

**ADP Ashford Limited**

**Directors' report and financial  
statements**

Registered number 6353838

31 March 2010

FRIDAY



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## Directors' report

The directors present their annual report and the audited financial statements for the period from 4 April 2009 to 31 March 2010

### Principal activity

The principal activity of the company is the provision of dental health care and associated services on behalf of the Eastern & Coastal Kent Primary Care Trust

### Business activities and review of business

On 30 November 2009 the company's ultimate parent company sold 100% of its ordinary share capital to private equity investors. The new ultimate parent company and group is funded through a mixture of loan notes, senior loan debt, an acquisition facility and a revolving credit facility. The new investors will be injecting substantial additional funds into ADP to restart the group's growth strategy. In the next five years the group aims to double in size to 300 dental practices.

#### *Business development*

The directors are pleased to report that a period of development has occurred within ADP Ashford Limited and this has resulted in a profit before taxation of £107,414 (2009 £109,204).

The directors have considered the financial position of the company and have concluded that it is able to meet its liabilities as they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

The directors paid an interim dividend of £Nil (2009 £15,000). The directors do not propose a final dividend payment (2009 £Nil).

#### *Performance measures*

The company has a number of key performance indicators, which allow the directors to closely monitor monthly progress in achieving its annual UDA (units of dental activity) contract targets. The primary measure is the number of UDAs completed by dentist by week versus an individual target to each dentist. Other important performance indicators are diary utilisation, ratio of support staff to dentists, sales by dentist per hour, dentist and hygienist fee ratios and worked hours.

The following section describes some of the risks that could have a material effect on the group's business activities. Not all potential risks are listed but those that represent in the opinion of the Board could have a material effect on revenues, profits, net assets and financial resources.

#### *Key personnel*

Implementation of the company's strategy depends on its ability to attract, develop and retain both employees and the self-employed dentist resources with the appropriate skills, experience and aptitude. Implementation and development of an induction scheme as well as ongoing training and development combined with competitive compensation and incentives all help to minimise this risk.

#### *Information technology systems and infrastructure*

The company invests in systems that are appropriate to the business so as to maximise patient care, provide effective communication internally and externally and provide comprehensive reporting capability. The monitoring and development of such systems are out-sourced to provide continuity and a cost-effective solution.

## **Directors' report** *(Continued)*

### *Litigation*

The company may be at risk of litigation from various parties with which it interacts either through direct contractual arrangements, the provision of services or the failure to comply with regulatory requirements. The Board ensures that key personnel are aware of such risks so as to minimise likely exposure whilst ensuring with particular regard to public liability that adequate insurance is in place. The Board carries out annual practice audits that amongst other key controls place particular emphasis on ensuring all dentists have individual insurance in place. Dentists are individually responsible for arranging their own insurance cover.

### **Employment policies**

#### *Disability policy*

ADP Ashford Limited is committed to achieving equality of opportunity for all people with disabilities as defined under the Disability Discrimination Act (1995).

#### *Recruitment*

ADP Ashford Limited practise fair and open recruitment and as such will not discriminate against any disabled person who applies for employment with the Company.

All applicants with a known disability as defined by the Disability Discrimination Act who meet our minimum criteria for work are interviewed and considered on their ability, experience and job related skills. ADP Ashford Limited, through consultation with any such applicants, take all reasonable steps to ensure that they are not disadvantaged by their disability during the recruitment process.

#### *Employees*

ADP Ashford Limited take all reasonable steps to ensure that employees who have a disability or who develop a disability are able to stay in employment. The Company seeks the advice of any such employee in ascertaining how we might help them to stay in employment, and if necessary also seeks specialist advice.

No employee with a disability is treated unfairly or unequally in the event that an opportunity for promotion, transfer, training or any other benefit arises during their employment with the Company.

#### *Equal Opportunities*

ADP Ashford Limited is opposed to all forms of discrimination. The Company selects for employment, training or promotion on the basis of suitability for the job and merit.

It is our policy that no job applicant or employee receives less favourable treatment than another on the grounds of sex, sexual orientation, race, colour, ethnic or national origins, disability, marital status, political affiliations, religious beliefs or any other characteristic protected by law or is disadvantaged by conditions or requirements that are not justified.

The Company regularly reviews and evaluates the effectiveness of their selection criteria and procedures which result from this statement of the Company's Equal Opportunities Policy.

## **Directors' report** *(Continued)*

### *Information*

ADP Ashford Limited provides employees with regular information in the form of weekly bulletins and quarterly newsletters to all staff

The views of employees are sought through a Staff Satisfaction Survey conducted at least annually, and all staff are invited to the annual road shows where they are given a presentation on the financial and economic health of the business

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### **Directors**

The following directors served during the period and to the date of this report

S Gallier (appointed 30 September 2009)  
M Mayhew  
K Fleming  
D Timms (resigned 30 September 2009)

### **Political and charitable contributions**

The Company made no political or charitable donations during the period

### **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**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

  
**K Fleming**  
Director

Wellington House  
17 Birkheads Road  
Reigate  
Surrey  
RH2 0AU  
28 July 2010

## **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).

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 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 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 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADP ASHFORD LIMITED**

We have audited the financial statements of ADP Ashford for the period ended 31 March 2010 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

**T J Rush (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

8 Salisbury Square

London EC4Y 8BB

28 July 2010



## Profit and loss account

*for the period ended 31 March 2010*

	<i>Note</i>	<b>Period ended 31 March 2010 £</b>	<b>52 week period ended 3 April 2009 £</b>
Turnover	2	755,677	832,677
Cost of sales		(542,791)	(564,351)
<b>Gross profit</b>		<b>212,886</b>	<b>268,326</b>
Administrative expenses		(105,472)	(145,279)
Other operating income		-	100
<b>Operating profit</b>		<b>107,414</b>	<b>123,147</b>
Other interest receivable and similar income	5	-	202
Interest payable and similar charges	6	-	(14,145)
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	<b>107,414</b>	<b>109,204</b>
Tax on profit on ordinary activities	7	(14,236)	(19,303)
<b>Profit for the financial period</b>	<b>14</b>	<b>93,178</b>	<b>89,901</b>

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

All results are from continuing operations

## Balance sheet

as at 31 March 2010

	Note	31 March 2010	3 April 2009
		£	£
<b>Fixed assets</b>			
Intangible fixed assets	8	555,624	587,374
Tangible fixed assets	9	61,869	80,098
		<hr/>	<hr/>
		617,493	667,472
<b>Current assets</b>			
Debtors	10	291,161	249,983
Cash at bank and in hand		-	231
		<hr/>	<hr/>
		291,161	250,214
<b>Creditors: amounts falling due within one year</b>	11	(74,840)	(177,050)
		<hr/>	<hr/>
<b>Net current assets</b>		216,321	73,164
<b>Creditors: amounts falling due after more than one year</b>	12	(664,659)	(664,659)
		<hr/>	<hr/>
<b>Net assets</b>		169,155	75,977
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Reserves	14	169,055	75,877
		<hr/>	<hr/>
<b>Shareholders' equity</b>	15	169,155	75,977
		<hr/>	<hr/>

The notes form an integral part of these financial statements

These financial statements were approved by the board of directors on  
signed on its behalf by

2010 and were

**K Fleming**  
Director

## 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 for the period from 4 April 2009 to 31 March 2010. Previously, the financial statements were prepared on a 52 week period basis. This change has been made to align the company's accounting periods with those of the Primary Care Trusts.

The ADP Primary Care Services group is funded through a mixture of loan notes, senior loan debt, an acquisition facility 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 of the financial statements of ADP Primary Care Services Limited.

The directors have reviewed the financial position of the Company, including the unlimited cross guarantee banking arrangement with group undertakings. This also included the preparation and presentation to the group's lenders of a business plan and cash flow projections through to the financial period ending 31 March 2015 and which were updated for the period ended 31 March 2010. These projections show that all future lending obligations are met in full and in accordance with the lending covenants.

On the basis of their assessment of the Company's financial position, enquiries made of the directors of ADP Primary Care Services Limited, and other matters detailed above, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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 Dental Company Limited, which is included in the consolidated financial statements of ADP Primary Care Services Limited.

As the company is a wholly owned subsidiary of ADP Primary Care Services 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 Primary Care Services Limited, within which this Company has been included, can be obtained from the address in note 17.

#### ***Turnover***

Turnover comprises the amount chargeable for the delivery of dental goods and services provided by the company, exclusive of value added tax and trade discounts. NHS income is paid by reference to budgeted "Units of dental activity" and turnover recognised in the period relates to completed units only. Private income turnover is recognised in the period the treatment was performed.

#### ***Intangible fixed assets and amortisation***

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Positive goodwill is capitalised and classified as an asset on the balance sheet and is amortised over its estimated economic life, being a period not exceeding 20 years.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at 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

Dentistry equipment and machinery	-	15% reducing balance
Fixtures, fittings and office equipment	-	25% reducing balance
Computer equipment	-	25% straight-line

#### *Operating leases*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the profit and loss account on a straight line basis over the period of the lease

#### *Taxation*

The charge for tax is based on the results for the period 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

### 2 Turnover

All turnover is derived from the provision of dentistry and ancillary 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

	Period ended 31 March 2010 £	52 week period ended 3 April 2009 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Amortisation of intangible fixed assets	31,750	31,751
Depreciation of tangible fixed assets	20,935	15,060
Loss on disposal of fixed assets	-	15,469
Operating lease rentals - land and buildings	17,705	20,083

Fees payable to auditors by the Company of £3,000 (2009 £5,000) in respect of audit services were borne by fellow subsidiary ADP Dental Company Limited

## Notes (continued)

### 4 Staff numbers and costs

The average number of persons employed by the Company during the period, analysed by category, was as follows

#### Average number of employees

	Period ended 31 March 2010	52 week Period ended 3 April 2009
Professional and ancillary staff	12	13

The aggregate payroll costs of these persons were as follows

	Period ended 31 March 2010 £	52 week period ended 3 April 2009 £
Wages and salaries	118,795	123,762
Social security costs	18,219	4,465
	<u>137,014</u>	<u>128,227</u>

During the period, no director received any emoluments from the Company (2009 £Nil) Directors were paid through ADP Dental Company Limited (2009 ADP Dental Company Limited)

### 5 Other interest receivable and similar income

	Period ended 31 March 2010 £	52 week period ended 3 April 2009 £
Bank interest	-	202

### 6 Interest payable

	Period ended 31 March 2010 £	52 week period ended 3 April 2009 £
On bank loans and overdrafts	-	14,145

## Notes (continued)

### 7 Taxation

#### Analysis of tax charge in the period

	Period ended 31 March 2010 £	52 week period ended 3 April 2009 £
UK corporation tax		
Current tax on profit for the period	14,236	19,303
Adjustment in respect of prior periods	-	-
	<hr/>	<hr/>
Current tax on profit	14,236	19,303
Deferred tax	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>14,236</u>	<u>19,303</u>

#### Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2009 lower) than the standard rate of corporation tax in the UK 28% (2009 28%). The differences are explained below

	Period ended 31 March 2010 £	52 week period ended 3 April 2009 £
Profit on ordinary activities before tax	107,414	109,204
	<hr/>	<hr/>
Current tax at 28% (2009 28%)	30,076	30,577
Effects of		
Expenses not deductible for tax purposes	8,890	2,708
Loss on sale of fixed assets	-	4,331
Group relief not paid for	(44,828)	(22,886)
Depreciation in excess of capital allowances	5,862	4,573
Adjustment to prior years	14,236	-
	<hr/>	<hr/>
Current tax charge for the period	<u>14,236</u>	<u>19,303</u>

#### Factors that may affect future tax charges

There are no known factors that may affect future tax charges

## Notes (continued)

### 8 Intangible fixed assets

	<b>Goodwill £</b>
<b>Cost</b>	
At 4 April 2009 and 31 March 2010	<b>635,000</b>
<b>Amortisation</b>	
At 4 April 2009	47,626
Charge for the period	31,750
<b>At 31 March 2010</b>	<b>79,376</b>
<b>Net book value</b>	
At 31 March 2010	<b>555,624</b>
At 3 April 2009	587,374

### 9 Tangible fixed assets

	<b>Dentist equipment &amp; machinery £</b>	<b>Fixtures, fittings and computer equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 4 April 2009	90,362	12,785	103,147
Additions	-	2,706	2,706
<b>At 31 March 2010</b>	<b>90,362</b>	<b>15,491</b>	<b>105,853</b>
<b>Depreciation</b>			
At 4 April 2009	18,697	4,352	23,049
Charge for period	20,707	228	20,935
<b>At 31 March 2010</b>	<b>39,404</b>	<b>4,580</b>	<b>43,984</b>
<b>Net book value</b>			
At 31 March 2010	<b>50,958</b>	<b>10,911</b>	<b>61,869</b>
At 3 April 2009	71,665	8,433	80,098

**Notes (continued)**

**10 Debtors**

	31 March 2010 £	3 April 2009 £
Amounts owed by immediate parent company	<u>291,161</u>	<u>249,983</u>

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

	31 March 2010 £	3 April 2009 £
Trade creditors	16,051	12,350
Social security and other taxes	35,336	23,931
Other creditors	23,453	140,769
	<u>74,840</u>	<u>177,050</u>

**12 Creditors: amounts falling due after more than one year**

	31 March 2010 £	3 April 2009 £
Amounts owed to immediate parent company	<u>664,659</u>	<u>664,659</u>

**13 Share capital**

	31 March 2010 £	3 April 2009 £
<i>Authorised</i>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100 000</u>
<i>Allotted, called up and fully paid</i>	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>



## Notes (continued)

### 14 Reserves

	Profit and loss account £
At 4 April 2009	75,877
Profit for the financial period	93,178
	<hr/>
<b>At 31 March 2010</b>	<b>169,055</b>
	<hr/>

### 15 Reconciliation of movements in shareholders' equity

	2009 £	2008 £
Profit for the period	93,178	89,901
Dividends paid	-	(15,000)
	<hr/>	<hr/>
Net addition to shareholders' equity	93,178	74,901
Opening shareholders' funds	75,977	1,076
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>169,155</b>	<b>75,977</b>
	<hr/>	<hr/>

### 16 Operating lease commitments

At 31 March 2010 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 31 March 2010 £	Land and buildings 3 April 2009 £
Operating leases which expire After more than five years	17,705	20,685
	<hr/>	<hr/>

**Notes** *(continued)*

**17 Ultimate parent undertaking**

The company is a wholly owned subsidiary of ADP Dental Company Limited (incorporated in the UK), which is part of the ADP group of companies. The ultimate parent company is ADP Primary Care Services Limited. The consolidated accounts of this company are available to the public and may be obtained from the following address:

ADP Primary Care Services Limited  
Wellington House  
17 Birkheads Road  
Reigate  
Surrey, RH2 0AU