

Registration number: 09290935

# Gensmile Limited

Annual Report and Consolidated Financial Statements  
for the Year Ended 31 March 2022

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## **Gensmile Limited**

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**Gensmile Limited**  
**Company Information**

<b>Directors</b>	Dr S Turton Mr N J Lowcock
<b>Company secretary</b>	Mr MG Carter
<b>Registered office</b>	Easton Manor Easton Royal Pewsey Wiltshire SN9 5LZ
<b>Auditors</b>	Milsted Langdon LLP Chartered Accountants and Statutory Auditors Freshford House Redcliffe Way Bristol BS1 6NL

## Gensmile Limited

### Strategic Report for the Year Ended 31 March 2022

The directors present their strategic report for the year ended 31 March 2022.

#### Principal activity

The principal activity of the company is that of a holding company. The principal activity of the Group is the operation of dental practices and provision of dental services.

#### Fair review of the business

This year has been one of significant improvement with record figures across the board. We acquired four dental practices in, Sussex, Jersey, Guernsey and Gloucester, and also merged with our sister company in Ireland at the end of the financial year adding a further 25 practices to the Group. While COVID-19 continues to cause small disruptions within the Group, this has significantly decreased resulting in a revenue increase of 51%. Earnings before interest, tax, depreciation, amortisation and exceptional items (EBITDAE) increased by 79% to £5.7m. This growth has come from organic development of the managed practices as well as through acquisition. The Group has continued to invest in its central organisation and team to offer greater support to the managed practices.

#### Non-GAAP EBITDAE

	2022	2021
	£	£
Loss before tax	(115,307)	(2,089,501)
Adjustments for:		
Interest payable and similar expenses	2,094,656	1,759,916
Other interest receivable and similar income	(1,295)	(2,101)
Amortisation of goodwill and intangible assets	3,123,596	2,788,419
Depreciation of tangible fixed assets	675,989	667,073
(Gain)/loss on investment	(83,533)	14,653
Profit on disposal of tangible assets	1,787	(93,500)
Exceptional items*	Nil	163,421
<b>EBITDAE</b>	<b>5,695,893</b>	<b>3,208,380</b>

\*exceptional items in the prior year relate to legal fees for an aborted acquisition.

#### COVID-19

COVID-19 has continued to cause minor disruptions to trading due absences however this has improved significantly compared to the prior year and continues to do so.

## **Gensmile Limited**

### **Strategic Report for the Year Ended 31 March 2022**

#### **Section 172(1) statement**

##### **Decision Making**

The Board fulfils its duties to act in good faith to promote the success of the company through regular communication and delivery of the Board's growth strategy. As part of the Group's strategy, the Board aims to deliver an industry leading and regulation compliant product, providing excellent service to customers and further building the Group's brand and image.

Examples of key decision making from the board of directors includes acquisition strategy and its impact on the growth of the business, clinical governance, recruitment policy and HR procedures as well as sources of funding and future planning.

##### **Employees**

Our workforce is our most valuable asset. The Group invests in training, coaching, and skills acquisition. Personal development of our employees is a key pillar of the Group's strategy. We aim to be a responsible employer in our approach to the pay and benefits of employees. The health, safety and wellbeing of our employees is one of the primary considerations in the way we do business.

The Group understands that there is a strong link between employee engagement, satisfaction and performance. Employees are required to complete staff satisfaction surveys, attend regular team meetings and are rewarded with monthly employee awards.

##### **Business Relationships**

The Board engages with a variety of stakeholders, including customers, patients, regulators, and suppliers. In making decisions the Board considers outcomes from engagements with stakeholders as well as the importance of maintaining the Group's integrity and reputation.

Examples of the Board's engagement with stakeholders during the year include regular meetings with the Group's lender, patient satisfaction surveys and communication with the relevant regulatory bodies. The practices have routine reviews from the Care Quality Commission, the results and reports of which are closely monitored.

##### **Community and Environment**

The Group is aware that dentistry is an important part of healthcare and community wellbeing. From an environmental perspective the Group endeavours to have equipment, properties and technologies that are as environmentally friendly as possible.

##### **Reputation**

Reputation is integral for Gensmile in order to both attract patients and acquire further high-quality practices. Gensmile strives to always maintain high standards of business conduct and service.

## **Gensmile Limited**

### **Strategic Report for the Year Ended 31 March 2022**

#### **Principle Risks and Uncertainties**

##### **General Economy**

The Group is exposed to the general economy during a period of significant uncertainty. Continued pressure on disposable income and, therefore, consumer spending, could impact the growth of private dentistry. The Group focuses on acquiring high quality assets, which have proven to be less impacted by the squeeze on disposable income, and well positioned to grow market share.

##### **Human Resources**

The performance of the Group is directly impacted by its ability to recruit and retain dentists. The Group has a number of policies and training programmes in place to retain, recruit and motivate its dental practitioners and practice teams.

##### **NHS Contract**

The UK Government is currently reviewing the regulatory framework related to NHS dentistry and the NHS dentistry contract. The terms of any new NHS dentistry contract are uncertain, and we expect any changes to be implemented no earlier than 2023/24, if at all. Turnover attributable to the NHS contracts has reduced to 9% in 2022 (15% in 2021). In the coming years the NHS revenue is expected to remain constant or fall in % terms, mitigating the risk of any change in the NHS contract.

##### **Change to the Employment Status of Dentists**

Our dentists are self-employed, independent contractors. Because of their non-employee status, we do not pay pension contributions, employer National Insurance contributions, holiday pay or medical negligence insurance in respect of our dentists, and our dentists do not have the rights of employees under the Employment Rights Act 1996. If HMRC reassessed our business model and objected to the self-employed status of the dentists in our dental practices it could lead to significant costs and tax consequences for our business.

##### **Clinical Standards**

It is of critical importance to the Group that the clinical care delivered to our patients is at the standard expected from the Group, patients and regulatory authorities. The Board has established an organisational structure, headed by the Group Clinical Director, that allows clinical policies and procedures to be developed and ensure day-to-day compliance monitoring.

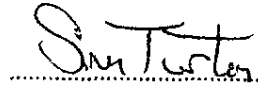
##### **COVID-19 Risk**

COVID-19 has already been discussed above and while it has caused a disruption to trading conditions during the year, the Group has mitigated this risk by following NHS guidance to reduce the spread of infections.

**Gensmile Limited**

**Strategic Report for the Year Ended 31 March 2022**

Approved by the Board on 30 September 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Dr S Turton', written over a dotted line.

Dr S Turton  
Director

## **Gensmile Limited**

### **Directors' Report for the Year Ended 31 March 2022**

The directors present their report and the for the year ended 31 March 2022.

#### **Directors of the group**

The directors who held office during the year were as follows:

Dr S Turton

Mr N J Lowcock

#### **Financial instruments**

##### ***Objectives and policies***

The Group is financed from shareholder capital, bank debt and internally generated cash. The Group monitors its performance regularly and the directors expect the Group to continue to perform in line with current levels and that it should be able to operate within its current facilities and comply with its banking covenants. A breach of one or more of the covenants could result in the Group's debts becoming immediately repayable in the absence of prior agreement with the bank. All banking covenants were met during the year and continue to be met after the balance sheet date.

##### ***Price risk, credit risk, liquidity risk and cash flow risk***

The Group's activities expose it to a number of financial risks.

##### **Interest rate risk**

The Group has interest-bearing assets and liabilities, including bank loans and loan notes. Interest on bank loans is variable. The Group continually monitors the interest rate and can fix the interest rate if this is considered appropriate. The interest on loan notes is fixed.

##### **Price risk**

The Group is exposed to inflationary pressures in the general economy, in particular with regards to materials which are ultimately frequently sourced from outside the UK, exposing the Group to foreign exchange fluctuations. The Group has mitigated its risk in relation to the increase in energy prices by agreeing long term fixed contracts before the increases occurred.

##### **Credit risk**

The Group has policies in place such that private treatment is paid for by individuals in line with treatment occurring. Credit risk primarily relates to the NHS and CCGs and therefore is considered low.

##### **Liquidity risk**

The Group actively manages its cash and debt finance to ensure it has sufficient funds available.

##### **Cash flow risk**

The directors regularly review the cash position of the Group using both short-term and long-term cash forecasts. Cash flow can be forecast with confidence and therefore cash flow risk is considered minimal.



## **Gensmile Limited**

### **Directors' Report for the Year Ended 31 March 2022**

#### **Employment of disabled persons**

The Group's policy is that any vacancy which arises is open to disabled persons, provided that they are able to fulfil the duties required by that job. Employees who have been injured or become disabled in the course of their employment are offered retraining and are considered for other suitable roles if necessary. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

#### **Employee involvement**

The Board recognises the importance of maintaining an engaged and motivated workforce. Employees are kept informed about the progress and position of the group by means of regular departmental meetings, of which the relevant information is communicated to all members of staff through normal management channels.

#### **Engagement with suppliers, customers and other relationships**

For Gensmile, regular engagement with our stakeholders is an integral part of how we operate as a business – actively seeking to understand the challenges faced by our suppliers and the needs of consumers and patients. The Board recognises the importance of maintaining dependable supply chains and customer confidence in our products. The Group maintains a strong reputation with suppliers due to its reliability and regular custom. Key supplier relationships are held by the senior management. Customers are encouraged to provide feedback via Google Reviews, and the Group endeavours to engage with and act on this feedback.

#### **Environmental report**

We have considered the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) when preparing this report. These recommendations encourage businesses to increase disclosure of climate-related information, with an emphasis on financial disclosure.

#### **Group Emissions**

The Group's total kWh used for activities which the Group is responsible was 1,534,369 kWh (2021 - 1,388,188 kWh), the CO<sub>2</sub>e impact of this energy usage was 315 tonnes (2021 - 324 tonnes).

The above figures were reached by taking the kWh figures from energy bills for the periods under consideration. The CO<sub>2</sub>e impact was calculated by taking the kWh figures and multiplying this by the UK average for carbon dioxide production per kWh.

The Group has addressed its carbon impact through encouraging practices to reduce single use items, go paperless, reduce and consolidate material ordering frequency. The Board is committed to rolling out further initiatives across all sites to ensure our environmental impact is carefully managed.

A comparable ratio between the year ended 31 March 2022 and the prior year is that of CO<sub>2</sub>e emissions per £1million of revenue. This metric is comparable over time and across industries. For the year ended 31 March 2022, tonnes of CO<sub>2</sub>e per £1million revenue was 7.48 (2021 - 11.64).

## **Gensmile Limited**

### **Directors' Report for the Year Ended 31 March 2022**

#### **Future developments**

The board intends to continue investing in further dental practices while maintaining a high level of customer service across all locations.

#### **Important non adjusting events after the financial period**

After the balance sheet date, the Group acquired mixed dental practices in Hampshire, the Isle of Man, Guernsey and Ireland, for total consideration of £8.8m.

#### **Disclosure of information to the auditor**

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 30 September 2022 and signed on its behalf by:



Dr S Turton  
Director

## **Gensmile Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting 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 group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Gensmile Limited**

### **Independent Auditor's Report to the Members of Gensmile Limited**

#### **Opinion**

We have audited the financial statements of Gensmile Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2022 and of the group's loss 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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.

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 original financial statements were authorised for issue.

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

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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.

## **Gensmile Limited**

### **Independent Auditor's Report to the Members of Gensmile Limited**

We have nothing to report in this regard.

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

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 financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor 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 auditor's 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.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;

## Gensmile Limited

### Independent Auditor's Report to the Members of Gensmile Limited

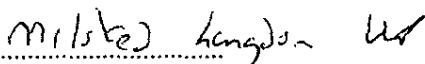
- *inquired of management, and those charged with governance, about their own identification and assessment of the risks or irregularities, including known and actual, suspected or alleged instances of fraud;*
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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 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.

  
.....  
Mr D Jacobs (Senior Statutory Auditor)  
For and on behalf of Milsted Langdon LLP, Statutory Auditor  
Freshford House  
Redcliffe Way  
Bristol  
BS1 6NL

30 September 2022

## Gensmile Limited

### Consolidated Profit and Loss Account for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Turnover	3	41,918,943	27,706,778
Cost of sales		<u>(22,276,563)</u>	<u>(15,107,202)</u>
Gross profit		19,642,380	12,599,576
Administrative expenses		(17,690,668)	(14,088,024)
Other operating income		<u>26,342</u>	<u>1,156,762</u>
Operating profit/(loss)	4	<u>1,978,054</u>	<u>(331,686)</u>
Other interest receivable and similar income	6	1,295	2,101
Interest payable and similar expenses	7	<u>(2,094,656)</u>	<u>(1,759,916)</u>
		<u>(2,093,361)</u>	<u>(1,757,815)</u>
Loss before tax		(115,307)	(2,089,501)
Tax on loss	11	<u>(433,557)</u>	<u>(35,882)</u>
Loss for the financial year		<u>(548,864)</u>	<u>(2,125,383)</u>
<b>Loss attributable to:</b>			
Owners of the company		<u>(548,864)</u>	<u>(2,125,383)</u>

The above results were derived from ordinary operations.

The group has no recognised gains or losses for the year other than the results above.

The notes on pages 21 to 50 form an integral part of these financial statements.

**Gensmile Limited**

**Consolidated Statement of Comprehensive Income for the Year Ended 31  
March 2022**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Loss for the year	<u>(548,864)</u>	<u>(2,125,383)</u>
Total comprehensive income for the year	<u>(548,864)</u>	<u>(2,125,383)</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the company	<u>(548,864)</u>	<u>(2,125,383)</u>

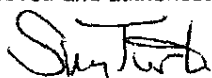


# Gensmile Limited

(Registration number: 09290935)  
Consolidated Balance Sheet as at 31 March 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	12	54,788,557	30,521,406
Tangible assets	14	<u>7,016,491</u>	<u>3,571,262</u>
		<u>61,805,048</u>	<u>34,092,668</u>
<b>Current assets</b>			
Stocks	16	839,799	455,080
Debtors	17	6,166,612	4,102,088
Cash at bank and in hand	18	<u>2,765,881</u>	<u>2,757,920</u>
		9,772,292	7,315,088
<b>Creditors: Amounts falling due within one year</b>	19	<u>(9,882,458)</u>	<u>(10,554,926)</u>
<b>Net current liabilities</b>		<u>(110,166)</u>	<u>(3,239,838)</u>
<b>Total assets less current liabilities</b>		61,694,882	30,852,830
<b>Creditors: Amounts falling due after more than one year</b>	19	(56,120,562)	(30,226,429)
<b>Provisions for liabilities</b>	20	<u>(1,128,104)</u>	<u>(762,821)</u>
<b>Net assets/(liabilities)</b>		<u>4,446,216</u>	<u>(136,420)</u>
<b>Capital and reserves</b>			
Called up share capital	22	669,687	584,162
Share premium reserve	23	10,474,855	5,428,880
Other reserves	23	25,000	25,000
Profit and loss account	23	<u>(6,723,326)</u>	<u>(6,174,462)</u>
Equity attributable to owners of the company		<u>4,446,216</u>	<u>(136,420)</u>
<b>Total equity</b>		<u>4,446,216</u>	<u>(136,420)</u>

Approved and authorised by the Board on 30 September 2022 and signed on its behalf by:



Dr S Turton  
Director

# Gensmile Limited

(Registration number: 09290935)  
Balance Sheet as at 31 March 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Investments	15	25,089,384	3,935,001
<b>Current assets</b>			
Debtors	17	37,276,715	32,810,364
Cash at bank and in hand	18	114,250	1,023,250
		37,390,965	33,833,614
<b>Creditors: Amounts falling due within one year</b>	19	(2,740,183)	(5,808,523)
<b>Net current assets</b>		34,650,782	28,025,091
<b>Total assets less current liabilities</b>		59,740,166	31,960,092
<b>Creditors: Amounts falling due after more than one year</b>	19	(52,735,534)	(28,343,804)
<b>Provisions for liabilities</b>	20	(159)	(159)
<b>Net assets</b>		7,004,473	3,616,129
<b>Capital and reserves</b>			
Called up share capital		669,687	584,162
Share premium reserve		10,474,855	5,428,880
Profit and loss account		(4,140,069)	(2,396,913)
<b>Total equity</b>		7,004,473	3,616,129

Approved and authorised by the Board on 30 September 2022 and signed on its behalf by:

Dr S Turton  
Director



As permitted by s408 of the Companies Act 2006, the company has not presented its own profit and loss account and related notes.

The company made a loss after tax for the financial year of £1,743,156 (2021 - loss of £1,234,440).

**Gensmile Limited**

**Consolidated Statement of Changes in Equity for the Year Ended 31 March  
2022**

**Equity attributable to the parent company**

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total £
At 1 April 2021	584,162	5,428,880	25,000	(6,174,462)	(136,420)
Loss for the year	-	-	-	(548,864)	(548,864)
Total comprehensive income	-	-	-	(548,864)	(548,864)
New share capital subscribed	85,525	5,045,975	-	-	5,131,500
At 31 March 2022	<u>669,687</u>	<u>10,474,855</u>	<u>25,000</u>	<u>(6,723,326)</u>	<u>4,446,216</u>

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total £
At 1 April 2020	532,595	4,710,506	25,000	(4,049,079)	1,219,022
Loss for the year	-	-	-	(2,125,383)	(2,125,383)
New share capital subscribed	51,567	718,374	-	-	769,941
At 31 March 2021	<u>584,162</u>	<u>5,428,880</u>	<u>25,000</u>	<u>(6,174,462)</u>	<u>(136,420)</u>

The notes on pages 21 to 50 form an integral part of these financial statements.

# Gensmile Limited

## Statement of Changes in Equity for the Year Ended 31 March 2022

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 April 2021	584,162	5,428,880	(2,396,913)	3,616,129
Loss for the year	-	-	(1,743,156)	(1,743,156)
New share capital subscribed	85,525	5,045,975	-	5,131,500
At 31 March 2022	669,687	10,474,855	(4,140,069)	7,004,473

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 April 2020	532,595	4,710,506	(1,162,473)	4,080,628
Loss for the year	-	-	(1,234,440)	(1,234,440)
New share capital subscribed	51,567	718,374	-	769,941
At 31 March 2021	584,162	5,428,880	(2,396,913)	3,616,129

# Gensmile Limited

## Consolidated Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Loss for the year		(548,864)	(2,125,383)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	3,799,585	3,455,493
Loss/(profit) on disposal of tangible assets		1,787	(93,500)
Finance income	6	(1,295)	(2,101)
Finance costs	7	2,094,656	1,759,916
Income tax expense	11	433,557	35,882
Gain from changes in provisions		<u>(83,533)</u>	<u>-</u>
		5,695,893	3,030,307
Working capital adjustments			
(Increase)/decrease in stocks	16	(17,814)	(121,383)
(Increase)/decrease in debtors	17	(585,982)	33,751
Increase/(decrease) in creditors	19	<u>604,195</u>	<u>(77,567)</u>
Cash generated from operations		5,696,292	2,865,108
Income taxes paid	11	<u>(183,387)</u>	<u>(409,944)</u>
Net cash flow from operating activities		<u>5,512,905</u>	<u>2,455,164</u>
<b>Cash flows from investing activities</b>			
Interest received		1,295	2,101
Acquisitions of tangible assets		(773,467)	(670,591)
Acquisition of intangible assets	12	(2,549,242)	(3,195,939)
Proceeds from sale of tangible assets		7,109	1,502,695
Proceeds from sale of intangible assets		2,886	-
Payment of deferred consideration		(1,277,304)	(1,053,765)
Acquisition in progress		<u>(2,212,210)</u>	<u>(1,277,224)</u>
Net cash flows from investing activities		<u>(6,800,933)</u>	<u>(4,692,723)</u>
<b>Cash flows from financing activities</b>			
Interest paid	7	(2,131,550)	(1,005,021)
Proceeds from bank borrowing draw downs		29,362,795	6,087,000
Repayment of bank borrowing		(25,785,875)	(1,094,295)
Proceeds/(repayment) from shareholder loan		-	416,431
Receipts from finance lease debtors		-	165,277
Payments to finance lease creditors		(148,075)	(163,186)
Proceeds from issue of ordinary shares, net of issue costs		<u>-</u>	<u>22,661</u>
Net cash flows from financing activities		<u>1,297,295</u>	<u>4,428,867</u>
Net increase in cash and cash equivalents		9,267	2,191,308

The notes on pages 21 to 50 form an integral part of these financial statements.

## **Gensmile Limited**

### **Consolidated Statement of Cash Flows for the Year Ended 31 March 2022**

	<b>Note</b>	<b>2022 £</b>	<b>2021 £</b>
Cash and cash equivalents at 1 April		<u>2,756,614</u>	<u>565,306</u>
Cash and cash equivalents at 31 March		<u>2,765,881</u>	<u>2,756,614</u>

## **Gensmile Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Easton Manor  
Easton Royal  
Pewsey  
Wiltshire  
SN9 5LZ

These financial statements were authorised for issue by the Board on 30 September 2022.

#### **2 Accounting policies**

##### **Statement of compliance**

These financial statements are prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2022.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

## **Gensmile Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

#### **Going concern**

At the balance sheet date the Group had net assets of £4,817,468 (2021 - net liabilities of £136,420). The directors have prepared the accounts on a going concern basis having made an assessment of the expected cash that will be generated from operating activities and the committed loan facilities available to the Group and considering that the Group will generate sufficient returns to cover the central overhead costs and service its debt repayments. Based on budgets and forecasts prepared, the directors are confident that the Group will be able to meet lenders' covenants and settle liabilities as they fall due.

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of dentistry services in the ordinary course of the Group's activities.

The Group recognises revenue when:

- It is in line with work performed for both NHS and private patients;
- It is probable that future economic benefits will flow to the entity;
- And specific criteria have been met for each of the companies' activities.

For Denplan patients the Group recognises revenue:

- Evenly across the year as it is received from Denplan;
- When the amount to be received can be reliably measured;
- When it is probable that it will be paid to the company.

#### **Government grants**

Grants are credited to deferred revenue. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets to which they relate. Government grants have been recognised on an accruals basis and have been recognised in the same period in which the related expense has been incurred.

#### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.



## **Gensmile Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### **Business combinations**

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the company in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

#### **Partnership**

Certain members of the management team act as partners on behalf of the Group in a number of dental practice partnerships. These partnerships are held on trust on behalf of the Group. All profits arising from partnership activity are transferred to the Group.

As a result the Group considers that it has control of these partnerships and consequently the results of the partnerships are included in the Group's financial statements. The partnerships are accounted for in accordance with the Group's accounting policies.

#### **Goodwill**

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Periodically, the directors assess the value of goodwill and other intangible assets carried in the balance sheet for possible impairment. This includes a review of the financial performance of each practice. In addition, the continuing impact of COVID-19 on the values of intangible assets has been considered. Where appropriate a provision is made for the diminution in value of an asset.

## **Gensmile Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### **Intangible assets**

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within administrative expenses in the income statement.

Intangible assets are recognised on business combination if they are separable from the acquired entity or give rise to other contractual or legal rights. The amounts ascribed to such intangibles are determined by using appropriate valuation techniques.

#### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Goodwill	Straight line over 10 - 20 years
Contractual relationships	Straight line over 20 years
Internally generated software development costs	Straight line over 10 years
Customer relationships	Straight line over 6 - 20 years

#### **Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Land and buildings	2% straight line
Leasehold property	33% straight line
Furniture, fittings and equipment	15% - 33.33% reducing balance/ 20% straight line
Motor vehicles	25% reducing balance/ 25% straight line
Other tangible assets	Held at cost until assets are available for use
Plant and machinery	12.5% - 15% reducing balance/ 15% - 20% straight line

#### **Investments**

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when the right to receive the income becomes unconditional.

Periodically, the directors assess the value of investments carried in the balance sheet at cost for possible impairment. This includes a review of the financial performance of each company. In addition, the continuing impact of COVID-19 on the values of the investments has been considered. Where appropriate a provision is made for the diminution in value of an investment.

## **Gensmile Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### **Stock**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

#### **Trade debtors**

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors and other payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## **Gensmile Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Dividends**

Dividend distribution to the group's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

## **Gensmile Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### **Share based payments**

The Group recognises the goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received. The Group recognises a corresponding increase in equity if the goods or services were received in an equity-settled share-based payment transaction, or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

Equity-settled share-based payment transactions are measured at the fair value of goods or services received, or, where this cannot be estimated reliably, at the fair value of the equity instruments granted by reference to a three-tier measurement hierarchy, being: an observable market price for the equity instruments; company-specific market data; or a valuation method that uses market data to the greatest extent practicable to estimate what the price of those equity instruments would be on the grant date in an arm's length transaction between knowledgeable, willing parties.

Cash-settled share-based payment transactions are measured at the fair value of the underlying liability. The Group revalues such liabilities at their fair values at each reporting date and the date of settlement, with any changes recognised in profit or loss for the period.

#### **Cashflow statement**

The company is a qualifying entity for the purposes of FRS102 and has taken the exemption available from presenting the parent company cash flow under FRS102 paragraph 1.12(B).

## **Gensmile Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### **Financial instruments**

##### ***Classification***

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments.

##### ***Recognition and measurement***

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liability simultaneously.

Basic financial assets, which include trade and other debtors including loan to the subsidiary company, cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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.

Interest is recognised by applying the effective interest rate, except for short-term debtors when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price unless the arrangement constitutes a financial transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

##### ***Impairment***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

## Gensmile Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 3 Turnover

The analysis of the group's revenue for the year from continuing operations is as follows:

	2022 £	2021 £
Sale of dental services and goods	41,651,676	27,325,575
Grants received	267,267	381,203
	<u>41,918,943</u>	<u>27,706,778</u>

The analysis of the group's Turnover for the year by market is as follows:

	2022 £	2021 £
UK	40,138,003	27,706,778
Channel islands	1,780,940	-
	<u>41,918,943</u>	<u>27,706,778</u>

#### 4 Operating profit/(loss)

Arrived at after charging/(crediting)

	2022 £	2021 £
Depreciation expense	675,989	667,073
Amortisation expense	3,123,596	2,788,419
Operating lease expense - plant and machinery	55,702	31,260
Loss/(profit) on disposal of property, plant and equipment	1,787	(93,500)
Gain/(loss) from changes in provisions	<u>(83,533)</u>	<u>14,653</u>

#### 5 Government grants

The grants received in the year were in relation to vocational training courses supporting the development of dental practitioners and to the Coronavirus Job Retention Scheme ("CJRS").

The amount of grants recognised in the financial statements was £293,354 (2021 - £1,525,545).

# Gensmile Limited

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 6 Other interest receivable and similar income

	2022	2021
	£	£
Interest income on bank deposits	12	212
Other finance income	1,283	1,889
	<u>1,295</u>	<u>2,101</u>

### 7 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and borrowings	814,071	586,972
Interest on obligations under finance leases and hire purchase contracts	19,477	35,407
Interest expense on other finance liabilities	1,229,058	1,137,453
Foreign exchange gains	32,050	84
	<u>2,094,656</u>	<u>1,759,916</u>

### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	10,016,903	7,637,448
Social security costs	608,554	508,886
Pension costs, defined contribution scheme	205,836	177,784
	<u>10,831,293</u>	<u>8,324,118</u>

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

	2022	2021
	No.	No.
Administration and support	30	30
Other departments	354	315
	<u>384</u>	<u>345</u>



# Gensmile Limited

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	264,652	235,417
Contributions paid to money purchase schemes	1,243	1,313
	<u>265,895</u>	<u>236,730</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

In respect of the highest paid director:

	2022 £	2021 £
Remuneration	264,652	235,417
Company contributions to money purchase pension schemes	<u>1,243</u>	<u>1,313</u>

### 10 Auditors' remuneration

	2022 £	2021 £
Audit of these financial statements	<u>110,000</u>	<u>38,500</u>
<b>Other fees to auditors</b>		
Other non-audit services	<u>23,075</u>	<u>42,833</u>

## Gensmile Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 11 Taxation

Tax charged/(credited) in the income statement

	2022 £	2021 £
<b>Current taxation</b>		
UK corporation tax	337,992	-
UK corporation tax adjustment to prior periods	<u>(54,717)</u>	<u>(48,656)</u>
	<u>283,275</u>	<u>(48,656)</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	150,282	(69,487)
Arising from changes in tax rates and laws	<u>-</u>	<u>154,025</u>
Total deferred taxation	<u>150,282</u>	<u>84,538</u>
Tax expense in the income statement	<u><u>433,557</u></u>	<u><u>35,882</u></u>

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Loss before tax	<u>(115,307)</u>	<u>(2,089,501)</u>
Corporation tax at standard rate	(21,908)	(397,005)
Effect of expense not deductible in determining taxable profit (tax loss)	37,568	6,660
Tax increase (decrease) from effect of unrelieved tax losses carried forward	-	290,472
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	(54,647)	35,881
Tax increase (decrease) from effect of capital allowances and depreciation	501,030	369,638
Tax increase (decrease) from effect of exercise of employee share options	-	(245,620)
Tax increase (decrease) arising from group relief	(159,597)	(187,698)
Tax increase (decrease) from changes in pension fund prepayment	(1,885)	1,094
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	162,460
Tax increase (decrease) from other short-term timing differences	145,635	-
Effect of foreign tax rates	(16,372)	-
Deferred tax expense relating to changes in tax rates or laws	<u>3,733</u>	<u>-</u>
Total tax charge	<u><u>433,557</u></u>	<u><u>35,882</u></u>

# Gensmile Limited

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 12 Intangible assets

#### Group

	Goodwill £	Contractual relationships £	Internally generated software development costs £	Customer relationships £	Total £
<b>Cost or valuation</b>					
At 1 April 2021	13,409,319	5,555,501	75,569	20,028,223	39,068,612
Revaluations	(19,057)	-	-	-	(19,057)
Additions acquired separately	-	-	9,933	-	9,933
Acquired through business combinations	16,573,400	8,403,775	-	2,425,582	27,402,757
Disposals	-	-	(3,000)	-	(3,000)
At 31 March 2022	<u>29,963,662</u>	<u>13,959,276</u>	<u>82,502</u>	<u>22,453,805</u>	<u>66,459,245</u>
<b>Amortisation</b>					
At 1 April 2021	3,268,281	1,528,424	8,830	3,741,671	8,547,206
Amortisation charge	1,164,724	386,036	7,870	1,564,966	3,123,596
Amortisation eliminated on disposals	-	-	(114)	-	(114)
At 31 March 2022	<u>4,433,005</u>	<u>1,914,460</u>	<u>16,586</u>	<u>5,306,637</u>	<u>11,670,688</u>
<b>Carrying amount</b>					
At 31 March 2022	<u>25,530,657</u>	<u>12,044,816</u>	<u>65,916</u>	<u>17,147,168</u>	<u>54,788,557</u>
At 31 March 2021	<u>10,141,038</u>	<u>4,027,077</u>	<u>66,739</u>	<u>16,286,552</u>	<u>30,521,406</u>

The revaluation of £19,057 has arisen as a result of the directors' reassessment of the expected requirement of deferred consideration payable.

Intangible assets with a value of £54,788,557 (2021 - £30,521,406) have been pledged as security for the bank borrowings of the Group by way of a fixed and floating charge.

## Gensmile Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### Individually material intangible assets

##### Goodwill

The carrying amount of this asset is £25,530,657 (2021 -£10,141,038) and the remaining amortisation period is 5 years and 7 months (2021 - 6 years and 7 months).

##### Contractual relationships

The carrying amount of this asset is £12,044,816 (2021 -£4,027,077) and the remaining amortisation period is 15 years and 10 months (2021 - 16 years and 10 months).

##### Customer relationships

The carrying amount of this asset is £17,147,168 (2021 -£16,286,552) and the remaining amortisation period is 10 years and 4 months (2021 - 11 years and 4 months).

#### 13 Business combinations

During the period the Group acquired 100% control of mixed dental practices in England, Ireland and the Channel Islands. Since the date of acquisition the acquirees have contributed revenue of £1,780,940 and profit of £86,167, which are included in the profit and loss account of the reporting period.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair value 2022 £
<b>Assets and liabilities acquired</b>	
Financial assets	2,223,397
Stocks	366,905
Tangible assets	3,356,647
Financial liabilities	<u>(6,534,927)</u>
Total identifiable assets	<u>(587,978)</u>
Goodwill & other intangibles	<u>27,402,757</u>
Total consideration	<u>26,814,779</u>
<b>Satisfied by:</b>	
Cash	4,411,079
Equity instruments	21,039,289
Contingent consideration arrangement	<u>1,364,411</u>
Total consideration transferred	<u>26,814,779</u>

# Gensmile Limited

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 14 Tangible assets

#### Group

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other tangible assets £	Plant and machinery £	Total £
<b>Cost or valuation</b>						
At 1 April 2021	1,171,678	1,457,021	64,345	8,679	2,405,569	5,107,292
Additions	8,140	192,482	23,138	43,105	506,602	773,467
Acquired through business combinations	1,672,169	519,431	-	-	1,165,047	3,356,647
Disposals	-	(104,892)	(41,522)	-	(42,715)	(189,129)
At 31 March 2022	<u>2,851,987</u>	<u>2,064,042</u>	<u>45,961</u>	<u>51,784</u>	<u>4,034,503</u>	<u>9,048,277</u>
<b>Depreciation</b>						
At 1 April 2021	6,869	594,762	35,608	-	898,791	1,536,030
Charge for the year	22,778	323,715	8,326	-	321,170	675,989
Eliminated on disposal	-	(104,892)	(33,392)	-	(41,949)	(180,233)
At 31 March 2022	<u>29,647</u>	<u>813,585</u>	<u>10,542</u>	<u>-</u>	<u>1,178,012</u>	<u>2,031,786</u>
<b>Carrying amount</b>						
At 31 March 2022	<u>2,822,340</u>	<u>1,250,457</u>	<u>35,419</u>	<u>51,784</u>	<u>2,856,491</u>	<u>7,016,491</u>
At 31 March 2021	<u>1,164,809</u>	<u>862,259</u>	<u>28,737</u>	<u>8,679</u>	<u>1,506,778</u>	<u>3,571,262</u>

Tangible fixed assets with a carrying amount of £7,016,491 (2021 - £3,571,262) have been pledged as security for the bank borrowings of the Group by way of a fixed and floating charge.

#### Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2022 £	2021 £
Plant and Machinery	<u>341,413</u>	<u>408,009</u>

Included within the net book value of land and buildings above is £Nil (2021 - £Nil) in respect of freehold land and buildings and £2,822,340 (2021 - £1,164,809) in respect of short leasehold land and buildings.

## Gensmile Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### Company

Tangible fixed assets with a carrying amount of £Nil (2021 - £Nil) have been pledged as security for the bank borrowings of the Company by way of a fixed and floating charge.

#### 15 Investments

##### Company

	2022	2021
	£	£
Investments in subsidiaries	<u>25,089,384</u>	<u>3,935,001</u>
<b>Subsidiaries</b>		£
<b>Cost or valuation</b>		
At 1 April 2021		3,935,001
Additions		<u>21,154,383</u>
At 31 March 2022		<u>25,089,384</u>
<b>Carrying amount</b>		
At 31 March 2022		<u>25,089,384</u>
At 31 March 2021		<u>3,935,001</u>

## Gensmile Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Gensmile Dental Care Limited	Easton Manor, Easton Royal, Pewsey, Wiltshire, SN9 5LZ United Kingdom	Ordinary	100%	100%
River Dental Care Limited	Easton Manor, Easton Royal, Pewsey, Wiltshire, SN9 5LZ United Kingdom	Ordinary	100%	100%
Jonathan Royce Taylor Limited	Easton Manor, Easton Royal, Pewsey, Wiltshire, SN9 5LZ United Kingdom	Ordinary	100%	100%
Boro Dental Care Limited	Easton Manor, Easton Royal, Pewsey, Wiltshire, SN9 5LZ United Kingdom	Ordinary	100%	100%
Backwell Dental Care Limited	Easton Manor, Easton Royal, Pewsey, Wiltshire, SN9 5LZ United Kingdom	Ordinary	100%	100%
Gensmile Laboratories Limited	Easton Manor, Easton Royal, Pewsey, Wiltshire, SN9 5LZ United Kingdom	Ordinary	100%	100%
Precision Dental Laboratories Group Limited	Easton Manor, Easton Royal, Pewsey, Wiltshire, SN9 5LZ United Kingdom	Ordinary	100%	100%
Precision Dentacare Limited	Easton Manor, Easton Royal, Pewsey, Wiltshire, SN9 5LZ United Kingdom	Ordinary	100%	100%
Diamond Smiles Dental Centre Limited	Easton Manor, Easton Royal, Pewsey, Wiltshire, SN9 5LZ United Kingdom	Ordinary	100%	100%
Allport & Vincent Dental Laboratory Ltd	Easton Manor, Easton Royal, Pewsey, Wiltshire, SN9 5LZ United Kingdom	Ordinary	100%	100%
Global Smiles Limited	Easton Manor, Easton Royal, Pewsey, Wiltshire, SN9 5LZ United Kingdom	Ordinary	100%	100%
Smileabout Limited	Easton Manor, Easton Royal, Pewsey, Wiltshire, SN9 5LZ United Kingdom	Ordinary	100%	100%

## Gensmile Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

College Street Orthodontic Limited	Easton Manor, Easton Royal, Ordinary Pewsey, Wiltshire, SN9 5LZ United Kingdom	100%	100%
Marlborough Dental Laboratories Limited	Easton Manor, Easton Royal, Ordinary Pewsey, Wiltshire, SN9 5LZ United Kingdom	100%	100%
NFDIC Ltd	Easton Manor, Easton Royal, Ordinary Pewsey, Wiltshire, SN9 5LZ United Kingdom	100%	100%
Sparkle Dental Boutique Limited	Easton Manor, Easton Royal, Ordinary Pewsey, Wiltshire, SN9 5LZ United Kingdom	100%	100%
Emsworth Specialist Practice Limited	Easton Manor, Easton Royal, Ordinary Pewsey, Wiltshire, SN9 5LZ United Kingdom	100%	100%
Mistral Dental Care Limited	Easton Manor, Easton Royal, Pewsey, Wiltshire, SN9 5LZ	100%	100%
Zizi Smile Limited	Easton Manor, Easton Royal, Ordinary Pewsey, Wiltshire, SN9 5LZ United Kingdom	100%	100%
Robyn Hughes Dental Care Limited	Easton Manor, Easton Royal, Ordinary Pewsey, Wiltshire, SN9 5LZ  United Kingdom	100%	100%
Gavin Quigley Limited	Easton Manor, Easton Royal, Ordinary Pewsey, Wiltshire, SN9 5LZ  United Kingdom	100%	100%
Dental Care Ireland Management Limited	Easton Manor, Easton Royal, Ordinary Pewsey, Wiltshire, SN9 5LZ United Kingdom	100%	0%
Little Grove Dental Limited	Hawk House, 22 Esplanade, St Helier, JE1 1BR Jersey	100%	0%
NHDC Holdings Limited	Easton Manor, Easton Royal, Ordinary Pewsey, Wiltshire, SN9 5LZ United Kingdom	100%	0%
Norfolk House Dental Care Limited	Easton Manor, Easton Royal, Ordinary Pewsey, Wiltshire, SN9 5LZ United Kingdom	100%	0%

#### Subsidiary undertakings

##### *Gensmile Dental Care Limited*

The principal activity of Gensmile Dental Care Limited is dental practice activities.



## **Gensmile Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### *Backwell Dental Care Limited*

The principal activity of Backwell Dental Care Limited is dental practice activities.

#### *Gensmile Laboratories Limited*

The principal activity of Gensmile Laboratories Limited is manufacture of medical and dental instruments and supplies.

#### *Precision Dental Laboratories Group Limited*

The principal activity of Precision Dental Laboratories Group Limited is manufacture of medical and dental instruments and supplies.

#### *Precision Dentacare Limited*

The principal activity of Precision Dentacare Limited is dental practice activities.

#### *Allport & Vincent Dental Laboratory Ltd*

The principal activity of Allport & Vincent Dental Laboratory Ltd is manufacture of medical and dental instruments and supplies.

#### *Global Smiles Limited*

The principal activity of Global Smiles Limited is manufacture of medical and dental instruments and supplies.

#### *Marlborough Dental Laboratories Limited*

The principal activity of Marlborough Dental Laboratories Limited is manufacture of medical and dental instruments and supplies.

#### *Mistral Dental Care Limited*

The principal activity of Mistral Dental Care Limited is dental practice activities.

#### *Zizi Smile Limited*

The principal activity of Zizi Smile Limited is dental practice activities.

#### *Robyn Hughes Dental Care Limited*

The principal activity of Robyn Hughes Dental Care Limited is dental practice activities.

#### *Gavin Quigley Limited*

The principal activity of Gavin Quigley Limited is dental practice activities.

#### *Dental Care Ireland Management Limited*

The principal activity of Dental Care Ireland Management Limited is dental practice activities.

#### *Little Grove Dental Limited*

The principal activity of Little Grove Dental Limited is dental practice activities.

## **Gensmile Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### *NHDC Holdings Limited*

The principal activity of NHDC Holdings Limited is dental practice activities.

#### *Norfolk House Dental Care Limited*

The principal activity of Norfolk House Dental Care Limited is dental practice activities.

River Dental Care Limited, Jonathan Royce Taylor Limited, Boro Dental Care Limited, Diamond Smiles Dental Care Limited, Smileabout Limited, College Street Orthodontic Limited, NFDIC Ltd, Sparkle Dental Boutique Limited, Emsworth Specialist Practice Limited, Mistral Dental Care Limited, Zizi Smile Limited, Robyn Hughes Dental Care Limited and Gavin Quigley Limited are dormant.

For the year ended 31 March 2022 the following dormant subsidiaries of Gensmile Limited were entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant subsidiary companies:

River Dental Care Limited (Company No: 08030181)  
Jonathan Royce Taylor Limited (Company No: 04298019)  
Boro Dental Care Limited (Company No: 07543121)  
Smileabout Limited (Company No: 07581507)  
College Street Orthodontic Limited (Company No: 07207719)  
Diamond Smiles Dental Centre Limited (Company No: 07534336)  
NFDIC Limited (Company No: 09375982)  
Sparkle Dental Boutique Limited (Company No: 07080356)  
Emsworth Specialist Practice Limited (Company No: 07262462)  
Mistral Dental Care Limited (Company No: 07185418)  
Zizi Smile Limited (Company No: 06326094)  
Robyn Hughes Dental Care Limited (Company No: 08617898)  
Gavin Quigley Limited (Company No: 07894072)

For the year ended 31 March 2022 the following subsidiaries of Gensmile Limited were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies:

Precision Dentacare Limited (Company No: 04154259)  
Precision Dental Laboratories Group Limited (Company No: 03824228)  
Backwell Dental Care Limited (Company No: 07169907)  
Marlborough Dental Laboratory Ltd (Company No: 03183025)  
Global Smiles Limited (Company No: 08809487)  
Allport & Vincent Dental Laboratory Ltd (Company No: 05333437)  
Norfolk House Dental Care Limited (Company No: 07853357)  
NHDC Holdings Limited (Company No: 10393408)

For the year ended 31 March 2022 Little Grove Dental Limited (Company No: 122484) was not required to undertake an audit under Jersey Company Law.

## Gensmile Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 16 Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Work in progress	64,447	51,362	-	-
Other inventories	775,352	403,718	-	-
	<u>839,799</u>	<u>455,080</u>	<u>-</u>	<u>-</u>

#### Group

The carrying amount of stocks pledged as security for liabilities amounted to £839,799 (2021 - £455,080).

#### 17 Debtors

		Group		Company	
	Note	2022	2021	2022	2021
		£	£	£	£
Trade debtors		1,156,117	974,633	-	-
Amounts owed by related parties	28	-	-	33,473,029	31,950,997
Other debtors		4,175,298	1,384,838	3,560,820	859,367
Prepayments		578,489	1,683,970	-	-
Accrued income		-	2,124	-	-
Deferred tax assets	11	3,457	1,301	-	-
Income tax asset	11	253,251	55,222	242,866	-
		<u>6,166,612</u>	<u>4,102,088</u>	<u>37,276,715</u>	<u>32,810,364</u>

#### Details of non-current trade and other debtors

#### Group

£Nil (2021 - £18,350) of other debtors is classified as non current.

Trade debtors with a carrying amount of £1,156,117 (2021 - £974,633) have been pledged as security for the bank borrowings of the Group by way of a fixed and floating charge.

# Gensmile Limited

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 18 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Cash on hand	5,906	3,477	-	-
Cash at bank	<u>2,759,975</u>	<u>2,754,443</u>	<u>114,250</u>	<u>1,023,250</u>
	2,765,881	2,757,920	114,250	1,023,250
Bank overdrafts	<u>-</u>	<u>(1,306)</u>	<u>-</u>	<u>(5)</u>
Cash and cash equivalents in statement of cash flows	<u>2,765,881</u>	<u>2,756,614</u>	<u>114,250</u>	<u>1,023,245</u>

### 19 Creditors

		Group		Company	
	Note	2022	2021	2022	2021
		£	£	£	£
<b>Due within one year</b>					
Loans and borrowings	24	2,195,083	5,408,431	2,042,105	5,278,764
Trade creditors		1,552,964	1,164,984	72,362	-
Amounts due to related parties	28	-	-	582,984	529,759
Social security and other taxes		527,969	171,821	-	-
Outstanding defined contribution pension costs		30,073	25,280	-	-
Other creditors		1,302,509	1,573,241	-	-
Accruals		1,109,182	600,814	42,732	-
Corporation tax liability	11	430,832	79,278	-	-
Deferred income		744,851	76,581	-	-
Deferred consideration		<u>1,988,995</u>	<u>1,454,496</u>	<u>-</u>	<u>-</u>
		<u>9,882,458</u>	<u>10,554,926</u>	<u>2,740,183</u>	<u>5,808,523</u>
<b>Due after one year</b>					
Loans and borrowings	24	53,182,871	28,634,862	52,735,534	28,343,804
Deferred consideration		<u>2,937,691</u>	<u>1,591,567</u>	<u>-</u>	<u>-</u>
		<u>56,120,562</u>	<u>30,226,429</u>	<u>52,735,534</u>	<u>28,343,804</u>

## Gensmile Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 20 Provisions for liabilities

##### Group

	Deferred tax £	Total £
At 1 April 2021	762,821	762,821
Increase (decrease) in existing provisions	<u>365,283</u>	<u>365,283</u>
At 31 March 2022	<u><u>1,128,104</u></u>	<u><u>1,128,104</u></u>

##### Company

	Deferred tax £	Total £
At 1 April 2021	<u>159</u>	<u>159</u>
At 31 March 2022	<u><u>159</u></u>	<u><u>159</u></u>

#### 21 Pension and other schemes

##### Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £205,836 (2021 - £177,784).

Contributions totalling £30,073 (2021 - £25,280) were payable to the scheme at the end of the year and are included in creditors.

#### 22 Share capital

##### Allotted, called up and fully paid shares

	2022 No.	£	2021 No.	£
Ordinary shares of £1 each	669,687	669,687	584,162	584,162
Preference shares of £1 (2021 - £0) each	<u>15,907,789</u>	<u>15,907,789</u>	<u>-</u>	<u>-</u>
	<u><u>16,577,476</u></u>	<u><u>16,577,476</u></u>	<u><u>584,162</u></u>	<u><u>584,162</u></u>

##### New shares allotted

During the year 85,525 Ordinary shares having an aggregate nominal value of £1 were allotted for an aggregate consideration of £5,131,500.

During the year 15,907,789 Preference shares having an aggregate nominal value of £1 were allotted for an aggregate consideration of £15,907,789.

## Gensmile Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### **Rights, preferences and restrictions**

Ordinary shares have the following rights, preferences and restrictions:

Each share is entitled to one vote in any circumstances and each share is also entitled pari passu to dividend payments or any other distribution, including a distribution arising from a winding up of the company.

Preference shares have the following rights, preferences and restrictions:

Each share is non voting. Each share has the right to a fixed cumulative simple preferential dividend and are redeemable.

#### **23 Reserves**

##### **Group**

##### **Other reserves**

Other reserves are comprised of a share-based payment reserve that has arisen following the issue of share options in a group company as part-consideration in a business combination.

There were no changes to any components of equity resulting from items of other comprehensive income during the prior year.

#### **24 Loans and borrowings**

		<b>Group</b>		<b>Company</b>	
		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Non-current loans and borrowings</b>					
Bank borrowings		25,967,278	17,154,371	25,638,312	17,154,371
Finance lease liabilities		118,371	291,058	-	-
Shares classified as liabilities	22	15,907,789	-	15,907,789	-
Other borrowings		<u>11,189,433</u>	<u>11,189,433</u>	<u>11,189,433</u>	<u>11,189,433</u>
		<u>53,182,871</u>	<u>28,634,862</u>	<u>52,735,534</u>	<u>28,343,804</u>

# Gensmile Limited

## Notes to the Financial Statements for the Year Ended 31 March 2022

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
<b>Current loans and borrowings</b>				
Bank borrowings	1,639,439	4,420,588	1,639,439	4,420,588
Bank overdrafts	-	1,306	-	5
Finance lease liabilities	152,978	128,366	-	-
Other borrowings	402,666	858,171	402,666	858,171
	<u>2,195,083</u>	<u>5,408,431</u>	<u>2,042,105</u>	<u>5,278,764</u>

During the year the Group restructured its bank debt.

New loan borrowings totalling £22,872,132 (2021 - £Nil) are repayable in less than 15 years. Interest is charged at Cumulative Compounded RFR Rate plus 2.75% and the loans are secured by way of a fixed and floating charge over the assets of the Group.

New loan borrowings totalling £4,405,619 (2021 - £Nil) are repayable in less than 15 years. Interest is charged at Cumulative Compounded RFR Rate plus 3.25% and the loans are secured by way of a fixed and floating charge over the assets of the Group.

All other bank borrowings were repaid during the year and their charges satisfied (2021 - 21,541,371).

Other loans and borrowings totalling £11,592,099 (2021 - £12,047,604) are unsecured and repayable in full in less than 5 years, however the expectation is that the loan notes will be renewed. Interest is payable annually at a rate of 7%. Current other loans and borrowings totalling £402,666 (2021 - £858,171) relates to accrued interest on the loans and is payable on demand.

Finance leases are secured by the asset to which the liability relates, and are repayable by instalments in less than 5 years.

# Gensmile Limited

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 25 Obligations under leases and hire purchase contracts

#### Group

#### Finance leases

Obligations under finance lease and hire purchase contracts are secured against the assets which the arrangement finances.

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	152,978	128,366
Later than one year and not later than five years	118,371	291,058
	<u>271,349</u>	<u>419,424</u>

#### Operating leases

The total of future minimum lease payments is as follows:

#### 2022 Operating lease obligation detail:

	Rental of Dental Practices £	Other operating leases £	Total 2022 £
Not later than one year	1,846,669	18,464	1,865,133
Later than one year and not later than five years	6,940,346	15,861	6,956,207
Later than five years	7,391,819	-	7,391,819
	<u>16,178,834</u>	<u>34,325</u>	<u>16,213,159</u>

#### 2021 Operating lease obligation detail:

	Rental of Dental Practices £	Other operating leases £	Total 2021 £
Not later than one year	965,985	29,551	995,536
Later than one year and not later than five years	3,842,880	30,953	3,873,833
Later than five years	6,451,606	-	6,451,606
	<u>11,260,471</u>	<u>60,504</u>	<u>11,320,975</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,319,420 (2021 - £970,581).



## **Gensmile Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### **26 Share-based payments**

##### **Approved EMI options**

##### **Scheme details and movements**

During the year, the Group continued to offer various equity-settled share options to employees and others providing similar services which have been aggregated here as they are considered to be substantially similar in type.

The options become exercisable subject to various vesting conditions including length of service and are fully vested by the fourth anniversary of the grant date.

The options have been valued using the Black Scholes valuation model.

The total expense recognised in the profit or loss account is £Nil (2021 - £Nil) since the directors consider the amounts to be immaterial.

The movements in the number of share options during the year were as follows:

	<b>2022 Number</b>	<b>2021 Number</b>
Outstanding, start of period	-	51,567
Exercised during the period	-	(51,567)

The total number of approved EMI options that were exercisable at the year end was Nil (2021 - Nil).

The movements in the weighted average exercise price of share options during the year were as follows:

	<b>2022 £</b>	<b>2021 £</b>
Outstanding, start of period	-	15
Exercised during the period	-	15

##### **Unapproved share option plan**

##### **Scheme details and movements**

During the year, the Group continued to offer various equity-settled share options to employees and others providing similar services which have been aggregated here as they are considered to be substantially similar in type.

The options become exercisable subject to various vesting conditions including length of service and are fully vested by the fourth anniversary of the grant date.

The options have been valued using the Black Scholes valuation model.

The total expense recognised in the profit or loss account is £Nil (2021 - £Nil) since the directors consider the amounts to be immaterial.

## Gensmile Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

The movements in the number of share options during the year were as follows:

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Outstanding, start of period	25,623	25,092
Granted during the period	6,750	531
Outstanding, end of period	<u>32,373</u>	<u>25,623</u>

The total number of unapproved options that were exercisable at the year end was 32,373 (2021 - 25,623).

The movements in the weighted average exercise price of share options during the year were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Outstanding, start of period	14	13
Granted during the period	60	40
Outstanding, end of period	<u>24</u>	<u>14</u>

## 27 Commitments

### Group

#### Capital commitments

In the prior year the group was committed to capital expenditure in relation to developing its dental practices.

The total amount contracted for but not provided in the financial statements was £Nil (2021 - £Nil).

# Gensmile Limited

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 28 Related party transactions

#### Group

#### Loans to related parties

	Other related parties £
<b>2022</b>	
At start of period	747,280
At end of period	747,280

Included in the above is £434,171 (2021 £434,171) due from key management.

	Other related parties £
<b>2021</b>	
Advanced	747,280
At end of period	747,280

#### Company

#### Summary of transactions with all subsidiaries

Related parties are the subsidiaries of Gensmile Limited.

Transactions with related parties consist of amounts owed to and by the parent company.

The loans are interest free and repayable on demand.

#### Loans to related parties

	Subsidiaries £	Other related parties £
<b>2022</b>		
At start of period	31,421,238	747,280
Repaid	(675,032)	-
At end of period	30,746,206	747,280
<b>2021</b>		
At start of period	14,690,516	-
Advanced	16,730,722	747,280
At end of period	31,421,238	747,280

## **Gensmile Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

On 31 March 2022 Gensmile Limited acquired the share capital of Dental Care Ireland Management Limited. Consideration was settled in shares and resulted in the issuance of 73,053 Gensmile Limited Ordinary Shares to Nicholas Lowcock and 15,907,789 Gensmile Limited Preference Shares to Zeme Capital Limited.

Nicholas Lowcock and Zeme Capital Limited each hold between 25% and 50% of the share capital of Gensmile Limited and Nicholas Lowcock holds more than 75% of the share capital of Zeme Capital Limited.

#### **29 Financial instruments**

##### **Group**

##### **Categorisation of financial instruments**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Financial assets measured at fair value through profit or loss	69,985,196	30,521,406
Financial assets debt instruments measured at amortised cost	8,336,750	4,996,928
Financial liabilities measured at amortised cost	(63,058,345)	(38,534,471)

#### **30 Non adjusting events after the financial period**

After the balance sheet date, the Group acquired mixed dental practices in Hampshire, the Isle of Man, Guernsey and Ireland, for total consideration of £8.8m.