

**Ora Dental Group Limited**

**Report and Financial Statements**

**Year ended**

**30 June 2002**



505 769  
**Blueprint Audit Limited**  
Registered Auditor

# **ORA DENTAL GROUP LIMITED**

## **Annual report and financial statements for the year ended 30 June 2002**

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### **Directors**

D Wallis  
J Perry  
MT Mayhew

### **Secretary and registered office**

D Taylor Esq, Suite 1, 78 Buckingham Court, Buckingham Gate, London, SW1E 6PE

### **Company number**

505769

### **Advisers**

Tenon Limited, Charnwood House, Gregory Boulevard, Nottingham, NG7 6NX

### **Auditor**

Blueprint Audit Limited, Charnwood House, Gregory Boulevard, Nottingham, NG7 6NX

### **Bankers**

Barclays Bank plc, 50 Pall Mall, London, SW1A 1QB

## **ORA DENTAL GROUP LIMITED**

### **Report of the directors for the year ended 30 June 2002**

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The directors present their report together with the audited financial statements for the year ended 30 June 2002.

#### **Results and dividends**

The profit and loss account is set out on page 4 and shows the result for the year

The directors do not recommend the payment of a dividend.

#### **Principal activities, trading review and future developments**

The principal activity of the company is the acquisition and management of dental practices and the provision of high quality dental services.

The directors are disappointed with the year under review but remain confident of future prospects.

#### **Directors**

The directors of the company during the year were:

D Wallis  
J Perry  
MT Mayhew

No director had any interest in the ordinary shares of the company.

The directors are also directors of the ultimate parent company, Ora Dental Group Holdings Limited, and their interests in the share capital of that company are shown in its financial statements.

#### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

## **ORA DENTAL GROUP LIMITED**

### **Report of the directors for the year ended 30 June 2002 (*Continued*)**

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#### **Directors' responsibilities (*Continued*)**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

#### **Auditor**

The auditors, BDO Stoy Hayward Nottingham office, have transferred their audit business to Blueprint Audit Limited. In accordance with section 26 of the Companies Act 1989, Blueprint Audit Limited have been appointed as auditors to succeed BDO Stoy Hayward Nottingham office, and will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

#### **By order of the Board**



D Taylor  
**Secretary**

4 November 2002

## Report of the auditor

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### Independent auditor's report to the shareholders of Ora Dental Group Limited

We have audited the financial statements of Ora Dental Group Limited for the year ended 30 June 2002 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

### Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Directors' Report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

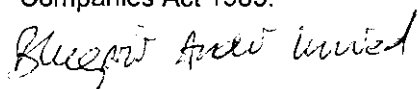
### Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2002 of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Blueprint Audit Limited**  
Registered Auditor  
Nottingham

4 November 2002

**ORA DENTAL GROUP LIMITED****Profit and loss account for the year ended 30 June 2002**

	Note	2002 £	2001 £
<b>Turnover</b>	2	5,056,161	2,963,933
Cost of sales		(3,060,781)	(1,899,604)
<b>Gross profit</b>		<u>1,995,380</u>	<u>1,064,329</u>
Administrative expenses		(3,319,901)	(2,476,778)
Other operating income		48,424	50,466
<b>Operating Loss</b>	5	<u>(1,276,097)</u>	<u>(1,361,983)</u>
Interest receivable		6,908	17,959
Interest payable	6	(44,797)	(29,439)
<b>Loss on ordinary activities before taxation</b>	16	<u>(1,313,986)</u>	<u>(1,373,463)</u>
Taxation on loss on ordinary activities	7	-	-
<b>Loss on ordinary activities after taxation and sustained deficit for the year</b>		<u>(1,313,986)</u>	<u>(1,373,463)</u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 6 to 14 form part of these financial statements.

**ORA DENTAL GROUP LIMITED**

**Balance sheet at 30 June 2002**

	Note	2002		2001	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	8		2,791,221		2,571,875
Tangible assets	9		1,398,414		1,017,703
			<u>4,189,635</u>		<u>3,589,578</u>
<b>Current assets</b>					
Stocks	10	78,476		66,245	
Debtors	11	362,136		287,184	
Cash at bank and in hand		1,295		1,295	
		<u>441,907</u>		<u>354,724</u>	
<b>Creditors: amounts falling due within one year</b>	12	(7,375,026)		(5,411,176)	
<b>Net current liabilities</b>			<u>(6,933,119)</u>		<u>(5,056,452)</u>
<b>Total assets less current liabilities</b>			<u>(2,743,484)</u>		<u>(1,466,874)</u>
<b>Creditors: amounts falling due after more than one year</b>	13	(334,793)		(297,417)	
<b>Provision for liabilities and charges</b>					
Deferred taxation	14	-		-	
		<u>(334,793)</u>		<u>(297,417)</u>	
<b>Net liabilities</b>			<u>(3,078,277)</u>		<u>(1,764,291)</u>
<b>Capital and reserves</b>					
Called up share capital	15		28,403		28,403
Share premium	16		387,597		387,597
Revaluation reserve	16		499,282		499,282
Profit and loss account	16		(3,993,559)		(2,679,573)
<b>Shareholders' deficit</b>			<u>(3,078,277)</u>		<u>(1,764,291)</u>

The financial statements were approved by the Board on 4 November 2002

  
J Perry  
Director

The notes on pages 6 to 14 form part of these financial statements.

## ORA DENTAL GROUP LIMITED

### Notes forming part of the financial statements for the year ended 30 June 2002

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#### 1 Accounting policies

The financial statements have been prepared under the historical cost convention are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

##### *Turnover*

Turnover represents sales to outside customers at invoiced amounts.

##### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Fixtures, fittings and equipment	- 20% per annum
Computer equipment	- 33 $\frac{1}{3}$ % per annum

##### *Goodwill and intangible assets*

Purchased goodwill and the Corporate Dental Licence are amortised on a straight line basis over their estimated useful economic lives of twenty years. The Corporate Dental Licence was revalued at its attributed fair value on the acquisition of the company.

##### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

##### *Deferred taxation*

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes in full in accordance with FRS 19.

##### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.



# ORA DENTAL GROUP LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 (*Continued*)

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## 1 Accounting policies (*Continued*)

### *Pension costs*

The company makes contributions to money purchase personal pension plans on behalf of some employees. Annual contributions are charged to the profit and loss account in the year in which they become payable.

### *Cash flow statement*

Under FRS 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

### *Going concern*

At 30 June 2002 the Company had net liabilities of £3,078,277. In the absence of other funding the company is dependent upon the continued financial support of its bankers, creditors and its parent company, Ora Dental Group Holdings Limited. The parent company has confirmed that support will continue to be made available to the company and on this basis the directors consider it appropriate that these financial statements have been prepared on a going concern basis.

## 2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

## 3 Employees

	2002 £	2001 £
Staff costs consist of:		
Wages and salaries	2,043,384	1,333,089
Social security costs	176,645	143,530
Pension contributions	36,192	8,928
	<u>2,256,221</u>	<u>1,485,547</u>

The average monthly number of employees, including directors, during the year was 66 (2001 : 53).

## ORA DENTAL GROUP LIMITED

### Notes forming part of the financial statements for the year ended 30 June 2002 (*Continued*)

#### 4 Directors

	2002 £	2001 £
Directors' emoluments consist of:		
Remuneration for management services	138,009	137,956
Pension contributions	5,488	4,000
	<u>143,497</u>	<u>141,956</u>
Highest paid director	<u>117,135</u>	<u>104,581</u>

D Wallis is remunerated by the holding company – Ora Dental Group Holdings Limited.

The company made pension contributions on behalf of two directors (2001: one director).

#### 5 Operating loss

	2002 £	2001 £
This has been arrived at after charging:		
Depreciation	351,403	221,636
Amortisation	142,841	105,240
Land and Buildings - operating leases	294,487	219,605
Auditors' remuneration	14,805	16,450
	<u>          </u>	<u>          </u>

#### 6 Interest payable

Finance leases and hire purchase contracts	3,791	7,063
Bank interest	41,006	22,376
	<u>44,797</u>	<u>29,439</u>

# ORA DENTAL GROUP LIMITED

## Notes forming part of the financial statements for the year ended 30 June 2002 (Continued)

### 7 Taxation on loss on ordinary activities

The company has adopted FRS 19 "Deferred Taxation" in the current year.

#### (a) Analysis of charge in year

	2002 £	2001 £
<i>Current tax</i>		
UK corporation tax on loss in year	-	-
Overprovision from year	-	-
	<hr/>	<hr/>
Total current tax (note 7(b))	-	-
<i>Deferred tax</i>		
Reversal of timing differences	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>

#### (b) factors affecting tax charge for year

The tax assessed for the year is different from the expected rate of corporation tax. The differences are explained below:

	2002 £	2001 £
Loss on ordinary activities before taxation	(1,313,986)	(1,373,463)
	<hr/>	<hr/>
Profit on ordinary activities multiplied by expected rate of corporation tax of 20% (2001: 20%)	(262,797)	(274,693)
	<hr/>	<hr/>
Effect of:		
Expenses not deductible for tax purposes	4,252	6,084
Depreciation for year in excess of capital allowances	(5,609)	(15,211)
Amortisation of goodwill	28,568	21,048
Trading losses carried forward	235,586	262,772
	<hr/>	<hr/>
	-	-
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#### (c) factors affecting future tax charges

The company has losses available to carry forward and set off against any future trading profits that may arise.

# ORA DENTAL GROUP LIMITED

## Notes forming part of the financial statements for the year ended 30 June 2002 (*Continued*)

### 8 Intangible assets

	Goodwill £	Licence £	Total £
<i>Cost or revaluation</i>			
At 1 July 2001	2,249,681	499,282	2,748,963
Additions	362,187	-	362,187
At 30 June 2002	2,611,868	499,282	3,111,150
<i>Amortisation</i>			
At 1 July 2001	126,709	50,379	177,088
Provided for the year	116,578	26,263	142,841
At 30 June 2002	243,287	76,642	319,929
<i>Net book value</i>			
At 30 June 2002	2,368,581	422,640	2,791,221
At 30 June 2001	2,122,972	448,903	2,571,875

The directors have considered the carrying value of the Goodwill and the Corporate Dental licence and consider there to be no impairment in value.

### Purchase of businesses

The goodwill arising has been calculated in accordance with the following table:

	£
Fair value of consideration given	
Cash	385,619
Fair value of assets acquired	
Fixed assets	
Tangible assets	23,432
Goodwill arising	362,187

During the year the company purchased 2 dental practices. The acquisitions have been accounted for under the acquisition method.

The difference between the book value and the fair values of the assets and liabilities acquired was £10,225 and related to a directors' valuation of equipment.

# ORA DENTAL GROUP LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 (*Continued*)

## 9 Tangible assets

	Fixtures, fittings and equipment £	Computer equipment £	Total £
<i>Cost</i>			
At 1 July 2001	1,106,525	211,508	1,318,033
Additions	660,581	71,533	732,114
At 30 June 2002	1,767,106	283,041	2,050,147
<i>Depreciation</i>			
At 1 July 2001	228,107	72,223	300,330
Provided for the year	269,483	81,920	351,403
At 30 June 2002	497,590	154,143	651,733
<i>Net book value</i>			
At 30 June 2002	1,269,516	128,898	1,398,414
At 30 June 2001	878,418	139,285	1,017,703

The net book value of tangible fixed assets includes an amount of £460,664 (2001 : £31,263) in respect of assets held under finance leases. The related depreciation charge for the year was £20,935 (2001 : £14,131).

## 10 Stocks

	2002 £	2001 £
Goods held for resale	78,476	66,245

## 11 Debtors

Trade debtors	115,759	67,693
Prepayments	140,293	126,253
Other debtors	106,084	93,238
	362,136	287,184

All amounts shown under debtors fall due for payment within one year.

# **ORA DENTAL GROUP LIMITED**

**Notes forming part of the financial statements for the year ended 30 June 2002 (Continued)**

## **12 Creditors: amounts falling due within one year**

	2002 £	2001 £
Bank loans and overdraft	589,402	244,293
Trade creditors	396,142	334,830
Taxation and social security	57,723	36,232
Obligations under finance leases and hire purchase contracts	153,928	13,639
Accruals	150,768	176,609
Other creditors	-	16,714
Amounts owed to parent company	6,027,063	4,588,859
	<u>7,375,026</u>	<u>5,411,176</u>

Subsequent to the year end, the parent company agreed to waive £3,600,000 of the above amount due to it.

## **13 Creditors: amounts falling due after more than one year**

Loan	22,695	224,954
Obligations under finance leases and hire purchase contracts	312,098	12,463
Deferred consideration	-	60,000
	<u>334,793</u>	<u>297,417</u>

The bank loan is due as follows:

In more than one year but not more than two years	22,695	204,197
In more that two years but not more than five years	-	20,757
	<u>22,695</u>	<u>224,954</u>

The bank loan is payable in equal monthly instalments and interest is payable at 1.75% above the bank base rate. The bank loan is secured over the assets of the company.

Obligations under finance leases and hire purchase contracts are due as follows:-

Due between one to two years	136,803	12,463
Due between two to five years	175,295	-
	<u>312,098</u>	<u>12,463</u>

# ORA DENTAL GROUP LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 (*Continued*)

## 14 Deferred taxation

	Unprovided £	2002 Provided in accounts £	Unprovided £	2001 Provided in accounts £
Accelerated capital allowances	102,000	-	74,000	-
Sundry timing differences	(796,000)	-	(547,000)	-
	<u>(694,000)</u>	<u>-</u>	<u>(473,000)</u>	<u>-</u>

## 15 Share capital

	Authorised, allotted, called up and fully paid 2002 and 2001 £	
Ordinary shares of £1 each	28,403	28,403
	<u>28,403</u>	<u>28,403</u>

## 16 Reserves

	Share premium £	Revaluation reserve £	Profit and loss account £
At 1 July 2001	387,597	499,282	(2,679,573)
Loss for year	-	-	(1,313,986)
At 30 June 2002	<u>387,597</u>	<u>499,282</u>	<u>(3,993,559)</u>

## 17 Reconciliation of movements in shareholders' deficit

	2002 £	2001 £
Loss for the year	(1,313,986)	(1,373,463)
Opening shareholders' deficit	<u>(1,764,291)</u>	<u>(390,828)</u>
Closing shareholders' deficit	<u>(3,078,277)</u>	<u>(1,764,291)</u>

## 18 Capital commitments

	2002 £	2001 £
Contracted but not provided for	<u>-</u>	<u>24,886</u>

## ORA DENTAL GROUP LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 (*Continued*)

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### 19 Commitments under operating leases

As at 30 June 2002, the company had annual commitments under non-cancellable operating leases as set out below:

	2002 Land and buildings £	2001 Land and buildings £
Operating leases which expire:		
Within two to five years	76,262	-
Over five years	200,686	266,983
	<hr/>	<hr/>

### 20 Ultimate parent company

At 30 June 2002 the company's ultimate parent company and controlling party was Ora Dental Group Holdings Limited.

Copies of the consolidated financial statements of Ora Dental Group Holdings Limited are available from Companies House.