Natural Management Ltd.

Annual report and financial statements
Registered number 04013600
Year ended 31 March 2016

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Strategic report for the year ended 31 March 2016

The directors present the Strategic report for the year ended 31 March 2016.

Principal activities

The principal activity of the company is to act as an investment holding company.

The company did not trade in the year to 31 March 2016 nor during the year to 31 March 2015. Accordingly, no income statement or statement of changes in equity has been presented. In addition, the company has no items of other comprehensive income during the current or previous year and therefore no statement of other comprehensive income has been presented.

Business review

Review of the development and performance of the company

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 group provides a range of National Health Service ('NHS') and private dental services from practices located in England, Wales and Scotland along with support services to other third party dental practices and the wider healthcare sector.

On 29 September 2015, as part of a group simplification exercise, the company transferred its 100% interest in the issued share capital of Community Dental Centres Limited to IDH Acquisitions Limited at its book value of £279,900. The consideration for this transfer was left outstanding on the intercompany account.

Strategy and future outlook

Following the transfer of its interest in Community Dental Centres Limited, the company is expected to remain dormant in the forthcoming year.

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, Stoneclough Road, Kearsley, Manchester, M26 1GG.

On behalf of the Board



WHM Robson
Director
7 December 2016

Directors' report for the year ended 31 March 2016

The directors present their annual report and the audited financial statements of Natural Management Ltd. for the year ended 31 March 2016.

Future developments

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

Proposed dividend

The directors do not recommend the payment of a dividend for the year (2015: £nil).

Directors

The directors who held office during the financial year and to the date of this report were:

WHM Robson
T Scicluna
S Williams

The directors benefitted from qualifying third party indemnity provisions in place during the financial year and to the date of this report.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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 the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 judgements and accounting estimates that are reasonable and prudent;
- 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;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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 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. 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.

Directors' report for the year ended 31 March 2016 *(continued)*

Subsequent events

On 5 August 2016, IDH Finance Plc, a wholly owned subsidiary of Turnstone Equityco 1 Limited, issued £275 million of senior secured fixed rate notes, £150 million of senior secured floating rate notes and £130 million of second lien notes maturing between 2022 and 2023.

The proceeds were used to repay the group's existing notes and borrowings under the super senior revolving credit facility ('SSRCF').

On the same date, the group also entered into an agreement with a syndicate of banks for a new £100 million SSRCF, available until 2022.

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.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution that they be reappointed as auditors will be proposed at the Annual General Meeting.

On behalf of the Board



WHM Robson
Director
7 December 2016

Europa House
Stoneclough Road
Kearsley
Manchester
M26 1GG

Independent auditors' report to the members of Natural Management Ltd.

Report on the financial statements

Our opinion

In our opinion, Natural Management Ltd.'s financial statements (the 'financial statements'):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report") comprise:

- the balance sheet as at 31 March 2016; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Natural Management Ltd. *(continued)*

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Randal Casson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
7 December 2016

Balance sheet

at 31 March 2016

	Note	£'000	2016 £'000	£'000	2015 £'000
Fixed assets					
Investments			-		280
Current assets					
Debtors	7	**1,312**		1,032	
Creditors: amounts falling due within one year	8	**(307)**		(307)	
Net current assets			**1,005**		725
Net assets			**1,005**		1,005
Capital and reserves					
Called up share capital	9		**100**		100
Retained earnings	10		**905**		905
Total shareholders' funds			**1,005**		1,005

The notes on pages 7 to 10 form an integral part of these financial statements.

The financial statements on pages 6 to 10 were approved by the board of directors on 7 December 2016 and were signed on its behalf by:

WHM Robson
Director

Notes to the financial statements

1 Company information

Natural Management Ltd (the 'company') is a private limited company incorporated and domiciled in the UK. The address of the registered office is: Europa House, Europa Trading Estate, Stoneclough Road, Kearsley, Manchester M26 1GG.

The principal activity of the company is to act as an investment holding company.

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

The financial statements of Natural Management Ltd 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.

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

This is the first year in which the company has prepared its financial statements in accordance with FRS 102. The company's deemed transition date to FRS 102 is 1 April 2014. However, no transition differences have arisen and, therefore, the balance sheets at both 1 April 2014 (the transition date) and 31 March 2015 are unchanged from those previously reported.

The financial statements are presented in Sterling (£).

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; and
- 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.

Investments

Investments held as fixed assets are stated at cost less amounts written off for impairment.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Impairment of investments

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

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

Financial instruments

Basic financial assets and liabilities, including amounts owed to and by group undertakings, borrowings and cash and bank balances, 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 income statement. 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 income statement.

3 Significant accounting judgements and estimates

In preparing the financial statements, the Directors are required to make significant judgements and estimates. The principal areas of the financial statements where judgements and estimates have been made are:

Impairment of investments

At each reporting date, investments are reviewed to determine whether there is any indication that they 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 those assets and current market conditions.

Carrying value of financial assets and liabilities

At the end of each reporting period, the Directors assess the carrying value of financial assets for objective evidence of impairment. In addition, where financial assets or liabilities constitute a financing arrangement, the value of the asset or liability is measured by reference to the present value of the estimated future cashflows. Both of these estimates require the future cashflows arising from the financial assets or liabilities to be estimated and an appropriate discount rate to be selected.

Notes to the financial statements *(continued)*

4 Auditors' remuneration

Auditors' remuneration of £250 in respect of the year ended 31 March 2016 has been borne by a fellow group undertaking (2015: £250).

5 Directors and employees

The directors received no emoluments from the company for their services during the financial year (2015: £nil). The emoluments received as a director of a group trading company are disclosed in the financial statements of Petrie Tucker and Partners Limited for S Williams and in the financial statements of Turnstone Equityco 1 Limited for WHM Robson and T Scicluna.

The company has no other employees (2015: none).

6 Investments

	£'000
Investment at cost in subsidiary undertaking	
At 1 April 2015	280
Transferred to IDH Acquisitions Limited at book value	(280)
At 31 March 2016	-

On 29 September 2015, as part of a group simplification exercise, the company transferred its 100% interest in the issued share capital of Community Dental Centres Limited to IDH Acquisitions Limited at its book value of £279,900. The consideration for this transfer was left outstanding on the intercompany account.

7 Debtors

	2016 £'000	2015 £'000
Amounts owed by group undertakings	**1,312**	1,032

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

8 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to group undertakings	**307**	307

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

Notes to the financial statements *(continued)*

9 Called up share capital

	Number	2016 £'000	Number	2015 £'000
Allotted, called up and fully paid				
£1 ordinary shares	**100,000**	**100**	100,000	100

10 Reserves

The following describes the nature and purpose of each reserve within shareholders' funds:

Retained earnings

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

11 Financial assets and liabilities

The company has the following financial instruments:

	Note	2016 £'000	2015 £'000
Financial assets measured at amortised cost			
Amounts owed by group undertakings	*7*	**1,312**	1,032
Financial liabilities measured at amortised cost			
Amounts owed to group undertakings	*8*	**(307)**	(307)

12 Controlling party

The immediate parent undertaking is ADP Holdings Limited, a company incorporated in England.

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

Turnstone Midco 2 Limited is the parent undertaking of the smallest group to consolidate these financial statements. Turnstone Equityco 1 Limited is the parent undertaking of the largest group to consolidate these financial statements. The consolidated financial statements of both Turnstone Midco 2 Limited and Turnstone Equityco 1 Limited are publicly available and may be obtained from Turnstone Equityco 1 Limited, Europa House, Stoneclough Road, Kearsley, Manchester, M26 1GG.

The ultimate controlling party is considered by the Directors to be CEP III Participations S.a.r.l. SICAR, an investment vehicle for The Carlyle Group. CEP III Participations S.a.r.l. SICAR is the controlling party of Turnstone Equityco 1 Limited.

13 Subsequent events

On 5 August 2016, IDH Finance Plc, a wholly owned subsidiary of Turnstone Equityco 1 Limited, issued £275 million of senior secured fixed rate notes, £150 million of senior secured floating rate notes and £130 million of second lien notes maturing between 2022 and 2023.

The proceeds were used to repay the group's existing notes and borrowings under the super senior revolving credit facility ('SSRCF').

On the same date, the group also entered into an agreement with a syndicate of banks for a new £100 million SSRCF, available until 2022.