

**Natural Management Limited**

**Directors' report and financial  
statements**

**Registered number 4013600**

**31 March 2007**

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## Director's report

The directors present their annual report and the audited financial statements for the year ended 31 March 2007.

### Principal activity

The company's principal activity during the year was that of an intermediate holding company and provision of management services. No change is envisaged by the directors in the future periods.

### Business activities and review of business

The Company continued its policy of development and growth and this has resulted in a profit before taxation of £1,843,589 (2006: profit £101,920).

The directors have paid a final dividend of £1,801,748 (2006: £200,000).

### Directors and directors' interests

The following directors served during the year:

K Fleming (appointed 12 June 2008)  
S C Chidgey (resigned 15 December 2006)  
A R J Langham (resigned 15 December 2006)  
B J Patel (appointed 15 December 2006)  
R H Knight (appointed 15 December 2006, resigned 12 June 2008)

On 15 December 2006 the Company became a wholly owned subsidiary of by ADP Holdings Limited.

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

The auditors, Maxwells, resigned on 15 December 2006 and KPMG LLP were appointed. KPMG will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

By order of the board

K Fleming  
Director



Kirk House  
15 Birkheads Roads  
Reigate  
Surrey  
RH2 0AW

18 February 2009

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **REPORT OF THE INDEPENDENT AUDITORS, KPMG LLP, TO THE MEMBERS OF NATURAL MANAGEMENT LIMITED**

We have audited the financial statements of Natural Management Limited for the period ended 31 March 2007 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, note of historic cost profits and losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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 considered 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.

**REPORT OF THE INDEPENDENT AUDITORS, KPMG LLP, TO THE MEMBERS OF NATURAL MANAGEMENT LIMITED *(continued)***

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

18 February 2009

## Profit and loss account

*for the year ended 31 March 2007*

	<i>Note</i>	<b>2007</b> £	2006 £
Turnover	2	59,280	118,920
Administrative expenses		(17,439)	(17,000)
		<hr/>	<hr/>
Operating profit		41,841	101,920
Income from fixed asset investment	7	1,801,748	200,000
Other interest receivable and similar income	6	-	8
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	3	1,843,589	301,928
Tax on profit on ordinary activities	8	(12,478)	(22,596)
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>		1,831,111	279,332
		<hr/> <hr/>	<hr/> <hr/>

There are no significant differences between those results presented above and those presented on a historical cost basis.

There are no recognised gains or losses in either the current or previous year other than those included in the profit and loss account. Consequently a statement of total recognised gains and losses has not been prepared.

## Balance sheet

as at 31 March 2007

	Note	2007		2006	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		816,000		833,000
Investments	10		279,900		279,900
			<u>1,095,900</u>		<u>1,112,900</u>
<b>Current assets</b>					
Cash at bank and in hand		-		110,947	
		<u>-</u>		<u>110,947</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(172,989)</u>		<u>(330,299)</u>	
<b>Net current liabilities</b>			<u>(172,989)</u>		<u>(219,352)</u>
<b>Total assets less current liabilities</b>			<u>922,911</u>		<u>893,548</u>
<b>Net assets</b>			<u>922,911</u>		<u>893,548</u>
<b>Capital and reserves</b>					
Called up share capital	12		100,000		100,000
Revaluation reserve	13		545,479		545,479
Profit and loss account	13		277,432		248,069
<b>Shareholders' equity</b>	14		<u>922,911</u>		<u>893,548</u>

These financial statements were approved by the board of directors on 18 February 2009 and were signed on its behalf by:

K Fleming  
Director





## Statement of Total Recognised Gains and Losses

*for the year ended 31 March 2007*

	2007 £	2006 £
<b>Profit for the financial year</b>	<b>1,831,111</b>	<b>279,332</b>
Unrealised surplus on revaluation of properties	-	207,369
<b>Total recognised gains and losses since the last annual report</b>	<b>1,831,111</b>	<b>486,701</b>

## Note of Historical Cost Profits and Losses

*for the year ended 31 March 2007*

	2007 £	2006 £
<b>Reported profit on ordinary activities before taxation</b>	<b>1,831,111</b>	<b>101,920</b>
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	10,166	10,166
<b>Historical cost profit on ordinary activities before taxation</b>	<b>1,841,277</b>	<b>112,086</b>
<b>Historical cost profit for the year retained after taxation and dividends</b>	<b>39,529</b>	<b>89,498</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements except as noted below.

#### ***Basis of preparation***

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. Community Dental Centres Limited have confirmed that it is not their current intention to demand a repayment of any balances owed by the Company except to the extent that such payments can be made while the Company continues to settle its trading and non-trading liabilities in full, as they fall due for payment. Furthermore the ultimate parent undertaking, ADP Healthcare Services Limited which is a company incorporated in the United Kingdom, has undertaken to provide sufficient funds for the Company to meet its liabilities.

As a member of the group, however, the Company is party to certain borrowing agreements and depends on the continuance of group funding and /or support for its own position as a going concern. The directors of ADP Healthcare Services Limited have summarised the present situation which is disclosed in the 'Basis of Preparation' of ADP Healthcare Services Limited for the period ended 31 March 2008 as follows:

*"The Group is funded through a mixture of senior loan debt, mezzanine debt and a revolving credit facility that supports short term fluctuations in working capital. The bank loans and available facilities are set out in more detail in note 16. As at 18 February 2009 the above facilities were fully drawn.*

*The group breached the terms of certain of its borrowing facilities relating to information provision and covenant definitions for the period ended 31 March 2008. All financial obligations required by the companies borrowing facilities were met in full in the period just ended. For the financial statements for the period ended 31 March 2008, all loans are shown as repayable on demand as at that date, and are disclosed within Creditors: amounts falling due within one year.*

*The Group entered into renegotiations with the group's lenders in relation to the group's borrowing facilities. This included the preparation and presentation to the group's lenders of a business plan and cash flow projections through to the financial year ending 31 March 2013. These projections show that all future lending obligations are met in full and in accordance with the lending covenants.*

*These renegotiations were successfully concluded on the 18 February 2009 where new covenants were set from the effective date of 18 February 2009 and the lenders waived the Group's previous breaches".*

The Company is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. As its results for the year are included in the consolidated accounts of a larger group headed by ADP Holdings Limited, a parent undertaking established under the law of a member state of the European Union. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of ADP Holdings Limited, which is included in the consolidated financial statements of ADP Holdings Limited.

As the company is a wholly owned subsidiary of ADP Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of ADP Holdings Limited, within which this Company has been included, can be obtained from the address in note 15.

## Notes (continued)

### Accounting policies (continued)

#### Turnover

Turnover represents sales of services, excluding value added tax.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at revalued cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives as follows:

Freehold buildings	-	2% straight line
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#### Investments

Investments are stated at cost less provision for impairment.

#### Taxation

The charge for tax is based on the results for the year and takes into account deferred tax. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for tax and accounting purposes which have arisen and not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

## 2 Turnover

All turnover is derived from the provision of management services and arose within the United Kingdom. The whole of the turnover and loss before taxation is attributable to the principal activity of the Company.

## 3 Profit on ordinary activities before taxation

	2007 £	2006 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation of tangible fixed assets	17,000	17,000
	<hr/>	<hr/>

Fees payable to KPMG LLP and their associates by the Company of £4,000 in respect of audit services were borne by fellow subsidiary ADP Dental Company Limited.

**Notes (continued)**

**4 Remuneration of directors**

No emoluments were paid to Directors by the company.

**5 Staff numbers and costs**

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2007	Number of employees 2006
Professional and ancillary staff	-	-
Administration	2	2
	<u>2</u>	<u>2</u>

No salaries have been paid for services to this company during 2007 and 2006.

**6 Other interest receivable and similar income**

	2007 £	2006 £
Interest receivable	-	8
	<u>-</u>	<u>8</u>

**7 Income from fixed asset investment**

	2007 £	2006 £
Dividends received from Community Dental Centres Limited	1,801,748	200,000
	<u>1,801,748</u>	<u>200,000</u>

**Notes (continued)**

**8 Taxation**

**Analysis of tax charge in the year**

	2007 £	2006 £
UK corporation tax		
Current tax on profit for the year	12,478	22,596
Adjustment in respect of prior years	-	-
	<hr/>	<hr/>
Total current tax charge	12,478	22,596
Deferred tax	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	12,478	22,596
	<hr/>	<hr/>

*Factors affecting the tax credit for the current year*

The current tax charge for the year is lower than the standard rate of corporation tax in the UK 30%, (2006: 30%). The differences are explained below.

	2007 £	2006 £
Profit ordinary activities before tax	1,843,589	301,928
	<hr/>	<hr/>
Current tax at 30% (2006: 30%)	553,077	57,366
<i>Effects of:</i>		
Other permanent differences	5,100	-
Dividends received	(540,524)	3,230
Group relief not paid for	(5,175)	(38,000)
	<hr/>	<hr/>
Current tax charge for the year	12,478	22,596
	<hr/>	<hr/>

**Notes (continued)**

**9 Tangible fixed assets**

	<b>Freehold Property £</b>
<i>Cost/revalued amount</i>	
At 1 April 2006	850,000
At 31 March 2007	850,000
<i>Depreciation</i>	
At 1 April 2006	17,000
Charge for year	17,000
At 31 March 2007	34,000
<i>Net book value</i>	
At 31 March 2007	<b>816,000</b>
At 1 April 2006	833,000

**Freehold property**

	<b>2007 £</b>	<b>2006 £</b>
<i>At 31 March 2007</i>		
Valuation in 2003	690,000	690,000
Valuation in 2005	160,000	160,000
Aggregate depreciation thereon	(34,000)	(17,000)
Net book value	<b>816,000</b>	833,000
Historical cost of revalued assets	341,724	341,724
Aggregate depreciation thereon	(34,170)	(27,336)
Historical cost net book value	<b>307,554</b>	314,388

The freehold land and buildings were valued on an open market basis on 31 March 2005 by Norman J L Facey MA RICS, of Webbers, Chartered surveyors.

The directors are not aware of any material change in value and therefore the valuations set out above have not been updated.

**Notes (continued)**

**10 Fixed assets investments**

The company holds 100% of the share capital of Community Dental Centres Limited.

	Shares in subsidiary £
<i>Cost</i>	
At 1 April 2006 and 31 March 2007	279,900
<i>Net book value</i>	
At 31 March 2007	279,900
At 1 April 2006	279,900

**11 Creditors: amounts falling due within one year**

	2007 £	2006 £
Amounts owed to group undertakings	137,915	307,354
Corporation tax	12,478	22,596
Other creditors	22,596	349
	<u>172,989</u>	<u>330,299</u>

**12 Share capital**

	2007 £	2006 £
<i>Authorised, allotted, issued and fully paid</i>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

## Notes (continued)

### 13 Reserves

	Profit and loss Account	Revaluation Reserve	Totals
	£	£	£
At 1 April 2006	248,069	545,479	793,548
Profit retained for the year	1,831,111	-	1,831,111
Dividends paid	(1,801,748)	-	(1,801,748)
	<hr/>	<hr/>	<hr/>
At 31 March 2007	277,432	545,479	822,911
	<hr/>	<hr/>	<hr/>

### 14 Reconciliation of movements in shareholders' equity

	2007 £	2006 £
Profit for the year	1,831,111	279,332
Dividends paid	(1,801,748)	(200,000)
Other recognised gain	-	207,369
	<hr/>	<hr/>
Net addition in shareholders' fund	29,363	286,701
Opening shareholders' funds	893,548	606,847
	<hr/>	<hr/>
Closing shareholders' funds	922,911	893,548
	<hr/>	<hr/>

### 15 Ultimate parent undertaking

The company is a wholly owned subsidiary of ADP Holdings Limited, a company incorporated in the UK. The consolidated accounts of this company are available to the public and may be obtained from the following address:

ADP Holdings Limited  
Kirk House  
15 Birkheads Road  
Reigate  
Surrey, RH2 0AW