481,696
Loss after tax on ordinary activities for the year	-	(91,888)	(91,888)
Other comprehensive income for the year, net of tax	-	-	-
<b>Total comprehensive expense for the year</b>	<b>-</b>	<b>(91,888)</b>	<b>(91,888)</b>
<b>Balance at 31 March 2021</b>	<b>100</b>	<b>389,708</b>	<b>389,808</b>

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total capital and reserves £</b>
Balance at 1 April 2021	100	389,708	389,808
Profit after tax on ordinary activities for the year	-	126,774	126,774
Other comprehensive income for the year, net of tax	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>126,774</b>	<b>126,774</b>
<b>Balance at 31 March 2022</b>	<b>100</b>	<b>516,482</b>	<b>516,582</b>

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

**Dental Excellence Ltd**  
**Notes to the financial statements**  
**For the year ended 31 March 2022**

**1. Company information**

The financial statements cover Dental Excellence Ltd as an individual entity. The financial statements are presented in Sterling (£), which is Dental Excellence Ltd's functional and presentation currency.

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

The principal activity of the company is the provision of NHS dental services.

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.

***Going concern***

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

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Turnstone Equityco 1 Limited. The directors have received confirmation that Turnstone Equityco 1 Limited intend to support the company for at least one year after these financial statements are signed, and therefore the going concern of the company is dependent on the going concern of the parent company. In making their assessment of the going concern of the parent company, the directors of the parent company have reviewed forecasts that consider both a base case and a severe but plausible downside case.

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.

***Turnover***

Turnover represents the income received in the ordinary course of business for dentistry goods or services provided to the extent that the company has obtained the right to consideration. NHS turnover is recognised based on the volume of dental activity delivered in the contract period. Amounts received from the NHS in advance of dental activity delivered are held on the balance sheet within deferred income. Turnover from orthodontic treatment is recognised based on the stage of the completion reached during the course of treatment.

**Dental Excellence Ltd**  
**Notes to the financial statements**  
**For the year ended 31 March 2022**

**2. Accounting policies (continued)**

***Turnover (continued)***

During the year, as a result of the Covid-19 pandemic, modified operating procedures remained in place together with modified UDA performance measures as set out in more detail in note 3 to these financial statements.

***Other operating income***

The company received payments from the British Government as part of the UK Coronavirus Job Retention Scheme. Furlough grants received are recognised in other income in the period for which claims are made. Other income also includes additional income to assist in the upkeep of premises received from health boards and is based on the proportion of NHS treatment carried out by a dental practice.

***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.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only 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. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

***Goodwill***

Purchased goodwill (representing the excess of the fair value of the consideration and associated costs over the fair value of the separable net assets acquired, including intangible assets) arising in respect of business combinations is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

The company has not applied section 19 of FRS 102 to business combinations which occurred prior to the transition date of 1 April 2014, in accordance with the transitional exemption permitted under FRS 102.

Goodwill arising prior to the transition date is amortised over a useful life of 20 years. The useful lives reflect the period over which the company expects to benefit from the assets acquired.

In calculating the goodwill, the total consideration, both actual and deferred, is taken into account. Where the deferred consideration is contingent and dependent upon future trading performance, an estimate of the present value of the likely consideration payable is made. This contingent deferred consideration is re-assessed annually and corresponding adjustment is made to the goodwill arising on acquisition.

On the subsequent disposal or termination of a business acquired, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

***Tangible assets and depreciation***

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset less expected residual value over its expected useful life as follows:

Fittings and equipment	4-10 years
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Where the residual value of an asset is material it is reviewed at the end of each financial year, to ensure that it has been depreciated on an appropriate basis.

**Dental Excellence Ltd**  
**Notes to the financial statements**  
**For the year ended 31 March 2022**

**2. Accounting policies (continued)**

***Impairment of fixed assets***

At each reporting date tangible fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset 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 estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset 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 asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

***Stocks***

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Dental practice consumables are valued at the weighted average purchase cost during the financial year. Average purchase cost is calculated to take account of trade discounts received and transport and handling costs incurred. Provision is made for obsolete, slow moving and defective stock.

***Leases***

Operating lease rentals are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

***Pensions***

The company makes contributions to the National Employment Savings Trust ('NEST'), a defined contribution pension scheme, on behalf of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the statement of comprehensive income in the period to which they relate.

***Provisions***

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

***Financial instruments***

Basic financial assets and liabilities, including trade and other receivables, trade and other payables, amounts owed to and by group undertakings and cash 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 statement of comprehensive income. 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 statement of comprehensive income.

**Dental Excellence Ltd**  
**Notes to the financial statements**  
**For the year ended 31 March 2022**

**3. Significant accounting judgements and estimates**

*Impairment of fixed assets*

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

*Revenue recognition of NHS UDA contracts during the Covid-19 pandemic*

{my}dentist NHS revenue is derived from long-term fixed value contracts with NHS regions and sub regions ('NHS Regions'). Provided the company achieves certain performance related criteria on an annual basis, the fixed-income nature of the contracts in England and Wales provides the company with stability and visibility over its revenue and profit streams. Payments under the framework contracts are made to the business by NHS England, with payment of 1/12 of the contract value paid on the first working day of the following month. Three to six months following the contract year end (31 March), {my}dentist receive a statement detailing UDA performance under each contract. If, at the end of the contract year, a practice has not performed all the UDAs allocated under its contract, NHS England may seek to reclaim UDAs paid for but not performed. Any reclamation of payment must be made after the end of the contract year of underperformance, although repayment may be made in-year (referred to as a "handback") if both parties agree.

Restrictions resulting from the Covid-19 pandemic continued to impact the business during the year and consequently the NHS in England and Wales continued to operate a more flexible system in place of the normal contractual UDA performance measures. This system adapted to the restrictions placed on practices by public health authorities and the consequent reduction in productivity as facilities could not be utilised 100%. In England:

- Following on from the delivery targets in place during FY2021, the NHS slowly increased the level of UDA delivery required to be deemed to have delivered 100% of the contract, during FY2022:
  - From 1 April 2021 to 30 September 2021, the target was set at 60% to be deemed to deliver 100%. If the practice delivered below 36% of contract, delivery reverted to actual UDAs completed. Between the lower threshold and the target a sliding scale between 80% and 100% applied to deemed delivery.
  - From 1 October 2021 to 31 December 2021, the target was increased to 65% with a higher threshold of 52% below which only delivered UDAs were allowed.
  - From 1 January 2022 to 31 March 2022, the target increased to 85% with a lower threshold position of 75%.
  - Clawback of 16.75% applied to all undelivered activity until 30 September 2021 and 12.75% from 1 October 2021 onwards.
- The target was further increased to 95% for the period from 1 April 2022 to 30 June 2022, with no lower threshold, before the NHS returned to normal contractual UDA performance measures from 1 July 2022.

In Northern Ireland capitation and continuing care payments were made at 100% of normal levels while items of service payments were made at 80% of normal volumes from 1 April to 31 July. The blended payment approximated 85% of normal revenue. From 1 August the reduction in service payments was removed due to the higher cost of PPE.

The company has applied these rules to each of its contracts however there remains some uncertainty as to the final level of any repayment due back to the NHS for underperformance due to ongoing reviews by NHS Regions.

**4. Turnover**

Turnover relates to the company's principal activity of the operation of dental practices. All services are provided in the United Kingdom.

**Dental Excellence Ltd**  
**Notes to the financial statements**  
**For the year ended 31 March 2022**

**5. Profit/(loss) before tax on ordinary activities**

	2022 £	2021 £
<b>Profit/(loss) before tax on ordinary activities after charging/(crediting):</b>		
Depreciation of owned assets	75,997	43,632
Amortisation of intangible assets	34,976	34,795
Operating leases - land and buildings	14,119	36,531
Operating leases - other	273	-
Other operating income	(220,004)	(113,467)
Furlough grant	-	(10,842)
Non-underlying - Covid -19 related expenses	-	1,815

***Furlough grant***

During the year the company received payments from the British Government as part of the UK Coronavirus Job Retention Scheme amounting to £nil (2021: £10,842). Furlough grants received are recognised in other income in the period for which claims are made.

***Covid-19 related expenses***

During the year ended 31 March 2021, costs were incurred in order to make the dental practice "Covid secure" and to comply with government guidance and social distancing rules. Costs also include restart expenses incurred in practice such as servicing to bring dental chairs back into operation after being out of routine use in the first lockdown, changing air flow filters, sterilisation and cleaning. No Covid-19 related expenditure incurred during the current year.

**6. Employees**

The average monthly number of persons employed by the company, during the financial year was made up as follows:

	2022	2021
Surgery staff	35	17
Administration staff	5	3
Average number of employees	<u>40</u>	<u>20</u>

The aggregate payroll costs of these persons were as follows:

	2022 £	2021 £
Wages and salaries	564,081	238,695
Social security costs	32,657	11,076
Other pension costs	9,070	2,654
Total employee benefits expense	<u>605,808</u>	<u>252,425</u>

**7. Directors' remuneration**

The directors received no emoluments from the company for their services during the financial year (2021: £nil). The directors are paid by Petrie Tucker and Partners Limited and no recharge is made to this company. Directors' emoluments received are disclosed in the financial statements of Petrie Tucker and Partners Limited for R Storah and N Whitley.



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**8. Tax on ordinary activities**

**a) Analysis of tax credit for the financial year**

	2022 £	2021 £
<b>Deferred tax</b>		
Deferred tax credit for the year	(16,981)	(7,410)
Adjustment relating to the prior year	2,172	189
Impact of change in tax rate	(4,922)	-
Total deferred tax credit for the year	<u>(19,731)</u>	<u>(7,221)</u>
Tax on ordinary activities	<u>(19,731)</u>	<u>(7,221)</u>

**b) Factors affecting the tax credit for the financial year**

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

	2022 £	2021 £
Profit/(loss) before tax on ordinary activities	<u>107,043</u>	<u>(99,109)</u>
Tax at the statutory tax rate of 19%	20,338	(18,831)
Expenses not deductible for tax purposes	8,672	7,903
Income not allowable for tax purposes	-	(2,059)
Difference in tax rate - capital allowances	(6,530)	(667)
Adjustment relating to the prior year	2,172	189
Impact of change in tax rate	(4,922)	-
Utilisation of brought forward losses	(4,028)	-
Group relief (claimed)/surrendered for nil consideration	<u>(35,433)</u>	<u>6,244</u>
Tax on ordinary activities	<u>(19,731)</u>	<u>(7,221)</u>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. The impact of this increase has been included within these financial statements for the year ended 31 March 2022.

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**9. Intangible assets**

	<b>Goodwill</b> <b>£</b>
<b>Cost</b>	
At 1 April 2021	2,087,684
Acquisitions	<u>10,852</u>
At 31 March 2021	<u><u>2,098,536</u></u>
<b>Accumulated amortisation</b>	
At 1 April 2021	34,795
Charge for the year	<u>34,796</u>
At 31 March 2022	<u><u>69,591</u></u>
<b>Net book value</b>	
At 31 March 2022	<u><u>2,028,765</u></u>
At 31 March 2021	<u><u>2,052,889</u></u>

**10. Tangible assets**

	<b>Freehold</b> <b>£</b>	<b>Fittings and</b> <b>equipment</b> <b>£</b>	<b>Total</b> <b>£</b>
<b>Cost</b>			
At 1 April 2021	304,500	773,748	1,078,248
Additions	-	162,102	162,102
Transfers	<u>(304,500)</u>	<u>-</u>	<u>(304,500)</u>
At 31 March 2022	<u><u>-</u></u>	<u><u>935,850</u></u>	<u><u>935,850</u></u>
<b>Accumulated depreciation</b>			
At 1 April 2021	2,523	229,915	232,438
Charge for the year	-	75,997	75,997
Transfers	<u>(2,523)</u>	<u>-</u>	<u>(2,523)</u>
At 31 March 2022	<u><u>-</u></u>	<u><u>305,912</u></u>	<u><u>305,912</u></u>
<b>Net book value</b>			
At 31 March 2022	<u><u>-</u></u>	<u><u>629,938</u></u>	<u><u>629,938</u></u>
<b>Net book value</b>			
At 31 March 2021	<u><u>301,977</u></u>	<u><u>543,833</u></u>	<u><u>845,810</u></u>

**11. Stocks**

	<b>2022</b> <b>£</b>	<b>2021</b> <b>£</b>
Dental practice consumables	<u><u>28,250</u></u>	<u><u>25,800</u></u>

There is no significant difference between the replacement cost of the inventory and its carrying amount. Inventories are stated after provisions for impairment of £nil (2021: £nil).

**Dental Excellence Ltd**  
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**12. Debtors**

	2022 £	2021 £
Trade debtors	109,201	132,791
Deferred tax	37,488	17,757
Prepayments and accrued income	-	2,083
	<u>146,689</u>	<u>152,631</u>

All debtors are due within one year with the exception of deferred tax of £37,488 (2021: £17,757) due in more than one year.

**Deferred tax**

The movement on deferred tax in the financial year is analysed as follows:

	Deferred tax £
At 1 April 2021	17,757
Capital allowances	16,981
Adjustment relating to the prior year	(2,172)
Impact of change in tax rate	<u>4,922</u>
At 31 March 2022	<u>37,488</u>

The elements of deferred taxation are as follows:

	2022 £	2021 £
Capital allowances	<u>37,488</u>	<u>17,757</u>

**13. Creditors: amounts falling due within one year**

	2022 £	2021 £
Trade creditors	50,030	56,214
Amounts owed to group undertakings	1,759,633	1,909,790
Deferred consideration	351,358	280,000
Accruals and deferred income	<u>155,019</u>	<u>150,298</u>
	<u>2,316,040</u>	<u>2,396,302</u>

**14. Creditors: amounts falling due after more than one year**

	2022 £	2021 £
Deferred consideration	<u>-</u>	<u>280,000</u>

**Dental Excellence Ltd**  
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**15. Provisions for liabilities**

	<b>Vacant property and dilapidation £</b>
At 1 April 2021	11,020
Credited to the statement of comprehensive income	(324)
Utilised during the year	<u>(9,676)</u>
At 31 March 2022	<u><u>1,020</u></u>

**Dilapidations**

Provision has been made for the costs associated with contractual obligations to return the practice to its original condition at the end of the lease.

**16. Called up share capital**

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

	<b>2022 No. of shares</b>	<b>2022 £</b>	<b>2021 No. of shares</b>	<b>2021 £</b>
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**17. Retained earnings**

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

**18. Commitments**

The company had the following future minimum lease payments under non-cancellable operating leases at the balance sheet date are as follows:

	<b>2022 £</b>	<b>2021 £</b>
<b>Land and buildings</b>		
Within one year	25,000	25,000
Between one and five years	<u>54,178</u>	<u>79,178</u>
	<u><u>79,178</u></u>	<u><u>104,178</u></u>

**19. Financial assets and liabilities**

The company has the following financial instruments:

	<b>2022 £</b>	<b>2021 £</b>
<b>Financial assets measured at amortised cost</b>		
Trade debtors (note 12)	<u><u>109,201</u></u>	<u><u>132,791</u></u>

**Dental Excellence Ltd**  
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**19. Financial assets and liabilities (continued)**

	2022 £	2021 £
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors (note 13)	(50,030)	(56,214)
Amounts owed to group undertakings (note 13)	(1,759,633)	(1,909,790)
Deferred consideration (note 13 and 14)	(351,358)	(560,000)
Accruals (note 13)	(155,019)	(150,298)
	<u>(2,316,040)</u>	<u>(2,676,302)</u>

**20. Controlling party**

The immediate parent undertaking is Dental Excellence Group Ltd, 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 and domiciled in England.

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

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

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. The registered office for ADP Primary Care Acquisitions Limited is Park Row, Leeds, LS1 5AB.