

M C Dentistry Limited
Company Number 00475960

Annual report and financial statements - 31 March 2023

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M C Dentistry Limited

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M C Dentistry Limited
Strategic report
For the year ended 31 March 2023

The directors present their Strategic report for the year ended 31 March 2023.

Principal activities

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

Business review

Review of the development and performance of the company

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

Turnover for the year was £2,553,740 (2022: £2,885,356). The profit before tax on ordinary activities for the year was £336,775 (2022: £300,335). The profit for the financial year was £364,060 (2022: £355,360).

The net assets of the company as at 31 March 2023 was £5,261,942 (2022: £4,897,882).

The company is a member of the group of companies headed by Turnstone Equityco 1 Limited ('the group'). The principal activities of the group are the operation of dental practices and the provision of materials, services and equipment to dental practices. The company is managed on a day to day basis as a trading company within the mydentist group. The business review for the group can be found in the financial statements of Turnstone Equityco 1 Limited.

Strategy and future outlook

The directors believe that the company continues to be well positioned to take advantage of further opportunities within the market, however there is likely to be a period of consolidation before growth recommences.

Principal risks and uncertainties

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

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

Clinicians and other qualified staff

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

M C Dentistry Limited
Strategic report
For the year ended 31 March 2023

Business review (continued)

Clinicians and other qualified staff (continued)

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

In common with many industries where self-employed individuals are utilised widely, HMRC have undertaken an industry-wide review of the engagement terms used and the way these terms are applied in practice. From April 2023, HMRC have withdrawn the specific guidance relating to dentistry and confirmed that they will not seek to challenge the self-employed status of associate dentists prior to this date. HMRC have indicated that the withdrawal is due to their belief that they should not provide guidance on individual industry-specific contracts.

Key performance indicators

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

Other KPIs used by the company include the following:

- Staff retention percentages;
- Dentist retention percentages; and
- NHS activity performance against target
- Earnings before interest, tax, depreciation and amortisation ("EBITDA")

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

Subsequent events

On 1 April 2023, as part of a group simplification exercise, the company sold assets including both tangible fixed assets and stock to Petrie Tucker and Partners Limited, also a wholly owned subsidiary of Turnstone Equityco 1 Limited. These assets were transferred at net book value as shown on the balance sheet of the company at 31 March 2023. The balance was left outstanding on the intercompany account.

Financial risk management

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

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

M C Dentistry Limited
Strategic report
For the year ended 31 March 2023

Financial risk management (*continued*)

Credit risk

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations. The nature of the company's contract with the NHS Region means that credit risk is minimised for a significant proportion of the company's revenue. The patient's contribution to NHS charges is usually collected before treatment in order to minimise risk to the company, however a risk may arise if treatment plans change and additional charges are not collected at the time of the appointment.

Liquidity risk

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

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the company's income or costs.

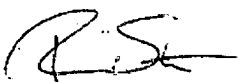
The company has limited currency risk as all operations are carried out in the United Kingdom and all income and expenses are denominated in Sterling. However, as materials are principally sourced by other group companies from suppliers internationally, the company is indirectly exposed to currency risk as prices are adjusted to reflect currency movements. The group mitigates this risk through the use of, for example, derivative financial instruments such as foreign currency forward contracts or option contracts. This risk is also managed through competitive tendering for the group's significant supply contracts.

Inflation risk

Inflation risk is the risk that the cost of key services and products procured by the company will rise with inflation and affect the company's income. The rates paid under the terms of the company's NHS contract are reviewed on an annual basis and, over the course of the past few years, the annual uplifts have typically been lower than the rate of both RPI and CPI.

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

On behalf of the Board



R Storah
Director

12 December 2023

M C Dentistry Limited
Directors' report
For the year ended 31 March 2023

The directors present their report and the audited financial statements for the year ended 31 March 2023.

Financial risk management

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

Future developments

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

Dividends

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

Directors

The directors who held office during the financial year and up to the date of signing of the financial statements are as follows:

M Prasad
R Storah
N Whitley

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

Going concern

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

Events after the reporting period

On 1 April 2023, as part of a group simplification exercise, the company sold assets including both tangible fixed assets and stock to Petrie Tucker and Partners Limited, also a wholly owned subsidiary of Turnstone Equityco 1 Limited. These assets were transferred at net book value as shown on the balance sheet of the company at 31 March 2023. The balance was left outstanding on the intercompany account.

Statement of directors' responsibilities

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

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

M C Dentistry Limited
Directors' report
For the year ended 31 March 2023

Statement of directors' responsibilities *(continued)*

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

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

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

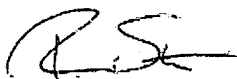
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



R Storah
Director

12 December 2023

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

Independent auditors' report to the members of M C Dentistry Limited

Report on the audit of the financial statements

Opinion

In our opinion, M C Dentistry Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2023; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

Independent auditors' report to the members of M C Dentistry Limited *(continued)*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to other regulatory regulations (including those monitored by the Care and Quality Commission and the Medical Health Regulatory Authority) and health and safety regulations (especially those governing dental surgeries and warehouse operations), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on

Independent auditors' report to the members of M C Dentistry Limited (*continued*)

the financial statements such as tax regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential overstatement of revenue through manipulation of revenue recognition or use of journals to manipulate financial results. Audit procedures performed by the engagement team included:

- Obtained an understanding of the legal and regulatory framework applicable to the company and how the company are complying with that framework;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, including unusual revenue journal entries;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Reviewed management's accounting policies for revenue recognition particularly in relation to income from public dentistry.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Sarah Leonide (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
12 December 2023

M C Dentistry Limited
Statement of comprehensive income
For the year ended 31 March 2023

	Note	2023 £	2022 £
Turnover	4	2,553,740	2,885,356
Cost of sales		<u>(996,286)</u>	<u>(1,291,762)</u>
Gross profit		<u>1,557,454</u>	<u>1,593,594</u>
Administrative expenses		<u>(1,220,679)</u>	<u>(1,293,259)</u>
Profit before tax on ordinary activities	5	336,775	300,335
Tax on ordinary activities	8	<u>27,285</u>	<u>55,025</u>
Profit after tax on ordinary activities for the year		364,060	355,360
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>364,060</u></u>	<u><u>355,360</u></u>

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

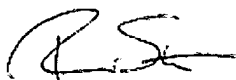
M C Dentistry Limited
Balance sheet
As at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	9	617,718	652,014
Total fixed assets		<u>617,718</u>	<u>652,014</u>
Current assets			
Stocks	10	29,790	28,250
Debtors (includes £156,157 falling due after more than one year (2022: £128,872))	11	6,443,394	5,391,642
Total current assets		<u>6,473,184</u>	<u>5,419,892</u>
Current liabilities			
Creditors: amounts falling due within one year	12	1,772,346	1,170,963
Total current liabilities		<u>1,772,346</u>	<u>1,170,963</u>
Net current assets		<u>4,700,838</u>	<u>4,248,929</u>
Total assets less current liabilities		<u>5,318,556</u>	<u>4,900,943</u>
Non-current liabilities			
Provisions for liabilities	13	56,614	3,061
Total non-current liabilities		<u>56,614</u>	<u>3,061</u>
Net assets		<u>5,261,942</u>	<u>4,897,882</u>
Capital and reserves			
Called up share capital	14	80,906	80,906
Share premium account	15	79,013	79,013
Retained earnings	16	5,102,023	4,737,963
Total capital and reserves		<u>5,261,942</u>	<u>4,897,882</u>

The notes on pages 13 to 21 form an integral part of these financial statements.

M C Dentistry Limited's company number is 00475960.

These financial statements on pages 10 to 21 were approved by the board of directors on 12 December 2023 and were signed on its behalf by:



R Storah
Director

12 December 2023

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

M C Dentistry Limited
Statement of changes in equity
For the year ended 31 March 2023

	Called up share capital £	Share premium account £	Retained earnings £	Total capital and reserves £
Balance at 1 April 2021	80,906	79,013	4,382,603	4,542,522
Profit after tax on ordinary activities for the year	-	-	355,360	355,360
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	355,360	355,360
Balance at 31 March 2022	<u>80,906</u>	<u>79,013</u>	<u>4,737,963</u>	<u>4,897,882</u>

	Called up share capital £	Share premium account £	Retained earnings £	Total capital and reserves £
Balance at 1 April 2022	80,906	79,013	4,737,963	4,897,882
Profit after tax on ordinary activities for the year	-	-	364,060	364,060
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	364,060	364,060
Balance at 31 March 2023	<u>80,906</u>	<u>79,013</u>	<u>5,102,023</u>	<u>5,261,942</u>

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

M C Dentistry Limited
Notes to the financial statements
For the year ended 31 March 2023

1. Company information

The financial statements cover M C Dentistry Limited as an individual entity. The financial statements are presented in Sterling (£), which is M C Dentistry Limited's functional and presentation currency.

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

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

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

2. Accounting policies

Basis of preparation

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

Going concern

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

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

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

Exemptions for qualifying entities under FRS 102

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

The company has taken advantage of the following exemptions:

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

M C Dentistry Limited
Notes to the financial statements
For the year ended 31 March 2023

2. Accounting policies (continued)

Turnover

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

The company's NHS dentistry contracts were subject to modified operating procedures during the COVID pandemic period, which continued until the early part of FY2023. More information is provided in note 3.

Taxation

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

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

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

Tangible assets and depreciation

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

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

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

Impairment of fixed assets

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

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

Stocks

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

M C Dentistry Limited
Notes to the financial statements
For the year ended 31 March 2023

2. Accounting policies (continued)

Leases

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

Pensions

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

Provisions

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

Financial instruments

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

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Basic financial liabilities, including creditors, amount owed by group undertakings that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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3. Significant accounting judgements and estimates

Impairment of fixed assets

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

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

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

Due to the restrictions placed on dental practices during the Covid-19 pandemic, the NHS in England and Wales replaced the normal contractual UDA performance measures with a more flexible system from 1 April 2020, before gradually returning to normal by 30 June 2022. This system adapted to the restrictions placed on practices by public health authorities and the consequent reduction in productivity as facilities could not be utilised 100%.

At the end of FY2021, there was increased uncertainty over the repayment position due to the absence of any UDA volume-based contract measurement and the company did not recognise the revenue related to these areas of uncertainty. During FY2022, the FY2021 year end reconciliation process with the NHS did not highlight any issues, however a level of uncertainty remained across a number of areas. As a result, management recognised revenue of £63,000, representing 20% of the amount previously deferred, in respect of certain elements of the deferred revenue where it was clear that the uncertainty had reduced such that it was appropriate to recognise the associated revenue. The company has subsequently progressed through the FY2022 year reconciliation process and, as no further issues having been highlighted, and having given consideration to other factors including data retention periods, management consider that the highly probable threshold for revenue recognition has been met in respect of a further £143,000 of the amount previously deferred such that it is appropriate to recognise the revenue. Therefore, management have recognised this within revenue in the income statement for FY2023.

4. Turnover

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

5. Profit before tax on ordinary activities

	2023 £	2022 £
Profit before tax on ordinary activities before charging:		
Depreciation of owned assets	153,702	146,622
Operating leases - land and buildings	127,750	127,750
	2023 £	2022 £
Auditors' remuneration		
Amounts receivable by the auditors and their associates in respect of:		
Fees payable for the audit	5,320	3,800

There were no costs payable for non-audit services by this company during the year (2022: none).

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6. Employees

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

	2023 No of employees	2022 No of employees
Surgery staff	31	30
Administration staff	10	9
Average number of employees	<u>41</u>	<u>39</u>

The aggregate payroll costs of these persons were as follows:

	2023 £	2022 £
Wages and salaries	730,888	719,927
Social security costs	53,114	49,301
Other pension costs	<u>12,301</u>	<u>13,733</u>
Total employee benefits expense	<u>796,303</u>	<u>782,961</u>

7. Directors' remuneration

The directors received no emoluments from the company for their services during the financial year (2022: £nil). The directors are paid by Petrie Tucker and Partners Limited and no recharge is made to this company. Directors emoluments received are disclosed in the financial statements of Petrie Tucker and Partners Limited for M Prasad, R Storah and N Whitley.

8. Tax on ordinary activities

a) Analysis of tax credit for the financial year

	2023 £	2022 £
Deferred tax		
Deferred tax credit for the year	(34,345)	(32,763)
Adjustment relating to the prior year	7,060	804
Impact of change in tax rate	-	(23,066)
Total deferred tax credit for the year	<u>(27,285)</u>	<u>(55,025)</u>
Tax on ordinary activities	<u>(27,285)</u>	<u>(55,025)</u>

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8. Tax on ordinary activities (continued)

b) Factors affecting the tax credit for the financial year

The tax credit for the year is higher (2022: higher) than the standard rate of corporation tax in the UK for the year ended 31 March 2023 of 19% (2022: 19%). The differences are explained below:

	2023 £	2022 £
Profit before tax on ordinary activities	336,775	300,335
Tax at the statutory tax rate of 19%	63,987	57,064
Expenses not deductible for tax purposes	3,902	3,731
Difference in tax rate - capital allowances	(10,276)	(10,022)
Adjustment relating to the prior year	7,060	804
Impact of change in tax rate	-	(23,066)
Group relief claimed for nil consideration	(91,958)	(83,536)
Tax on ordinary activities	<u>(27,285)</u>	<u>(55,025)</u>

In the Spring Budget 2022, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal had been substantively enacted at the balance sheet date, its effects are included in these financial statements.

9. Tangible assets

	Fittings and equipment £
Cost	
At 1 April 2022	2,116,826
Additions	<u>119,406</u>
At 31 March 2023	<u>2,236,232</u>
Accumulated depreciation	
At 1 April 2022	1,464,812
Charge for the year	<u>153,702</u>
At 31 March 2023	<u>1,618,514</u>
Net book value	
At 31 March 2023	<u>617,718</u>
At 31 March 2022	<u>652,014</u>

10. Stocks

	2023 £	2022 £
Dental practice consumables	<u>29,790</u>	<u>28,250</u>

The cost of stocks recognised as an expense within cost of sales during the year amounted to £136,334 (2022: £135,317).

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10. Stocks (continued)

There is no significant difference between the replacement cost of the inventory and its carrying amount. Inventories are stated after provisions for impairment of £nil (2022: £nil).

11. Debtors

	2023 £	2022 £
Trade debtors	16,512	8,759
Amounts owed by group undertakings	6,175,922	5,169,413
Deferred tax	156,157	128,872
Prepayments and accrued income	94,803	84,598
	<u>6,443,394</u>	<u>5,391,642</u>

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

All debtors are due within one year with the exception of deferred tax of £156,157 (2022: £128,872) due in more than one year.

Deferred tax

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

	Deferred Tax £
At 1 April 2022	128,872
Capital allowances	34,345
Adjustment relating to the prior year	<u>(7,060)</u>
At 31 March 2023	<u>156,157</u>

The elements of deferred taxation are as follows:

	2023 £	2022 £
Capital allowances	<u>156,157</u>	<u>128,872</u>

12. Creditors: amounts falling due within one year

	2023 £	2022 £
Accruals and deferred income	<u>1,772,346</u>	<u>1,170,963</u>

13. Provisions for liabilities

	Dilapidations £
At 1 April 2022	3,061
Charged to the income statement	<u>53,553</u>
At 31 March 2023	<u>56,614</u>

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13. Provisions for liabilities (continued)

Dilapidations

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

14. Called up share capital

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

	2023 No. of shares	2023 £	2022 No. of shares	2022 £
Ordinary shares of £1 each	80,906	80,906	80,906	80,906

15. Share premium account

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

16. Retained earnings

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

17. Commitments

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

	2023 £	2022 £
Land and buildings		
Within one year	127,750	127,750
Between one and five years	508,216	511,000
More than five years	383,342	506,664
	<u>1,019,308</u>	<u>1,145,414</u>

18. Financial assets and liabilities

The company has the following financial instruments:

	2023 £	2022 £
Financial assets measured at amortised cost		
Trade debtors (note 11)	16,512	8,759
Amounts owed by group undertakings (note 11)	6,175,922	5,169,413
	<u>6,192,434</u>	<u>5,178,172</u>
	2023 £	2022 £
Financial liabilities measured at amortised cost		
Accruals (note 12)	<u>(1,772,346)</u>	<u>(1,170,963)</u>

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19. Contingent liabilities

On 16 August 2021, Turnstone Bidco 1 Limited entered into an agreement with a number of funds for a new £400 million Unitranche loan facility available until 2027, £50 million facility due to 2027 and £120 million Bridge Facility available to 2023. On 29 October 2021 the £50 million facility was replaced by a new £45 million SSRCF available until 2027 provided by a syndicate of banks. The £120 million Bridge Facility was also repaid in full following the sale of the DD division by the group on 8 June 2022. Subsequently, on 30 March 2023 a re-financing was completed which included repaying £5.0 million of the existing £400.0 million Unitranche facility, arranging a new £10.0 million super senior Term Loan ('ssTL') on the same terms as the RCF, extending the capacity of the existing RCF from £45.0 million to £65.0 million on the same terms, and agreeing a new £50.0 million Committed Acquisition Facility ('CAF').

Under the terms of these financing arrangement, the assets of the company have been pledged as security for the new facilities.

20. Controlling party

The immediate parent undertaking is mydentist Acquisitions Limited, incorporated in the United Kingdom.

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

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

The controlling party is ADP Primary Care Acquisitions Limited. The registered office for ADP Primary Care Acquisitions Limited 1 Park Row, Leeds, LS1 5AB.

21. Events after the reporting period

On 1 April 2023, as part of a group simplification exercise, the company sold assets including both tangible fixed assets and stock to Petrie Tucker and Partners Limited, also a wholly owned subsidiary of Turnstone Equityco 1 Limited. These assets were transferred at net book value as shown on the balance sheet of the company at 31 March 2023. The balance was left outstanding on the intercompany account.