

Registered number: 09874287.

BEATTY TOPCO LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**



BEATTY TOPCO LIMITED

COMPANY INFORMATION

Directors	T J W Ashlin S J Davidson J F Hall S W Duncan R A Robson
Registered number	09874287
Registered office	1 Park Row Leeds LS1 5AB
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 110 Queen Street Glasgow G1 3BX
Bankers	Santander Bank 301 St Vincent Street Glasgow G2 5HN
Solicitors	Davidson Chalmers Stewart 163 Bath Street Glasgow G2 4SQ

BEATTY TOPCO LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 5
Directors' Report	6 - 10
Independent Auditor's Report	11 - 15
Consolidated Statement of Comprehensive Income	16
Consolidated Statement of Financial Position	17
Company Statement of Financial Position	18
Consolidated Statement of Changes in Equity	19
Company Statement of Changes in Equity	20
Consolidated Statement of Cash Flows	21 - 22
Notes to the Financial Statements	23 - 54

BEATTY TOPCO LIMITED

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

Introduction

The directors present the Group Strategic Report for the year ended 31 March 2022.

Business review

The principal activity of the Group is the operation of dental practices and the provision of dental services, with revenue derived from both National Health Service and private treatments.

Over recent years the Group has successfully implemented an acquisition strategy of developing a significant and effective presence in the Scottish dental market. In doing so, the Group created an operational infrastructure to support rapid growth, including acquisition and integration teams.

A highly motivated and expert team of almost 1,000 employees and dental clinicians working in 80 practices across Scotland delivers the highest level of patient care to the local communities in which the Group operates.

The year to 31 March 2022 saw the country gradually come out of the worst of the pandemic and adapt to new ways of working. The significant investment the Group has been making in technology and other alterations such as improved ventilation and equipment has made attending the dentist as safe as possible for our patients, clinicians and staff. Learnings from how our teams dealt with the major challenges imposed by the pandemic have not been lost and many have been integrated into ongoing processes and procedures.

Financial performance

In the year to 31 March 2022, the Group acquired 10 practices, while a further 22 practices have been acquired since the year end. The Group now owns and operates 80 practices, making it the largest independent provider of dental services in Scotland.

Performance of the practices acquired has, as a whole, been in line with plans made at the time of acquisition and after allowing for the impact of the Covid-19 pandemic. Group performance was in line with expectations.

On 23 November 2021, the Group secured additional facilities of £25,000,000 bringing the total facility with Investec Bank plc to £55,000,000. These facilities were utilised to support the acquisition plans and working capital needs of the business.

In previous years the Group was in the early stages of implementing the acquisition strategy described above and as a result there was insufficient critical mass to cover the costs of the central infrastructure and funding. That is a common feature of strategies such as that being implemented and was in line with the Group's business plan as agreed with shareholders and the Bank.

Recently, the Group reached critical mass and as a result is generating positive EBITDA and cash flow month on month. That performance is expected to continue to improve as the impact of acquired businesses and performance improvement initiatives flows through to bottom line profit.

As a consequence of the underlying strategy, the results for the period show a loss of £2,649,784 (2021: loss of £2,921,157) before interest and exceptional charges. Much of the Group's funding is in the form of shareholder and external debt that is intended to be repaid on refinancing or exit and bears interest that is rolled up and not paid in cash. Thus, after interest and exceptional charges there was a loss after taxation of £8,070,872 (2021: loss of £7,069,897).

BEATTY TOPCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks and uncertainties. The key business risks and uncertainties are set out below, together with the Group's approach to monitoring and mitigation.

Going concern

The Group's committed banking facilities expired on 30 April 2023. Due to market conditions, it was not possible to secure a suitable refinancing of those facilities.

As a result, the facilities were not repaid on the maturity date and the Group is therefore in breach of the terms of those facilities.

Since expiry, the Directors have continued to have constructive discussions with the Group's bankers, Investec Bank plc, about an extension of the facilities. While the Directors have no reason to believe that this will not result in a positive outcome, thereby allowing the Group to continue with its overall strategy, the timing and eventual outcome of these discussions remains uncertain at this time.

Given the continuing breach, the Group has been unable to fulfil one of the criteria needed for the auditors to provide an unqualified audit opinion, namely committed facilities covering the period of not less than 12 months from the date of signature of the accounts.

The underlying business continues to perform well and the Directors see no reason why a solution to the Group's funding requirement cannot be found. Based on detailed trading financial forecasts, they are confident about the ongoing financial viability of the underlying operating business. Coupled with continuing support from the Bank, they consider that the Group will have sufficient cash resources to trade positively for the foreseeable future and continue to provide all of the Group's patients with the high-quality service that they expect from the Group. Accordingly, the Directors are of the view that it continues to be appropriate to prepare the accounts on the going concern basis.

Human resources

The Group's ability to attract and retain dentists and clinical staff is essential to its continuing operations and future growth. The Directors are committed to effective recruitment and retention of both self-employed contracted dentists and employed staff, with a focus on training and continuing professional development. The business is now well established in the Scottish market, with a strong brand identity which emphasises excellence in clinical standards, development opportunities and a commitment to innovation. A clinical recruitment and development team is now in place and together these initiatives are attracting individuals to engage and remain with the business.

Clinical standards

The business is regulated by NHS Scotland and its practices are regularly inspected to ensure clinical standards reach the required levels. If such standards were not met, the practices could be closed. Practice teams are supported by operational staff and clinical specialists who are highly experienced in the dental sector. The Directors are committed to ensuring clinical standards are maintained and provide significant support to practice teams, including a clinical internal audit framework and practitioner and staff supervision and mentoring.

Growth strategy

As a result of the breach of the Group's banking facilities, the strategy of growing through acquisition has been paused. The underlying strategy is however unchanged and the Directors intend to recommence appropriate acquisitions once the funding position has been clarified.

BEATTY TOPCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

The enviable reputation of the Group within the Scottish marketplace has been built on a transparent and fair acquisition process and continuing support to vendors post-acquisition, which in turn attracts practitioners or other operators to sell their practices to the Group. The Group's approach to this is unchanged and will continue when acquisitions recommence. Each potential acquisition is rigorously assessed by experienced internal teams, supplemented by external advisors as necessary, to ensure it meets the Group's principal criteria in relation to location, profitability and strategic fit.

Financial key performance indicators

The principal key financial indicator is practice EBITDA which is measured as a percentage of revenue and against budget or acquisition target and prior year performance. Revenue is monitored for each practice as a whole and for each surgery.

Revenue for the period was £35,021,093 (2021: £23,526,300) and practice EBITDA was £6,490,545 (2021: £5,298,346).

In addition, the Group's cashflow is carefully monitored to ensure sufficient funds for ongoing operations. Through regular reporting of revenue and profitability, the Board is kept well informed of progress. The Board believe these indicators are performing as expected based on the current plan.

Other key performance indicators

Clinical standards, practice inspection results and practitioner and staff retention are the principal non-financial performance measures for the Group.

Corporate Governance Arrangements

With effect from 1st January 2019, specific references are required as to how the Board undertakes its duties in respect of the requirements under Section 172 of the 2006 Companies Act to promote the success for the benefit of its members as a whole.

In doing so, the Board is required to have regard for the following:

- the likely long-term consequences of any decision;
- the interests of the Group's employees;
- the need to foster and maintain good business relationships with customers, suppliers and others;
- the impact of the Group's operations on the community and environment; and
- the Group's reputation for high standards of business conduct and the need to act fairly between members of the Group.

This Strategic report describes the Group's activities, strategy and future prospects.

The Board considers its associate dentists, employees, patients, suppliers, lenders, shareholders and the local communities in which the Group operates to be its major stakeholders. When taking decisions for the long-term future of the Group, the Board informally takes into consideration the interests of all these stakeholders in its deliberations.

The Board held regular board meetings throughout the year to review business performance, determine key strategies, agree financing strategies, and review key risks to the business. The following table covers the key decisions made during the year and the stakeholder group (s) impacted by these decisions.

BEATTY TOPCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Key Impact	Key Decisions Made	Key Stakeholder Group's Impact
Long Term Strategy	Annually, the Board approves the budget of the Group and reviews the Group's strategy and growth plans for the next 3 years.	Shareholders, Employees, Dentists, Patients, Lenders, Suppliers, Local Communities
Performance of the Group	On a monthly basis, the Board reviews the trading performance of the Group with detailed Board reports provided by the CFO covering trading the month and year to date, with performance monitored against budget and the previous financial year. At each board meeting, the Board also receive updates from the Chief Executive Officer, Chief Operating Officer, Chief Development Officer, Head of HR and Head of Clinical. These reports cover operational performance, acquisition performance, commercial, HR and clinical matters.	Shareholders, Employees, Dentists, Patients, Lenders, Suppliers, Local Communities
Financing and Capital Spend	The Board approved the terms and conditions of the Group's banking facility with Investec, which were renewed and extended in December 2021. The Board reviewed and approved each of the practice acquisitions during the year and after the year end. The Board also approved major capital expenditure.	Shareholders, and Lenders
Employees and Culture	The Board seeks to ensure that the Group's staff policies and processes are aligned with the Company's core values and promote the long-term strategy of the Group. The business introduced remote working for its non-practice related staff at the start of the COVID-19 pandemic and has maintained a hybrid approach since then. A dedicated App increases communications across the group. Additionally virtual team meetings are also held regularly.	Shareholders, and Employees
Regulatory requirements and Risk	In the current year, the Board has received updates from the Risk Committee, in particular its review of the Group's risk register.	Shareholders

The Senior Leadership Team also conducted weekly meetings, and the Risk Committee held quarterly meetings.

The Board considers that appropriate remuneration and employment procedures are in place across the Group. The Group engages with its employees through regular team meetings, briefings through its dedicated App (Beekeeper) and email updates.

The Board maintains good long-term supplier relationships by contracting on standard business terms and conditions and prompt payment within agreed terms. There are long-standing relationships with some key suppliers to ensure the quality and continuity of supplies.

The Board aims to ensure that its practices contribute as far as practical to the local communities in which it operates, and carries out initiatives such as litter picks and running free fluoride sessions for children. The Group is proud to call itself "Scotland's Environmentally Friendly Dentist", and a number of environmental initiatives have taken place during the year, including but not limited to the following: - LED Lighting is being installed in practices, company vehicles are now electric, communications with patients have been digitized and moving to paper cups within practices.

BEATTY TOPCO LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

A senior member of the management team has been appointed to oversee a multi-disciplinary Environmental, Social and Governance team and additional staff co-opted to resource this team. Positive ESG outcomes from business decisions are complimentary to the Group's long-term strategies and are a key part of such decision making.

This report was approved by the board and signed on its behalf.

Ron Robson

**R A Robson
Director**

Date: 4/10/2023

BEATTY TOPCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

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

Results and dividends

The loss for the year, after taxation, amounted to £8,070,872 (2021: loss £7,069,897).

Directors

The directors who served throughout the year were:

T J W Ashlin
M Charman (resigned 21 September 2023)
S J Davidson
J F Hall
S W Duncan
R A Robson

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Future developments

Future developments have been discussed within the Strategic Report.

BEATTY TOPCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Engagement with employees

The Group engages with its employees on a regular basis and in a number of ways to suit their different work patterns. This includes:

- line manager and regional briefings;
- newsletters and regular updates from the Chief Executive;
- a dedicated App (Beekeeper) that provides channels for general communications, specialist updates and social activities;
- email updates;
- social media groups; and
- regular face to face briefings from senior management.

The Group aims to be fully inclusive where everyone is treated with dignity and respect and where inclusion and diversity is valued across all of the recognised equality strands detailed within the Equality Act 2010. It is committed to providing equal opportunities throughout recruitment, employment, training and career development. As candidates are attracted to apply for roles within the Group, it continually looks to widen its reach. As the Group's people develop their careers, opportunities are open to all.

Qualifying third party indemnity provisions

Pursuant to the Group's Articles of Association each of the Directors of the Group and its subsidiaries has the benefit of a "qualifying third party indemnity" (as defined in section 234 of the Companies Act 2006). This indemnity applied throughout the tenure of each Director during the period and currently applies. No indemnity is provided for the Group's auditor. The Group also purchased and maintained throughout the period Directors' and Officers' liability insurance in respect of itself and its Directors and the Directors of any subsidiary of the Group.

UK Energy Use and GHG Emissions

The table below details the energy used by the Group in its business activities involving the combustion of gas (Scope 1), and purchase of electricity (Scope 2). In arriving at these figures, gas & electricity usage from supplier invoices was reviewed for 9 practices throughout the year. This usage was extrapolated based on expenditure of this sample as a proportion of total Group expenditure to give an approximation of the usage figures below.

To convert absolute emissions to an emissions intensity metric, the Group has calculated emissions per a relevant unit of measure.

An intensity ratio is a way of defining the Group's emissions data in relation to an appropriate business metric, such as tonnes of CO₂e per £ of revenue/square metres of floor space/full time employee. This allows comparison of energy efficiency performance over time and with other similar types of organisations.

SECR intensity ratios are calculated by dividing the Group's emissions by its organisation-specific metric.

In the case of the Group, the most appropriate metric to normalise the emissions is the number of FTE employees. FTE, as a divisible unit of measurement, is deemed most appropriate as it is a reflection of the number of practices at any one time.

BEATTY TOPCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

		Year ended 31 March 2022	Year ended 31 March 2021
Scope 1: Direct GHG emissions (Gas)	Unit tCO ₂ e	211.3	174.5
Scope 2: Energy indirect emissions (Electricity)	tCO ₂ e	128.0	195.8
Total Emissions	tCO ₂ e	339.3	370.3
FTE number of employees*		373	347
Intensity Ratio (Tonnes of CO ₂ e per employee)	tCO ₂ e/FTE	0.91	1.07

* Based on average monthly number of employees in the year with FTE status

Principal Energy Efficiency Actions

The Group continues to explore opportunities to lower energy consumption and is working hard to significantly reduce its carbon footprint by reviewing energy suppliers at all practices to ensure that energy supplies will be carbon-neutral by 2030, with all energy generated from renewable sources. Energy supplies have already been changed at 37 of our practices, providing an annual saving of 184 metric tonnes of CO₂ emissions.

A number of ways have been identified to help reduce the Group's carbon footprint, with initiatives relating to reductions in emissions, improvements in waste management, including in the 'Reduce, Reuse, Recycle' policy, responsible purchasing and digital dentistry.

A pilot scheme for LED lighting has been implemented across a number of practices, with benefits including increased energy efficiency, easier to recycle.

All Group cars, used for essential travel between practices, have been replaced with electric cars and three hybrid vans are used by the facilities team.

Disposing of waste in an environmentally responsible way is a key element of day-to-day practice. The Group introduced schemes which support the repurposing of previously 'non-recyclable' items, such as ink cartridges, dental care products, including electric toothbrush heads & floss containers, as well as face masks at all practices.

A project to digitize communications and paperwork with patients are was started in the year to 31 March 2021 and is now embedded across all practices.

There are 2 electric vehicle charging points in place throughout the Group. With the UK Government announcing a phasing out of diesel-powered vehicles and resulting potential for increased demand in electric vehicles, there is the potential to increase this in the future.

In more general terms, the change in working patterns and locations following the global Coronavirus pandemic has reduced the amount of mileage and carbon emissions generated by the Group's workforce. This is particularly relevant given the technological scope and opportunities now in place to conduct virtual meetings.

BEATTY TOPCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Post balance sheet events

The Group's committed banking facilities expired on 30 April 2023. Due to market conditions, it was not possible to secure a suitable refinancing of those facilities.

As a result, the facilities were not repaid on the maturity date and the Group is therefore in breach of the terms of those facilities.

Since expiry, the Directors have continued to have constructive discussions with the Group's bankers, Investec Bank plc, about an extension of the facilities. While the Directors have no reason to believe that this will not result in a positive outcome, thereby allowing the Group to continue with its overall strategy, the timing and eventual outcome of these discussions remains uncertain at this time.

Given the continuing breach, the Group has been unable to fulfil one of the criteria needed for the auditors to provide an unqualified audit opinion, namely committed facilities covering the period of not less than 12 months from the date of signature of the accounts.

The underlying business continues to perform well and the Directors see no reason why a solution to the Group's funding requirement cannot be found. Based on detailed trading financial forecasts, they are confident about the ongoing financial viability of the underlying operating business. Coupled with continuing support from the Bank, they consider that the Group will have sufficient cash resources to trade positively for the foreseeable future and continue to provide all of the Group's patients with the high-quality service that they expect from the Group. Accordingly, the Directors are of the view that it continues to be appropriate to prepare the accounts on the going concern basis.

Limitation of scope

The Group's statutory accounts for the year to 31 March 2022 were due to be filed with Companies House by 31 March 2023. The Directors have been in communication with Companies House about extending the deadline for filing in order to provide time for the Auditors to complete their work on the going concern assumption, and the carrying value of goodwill in the accounts, which can only be done following a successful refinancing of the Group's banking facilities.

Companies House has set a deadline of 6 October 2023 for the Group's accounts to be filed. Given the threat of criminal liability for the Directors personally if the accounts are not filed by this date, the Directors have no reasonable option but to comply with this deadline.

Whilst the Directors are confident that a solution can be found to the Group's funding requirement, and therefore remain of the view that the group remains a going business, the Directors are unable at this stage to provide confirmation to the Auditors that the Group has committed facilities covering a period of at least 12 months from the date of signing the accounts given agreement has not yet been reached with the Group's bank to extend the facilities.

Accordingly, Grant Thornton have not been able to complete their audit work on the Group's ability to continue as a going concern. That has had a follow-on impact on their ability to conclude on the carrying value of Goodwill, the value of Tangible Assets and the value of Share Warrants in the accounts. As a result, Grant Thornton have had to modify their audit opinion in this respect.

BEATTY TOPCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

R A Robson

**R A Robson
Director**

Date: 4/10/2023



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEATTY TOPCO LIMITED

Disclaimer of opinion

We were engaged to audit the consolidated financial statements of Beatty Topco Limited (the Parent Company) and its subsidiaries (the Group) for the year ended 31 March 2022, which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the accompanying financial statements of the Group and Parent Company. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion for Group and Parent Company

Going concern

The Group's debt facilities matured in April 2023, with an outstanding liability at 31 March 2022 of £34.6m. While a standstill agreement was agreed until July 2023, to date no re-financing has been able to be put in place. As a result of this, we sought to obtain further evidence from management to support the Going Concern assumption, however we were unable to do so because management imposed a limitation of our scope and would not provide additional information, including forecasting various scenarios. We requested that management remove this limitation, which they did not and therefore management have prevented us from undertaking further work in the area. As a result we are unable to assess if the going concern basis of preparation for both the Group and Parent Company is therefore appropriate for these financial statements or if these should be prepared on a break up basis.

Potential impairment of assets and fair value of liabilities

The Group's Intangible assets and Tangible assets are carried at £25.74m and £4.07m respectively on the Group's Consolidated Statement of Financial Position, with Amounts owed by group undertakings and Loan notes from group undertakings carried at £1.38m and £0.34m respectively in the Parent Company's Statement of Financial Position. We identified indicators of impairment, including Going Concern, which under sections 27 and 11 of FRS 102 would require management to perform an impairment review. Management have not carried out an impairment review of these assets. This is considered a management imposed limitation of scope, and as such we are unable to determine whether any adjustments are required to intangible or tangible assets in the Group or Amounts owed by group undertakings and Loan notes from group undertakings in the Parent Company.

As a result of the potential impairment and going concern issues, we also considered the valuation of share warrants (£0.48m) in the business, given the intrinsic link to the valuation of the business. We sought to obtain further evidence from management but were unable to do so because management imposed a limitation of our scope by not providing further audit evidence, including forecasts to support the carrying value of the business or going concern concept. This is considered a management imposed limitation of scope, and as such we are unable to determine whether any adjustments are required to share warrants.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEATTY TOPCO LIMITED (CONTINUED)

As a result of these matters we were unable to determine whether any adjustments might have been necessary in respect of the Intangible assets (carried at £25.74m), Tangible assets (carried at £4.07m), the valuation of Financial instruments (carried at £0.48m) held within the Group and Amounts owed by group undertakings (carried at £1.38m), Loan notes from group undertakings (carried at £0.34m) and the valuation of Financial instruments (carried at £0.48m) held within Parent Company and the related elements of these making up the Consolidated Statement of Comprehensive Income being administrative expenses and interest payable and similar charges, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and related notes to the financial statements.

Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matters described in the basis for our disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

Notwithstanding our disclaimer of an opinion, in our opinion on the financial statements, in the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, subject to the pervasive limitation described above, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Arising from the limitation of our work referred to above:

- we have not received all the information and explanations we require for our audit
- we were unable to determine whether adequate accounting records have been kept; and

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

- the Parent Company financial statements are not in agreement with the accounting records and returns;
- 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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEATTY TOPCO LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We have obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Parent Company and industry in which they operate through our general commercial and sector experience and discussions with management. We determined the following laws and regulations were most significant: FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006;
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relate to health and safety, employee matters, environmental, and bribery and corruption practices;
- We have enquired with management as to any instances of non-compliance with any of the applicable laws and regulations, or whether they had any knowledge of actual, suspected or alleged fraud;



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEATTY TOPCO LIMITED (CONTINUED)

- We have assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by making enquiries with management. Audit procedures performed by the engagement team included:
 - Identifying and evaluating the design effectiveness of controls that management has in place to prevent or detect fraud;
 - Challenging assumptions and judgements made by management in their assessment of significant accounting estimates;
 - Identifying and testing journal entries, with a focus on material and unusual manual journals, considered by the engagement team to carry a higher risk of fraud and error;
 - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item;
- Performed audit procedures to conclude on the compliance of disclosures in the Annual Report with the applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the following:
 - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - Knowledge and experience of the industry in which the client operates;
 - Understanding of the requirements of FRS 102 in conformity with the requirements of the Companies Act 2006 and the application of the legal and regulatory requirements of the Group and Parent.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The Group and Parent Company's operations, including the nature of its revenue sources and revenue recognition policy, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatements;
 - The Group and Parent Company's control environment, including the policies and procedures implemented to comply with the requirements of the Companies Act 2006 and FRS 102, the adequacy of procedures for authorisation of transactions, and procedures to ensure that possible breaches of laws and regulations are appropriately investigated and reported.

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEATTY TOPCO LIMITED (CONTINUED)

Use of our report

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

Grant Thornton UK LLP

James Chadwick
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
Date: 4/10/2023

BEATTY TOPCO LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Turnover	4	35,021,093	23,526,300
Cost of sales		(18,393,743)	(11,570,478)
Gross profit		16,627,350	11,955,822
Administrative expenses		(19,304,415)	(16,271,062)
Other operating income	5	27,281	1,394,083
Operating loss	6	(2,649,784)	(2,921,157)
Interest receivable and similar income	10	318	1,553
Interest payable and similar charges	11	(5,777,276)	(4,104,356)
Loss before taxation		(8,426,742)	(7,023,960)
Tax on loss	12	355,870	(45,937)
Loss for the financial year		(8,070,872)	(7,069,897)

There was no other comprehensive income for 2022 (2021: £Nil).

The notes on pages 23 to 54 form part of these financial statements.

BEATTY TOPCO LIMITED
REGISTERED NUMBER:09874287

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	25,737,329	22,226,495
Tangible assets	14	4,070,098	3,002,032
		<u>29,807,427</u>	<u>25,228,527</u>
Current assets			
Stocks	16	297,686	210,518
Debtors: amounts falling due within one year	17	4,890,423	3,155,811
Cash at bank and in hand	18	1,210,278	1,608,153
		<u>6,398,387</u>	<u>4,974,482</u>
Creditors: amounts falling due within one year	19	(10,141,352)	(8,945,307)
Net current liabilities		<u>(3,742,965)</u>	<u>(3,970,825)</u>
Total assets less current liabilities		<u>26,064,462</u>	<u>21,257,702</u>
Creditors: amounts falling due after more than one year	20	(57,662,976)	(44,461,892)
Provisions for liabilities			
Deferred taxation	24	(64,641)	(388,093)
Net liabilities		<u>(31,663,155)</u>	<u>(23,592,283)</u>
Capital and reserves			
Called up share capital	25	826,712	826,712
Share premium account	26	3,288	3,288
Other reserves	26	(74,700)	(74,700)
Profit and loss account	26	(32,418,455)	(24,347,583)
Equity attributable to owners of the parent Company		<u>(31,663,155)</u>	<u>(23,592,283)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4/10/2023

Ron Robson

R A Robson
Director

The notes on pages 23 to 54 form part of these financial statements.

BEATTY TOPCO LIMITED
REGISTERED NUMBER:09874287

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	15	3	3
Current assets			
Debtors: amounts falling due after more than one year	17	341,160	307,692
Debtors: amounts falling due within one year	17	1,381,775	1,327,879
		<u>1,722,935</u>	<u>1,635,571</u>
Creditors: amounts falling due within one year	19	(483,574)	(244,719)
Net current assets		<u>1,239,361</u>	<u>1,390,852</u>
Total assets less current liabilities		<u>1,239,364</u>	<u>1,390,855</u>
Creditors: amounts falling due after more than one year	20	(819,882)	(735,290)
Net assets		<u><u>419,482</u></u>	<u><u>655,565</u></u>
Capital and reserves			
Called up share capital	25	826,712	826,712
Share premium account	26	3,288	3,288
Profit and loss account	26	(410,518)	(174,435)
		<u><u>419,482</u></u>	<u><u>655,565</u></u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £263,083 (2021: loss £242,206)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4/10/2023

Ron Robson

R A Robson
 Director

The notes on pages 23 to 54 form part of these financial statements.

BEATTY TOPCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital	Share premium account	Treasury share reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£	£
At 1 April 2021	826,712	3,288	(74,700)	(24,347,583)	(23,592,283)	(23,592,283)
Loss for the year	-	-	-	(8,070,872)	(8,070,872)	(8,070,872)
At 31 March 2022	826,712	3,288	(74,700)	(32,418,455)	(31,663,155)	(31,663,155)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital	Share premium account	Treasury share reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£	£
At 1 April 2020	826,712	3,288	(74,700)	(17,277,686)	(16,522,386)	(16,522,386)
Loss for the year	-	-	-	(7,069,897)	(7,069,897)	(7,069,897)
At 31 March 2021	826,712	3,288	(74,700)	(24,347,583)	(23,592,283)	(23,592,283)

The notes on pages 23 to 54 form part of these financial statements.

BEATTY TOPCO LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2021	826,712	3,288	(174,435)	655,565
Loss for the year	-	-	(236,083)	(236,083)
At 31 March 2022	826,712	3,288	(410,518)	419,482

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2020	826,712	3,288	67,771	897,771
Loss for the year	-	-	(242,206)	(242,206)
At 31 March 2021	826,712	3,288	(174,435)	655,565

The notes on pages 23 to 54 form part of these financial statements.

BEATTY TOPCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	2022 £	2021 £
Cash flows from operating activities		
Loss for the financial year	(8,070,872)	(7,069,897)
Adjustments for:		
Amortisation of intangible assets	3,339,259	2,487,381
Depreciation of tangible assets	1,176,129	797,134
Impairments of fixed assets	-	128,000
Interest paid	5,776,958	4,102,805
Taxation charge	(355,870)	81,110
(Increase)/decrease in stocks	(42,183)	56,874
(Increase) in debtors	(641,082)	(901,463)
Increase in creditors	217,785	848,003
Corporation tax (paid)/received	(81,036)	-
Net cash generated from operating activities	1,319,088	529,947
Cash flows from investing activities		
Acquisition of subsidiaries net of cash	(2,272,591)	(812,401)
Acquisition of fixed assets	(1,992,734)	(750,852)
Acquisition of new business net of cash	(3,741,027)	(5,081,004)
Disposal of fixed assets	-	7,007
Acquisition of intangible assets	(10,214)	(134,512)
Deferred consideration paid	(349,063)	-
Net cash from investing activities	(8,365,629)	(6,771,762)

BEATTY TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
Cash flows from financing activities		
Issue costs of new loans	(954,370)	(448,577)
Repayments of hire purchase and other loans	(59,498)	(36,292)
Interest paid	(1,140,251)	(1,012,007)
New loan	8,528,526	8,514,982
New hire purchase loans	274,259	197,426
Net cash used in financing activities	<u>6,648,666</u>	<u>7,215,532</u>
Net (decrease)/increase in cash and cash equivalents	<u>(397,875)</u>	<u>973,717</u>
Cash and cash equivalents at beginning of year	1,608,153	634,436
Cash and cash equivalents at the end of year	<u><u>1,210,278</u></u>	<u><u>1,608,153</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>1,210,278</u></u>	<u><u>1,608,153</u></u>

The notes on pages 23 to 54 form part of these financial statements.

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. General information

Beatty Topco Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at 1 Park Row, Leeds, LS1 5AB.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The parent company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

BEATTY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.3 Going concern

The Group's committed banking facilities expired on 30 April 2023. Due to market conditions, it was not possible to secure a suitable refinancing of those facilities.

As a result, the facilities were not repaid on the maturity date and the Group is therefore in breach of the terms of those facilities.

Since expiry, the Directors have continued to have constructive discussions with the Group's bankers, Investec Bank plc, about an extension of the facilities. While the Directors have no reason to believe that this will not result in a positive outcome, thereby allowing the Group to continue with its overall strategy, the timing and eventual outcome of these discussions remains uncertain at this time.

Given the continuing breach, the Group has been unable to fulfil one of the criteria needed for the auditors to provide an unqualified audit opinion, namely committed facilities covering the period of not less than 12 months from the date of signature of the accounts.

The underlying business continues to perform well and the Directors see no reason why a solution to the Group's funding requirement cannot be found. Based on detailed trading financial forecasts, they are confident about the ongoing financial viability of the underlying operating business. Coupled with continuing support from the Bank, they consider that the Group will have sufficient cash resources to trade positively for the foreseeable future and continue to provide all of the Group's patients with the high-quality service that they expect from the Group. Accordingly, the Directors are of the view that it continues to be appropriate to prepare the accounts on the going concern basis.

2.4 Revenue

Revenue represents the income received in the ordinary course of business for dentistry or other goods or services provided to the extent that the Group has obtained the right to consideration. Amounts are stated net of discounts and returns.

Revenue from all private dental work is recognised based on service performed. Revenue from orthodontic treatment is recognised based on the stage of completion reached during the course of treatment.

Revenue from NHS patients has a number of elements and includes the following:

- Revenue based upon the completion of each piece of treatment carried out (Item of Service)
- Revenue relating to rent is paid quarterly in arrears, and is recognised in the same period as the expense it relates.
- Revenue relating to rent is paid quarterly in arrears, and is recognised in the same period as the expense it relates to.
- Revenue relating to rates is paid annually in arrears, and is recognised in the same period as the expense it relates to.
- Revenue relating to General Dental Practice, and Cons & Caps Allowances are paid monthly, and revenue is recognised in the month to which the income relates.

This revenue is recognised in the year in which the income is earned.

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)**2.5 Intangible assets****Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Where a business' share capital has been acquired and the trade and assets subsequently "hived-up", Goodwill is recognised based on the fair value of its identifiable assets and liabilities at the date of acquisition. This is then amortised on a straight line basis from the date of acquisition to the Statement of income and retained earnings.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- 10 years
Motor vehicles	- 4 years
Equipment, fixtures and fittings	- 3 - 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)**2.7 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.11 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)**2.11 Financial instruments (continued)**

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

The amortised cost of a financial asset or financial liability at each reporting date is the net of the following amounts:

- the amount at which the financial asset or financial liability is measured at initial recognition
- minus any repayments of the principal
- plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount
- minus, in the case of a financial asset, any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

If a potential adjustment for contingent consideration is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination.

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.13 Functional and presentation currency

The Group's functional and presentational currency is GBP.

2.14 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Interest income

Interest income is recognised in profit or loss using the effective interest method.

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)**2.18 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions concerning the carrying value of assets and liabilities and about the future. Historical experience and other relevant factors are considered when making such estimates and these are reviewed on an on-going basis. Actual results may differ from the estimates.

Revisions to accounting estimates are accounted for in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where both current and future periods would be affected.

Fair values on acquisitions

The Group establishes a reliable estimate of the useful life of tangible and intangible assets arising on business combinations. This estimate is based on the expected use in the acquired business, the expected use of the cash generating unit to which goodwill is attributed, any legal, regulatory or contractual provisions and assumptions that would be considered by market participants in respect of similar businesses. Contingent considerations require estimation of future profitability of the acquired business and of discount rates applied to long-term liabilities.

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

3. Judgements in applying accounting policies (continued)**Warrants**

An estimate has been made in valuing the share warrant obligations to subscribe for Ordinary Shares. We engaged with third-party valuers who placed a value on the fair value of this warrant, and this has been recognised in the accounts. The valuation was based on the latest information available to the valuers, and they have relied upon representation made to them by the Company. The value is based on the expected future enterprise value of the Company at the assumed exit date. The valuation is determined by market conditions at that point. The estimate could materially change if the market conditions, or forecasts, changed significantly.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Provision of dental services	<u>35,021,093</u>	<u>23,526,300</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2022 £	2021 £
Other operating income	<u>27,281</u>	<u>1,394,083</u>

In the prior year the Group received income from the Government's Coronavirus Job Retention Scheme as a result of the COVID 19 Pandemic. This allowed us to furlough a number of staff as business needs dictate. The employees related cost is included within Administrative Expenses. In the prior year the Group also received income from the Scottish Government in relation to an NHS Bonus which was subsequently rewarded to staff who worked for an NHS related business during the pandemic (up to a maximum of £500 per employee). The related employee cost expense was included within Administrative Expenses. These income items are recognised in the year in which they are awarded.

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

6. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	1,176,129	797,134
Amortisation of intangible assets, including goodwill	3,253,259	2,318,959
Impairment of assets	86,000	128,000
Other operating lease rentals - property	1,036,742	1,015,993
Other operating lease rentals - equipment	31,791	43,228
	<u>11,583,921</u>	<u>4,302,314</u>

7. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	18,540	18,540
	<u>18,540</u>	<u>18,540</u>

Fees payable to the Group's auditor and its associates in respect of:

Taxation compliance services	23,365	23,486
Other services relating to taxation	51,150	-
All other assurance services	7,210	6,695
The audit of the company's subsidiaries	49,955	49,916
	<u>131,680</u>	<u>80,097</u>

BEATTY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	7,936,339	7,676,233	-	-
Social security costs	682,059	526,256	-	-
Cost of defined contribution scheme	144,118	109,887	-	-
	<u>8,762,516</u>	<u>8,312,376</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Staff	<u>351</u>	<u>347</u>

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	414,743	416,388
Directors pension costs	3,174	3,030
	<u>417,917</u>	<u>419,418</u>

During the year retirement benefits were accruing to 1 director (2021: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £174,155 (2021: £176,315).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,321 (2021: £1,094).

10. Interest receivable and similar income

	2022 £	2021 £
Bank interest	<u>318</u>	<u>1,553</u>

BEATTY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

11. Interest payable and similar expenses

	2022 £	2021 £
Other loan interest payable	5,438,096	3,761,964
Interest payable on preference shares	84,591	78,570
Finance leases and hire purchase contracts	15,734	19,103
Fair value movement on Share Warrant Obligation	238,855	244,719
	<u>5,777,276</u>	<u>4,104,356</u>

12. Taxation

	2022 £	2021 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(572,123)	45,868
Adjustment in respect of prior periods	78,943	69
Effect of tax rate change on opening balance	137,310	-
Total deferred tax	<u>(355,870)</u>	<u>45,937</u>
Taxation on loss on ordinary activities	<u>(355,870)</u>	<u>45,937</u>

BEATTY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021: *higher than*) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	(8,426,742)	(7,023,960)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(1,601,081)	(1,334,552)
Effects of:		
Expenses not deductible for tax purposes	1,346,127	937,527
Fixed asset differences	(92,471)	14,919
Adjustments to tax charge in respect of prior periods (deferred tax)	-	69
Other tax adjustments, reliefs and transfers	60,076	(14,885)
Deferred tax not recognised	(68,521)	427,453
Group relief surrendered	-	15,406
Total tax charge for the year	(355,870)	45,937

Factors that may affect future tax charges

The UK corporation tax standard rate for this period is 19% (2021: 19%).

The Finance Act 2021 was substantively enacted on 24 May 2021 and increases the corporation tax rate from 19% to 25% with effect from 1 April 2023. Accordingly, deferred tax assets and liabilities at 31 March 2022 have been calculated based on the rate of 25% (2021: 19%).

BEATTY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

13. Intangible assets

Group and Company

	Software £	Goodwill £	Total £
Cost			
At 1 April 2021	307,391	28,478,226	28,785,617
Additions	10,214	6,839,879	6,850,093
At 31 March 2022	317,605	35,318,105	35,635,710
Amortisation			
At 1 April 2021	136,532	6,422,590	6,559,122
Charge for the year	62,322	3,276,937	3,339,259
At 31 March 2022	198,854	9,699,527	9,898,381
Net book value			
At 31 March 2022	118,751	25,618,578	25,737,329
At 31 March 2021	170,859	22,055,636	22,226,495

Amortisation on intangible assets is charged to admin expenses.

The Goodwill additions are made up of the business combinations included in Note 25. Any additional amounts were additional amounts of consideration for prior years' acquisitions.

An impairment charge of £86,000 has been identified during the year (2021: £128,000) after an impairment review carried out at the lowest level of CGU.

BEATTY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

14. Tangible fixed assets

Group

	Leasehold improvements £	Equipment, fixtures and fittings £	Total £
Cost or valuation			
At 1 April 2021	782,470	4,388,453	5,170,923
Additions	327,809	1,664,871	1,992,680
Acquisition of subsidiary	-	251,515	251,515
At 31 March 2022	1,110,279	6,304,839	7,415,118
Depreciation			
At 1 April 2021	317,702	1,851,189	2,168,891
Charge for the year	141,087	1,035,042	1,176,129
At 31 March 2022	458,789	2,886,231	3,345,020
Net book value			
At 31 March 2022	651,490	3,418,608	4,070,098
At 31 March 2021	464,768	2,537,264	3,002,032

The net book value of land and buildings may be further analysed as follows:

	2022 £	2021 £
Long leasehold	651,490	464,768

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Furniture & equipment	17,258	8,072

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

15. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2021	3
At 31 March 2022	<u>3</u>
Net book value	
At 31 March 2022	<u>3</u>
At 31 March 2021	<u>3</u>

Subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Clyde DH Limited	163 Bath Street, Glasgow	Ordinary	100%
Clyde Munro Limited	163 Bath Street, Glasgow	Ordinary	100%
Clyde Dental Practice Limited*	163 Bath Street, Glasgow	Ordinary	100%
Clyde Munro Trustees Limited*	163 Bath Street, Glasgow	Ordinary	100%
Clyde Munro Group Limited*	163 Bath Street, Glasgow	Ordinary	100%
Dental Care Perth Ltd*	163 Bath Street, Glasgow	Ordinary	100%
Uddingston Dental Care Ltd*	163 Bath Street, Glasgow	Ordinary	100%
Bathgate Smile Centre Limited*	163 Bath Street, Glasgow	Ordinary	100%
Bathgate Aesthetic Spa Company Ltd*	163 Bath Street, Glasgow	Ordinary	100%
KFDent Ltd*	55 Wells Street, London	Ordinary	100%

During the financial year the following entities were dissolved via voluntary strike off:

Name	Registered office	Class of shares	Dissolved
Dollar Dental Care Limited*	163 Bath Street, Glasgow	Ordinary	26/10/2021
PM & AM Ltd*	163 Bath Street, Glasgow	Ordinary	26/10/2021
Nanodent Ltd*	163 Bath Street, Glasgow	Ordinary	02/11/2021
Toothdoctor Larkhall Ltd*	163 Bath Street, Glasgow	Ordinary	26/10/2021
Muirhead Dental Care Ltd*	163 Bath Street, Glasgow	Ordinary	08/03/2022
Tomorrow Healthcare Ltd*	163 Bath Street, Glasgow	Ordinary	26/10/2021
M&S Dental Care Ltd*	163 Bath Street, Glasgow	Ordinary	26/10/2021

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

15. Fixed asset investments (continued)

Dental Care Perth Ltd was later dissolved via voluntary strike off in August 23 and a return of capital occurred to reduce the investment value to Nil.

***Indirect subsidiary undertakings**

The following subsidiaries have claimed the exemption from audit under s479a of the Companies Act 2006:

Uddingston Dental Care Ltd
Bathgate Smile Centre Limited
Bathgate Aesthetic Spa Company Ltd
KFDent Ltd

16. Stocks

	Group 2022 £	Group 2021 £
Finished goods and goods for resale	297,686	210,518

The difference between purchase price or production cost of stocks and their replacement cost is not material.

17. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Debtors: Amounts falling due after more than one year:				
Loan notes from group undertakings	-	-	341,160	307,692

The intercompany loans above are all accruing a market rate of interest.

BEATTY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

17. Debtors (continued)

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Debtors: Amounts falling due within one year				
Trade debtors	2,644,022	1,984,575	-	-
Amounts owed by group undertakings	-	-	1,378,178	1,324,282
Amounts owed by participating interests	3,597	3,597	3,597	3,597
Other debtors	594,172	447,667	-	-
Prepayments and accrued income	1,648,632	719,972	-	-
	<u>4,890,423</u>	<u>3,155,811</u>	<u>1,381,775</u>	<u>1,327,879</u>

An impairment loss of £Nil (2021: £Nil) was recognised against trade debtors.

18. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	<u>1,210,278</u>	<u>1,608,153</u>	<u>-</u>	<u>-</u>

19. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	1,600,000	2,400,000	-	-
Other loans	1,377,894	1,430,900	-	-
Trade creditors	1,506,057	863,294	-	-
Corporation tax	118,305	199,341	-	-
Other taxation and social security	203,371	656,254	-	-
Obligations under finance lease and hire purchase contracts	107,971	49,832	-	-
Other creditors	1,749,358	446,910	-	-
Accruals and deferred income	2,994,822	2,654,057	-	-
Financial instruments	483,574	244,719	483,574	244,719
	<u>10,141,352</u>	<u>8,945,307</u>	<u>483,574</u>	<u>244,719</u>

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

19. Creditors: Amounts falling due within one year (continued)

Disclosure of the terms and conditions attached to the non-equity shares is made in note 25.

Within other creditors there are amounts of £1,159,500 (2021: £409,879) relating to deferred consideration on acquisitions.

20. Creditors: Amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	33,036,517	22,286,326	-	-
Net obligations under finance leases and hire purchase contracts	339,145	219,355	-	-
Loan notes	13,006,668	13,306,668	-	-
Preference share premium treated as debt	399,840	399,840	399,840	399,840
Accruals and deferred income	10,880,766	8,249,663	420,002	335,410
Preference shares treated as debt	40	40	40	40
	<u>57,662,976</u>	<u>44,461,892</u>	<u>819,882</u>	<u>735,290</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 25.

The loan notes are secured by the following, in each case in favour of Synova Capital Fund II LP (LP015649) in its capacity as security trustee for the loan note holders:

- guarantees and indemnities granted by each of Clyde DH Limited (SC499268), Clyde Dental Practice Limited (SC372122); and
- floating charges granted by each of those same three companies over the whole of its property and undertaking.

On 23 August 2018 the Group secured facilities of £10,500,000 with Investec Bank plc. The facilities consist of a £10,000,000 term loan repayable in 12 equal quarterly instalments commencing on 31 December 2020, and a £500,000 revolving credit facility. These repayment terms had been amended by the facility amendment during the year and at the balance sheet date the repayment profile was from September 2021 £800,000 per quarter was to be repaid with the remainder due on the termination date. This was amended by an updated agreement signed post year end, please refer to the post balance sheet event information in the Directors report and at note 31.

The facilities are secured by a debenture and floating charges over the Group's assets, share pledges and standard securities over the leases on certain of the Group's properties. There is a cross-guarantee in place with the subsidiary entities of the Group.

Included within the above loan notes from other related parties are loan notes with a value of £416,357 (2021: £416,357) which are in favour of Stuart Davidson, a director of the Company, loan notes of £100,000 (2021: £100,000) which are in favour of Lorna May Robson, the wife of a director of the Company and loan notes with a value of £75,100 (2021: £75,100) which are in favour of Steve Duncan, a director of the Company. Interest accrued on these loans at year end is £441,104 (2021: £349,233), £32,477 (2021: £18,283) and £46,677 (2021: £33,629) respectively.

BEATTY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

21. Loans

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts falling due within one year				
Bank loans	1,600,000	2,400,000	-	-
Other loans	1,377,894	1,430,900	-	-
Amounts falling due 1-2 years				
Bank loans	33,036,517	3,200,000	-	-
Amounts falling due 2-5 years				
Bank loans	-	19,086,326	-	-
Amounts falling due after more than 5 years				
Loan notes	13,006,668	13,306,668	-	-

22. Analysis of net debt

	At 1 April 2021 £	Cash flows £	New loans £	Other non- cash changes £	At 31 March 2022 £
Cash at bank and in hand	1,608,154	(397,875)	-	-	1,210,279
Bank loans	(24,264,692)	(975,740)	(8,528,526)	(867,559)	(34,636,517)
Loan notes	(13,006,688)	-	-	-	(13,006,688)
Preference shares	(399,840)	-	-	-	(399,840)
Finance leases	(210,354)	59,498	(274,259)	(22,002)	(447,117)
Other loans	(5,552)	2,057	-	-	(3,495)
	<u>(36,278,972)</u>	<u>(1,312,060)</u>	<u>(8,802,785)</u>	<u>(889,561)</u>	<u>(47,283,378)</u>

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2022 £	<i>Group 2021 £</i>
Within one year	107,971	49,832
Between 1-5 years	105,043	52,429
Over 5 years	212,101	108,095
	<u>425,115</u>	<u>210,356</u>

24. Deferred taxation**Group**

	2022 £	<i>2021 £</i>
At beginning of year	(388,093)	(308,049)
Deferred tax charged in the Profit and loss account for the period	355,870	(47,821)
Deferred tax recognised on Acquisition	(32,418)	(32,223)
At end of year	<u>(64,641)</u>	<u>(388,093)</u>

The provision for deferred taxation is made up as follows:

	Group 2022 £	<i>Group 2021 £</i>
Accelerated capital allowances	<u>(64,641)</u>	<u>(388,093)</u>

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

25. Share capital

	2022 £	2021 £
Shares classified as equity		
Allotted, called up and fully paid		
581,000 (2021: 581,000) A Ordinary shares of £1.00 each	581,000	581,000
41,500 (2021: 41,500) B Ordinary shares of £1.00 each	41,500	41,500
127,520 (2021: 127,520) C Ordinary shares of £1.00 each	127,520	127,520
3,321 (2021: 3,321) D Ordinary shares of £0.01 each	33	33
10,812 (2021: 10,812) E Ordinary shares of £1.00 each	10,812	10,812
41,500 (2021: 41,500) F Ordinary shares of £1.00 each	41,500	41,500
	<u>802,365</u>	<u>802,365</u>
Allotted, called up and partly paid		
20,750 (2021: 20,750) C Ordinary shares of £1.00 each	20,750	20,750
3,597 (2021: 3,597) E Ordinary shares of £1.00 each	3,597	3,597
	<u>24,347</u>	<u>24,347</u>
	2022 £	2021 £
Shares classified as debt		
Allotted, called up and fully paid		
332,200 (2021: 332,200) A Preference shares of £-0.0001 each	33	33
70,000 (2021: 70,000) B Preference shares of £-0.0001 each	7	7
	<u>40</u>	<u>40</u>

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

25. Share capital (continued)

On 23 August 2018 the Company issued a warrant to Investec Investments (UK) Ltd. The warrant entitles the holder to subscribe for shares representing 3% of the fully diluted share capital of the Company at the time of issue of such shares.

During the prior period the Company was incorporated and shares above were issued. Amounts due from shareholders within note 16 includes the amounts remaining to be paid for the partly paid shares.

Share rights

The key rights attaching to the classes of share capital are as follows:

Income

The Preference Shares are entitled to a fixed cumulative preference dividend at an annual rate of 12% of the issue price of the shares, compounding annually. Any dividends declared will first be distributed to holders of preference shares including any accrued unpaid dividends from earlier years.

All Ordinary shares rank *pari passu* to receive dividends that the company may from time to time declare.

Redemption and return of capital

The preference shares are entitled to first distribution of return of capital up to the value of their issue price together with any accrued unpaid dividends.

All Ordinary shares rank *pari passu* for redemption or return of initial capital thereafter shall participate in any return of capital subject to a ratchet mechanism set out in the Articles of Association.

Voting

The holders of 'A', 'B' and 'C' Ordinary shares are entitled to attend and vote at any General Meeting of the company with each share entitled to one vote. The holders of 'D' and 'E' Ordinary shares are entitled to receive notice of General Meetings and to receive a copy of any written resolutions but are not entitled to attend, speak or vote at any such meeting.

The holders of preference shares are not entitled to attend or vote at any General Meeting of the Company.

26. Reserves**Share premium account**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Includes all current and prior periods retained profits and losses.

Treasury share reserve

These are shares which are owned by Clyde Munro Trustees Ltd, a Clyde Munro Group Company.

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

27. Business combinations**Acquisition of Business 1****Recognised amounts of identifiable assets acquired and liabilities assumed**

	Book value £	Fair value adjustments £	Fair value £
Fixed Assets			
Tangible	63,038	-	63,038
	<u>63,038</u>	<u>-</u>	<u>63,038</u>
Current Assets			
Stocks	4,201	-	4,201
	<u>67,239</u>	<u>-</u>	<u>67,239</u>
Total Assets	<u>67,239</u>	<u>-</u>	<u>67,239</u>
Total Identifiable net assets	<u>67,239</u>	<u>-</u>	<u>67,239</u>
Goodwill			347,757
Total purchase consideration			<u>414,996</u>
Consideration			
			£
Cash to vendor			303,198
Deferred consideration			76,000
Directly attributable costs			35,798
Total purchase consideration			<u>414,996</u>

BEATTY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

27. Business combinations (continued)

Acquisition of Business 2

	Book Value £	Fair value adjustment £	Fair Value £
Fixed assets			
Tangible	65,465	-	65,465
	<u>65,465</u>	<u>-</u>	<u>65,465</u>
Current assets			
Stock	13,185	-	13,185
	<u>13,185</u>	<u>-</u>	<u>13,185</u>
Total assets	<u>78,650</u>	<u>-</u>	<u>78,650</u>
Total identifiable net assets	<u>78,650</u>	<u>-</u>	<u>78,650</u>
Goodwill			1,994,906
Total purchase consideration			<u>2,073,556</u>

Consideration

	2022 £
Cash to vendor	1,545,000
Deferred consideration	495,000
Directly attributable costs	33,556
Total purchase consideration	<u>2,073,556</u>

BEATTY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

27. Business combinations (continued)

Acquisition of Business 3

	Book Value £	Fair value adjustment £	Fair Value £
Fixed assets			
Tangible	12,273	-	12,273
Intangible	48,668	-	48,668
	<u>60,941</u>	<u>-</u>	<u>60,941</u>
Current assets			
Stock	12,875	-	12,875
Debtors	123,679	-	123,679
Cash at bank and in hand	262,924	-	262,924
Total assets	<u>460,419</u>	<u>-</u>	<u>460,419</u>
Creditors			
Creditors: Due within one year	(83,771)	-	(83,771)
Total identifiable net assets	<u>376,648</u>	<u>-</u>	<u>376,648</u>
Goodwill			627,197
Total purchase consideration			<u>1,003,845</u>

Consideration

	2022 £
Cash to vendor	524,743
Completion net assets settlement	266,272
Settlement of liabilities on acquisition	175,257
Directly attributable costs	37,573
Total purchase consideration	<u>1,003,845</u>

BEATTY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

27. Business combinations (continued)

Acquisition of Business 4

	Book Value £	Fair value adjustment £	Fair Value £
Fixed assets			
Tangible	39,730	-	39,730
	<u>39,730</u>	<u>-</u>	<u>39,730</u>
Current assets			
Stock	3,665	-	3,665
Debtors	58,846	-	58,846
Cash at bank and in hand	330,494	-	330,494
	<u>432,735</u>	<u>-</u>	<u>432,735</u>
Total assets			
	<u>432,735</u>	<u>-</u>	<u>432,735</u>
Creditors			
Creditors: Due within one year	(112,313)	-	(112,313)
	<u>320,422</u>	<u>-</u>	<u>320,422</u>
Total identifiable net assets			
	<u>320,422</u>	<u>-</u>	<u>320,422</u>
Goodwill			747,014
Total purchase consideration			<u>1,067,436</u>

Consideration

	2022 £
Cash to vendor	570,000
Deferred consideration	75,000
Retention bonus	7,500
Completion net assets settlement	262,015
Settlement of liabilities on acquisition	105,000
Directly attributable costs	47,921
Total purchase consideration	<u>1,067,436</u>

BEATTY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

27. Business combinations (continued)

Acquisition of Business 5

	Book Value £	Fair value adjustment £	Fair Value £
Fixed assets			
Tangible	71,184	-	71,184
	<u>71,184</u>	<u>-</u>	<u>71,184</u>
Current assets			
Stock	2,357	-	2,357
	<u>73,541</u>	<u>-</u>	<u>73,541</u>
Total assets			
	<u>73,541</u>	<u>-</u>	<u>73,541</u>
Total identifiable net assets			
	<u>73,541</u>	<u>-</u>	<u>73,541</u>
Goodwill			972,781
Total purchase consideration			<u>1,046,322</u>

Consideration

	2022 £
Cash to vendor	518,736
Loan repayment	381,264
Deferred consideration	100,000
Retention bonus	10,000
Referral fee	10,000
Directly attributable costs	26,322
Total purchase consideration	<u>1,046,322</u>

BEATTY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

27. Business combinations (continued)

Acquisition of Business 6

	Book Value £	Fair value adjustment £	Fair Value £
Fixed assets			
Tangible	-	-	-
Intangible	-	-	-
	-	-	-
Current assets			
Stock	2,605	-	2,605
Debtors	125,723	-	125,723
Cash at bank and in hand	52,039	-	52,039
Total assets	180,367	-	180,367
Creditors			
Creditors: Due within one year	(58,900)	-	(58,900)
Total identifiable net assets	121,467	-	121,467
Goodwill			322,011
Total purchase consideration			443,478

Consideration

	2022 £
Cash to vendor	150,290
Deferred consideration	75,000
Retention bonus	3,500
Completion net assets settlement	43,107
Settlement of liabilities on acquisition	124,169
Directly attributable costs	47,412
Total purchase consideration	443,478

BEATTY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

27. Business combinations (continued)

Acquisition of Business 7

	Book Value £	Fair value adjustment £	Fair Value £
Fixed assets			
Tangible	61,016	-	61,016
Intangible	65,000	-	65,000
	<u>126,016</u>	<u>-</u>	<u>126,016</u>
Current assets			
Stock	5,155	-	5,155
Debtors	58,921	-	58,921
Cash at bank and in hand	29,704	-	29,704
Total assets	<u>219,796</u>	<u>-</u>	<u>219,796</u>
Creditors			
Creditors: Due within one year	(90,901)	-	(90,901)
Total identifiable net assets	<u>128,895</u>	<u>-</u>	<u>128,895</u>
Goodwill			853,850
Total purchase consideration			<u>982,745</u>

Consideration

	2022 £
Cash to vendor	707,260
Deferred consideration	185,000
Retention bonus	10,000
Completion net assets settlement	17,440
Directly attributable costs	63,045
Total purchase consideration	<u>982,745</u>

BEATTY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

27. Business combinations (continued)

Acquisition of Business 8

	Book Value £	Fair value adjustment £	Fair Value £
Fixed assets			
Tangible	51,828	-	51,828
	<u>51,828</u>	<u>-</u>	<u>51,828</u>
Current assets			
Stock	943	-	52,771
Total assets	<u>52,771</u>	<u>-</u>	<u>52,771</u>
Total identifiable net assets	<u>52,771</u>	<u>-</u>	<u>52,771</u>
Goodwill			860,036
Total purchase consideration			<u>912,807</u>

Consideration

	2022 £
Cash to vendor	850,000
Deferred consideration	10,344
Directly attributable costs	52,463
Total purchase consideration	<u>912,807</u>

28. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £144,118 (2021: £112,916). Contributions totaling £30,326 (2021: £23,415) were payable to the fund at the reporting date.

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

29. Commitments under operating leases

At 31 March 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Property		
Not later than 1 year	1,123,277	954,801
Later than 1 year and not later than 5 years	3,823,192	3,198,872
Later than 5 years	7,984,764	6,002,924
	<u>12,931,233</u>	<u>10,156,597</u>

	Group 2022 £	Group 2021 £
Equipment		
Not later than 1 year	13,590	13,590
Later than 1 year and not later than 5 years	2,086	2,086
	<u>15,676</u>	<u>15,676</u>

30. Related party transactions

During the period the group paid rent of £94,850 (2021: £94,850) to a SIPP in the name of one of the Directors relating to 6 practices.

Amounts due to one of the directors at 31 March 2022 were £10,077 (2021: £9,169), which were included within Accruals and deferred income in Note 19. Amounts due to this director arising in the year is for his work as an Associate and is paid to him the following month. These are not therefore loans and as such no interest is charged on these amounts.

Amounts due to the ultimate controlling party at 31 March 2022 were £257,775 (2021: £215,775), which were included within trade creditors in Note 19.

The total remuneration paid to key management personnel in the year was £632,983 (2021: £586,724).

BEATTY TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

31. Post balance sheet events

The Group's committed banking facilities expired on 30 April 2023. Due to market conditions, it was not possible to secure a suitable refinancing of those facilities.

As a result, the facilities were not repaid on the maturity date and the Group is therefore in breach of the terms of those facilities.

Since expiry, the Directors have continued to have constructive discussions with the Group's bankers, Investec Bank plc, about an extension of the facilities. While the Directors have no reason to believe that this will not result in a positive outcome, thereby allowing the Group to continue with its overall strategy, the timing and eventual outcome of these discussions remains uncertain at this time.

Given the continuing breach, the Group has been unable to fulfil one of the criteria needed for the auditors to provide an unqualified audit opinion, namely committed facilities covering the period of not less than 12 months from the date of signature of the accounts.

The underlying business continues to perform well and the Directors see no reason why a solution to the Group's funding requirement cannot be found. Based on detailed trading financial forecasts, they are confident about the ongoing financial viability of the underlying operating business. Coupled with continuing support from the Bank, they consider that the Group will have sufficient cash resources to trade positively for the foreseeable future and continue to provide all of the Group's patients with the high-quality service that they expect from the Group. Accordingly, the Directors are of the view that it continues to be appropriate to prepare the accounts on the going concern basis.

32. Controlling party

The directors consider that the ultimate controlling party is Synova Capital LLP who manage Synova Capital Fund II LP's majority shareholding in the Company.