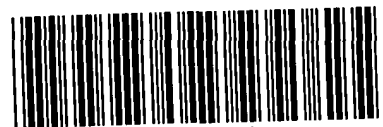


Turnstone Bidco 1 Limited
Annual report and financial statements
Registered number 07496765
Year ended 31 March 2020

TUESDAY



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Strategic report for the year ended 31 March 2020

The director presents the Strategic report for the year ended 31 March 2020.

Principal activities

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

Business review

Review of the development and performance of the company

The company is a member of the group of companies headed by Turnstone Equityco 1 Limited ('the group'). The principal activities of the group are the operation of dental practices and the provision of materials, services and equipment to dental practices.

The group is organised into two distinct business units, {my}dentist and DD divisions which provide a range of National Health Service ('NHS') and private dental services from practices throughout the United Kingdom along with support services to other third party dental practices and the wider healthcare sector.

From mid-March 2020 the UK was subject to lockdown measures which were implemented to slow the spread of the Covid-19 outbreak. On 23 March 2020, {my}dentist took the decision, for the safety of patients and staff, to stop all non-emergency treatments across all practices in the group. Routine dental treatment was allowed to restart, with modifications in operating procedures, from 8 June 2020. See subsequent events section for more details.

{my}dentist

The group owns and manages a national chain of dental practices trading as "{my}dentist", with 597 sites at 31 March 2020 (2019: 603). The dental practices offer a broad range of primary care dental services, including dental examinations, fillings and extractions, as well as more specialised dental services such as cosmetic dentistry and orthodontics. The group offers both private and NHS services in the majority of practices and is the largest provider of NHS dentistry in the UK, with around 58% (2019: 63%) of total group revenue and 74% (2019: 77%) of divisional revenue coming from NHS contracts.

The division's main trading entities are Petrie Tucker and Partners Limited, Whitecross Dental Care Limited and IDH Limited. Over recent years {my}dentist has experienced challenges in the delivery of NHS contracts and has seen a reduction in the volume of Units of Dental Activity ("UDA") completed by the business. The reduction in volume was mainly due to:

- disposal of loss-making practices due to recruitment challenges or low UDA rates;
- a reduction in the number of hours dentists make available for NHS work;
- a reduction in the volume of contracted UDAs held by individual dentists;
- a reduction in the number of eligible exempt patients resulting in changes in the UDA band mix; and
- the impact of the strategy to grow private revenues.

Following an in-depth review, {my}dentist determined that while dentists still appreciate the opportunities provided by NHS dentistry, as they progress in their career they generally wish to develop their skills by providing a wider range of treatments, some of which are not available on the NHS. In historically concentrating on NHS services, {my}dentist has not provided the opportunities for experienced dentists to develop their practice through offering additional private sessions and this has led to a decrease in the number of hours the group can make available to patients. The clear feedback from dentists led to the piloting during Q4 of FY2019 of a new affordable private treatment choice for patients, branded as "{my}options". Due to the success of the pilot, {my}options was rolled out quickly to over 400 practices during the first half of this financial year. As at the end of February 2020 (pre-Covid-19 crisis), like-for-like practice private revenue growth per working day was up more than 19% year-on-year, driven by the roll out of {my}options. Over 60% of patients treated under {my}options were also new to {my}dentist.

{my}dentist has continued to recruit more dentists in order to increase the hours available to patients. During the year ended 31 March 2020, the business continued to develop new recruitment channels in order to accelerate dentist recruitment from both UK and overseas channels. The total number of dentists engaged by the group increased by 163 over the year, including over 100 newly-qualified dentists and added 3,900 weekly hours of clinical time. The business also successfully completed 4 internal training programmes to assist dentists from European dental schools to transition to the UK. Once the training is complete, the dentists provide private treatments in practice to build up the experience required to apply for an NHS performer number. The group continues to monitor the progress of changes to UK immigration law and the potential new recruitment routes that could open up.

Strategic report for the year ended 31 March 2020 (continued)

Business review (continued)

{my}dentist (continued)

During this year a small number of practices were identified as no longer viable due to structural issues such as, for example, very low UDA contract values or where geographical isolation had made it difficult to recruit dentists. The group has continued to review on a practice by practice basis the portfolio of NHS contracts held by practices and the services available to be provided in the practice. This resulted in the decision to close a further 4 dental practices during the year. A pilot programme has also been implemented during the year to move smaller 1-2 chair practices into larger premises in higher footfall, "High Street" locations. Overall during the year ended 31 March 2020, 1 greenfield site was opened, 1 practice merged into another existing practice and 3 existing practices merged into one new practice.

DD (formerly Dental Directory)

DD is a leading supplier of dental and other medical consumables, materials, medical aesthetics and services (including the installation and servicing of specialised dental equipment), selling dental supplies and services to at least 8,000 dental practices, including {my}dentist dental practices. DD has an estimated market share of 25% in the United Kingdom, by revenue.

The principal trading entities of DD are DD Products and Services Ltd (formerly Billericay Dental Supply Co. Limited) trading as DD, along with a number of smaller businesses including Dolby Medical Limited based in Scotland, Med-FX Ltd, concentrating on medical aesthetics and BF Mulholland Limited, based in Northern Ireland.

DD has had a positive year with significant revenue and adjusted EBITDA growth driven primarily by increases in medical aesthetics from an exclusive UK distributor arrangement with Galderma. Wholesale, equipment and engineering revenues have also grown but this has been partially offset by the continued slowdown in sales to high street independent dental practices due to the increasing consolidation in the sector, albeit the business made significant gains into large dental corporates towards the back end of the year. While gross profit is up, gross margins have declined in DD due to the increase in lower margin toxin sales. The new management team introduced during FY2019 have radically overhauled customer service to improve the order process and customer experience. Significant improvements have also been made in back office processes to support the development of higher margin activities such as equipment installation and repairs and maintenance. As part of this process the business was relaunched as "DD" to reflect its move in to other sectors whilst also retaining specialist dental knowledge.

Subsequent events - Impact of the coronavirus pandemic

The Covid-19 coronavirus outbreak has had a significant impact on the group post year end.

During March, {my}dentist practices moved quickly from normal operations to following restrictions where only emergency procedures with no aerosol generating procedures ("AGP") could be provided to patients. During the nationwide lockdown period, dental practices were still staffed, with most practices operating a telephone only triage system and emergency cases referred into the network of NHS Urgent Dental Care Centres (UDCs). {my}dentist operated over 70 UDCs from its practices. No private dentistry was carried out during this period and therefore private revenues came to a halt. NHS England confirmed that mixed NHS and private practices could claim for furloughed workers in proportion to the private income of the practice and {my}dentist placed just under 25% of practice staff on furlough and claimed under the Coronavirus Job Retention Scheme.

The NHS have stated that FY2020 UDA delivery would be measured with any shortfall in March delivery due to Covid-19 related practice closures to be replaced by March 2019 performance.

As the lockdown conditions eased, the CDO in England announced on 28 May 2020 that dental practices in England could restart face-to-face care with effect from 8 June 2020. {my}dentist delayed restarting activity until 15 June 2020 to enable practices to fully train staff on new Standard Operating Procedures (SOPs) including staggered appointment times, social distancing and personal protective equipment. Protective screens, hand sanitiser stations and social distancing vinyls were installed in practices and surgeries were reviewed for air flow and suction capacity. From 1 July 2020 all treatment options including AGPs are being performed in practice subject to PPE, however a downtime fallow period is required in surgery after a treatment involving AGP.

Strategic report for the year ended 31 March 2020 (continued)

Business review (continued)

Subsequent events - Impact of the coronavirus pandemic (continued)

A key focus of the business during the pandemic was to maintain communication with all stakeholders – patients, self-employed clinicians, practice and Support Centre staff, the NHS and industry bodies. Regular email and video communications have been made available to keep groups updated with information relevant to their situation such as pay, infection control procedures and Personal Protective Equipment (PPE) for clinicians and oral health advice for patients. Management have also been in close contact with the NHS across the regions, the Association of Dental Groups (ADG) and the British Dental Association (BDA) on the approach of dentistry to the lockdown and then on restart procedures.

Post year end, NHS contractual payments have continued to be made each month to dental practices at 1/12th of the annual contract value on condition that practices were operational and self-employed clinicians and staff continued to be paid in line with contract. An abatement to the UDA contract will be made for variable costs, such as laboratories and materials, that will not be incurred while practices were running as triage facilities and therefore at lower activity levels. The level of abatement in England has been set at 16.75% from 1 April 2020 to 7 June 2020 and at 0% from 8 June 2020 provided that 20% of usual patient activity is completed from the end of July 2020. NHS Wales have confirmed that the abatement will be 20% in Q1 FY2021 reducing to 10% in Q2 and that UDA completion will not be monitored for Q1. Payments in Scotland and Northern Ireland have continued at 80% of normal levels.

The significant reduction in dental activity across the United Kingdom resulted in the main sales channels in DD such as High Street consumables, engineering and aesthetics being heavily impacted. However, the increase in the demand for PPE across many private and public sector organisations lead the business to expand and diversify both the supply chain and customer bases.

In order to maximise group liquidity the £100 million Super Senior Revolving Credit Facility (SSRCF) was drawn down in full during March 2020, meaning that the group entered FY2021 with £68 million more cash on hand than under normal circumstances. Management have carried out detailed scenario planning based on the NHS contractual position at varying levels of abatement and a range of activity levels for the post-lockdown part of the year and into FY2022. Activity levels have been considered for NHS and private revenue recognition and for DD activity including continuing private revenue growth and maintaining the current NHS/private balance. The group's 548 NHS UDA contracts provide a significant source of certainty and cash flow resilience. The scenarios demonstrate sufficient liquidity and that all funding covenants can be met, even under a 'severe but plausible' downside scenario.

During the second lockdown period in November 2020, following guidance from the CDO, dental practices remained open for all treatments. {my}dentist has now invested £1.25m in installing air filtration units in all practices which allows the fallow time between appointments to be reduced to ten minutes. This will allow an increased number of appointments to be made available and will increase patient access to care.

Strategy and future outlook

The company is expected to remain an investment holding company in the forthcoming year.

Events after the reporting period

On 28 May 2021, the group announced that a binding share purchase agreement had been entered into for Palamon Capital Partners and the management team to acquire The Carlyle Group's shareholding in the company's ultimate parent undertaking, Turnstone Equityco 1 Limited ("the Palamon transaction"). On 16 August 2021, the transaction was completed and a full refinancing of the group's third party borrowings was finalised.

Financial review

The operating loss for the year was £158,542,000 (2019: £10,756,000). The loss for the financial year was £186,253,000 (2019: £39,480,000).

An impairment review over the carrying value of the company's investments has been performed resulting in the investments being fully provided for in the current year on the basis that the fair value of the group is estimated to be less than the group debt. Should the fair value of the group increase in the future then this provision can be reversed. As a result, a provision charge of £148,000,000 has been recorded in the income statement for the year ended 31 March 2020 (2019: £nil) in addition to the impairment of receivable due from subsidiary of £10,526,000 (2019: £10,747,000).

Strategic report for the year ended 31 March 2020 *(continued)*

Business review *(continued)*

Financial review (continued)

Throughout the year ended 31 March 2020, IDH Finance Plc, a fellow subsidiary of Turnstone Equityco 1 Limited, had the following borrowings:

- £275 million 6.25% senior secured notes due 15 August 2022;
- £150 million LIBOR plus 6.00% senior secured floating rate notes due 15 August 2022;
- £130 million LIBOR plus 8.00% second lien notes due 15 August 2023, with LIBOR subject to a minimum floor of 1.00%; and

The net proceeds of these notes were on lent to the company by IDH Finance Plc on the same terms.

The company also holds a £100 million Super Senior Revolving Credit Facility ('SSRCF') available until 5 August 2022 with interest payable in arrears at a rate of LIBOR plus 3.5% per annum. As at 31 March 2020, £98.2 million had been drawn against this facility, with a further £1.8 million committed against a letter of credit, leaving the facility fully drawn.

On 16 August 2021, the borrowings above were refinanced partly through the issue of the following external borrowings.

- £400 million reference rate plus 7.25% margin Unitranche facility due 16 August 2027
- £50m Super Senior Revolving Credit Facility ("new SSRCF") available until 16 February 2027
- £120 million Subordinated PIK facility due 16 August 2023 (with an option to extend for 1 additional year) with interest due at repayment based on a reference rate plus 11.00% per annum for the first 12 months and then increasing by 0.50% every three months until repayment, to a maximum of 13.50%.

Principal risks and uncertainties

The company's risks and uncertainties are integrated with the principal risks and uncertainties of the group. Accordingly, the principal risks and uncertainties of Turnstone Equityco 1 Limited, which includes those of the company, are discussed in the Strategic report in the financial statements of Turnstone Equityco 1 Limited which does not form part of this report.

The consolidated financial statements of Turnstone Equityco 1 Limited are publicly available and may be obtained from the Company Secretary, Turnstone Equityco 1 Limited, Europa House, Stoneclough Road, Kearsley, Manchester, M26 1GG.

Clinicians and other qualified staff

The group requires skilled clinicians, hygienists and nurses in order to care for its patient base. The expansion of the European Union ('EU') over recent years and, until recently, the increased capacity of UK dental schools have increased the supply of clinicians available to the group. The group has also significantly invested in increasing the recruitment capabilities of the group in order to attract new and retain existing clinicians. The director recognises the importance of quality clinicians and their self-employed status for ensuring the continued success of the group. The group manages the risk associated with the supply of clinicians through offering access and subscription to training and development programmes to enhance retention. Due to factors which have resulted in a decrease in UDA delivery rates over recent years, the group continues to work to recruit additional clinicians in order to deliver its NHS contracts and to develop the provision of private dentistry. In addition, the UK's decision to withdraw from membership of the EU may impact the supply of clinicians in future but could also open up alternative recruitment options through changes in visa regulations. The group continues to monitor developments.

The most common method for a practice owner of engaging with clinicians in the dental industry is for the clinician to operate as a self-employed associate dentist. This enables dentists to retain their clinical freedom over the appropriate course of treatment for patients, to develop their interests in specific specialities by having the flexibility to work across different practices and to have control of the amount they can earn through the hours they make available for appointments. In return, they contribute to the running costs of the practice and are responsible for a share of the laboratory costs relating to their treatment plans. This method of engagement has been recognised historically as the normal approach for the industry through the use of a model contract developed by the BDA. HMRC have published guidance that confirms if an associate is engaged on the terms of the model contract and the terms are followed, then the associate can consider themselves to be self-employed.

Strategic report for the year ended 31 March 2020 *(continued)*

Principal risks and uncertainties *(continued)*

Clinicians and other qualified staff (continued)

In common with many industries where self-employed individuals are utilised widely, HMRC have undertaken an industry review of the engagement terms used and the way these terms are applied in practice. The group utilises the model contract developed by the BDA as its basis of engagement with dentists and has clear policies and procedures about how associates work with employed practice teams. The group, supported by external advisors, has engaged with HMRC in this review, including through discussions with senior operational management and practice teams. The group is aware that HMRC have approached a number of clinicians engaged by the group in order to discuss their self-employed status. As of the date of this report, HMRC's review is still in progress. HMRC had previously notified the group that they were considering withdrawing or amending the guidance relating to the model contract with effect from 5 April 2020.

This action has subsequently been paused. HMRC have stated previously that their view is that they should not now be providing guidance on individual industry-specific contracts. Given the existence of the current guidance, the group considers that any changes will relate to prospective rather than retrospective engagements and that status will need to be considered against HMRC's general guidance for self-employment in the future. Any change this has on the nature of engagement with clinicians is also likely to affect the entire industry.

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework which are managed in the context of the risks to which the group is exposed. The group's activities expose it to a variety of financial risks: credit risk, liquidity risk, market (including currency and interest rate risk) and inflation risk.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

Credit risk

Credit risk is the risk of financial loss to the group if a customer fails to meet its contractual obligations. The nature of the group's contracts with the NHS Regions means that credit risk is minimised for a significant proportion of group revenue. The patient's contribution to NHS charges is usually collected before treatment in order to minimise risk to the group, however a risk may arise if treatment plans change and additional charges are not collected at the time of the appointment. Payment is also requested in advance for major courses of private treatment. In Dental Directory, new customers are subject to external credit checks using the main agencies. Credit terms are negotiated individually and subsequently monitored closely by the credit control team. Cash deposits are principally held with institutions that hold a minimum credit rating meeting two of the following: BBB+ (Standard and Poor's or Fitch); or Baa1 (Moody's).

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without unacceptable losses or risking damage to the group's reputation.

The group regularly monitors its cash flow forecasts and currently maintains funds on demand to meet all operational expenses including the servicing of financial obligations.

Strategic report for the year ended 31 March 2020 *(continued)*

Financial risk management *(continued)*

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the group's income or costs. The group is exposed to currency risk as business units within Dental Directory routinely purchase goods in currencies other than Sterling (principally Euro and US Dollar). The group has policies and procedures in place to mitigate the impact of fluctuations in foreign exchange rates and, in particular, to provide reasonable certainty over the group's cash flows, through the use of, for example, derivative financial instruments such as foreign currency forward contracts or option contracts. This risk is also managed through competitive tendering for the group's significant supply contracts. All other operations are carried out in the United Kingdom and all income, other expenses and facilities are denominated in Sterling.

£275 million of the group's Senior Secured notes being of a fixed rate nature, interest charges are now fixed in respect of 42% of the group's total drawn debt (2019: 48%).

Inflation risk

Inflation risk is the risk that the cost of key services and products procured by the group will rise with inflation and affect the group's income. The rates paid under the terms of the group's NHS contracts are reviewed on an annual basis and, over the course of the past few years, the annual uplifts have typically been lower than the rate of both RPI and CPI.

The group undergoes a regular review of key suppliers through its procurement programme to mitigate cost increases, using tendering processes where possible. In addition, the group seeks to rationalise its supplier base to benefit from its scale.

Covid-19

The Covid-19 pandemic has had a significant impact on our patients, our clinicians and employees and our suppliers with the extent dependent on any recurrence and consequent lockdown measures whether local or national. The severity of the economic effect, levels of unemployment, and the speed and nature of the recovery will all impact on performance over the near future. Within {my}dentist, the revised operating procedures required for healthcare settings including additional personal protective equipment (PPE) requirements, the higher costs of PPE and the fallow period requirements between patient appointments will impact on productivity and the potential revenue an individual surgery can generate. There is also uncertainty over the speed at which patients will want to return to medical settings and the availability of clinicians and staff where medical conditions mean they are unwilling to risk returning to practice. While restrictions were placed on practices during March to June 2020, the NHS across the UK provided financial support to the industry by continuing monthly contract payments.

From the period where restrictions were placed on practice operations by the NHS, a leadership team group met regularly, first to prepare and implement guidance on how practices moved from routine treatment to telephone triage only, then to work on identifying suitable practices that could operate as UDCs for the NHS, and to build a set of comprehensive operating procedures that could be implemented when practices could reopen. A key element of the response to the situation was to maintain communications with clinicians, practice staff and patients including providing guidance on oral health maintenance while face-to-face treatment was not possible. Weekly cash flow models were also prepared for the Executive team in response to changing scenarios to evaluate financial impacts and to assess potential mitigation options.

As dental practices reduced their purchasing of materials and equipment while only able to provide telephone service, DD utilised their skill set in sourcing key elements of PPE such as masks, gloves and aprons. While this provides part of their normal core service to dental practices, the focus switched to sourcing larger amounts of items to meet the demand for large orders from the NHS supply chain and other public authorities.

Over the next year, practice operating procedures will continue to evolve in line with feedback from clinicians and practice staff and guidance from Public Health England and the NHS. Modelling will also continue on Covid-19 scenarios to identify and evaluate financial impacts.

Strategic report for the year ended 31 March 2020 *(continued)*

Section 172(1) statement

The directors of the company must act in accordance with the duties detailed in section 172 of the Companies Act 2006:

“A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and in doing so have regard (amongst other matters to) –

- the likely consequences of any decision in the long term,
- the interests of the company’s employees,
- the need to foster the company’s business relationships with suppliers, customers and others,
- the impact of the company’s operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.”

The directors remain conscious of the impact their decisions have on employees, patients of {my}dentist and customers of DD, clinicians, the NHS, communities, suppliers, regulators, investors and the environment. The directors focus on engagement with all stakeholders and this informs the group’s decision-making process.

Consequences of decisions in the long term

The group has the following key strategies:

- To maintain the highest clinical standards by developing best-in-class clinical pathways and procedures to deliver consistent, high quality and ethical dental care
- To improve clinician and nurse resourcing and retention
- To optimise practice productivity
- To grow our private business through affordable and specialist options
- To develop our DD businesses
- To ensure every practice is sustainable for the future
- To ensure cost efficiency across the group

The directors believe these are critical long term factors for the success of the group. The group plans for strategic investment to support these goals, examples include the creation of Advanced Oral Health Centres (AOHCs) to increase the availability of specialist treatments including implants, the launch of {my}options to provide an affordable private treatment option for patients and the opening up of new markets for DD through the distribution arrangement with Galderma.

The group aims to operate and develop its businesses in a way that supports current needs and provides a platform for future development. This decision making process takes into account the relevant economic, environmental and social factors to sustain the group for the long term. Part of this decision making process includes resource allocation decisions over where to invest capital to generate the best return to underpin long term operational requirements.

Engaging with our people

As a healthcare business, it is critical that we maintain the highest possible clinical standards and our people including our self-employed clinicians are key to this objective. The directors and executive management want our people to be engaged in the success of their practice and to strive to provide the best possible patient care. At DD we want our people to be able to provide our customers with industry leading service.

The Chief Executive Officer, Managing Director for {my}dentist, and the Group Clinical Director all regularly hold area meetings for clinicians and practice employees to gather feedback on potential improvements, to listen to perspectives from practices and to empower practice teams. The Managing Director for DD also regularly visits the regional businesses within the division.

{my}dentist wide “Great Place to Work” (for employees) and “Great Place to Practise” (for clinicians) surveys are run annually using consistent question patterns in order to track progress against key issues for my team, my manager, my career, my engagement and my ideas. Localised feedback from the surveys are then used to develop action plans which are aligned with wider divisional focus areas. Survey results from previous years have led to the restructuring of the Nurse career path, the introduction of Practice Manager development programmes, the launch of our Clinical Excellence awards and a reorganisation of the practice Facilities telephone helpdesk. The analysis for each survey is presented to the Board and reviewed against the current strategic goals of the business.

Strategic report for the year ended 31 March 2020 *(continued)*

Section 172(1) statement *(continued)*

The annual {my}dentist clinical conference provides a forum for clinicians to meet, attend continuing professional development seminars lead by industry experts and gain an insight into the development of the group. It also provides an opportunity for clinicians to highlight the positive changes their work can have on patients.

During the coronavirus lockdown, our practices were still open for telephone triage appointments and face to face for urgent treatment and were staffed on a rota basis. However, as private dental treatment could not be delivered, in accordance with BDA guidance a proportion of our workforce in line with our private turnover was placed on furlough. Priority was given for employees who were shielding or had relatives who required support. Furloughed staff were paid at 80% of normal salary. At DD changes were made to warehouse operations to ensure that social distancing was enforced and some staff were furloughed to reduce the numbers in the building at any one time. Office based employees, where possible, all moved to working remotely using technology solutions and working flexibly around domestic circumstances.

Further information is provided in the Strategic Report section “People”.

Understanding the views of all of our stakeholders and fostering of business relationships

Engaging stakeholders and developing meaningful partnerships is essential for long term business success. The group is engaged in regular and open dialogue with relevant stakeholders to understand perspectives, expectations, concerns and needs.

The group maintains a wide range of relationships in the dental and healthcare sector in order to ensure it is able to plan effectively for the future. The group maintains relationships with the NHS at a regional and national level to understand commissioning requirements, with the BDA to understand clinicians key interests, with the Department of Health, with Members of Parliament with an interest in dentistry, with the UK dental schools to understand the aspirations of future clinicians and with suppliers to work on the future of dentistry including digital transformation. The group is also a founder member of the Association of Dental Groups and through this works with other dental corporates in the UK on issues that affect the industry as a whole.

Impact of the company's operations on the community and environment

We aim to deliver outstanding care to our patients, ensuring great clinical outcomes along a patient journey.

We collect feedback from patients as part of our NHS commitments which generates a “Friends and Family test” recommendation that is published on the NHS website for each practice. The website also includes a section for reviews and ratings and Practice Managers provide responses to feedback and take action when issues are raised. {my}dentist also has a dedicated Patient Support team who assist practices in dealing with any issues or complaints raised by patients.

Further information is provided in the Strategic Report section “Social matters” and “Environmental impact”

Strategic report for the year ended 31 March 2020 *(continued)*

Section 172(1) statement *(continued)*

Maintaining a reputation for high standards of business conduct

The group operates in highly regulated environments across all of its business areas. This level of regulation is critical as it ultimately aims to protect patients and to ensure they receive the right level of care and are treated fairly. Our approach aligns with our strategy to maintain the highest clinical standards. In order to maintain compliance, {my}dentist operates a bespoke system of monitoring progress against practice targets which is reviewed alongside practice financial performance by operational management. Within DD, the Med-FX pharmacy is a registered pharmacy with the General Pharmaceutical Council and is required to declare each year compliance with professional, ethical and fitness to practice standards.

Alongside clinical compliance, our Health and Safety specialists assist practice and DD teams in maintaining a safe environment for patients and employees. The processes and procedures in place at {my}dentist have led to the team being presented with the “Commended in the Healthcare Services Sector” award at the Royal Society for the Prevention of Accidents (RoSPA) Health and Safety Awards.

The group is partly funded through debt securities listed on The International Stock Exchange. Quarterly briefing presentations are held for bondholders to discuss developments in the group over the last three months in an open and transparent way. This also provides an opportunity for questions to be raised with the Chief Executive Officer and Chief Financial Officer. All significant announcements are published on the {my}dentist website.

The need to act fairly as between members of the company

After weighing up all relevant factors, the directors consider which course of action best enables delivery of the group’s strategy for the long term, taking into consideration the impact on stakeholders.

On behalf of the Board



N K Pandya

Director

27 August 2021

Director's report for the year ended 31 March 2020

The director presents their report and the audited financial statements of Turnstone Bidco 1 Limited for the year ended 31 March 2020.

Financial risk management

Please refer to the Strategic report for a description of the company's financial risk management processes.

Future developments

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

Proposed dividend

The director does not recommend the payment of a dividend for the year (2019: £nil).

Directors

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

N K Pandya (appointed 27 November 2020)

T Riall

O Shafi Khan (resigned 5 April 2019)

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

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Turnstone Equityco 1 Limited. The directors have received confirmation that Turnstone Equityco 1 Limited intend to support the company for at least one year after these financial statements are signed, and therefore the going concern of the company is dependent on the going concern of the parent company. In making their assessment of the going concern of the parent company, the directors of the parent company have considered the recent Palamon Transaction, the recent refinancing of the Group's external debt, and the preparation of both a base case and a severe but plausible downside case.

Events after the reporting period

Please refer to the Strategic report for details of the impact of the Covid-19 pandemic.

On 28 May 2021, the group announced that a binding share purchase agreement had been entered into for Palamon Capital Partners and the management team to acquire The Carlyle Group's shareholding. On 16 August 2021, the transaction was completed and a full refinancing of the Group's third party borrowings was finalised.

Employee engagement

The company has no employees and therefore has nothing to report in respect of employee engagement activity during the year.

Director's report for the year ended 31 March 2020 (continued)

Statement of director's responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the director 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 the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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.

The director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

Independent auditors

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

On behalf of the Board



N K Pandya
Director
27 August 2021

Europa House
Europa Trading Estate
Stoneclough Road
Kearsley
Manchester
M26 1GG

Independent auditors' report to the members of Turnstone Bidco 1 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Turnstone Bidco 1 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2020; the Income statement and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report to the members of Turnstone Bidco 1 Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Director's report

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 year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the director for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Turnstone Bidco 1 Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
27 August 2021

Income statement
for the year ended 31 March 2020

	<i>Note</i>	2020 £'000	2019 £'000
Administrative expenses		(16)	(9)
Impairment of receivable due from subsidiary	11	(10,526)	(10,747)
Provision on investment in subsidiaries	10	(148,000)	-
		<hr/>	<hr/>
Operating loss	5	(158,542)	(10,756)
Interest receivable and similar income	7	16,246	14,465
Interest payable and similar expenses	8	(43,957)	(43,189)
		<hr/>	<hr/>
Net interest payable		(27,711)	(28,724)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(186,253)	(39,480)
Tax on loss on ordinary activities	9	-	-
		<hr/>	<hr/>
Loss for the financial year		(186,253)	(39,480)
		<hr/>	<hr/>

The company has no items of other comprehensive income during the current or previous year other than those stated above and therefore no separate statement of comprehensive income has been presented.

Balance sheet
at 31 March 2020

	Note	£'000	2020 £'000	£'000	2019 £'000
Fixed assets					
Investments	10		440,014		588,014
Current assets					
Debtors (includes £53,151,000 falling due after more than one year, 2019: £47,432,000)	11	130,029		126,135	
Cash at bank and in hand		93		93	
		130,122		126,228	
Creditors: amounts falling due within one year	12	(57,989)		(89,677)	
Net current assets			72,133		36,551
Total assets less current liabilities			512,147		624,565
Creditors: amounts falling due after more than one year	13		(656,700)		(582,865)
Net (liabilities)/assets			(144,553)		41,700
Capital and reserves					
Called up share capital	15		4,110		4,110
(Accumulated losses)/retained earnings	16		(148,663)		37,590
Total shareholders' (deficit)/funds			(144,553)		41,700

The notes on pages 18 to 29 form an integral part of these financial statements.

These financial statements on pages 15 to 29 were approved by the board of directors on 27 August 2021 and were signed on its behalf by:



N K Pandya
Director

Statement of changes in equity
for the year ended 31 March 2020

	Called up share capital	Retained earnings/ (Accumulated losses)	Total shareholders' funds
	£'000	£'000	£'000
Balance at 1 April 2018	4,110	77,070	81,180
Comprehensive expense for the year			
Loss for the financial year	-	(39,480)	(39,480)
Balance at 31 March 2019	4,110	37,590	41,700
Comprehensive expense for the year			
Loss for the financial year	-	(186,253)	(186,253)
Balance at 31 March 2020	4,110	(148,663)	(144,553)

Notes to the financial statements

1 Company information

Turnstone Bidco 1 Limited (the 'company') is a private company limited by shares incorporated in the United Kingdom and domiciled in England. The address of the registered office is: Europa House, Europa Trading Estate, Stoneclough Road, Kearsley, Manchester M26 1GG.

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

The company is a member of the group of companies headed by Turnstone Equityco 1 Limited ('the group'). The principal activities of the group are the operation of dental practices and the provision of materials, services and equipment to dental practices.

2 Accounting policies

Basis of preparation

The financial statements of Turnstone Bidco 1 Limited have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102'), and with the Companies Act 2006.

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

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

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Turnstone Equityco 1 Limited. The directors have received confirmation that Turnstone Equityco 1 Limited intend to support the company for at least one year after these financial statements are signed, and therefore the going concern of the company is dependent on the going concern of the parent company. In making their assessment of the going concern of the parent company, the directors of the parent company have considered the recent Palamon Transaction, the recent refinancing of the Group's external debt, and the preparation of both a base case and a severe but plausible downside case.

The financial statements are presented in Sterling (£).

A summary of the more important accounting policies, which have been applied on a consistent basis, is set out below.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with, including notification of, and no objection to, the use of the exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and that the company's cash flows are included within the consolidated cash flow statement for the group;
- from preparing a reconciliation of the number of shares outstanding at the beginning and end of the financial year;
- from disclosing the compensation paid to the company's key management personnel; and
- from disclosing related party transactions between wholly owned entities that are part of the Turnstone Equityco 1 Limited group of companies.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Investments

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

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Impairment of investments

At each reporting date investments are reviewed to determine whether there is any indication that they have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected investment is estimated as the higher of its fair value less costs to sell or the value in use. This is then compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the investment in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Financial instruments

Basic financial assets and liabilities, including amounts owed to and by group undertakings, borrowings and cash and bank balances, in accordance with section 11 and 12 of FRS 102, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at a mortised cost using the effective interest method.

Transaction costs paid as part of the issue of borrowings are deducted from the amount initially recognised upon issue of the debt and are subsequently amortised to the income statement over the term of the facility.

At the end of each reporting period financial assets measured at a mortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

Derivate financial instruments, including interest rate swap contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivative financial instruments are recognised within interest receivable or interest payable in the income statement as appropriate.

3 Significant accounting judgements and estimates

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

Impairment of investments

At each reporting date investments are reviewed to determine whether there is any indication that they have suffered an impairment loss. In determining whether there is an indication of impairment a number of judgemental factors must be considered, including an estimate of the future economic benefits that can be derived from those assets and current market conditions.

Carrying value of financial assets and liabilities

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

Notes to the financial statements (continued)

4 Segmental analysis

The loss on ordinary activities before taxation and net assets of the company relate to its principal activity of investment holding. All services are provided in the United Kingdom.

5 Operating loss

	2020 £'000	2019 £'000
<i>Operating loss is stated after charging:</i>		
<i>Auditors' remuneration:</i>		
Amounts receivable by the auditors and their associates in respect of:		
Fees payable for the audit of the financial statements	16	9

There were no costs payable for non-audit by this company during the year (2019: none).

6 Directors and employees

The directors received no emoluments from the company for their services during the year (2019: £nil). The emoluments received as a director of the parent company are disclosed in the financial statements of Turnstone Equityco 1 Limited for T Riall and O Sha fi Khan.

The company has no employees (2019: none).

7 Interest receivable and similar income

	2020 £'000	2019 £'000
Interest receivable on loan to subsidiary undertakings	16,246	14,465

8 Interest payable and similar expenses

	2020 £'000	2019 £'000
Bank loans and overdrafts	1,241	411
Amortisation of issue costs of bank loans and related fees	1,825	1,760
Syndicate charges	977	1,216
Interest payable on loan from fellow subsidiary undertaking	39,914	39,802
	43,957	43,189

Notes to the financial statements *(continued)*

9 Tax on loss on ordinary activities

a) Analysis of tax charge for the financial year

	2020 £'000	2019 £'000
Current tax		
Current tax for the year	-	-
Deferred tax		
Deferred tax charge for the year	-	-
Total deferred tax charge for the year	-	-
Tax on loss on ordinary activities	-	-

b) Factors affecting the tax charge for the financial year

The tax charge for the year is higher (2019: higher) than the standard rate of corporation tax in the UK at 31 March 2020 of 19% (2019: 19%). The differences are explained below.

	2020 £'000	2019 £'000
Loss on ordinary activities before taxation	(186,253)	(39,480)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(35,388)	(7,501)
Effects of:		
Expenses not deductible for tax purposes	29,033	1,074
Group relief surrendered for nil payment	6,355	5,456
Unrelieved losses	-	971
Tax on loss on ordinary activities	-	-

A reduction in the main rate of corporation tax to 17% from 1 April 2020 was substantively enacted on 15 September 2016. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. Had this been substantively enacted by the balance sheet date this would have had no effect on the tax expense/deferred tax asset.

Notes to the financial statements (continued)

10 Investments

	Shares in subsidiary £'000
Cost	
At 1 April 2019 and 31 March 2020	993,673
Accumulated impairment	
At 1 April 2019	405,659
Provision on investment in subsidiaries	148,000
At 31 March 2020	553,659
Net book value	
At 31 March 2020	440,014
At 31 March 2019	588,014

The table below provides details of the company's immediate subsidiary undertakings. The company holds 100% of the ordinary share capital of each of the companies listed.

An impairment review over the carrying value of the company's investments has been performed resulting in the investments being fully provided for in the current year on the basis that the fair value of the group is estimated to be less than the group debt. Should the fair value of the group increase in the future then this provision can be reversed.

In the opinion of the director the value of the company's investment in its subsidiaries is not less than the amount at which it is shown in the balance sheet.

Name of subsidiary	Principal activity	Country of incorporation
ADP Healthcare Services Limited	Intermediate holding company	England
Healthcare Buying Group Limited	Intermediate holding company	England
IDH Group Limited	Intermediate holding company	England
My Dental Holdings Limited	Non-trading	England
Pearl Cayman 1 Limited	Non-trading	Cayman Islands
Pearl Topco Limited	Intermediate holding company	England
The Dental Directory Limited	Intermediate holding company	England

In addition, the group holds 100% of the ordinary share capital of all of the companies listed.

Name of subsidiary	Principal activity	Country of incorporation
² @TheDentist Ltd	Dormant	England ^a
² 1A Dental Practice Limited	Dormant	England ^a
¹ Adelstone Dental Care Limited	Dental practices	England ^a
² ADP Ashford Ltd	Dormant	England ^a
¹ ADP Healthcare Acquisitions Limited	Non-trading	England ^a
² ADP Healthcare Limited	Dormant	England ^a
¹ ADP Healthcare Services Limited	Non-trading	England ^a
¹ ADP Holdings Limited	Non-trading	England ^a
¹ ADP No.1 Limited	Non-trading	England ^a
² ADP Yorkshire Ltd	Dormant	England ^a
¹ Aesthetic Dental Care Limited	Dental practices	England ^a
¹ Aesthetix Limited	Dental practices	England ^a
¹ Alemdent Limited	Dental practices	England ^a
¹ Alison Brett Dental Care LLP	Dental practices	England ^a
² A-Z Dental Holdings (Subsidiary Number 1) Limited	Dormant	England ^a
² A-Z Dental Holdings (Subsidiary Number 2) Limited	Dormant	England ^a
¹ A-Z Dental Holdings Limited	Non-trading	England ^a
³ BF Mulholland Ire Limited	Dormant	Ireland ^f
¹ BF Mulholland Limited	Healthcare goods and services	Northern Ireland ^c
² Bramora Limited	Dormant	England ^a

Notes to the financial statements (continued)

10 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation
² Butler and Finnigan Dental Practice Ltd	Dormant	England ^a
¹ Castle Hill Dental Practice Limited	Dental practices	England ^a
Chapel Road Orthodontics Limited	Dental practices	England ^a
¹ Church Street Dentists Limited	Dental practices	England ^a
¹ Clarendon Dental Practice Limited	Dental practices	England ^a
Community Dental Centres Limited	Dental practices	England ^a
¹ Confident Dental Practices Limited	Dental practices	England ^a
¹ Cromwell Dental Practice Limited	Dental practices	England ^a
¹ D and L Jordan Limited	Dental practices	England ^a
¹ D M Jordan Limited	Dental practices	England ^a
DBG (UK) Limited	Healthcare goods and services	England ^a
DBG Acquisitions Limited	Non-trading	England ^g
² DBG Subsidiary Limited	Dormant	England ^a
DBG Topco Limited	Non-trading	England ^a
DD Products and Services Ltd (formerly Billericay Dental Supply Co. Limited)	Healthcare goods and services	England ^g
DD Group Holdings Ltd (formerly H M Logistics Limited)	Healthcare goods and services	England ^a
¹ Dental Aesthetics Ltd	Dental practices	Northern Ireland ^c
¹ Dental Excellence Group Ltd	Non-trading	Northern Ireland ^c
¹ Dental Excellence Ltd	Dental practices	Northern Ireland ^c
² Dental Health Care Limited	Dormant	England ^a
² Dental Talent Tree (Recruitment) Limited	Dormant	England ^a
Denticare Limited	Dental practices	England ^a
² Denticare Properties Limited	Dormant	England ^a
² Denture Excellence (Franchising) Limited	Dormant	England ^a
Denture Excellence Limited	Dental practices	England ^a
¹ DH Dental Holdings Limited	Non-trading	England ^a
¹ Diverse Acquisitions Limited	Non-trading	England ^a
¹ Diverse Holdings Limited	Non-trading	England ^a
² Diverse Property Investments Limited	Dormant	England ^a
¹ DM and LJ Jordan Limited	Dental practices	England ^a
DMJ Norwich Limited	Dental practices	England ^a
¹ Dolby Medical EBT Trustee Limited	Non-trading	Scotland ^b
¹ Dolby Medical Limited	Equipment servicing	Scotland ^b
¹ Du Toit and Burger Partnership (Harwich) Ltd	Dental practices	England ^a
¹ Du Toit and Burger Partnership (Ipswich) Ltd	Dental practices	England ^a
¹ Du Toit and Burger Partnership (Silvertown) Ltd	Dental practices	England ^a
¹ Du Toit and Burger Partnership (Stratford) Ltd	Dental practices	England ^a
¹ Du Toit and Burger Partnership (Sudbury) Ltd	Dental practices	England ^a
¹ Du Toit and Burger Partnership Limited	Dental practices	England ^a
¹ Durgan and Ashworth Dental Care Limited	Dental practices	England ^a
¹ Euxton (No 1) Limited	Dental practices	England ^a
¹ Falchion Orthodontics Limited	Dental practices	England ^a
¹ Fallowfield (No 1) Limited	Dental practices	England ^a
¹ Family Dental Care Limited	Dental practices	Scotland ^b
Ffolliot Bird Associates Limited	Dental practices	England ^a
First Choice Dental Limited	Dental practices	England ^a
¹ Flagstaff Dental Clinic Limited	Dental practices	England ^a
¹ Fleetwood Practice Limited	Dental practices	England ^a
² Hackremco (No.2637) Limited	Dormant	England ^a
¹ Halldent Limited	Dental practices	England ^a
² Handpiece Express Limited	Dormant	England ^g
² Hayle Dental Practice Limited	Dormant	England ^a
Healthcare Buying Group Limited	Non-trading	England ^g
¹ Hessle Grange Dental Care Limited	Dental practices	England ^a
¹ Hillcrest Ionian Limited	Dental practices	England ^a
¹ Hirst and O'Donnell Ltd	Dental practices	England ^a
¹ IDH 324 & 325 Ltd	Dental practices	England ^a
¹ IDH 331 Ltd	Dental practices	England ^a
² IDH 341 Ltd	Dormant	England ^a
¹ IDH 346 Ltd	Dental practices	England ^a

Notes to the financial statements (continued)

10 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation
¹ IDH 363 Limited	Dental practices	England ^a
¹ IDH 403 Ltd	Dental practices	England ^a
¹ IDH 406 Ltd	Dental practices	England ^a
¹ IDH 418 Ltd	Dental practices	England ^a
¹ IDH 437 Ltd	Dental practices	England ^a
¹ IDH 441 to 444 Ltd	Dental practices	England ^a
¹ IDH 449 Limited	Dental practices	England ^a
¹ IDH 450 Limited	Dental practices	England ^a
¹ IDH 474 Limited	Dental practices	England ^a
¹ IDH 476 Limited	Dental practices	England ^a
¹ IDH 477 Limited	Dental practices	England ^a
¹ IDH 622 Limited	Dental practices	England ^a
IDH Acquisitions Limited	Non-trading	England ^a
IDH Group Limited	Non-trading	England ^a
IDH Limited	Dental practices	England ^a
¹ IDH Mansfield Limited	Dental practices	England ^a
Integrated Dental Holdings Limited	Non-trading	England ^a
¹ Jackro Healthcare Services Limited	Dental practices	England ^a
KH&GW Limited	Dental practices	England ^a
M C Dentistry Limited	Dental practices	England ^a
¹ Maidwell Dental Practice Limited	Dental practices	England ^a
¹ Mainstone Health Limited	Dental practices	England ^a
¹ Manchester Orthodontists Limited	Dental practices	England ^a
Med-FX Ltd	Distributor of facial aesthetics products	England ^b
¹ Mi-Tec Ltd	Equipment repair	England ^b
² Mintek UK Ltd	Dormant	England ^b
¹ Murgelas Practice Management Limited	Dental practices	England ^a
² My Dental Holdings Limited	Non-trading	England ^a
² MyDentist Limited	Dormant	England ^a
¹ N S Dental Ltd	Dental practices	Scotland ^b
¹ Natural Management Ltd	Non-trading	England ^a
¹ Offerton Fold Dental Practice Ltd	Dental practices	England ^a
¹ Olivers Dental Studio Limited	Dental practices	England ^a
Orthocentres Limited	Dental practices	England ^a
Orthodontic Centre (UK) Limited	Dental practices	England ^a
¹ Orthodontic Services Limited	Dental practices	Northern Ireland ^c
Orthoworld 2000 Limited	Dental practices	England ^a
¹ Orthoworld Limited	Non-trading	England ^a
² OurDentist Ltd	Dormant	England ^a
¹ Padgate (No 1) Limited	Dental practices	England ^a
¹ Palmerston Precinct Practice Limited	Dental practices	England ^a
¹ Pearl Bidco Limited	Non-trading	England ^a
³ Pearl Cayman 1 Limited	Non-trading	Cayman Islands ^c
³ Pearl Cayman 2 Limited	Non-trading	Cayman Islands ^c
¹ Pearl Topco Limited	Non-trading	England ^a
Petrie Tucker and Partners Limited	Dental practices	Scotland ^{4,b}
¹ Phoenix Dental Limited	Dental practices	England ^a
¹ Phoenix Dental Practice Limited	Dental practices	England ^a
¹ Pierce & Geddes Limited	Dental practices	England ^a
¹ PJ Burrridge Ltd	Dental practices	England ^a
¹ Premier Dental Limited	Dental practices	England ^a
¹ Priory House Dental Care Limited	Dental practices	England ^a
Q Dental Care Limited	Dental practices	England ^a
² Q Dental Surgeries Limited	Dormant	England ^a
¹ Queensferry Dental Surgery Limited	Dental practices	England ^a
Richard Flanagan & Associates Limited	Dental practices	England ^a
¹ Richmond House Practice Limited	Dental practices	England ^a
Romford Orthodontics Centre Limited	Dental practices	England ^a
¹ S L S Dental Care Limited	Dental practices	England ^a
¹ Shadeshire Limited	Non-trading	England ^a

Notes to the financial statements (continued)

10 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation
¹ Silverdale Dental Care Ltd	Dental practices	England ^a
² Smile Dental Practices Limited	Dormant	England ^a
¹ South Tyneside Smiles Limited	Dental practices	England ^a
² Speed 8599 Limited	Dormant	England ^a
² Speed 8600 Limited	Dormant	England ^a
SRDP Limited	Dental practices	England ^a
¹ Stalbridge Dental Practice Limited	Dental practices	England ^a
¹ Stunning Smiles Ltd	Dental practices	Northern Ireland ^c
¹ TAG Medical Limited	Medical equipment and testing	England ^g
¹ The Bristol Endodontic Clinic Limited	Dental practices	England ^a
The Crescent Specialist Dental Centre Ltd	Dental practices	England ^a
The Dental Directory Limited	Non-trading	England ^g
The Domiciliary Dental Practice Limited	Dental practices	England ^a
¹ The Plains' Dental Practice Limited	Dental practices	England ^a
¹ The Village Practice Ltd	Dental practices	England ^a
¹ The Visiting Dental Service Ltd	Dental practices	England ^a
¹ Tully Crine Limited	Dental practices	England ^a
¹ Unnati Limited	Dental practices	England ^a
² Unodent Ltd	Dormant	England ^g
² Viren Patel and Associates Limited	Dormant	England ^a
¹ Westhoughton (No 1) Limited	Dental practices	England ^a
¹ Westpark Dental Practice Limited	Dental practices	England ^a
¹ White Dental Care Ltd	Dental practices	Northern Ireland ^c
Whitecross Dental Care Limited	Dental practices	England ^a
¹ Whitecross Group Limited	Non-trading	England ^a
¹ Whitecross Healthcare Limited	Non-trading	England ^a
² Whitecross Supplies Limited	Dormant	England ^a
¹ Wishaw Cross Dental Care Limited	Dental practices	Scotland ^b
³ X-Dent Limited	Healthcare goods and services	Jersey ^d

¹ Company exempt from audit under section 479A of the Companies Act 2006

² Company exempt from audit under section 480 of the Companies Act 2006

³ Company exempt from audit by virtue of the legislation in the country of incorporation.

⁴ Countries of operation are England, Scotland and Wales

^a Registered office address: Europa House, Europa Trading Estate, Stoneclough Road, Kearsley, Manchester, M26 1GG

^b Registered office address: 1 Johnston Street, Paisley, Renfrewshire, Scotland, PA1 1XQ

^c Registered office address: c/o A&L Goodbody Solicitors, 6th Floor, 42-46 Fountain Street, Belfast, BT1 5EF

^d Registered office address: PO Box 771, Ground Floor, Colomberie Close, St Helier, Jersey, JE4 0RX

^e Registered office address: c/o Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands

^f Registered office address: The Black Church, St Mary's Place, Dublin 7, D07P4AX

^g Registered office address: 6 Perry Way, Witham, England, CM8 3SX

In addition to the limited companies listed above, the company controls the following partnerships, all of which are engaged in dental practice activities, through the appointment of members of the management team as partners, acting on behalf of certain group companies:

Name of partnership	Name of partnership
1A Group Dental Practice Partnership	Red Rose Dental Group
Ardent Dental Care Practice Partnership	Rhyl and Abergele Elwy Dental Partnership
Armley Dental Practice Partnership	Ripponden Road Dental Practice Partnership
Aspire Dental Practice Partnership	Risley Hill Dental Centre Partnership
*Avante Dental Care Practice Partnership	River Wye Dental Practice Partnership
Avondale Dental Practice Partnership	Roe Lane Family Dental Practice Partnership
Bank House Dental Practice Partnership	Severn Street Dental Practice Partnership
*Berwick Dental Practice Partnership	Shaw Family Dental Practice Partnership

Notes to the financial statements (continued)

10 Investments (continued)

Name of partnership

Bolton and Bury Dental Practice Partnership
Brassey Avenue Dental Practice Partnership
Brinsworth Lane Dental Care Partnership
Brixton Hill Dental Practice Partnership
Broadwalk Dental Centre Partnership
Carcroft Dental Practice Partnership
Castle View House Dental Practice Partnership
*Central Dental Practice Partnership
Chequer Hall Dental Practice Partnership
Colne & Earby Dental Practice Partnership
Cottage Dental Practice Partnership
Crown Dental Practice Partnership
Dalton Dental Surgery Partnership

Effingham Square Dental Practice Partnership

Finchley Dental Care Practice Partnership
Florence House Dental Practice Partnership
Front Street Dental Practice Partnership
Green Lane Dental Practice Partnership

Hampton Court Dental Centre Partnership
Harbour Dental Practice Partnership
Haslingden Dental Surgery Partnership
Hayle Dental Practice Partnership
Heaton Road and Blakelaw Dental Practice Partnership
Henfield Dental Practice Partnership
High Street Dental Practice Partnership
Hollinwood Dental Practice Partnership
*Ingleby Meadow Dental Practice Partnership
Jefferies Reed and Associates
JF Scott Dental Surgeon Partnership
Kettering Central Dental Practice Partnership
Lambert Coutts & Associates Dental Practice Partnership
Low Fell Dental Practice Partnership
Mayo Dental Clinic Partnership
Mill Dental Practice Partnership
Mostyn House Dental Practice Partnership
Mount Folly Square Dental Practice Partnership
Narborough Road South Dental Practice Partnership
*Newcastle and Wallsend Dental Practice Partnership
North Marine Road Dental Practice Partnership
Northgate Dental Health Practice Partnership
Old Brewery Yard Dental Practice Partnership
Picton Road Dental Practice Partnership
Railway Road Dental Practice Partnership

Name of partnership

SK Dental Staines Road Dental Practice Partnership
Sneyd Green Dental Practice Partnership
South England Dental Practice Partnership
Spital Hill Dental Surgery Practice Partnership
Stanhope Road Dental Practice Partnership
The Bell Lane Practice
The Boulevard Dental Practice Partnership
The Burnby Dental Practice Partnership
The Burnham Dental Practice Partnership
The Caulfield Dental Surgery Partnership
The Church House Dental Practice Partnership
*The Cowpen and Waterloo Dental Practice Partnership
The Crab Tree Lane and Church Street Dental Practice Partnership
The Crossgates Lane and Chapeltown Road Dental Practice Partnership
The Dental Surgery Partnership
The Fairfield Dental Practice Partnership
The Gairloch House Dental Practice Partnership
The Grainger Stockton, Birtley and Stanley Dental Practice Partnership
The Haverflatts Lane Dental Practice Partnership
The Helston Dental Practice Partnership
The Kenton Park Dental Practice Partnership
The Killingworth Dental Practice Partnership
The Kings Norton Dental Practice Partnership
The Lacey Dental Practice Partnership
The Loddon Dental Practice Partnership
The London Road Dental Practice Partnership
The Lyppard Dental Centre Practice Partnership
The Marden House Dental Practice Partnership
The Peterborough Dental Practice Partnership
The Peterlee Dental Practice Partnership
The Pon Dental Surgery Dental Practice Partnership
The Sea Road Dental Practice Partnership
The Severnside Dental Practice Partnership
The Southwick and Whitburn Dental Practice Partnership
The Trevergie Dental Practice Partnership
The Warner Street Dental Practice Partnership
Tower Gardens Dental Practice Partnership
Trinity Terrace Dental Practice Partnership
VI Dental Centre Partnership
*West Lodge Dental Practice Partnership
Westbury Park Dental Practice Partnership
Whiston Village Dental Practice Partnership
Woodview Dental Health Practice Partnership

All of the above partnerships have their registered office address at: Europa House, Europa Trading Estate, Stoneclough Road, Kearsley, Manchester, M26 1GG.

**The NHS contract within this partnership has been novated into a group company on 1 April 2020 and has therefore ceased to trade from that date.*

Notes to the financial statements (continued)

11 Debtors

	2020 £'000	2019 £'000
<i>Amounts falling due after more than one year</i>		
Amounts owed by group undertakings	53,151	47,432
<i>Amounts falling due within one year</i>		
Amounts owed by group undertakings	71,828	71,828
Amounts owed by related undertakings	286	286
Unamortised facility arrangement fees and costs	4,764	6,589
	76,878	78,703
	130,029	126,135

The director has carried out an impairment review over the carrying value of certain receivables due from group companies where indicators of impairment were considered to exist at 31 March 2020. This review concluded that the carrying value of these receivables exceeded their estimated recoverable amount by £10,526,000 (2019: £10,747,000). As a result, an impairment charge equal to this amount has been recorded in the income statement for the year ended 31 March 2020. This impairment charge related wholly to accrued interest.

Amounts owed by group undertakings falling due after more than one year are unsecured and are subject to an interest charge of 12% per annum. The amount receivable at 31 March 2020 includes accrued interest of £29,032,000 (2019: £23,313,000), following the impairment set out above.

Amounts owed by group undertakings falling due within one year are unsecured, are not subject to an interest charge and are repayable on demand.

The amounts owed by related undertakings reflect expenses paid on behalf of Turnstone Management Investments Limited, a company registered in England and which holds investments in Turnstone Equityco 1 Limited, the company's parent, on behalf of group management. Amounts owed by related undertakings are unsecured, are not subject to an interest charge and are repayable on demand.

Unamortised facility arrangement fees and costs relate to the costs incurred by the company to arrange a £100 million SSRCF entered into on 05 August 2016, which is available until 2022. £98,200,000 had been drawn against the facility at 31 March 2020, and a further £1,800,000 committed against a letter of credit. £25,000,000 had been drawn against the facility and £1,800,000 committed against a letter of credit at 31 March 2019.

12 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts owed to group undertakings	57,727	89,480
Accruals and deferred income	262	197
	57,989	89,677

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

Notes to the financial statements (continued)

13 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Borrowings (note 14)	98,200	25,000
Amounts owed to group undertakings	558,500	557,865
	<u>656,700</u>	<u>582,865</u>

The amounts owed to group undertakings falling due after more than one year are unsecured and are subject to an interest charge equivalent to that payable by IDH Finance plc upon its senior secured, floating rate and second lien notes. During the year, these interest rates ranged between approximately 6.0% and 9.0% per annum (2019: range between approximately 6.0% and 9.0% per annum).

14 Borrowings

	2020 £'000	2019 £'000
Bank loans		
Due between two and five years	98,200	25,000
	<u>98,200</u>	<u>25,000</u>

On 5 August 2016, the group re-financed the existing senior secured and second lien notes, with a par value of £500 million, issued by IDH Finance Plc, along with the company's £100 million Super Senior Revolving Credit Facility ('SSRCF'), against which £39 million was drawn at that date, through the issue of the following instruments by IDH Finance Plc:

- £275 million 6.25% senior secured notes due 2022;
- £150 million LIBOR + 6.00% senior secured floating rate notes due 2022;
- £130 million LIBOR + 8.00% second lien notes due 2023, with LIBOR subject to a minimum floor of 1.00%.

The net proceeds from the issue of the new notes were on-lent to the company by IDH Finance Plc and used to repay the amount drawn against the existing SSRCF and the associated transaction fees and expenses.

On the same date, the company also entered into an agreement with a syndicate of banks for a new £100 million SSRCF, available until 2022. Interest is payable in arrears at a rate of LIBOR plus 3.5% per annum.

The instruments listed above were redeemed on 16 August 2021 and all outstanding liabilities settled.

15 Called up share capital

	2020 £'000	2019 £'000
<i>Authorised, called up and fully paid</i>		
410,961,479 ordinary shares of £0.01 (2019: 410,961,479 ordinary shares of £0.01)	<u>4,110</u>	<u>4,110</u>

16 (Accumulated losses)/retained earnings

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

Notes to the financial statements *(continued)*

17 Financial assets and liabilities

The company has the following financial instruments:

	<i>Note</i>	2020 £'000	2019 £'000
Financial assets measured at amortised cost			
Amounts owed by group undertakings	11	124,979	119,260
Amounts owed by related undertakings	11	286	286
Unamortised facility arrangement fees and costs	11	4,764	6,589
		<u>130,029</u>	<u>126,135</u>
Financial liabilities measured at amortised cost			
Bank and other borrowings	13,14	(98,200)	(25,000)
Amounts owed to group undertakings	12,13	(616,227)	(647,345)
Accruals	12	(262)	(197)
		<u>(714,689)</u>	<u>(672,542)</u>

18 Controlling party

The immediate parent undertaking is Turnstone Midco 2 Limited, a company incorporated in the United Kingdom.

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

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

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

19 Events after the reporting period

Please refer to the Strategic report for details of the impact of the Covid-19 pandemic.

On 16 August 2021, following the completion of the Palamon transaction, the immediate parent undertaking of Turnstone Equityco 1 Limited was ADP Primary Care Acquisitions Limited. The controlling party from 16 August 2021 is considered by the directors to be ADP Primary Care Acquisitions Limited.