

Registered number: 08237718

A4 HEALTH GROUP LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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A4 HEALTH GROUP LIMITED

COMPANY INFORMATION

Directors M L Allan (appointed 12 September 2022)
S Barter (resigned 29 November 2022)
P A Crockard
G Pueyo Roberts (resigned 31 July 2022)
S L Ramage
J S H Wright
F Zaheer (appointed 29 November 2022)

Company secretary Bupa Secretaries Limited

Registered number 08237718

Registered office Bupa Dental Care
Vantage Office Park
Old Gloucester Road, Hambrook
Bristol
BS16 1GW

A4 HEALTH GROUP LIMITED

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A4 HEALTH GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

The principal activity of the Company is the operation of dental practices.

The Company incurred significant losses in 2022, as a result of recognising £461,979 of asset impairments across tangible assets, as well as accounting for an onerous lease provision of £301,381, resulting in a one-off total expense of £763,360. The impairments were the result of macroeconomic factors, as well as ongoing challenges in workforce availability. During 2022, inflation rose sharply resulting in higher central bank interest rates, leading to increased cost of capital which reduces the valuation of Dental practices for impairment testing. Furthermore, there were operational challenges, in particular below target recruitment, as well as increasing wage and energy costs, resulting in lower projected cash flows.

On 28 March 2023, The Oasis Healthcare Group Limited, an intermediate holding company, announced plans to close, merge or sell 85 practices in total. One dental practice out of the three practices operated by the Company is included in the 85.

Directors

The Directors who served during the year were:

M L Allan (appointed 12 September 2022)
S Barter (resigned 29 November 2022)
P A Crockard
G Pueyo Roberts (resigned 31 July 2022)
S L Ramage
J S H Wright
F Zaheer (appointed 29 November 2022)

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 10 July 2023 and signed on its behalf.



J S H Wright
Director

A4 HEALTH GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	2,257,775	2,417,359
Cost of sales		(1,331,721)	(1,318,296)
Gross profit		926,054	1,099,063
Administrative expenses		(1,619,065)	(1,282,788)
Exceptional administrative expenses	5	(301,381)	(98,829)
Operating loss	6	(994,392)	(282,554)
Tax on loss	8	96,090	32,203
Loss for the financial year		(898,302)	(250,351)
Total comprehensive expense for the year		(898,302)	(250,351)

The notes on pages 5 to 15 form part of these financial statements.

A4 HEALTH GROUP LIMITED
REGISTERED NUMBER: 08237718

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	9	207,088	629,946
Current assets			
Stocks	10	68,462	80,078
Debtors: amounts falling due within one year	11	1,138,742	1,096,376
Cash at bank and in hand	12	510	501
		<u>1,207,714</u>	<u>1,176,955</u>
Creditors: amounts falling due within one year	13	<u>(1,717,461)</u>	<u>(1,454,058)</u>
Net current liabilities		(509,747)	(277,103)
Total assets less current liabilities		(302,659)	352,843
Provisions for liabilities			
Deferred tax	14	-	(58,581)
Other provisions	15	(301,381)	-
Net (liabilities)/assets		(604,040)	294,262
Capital and reserves			
Called up share capital	16	100	100
Profit and loss account		(604,140)	294,162
Shareholders' (deficit)/funds		(604,040)	294,262

The Directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 July 2023.



J S H Wright
Director

The notes on pages 5 to 15 form part of these financial statements.

A4 HEALTH GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Shareholders' (deficit)/funds
	£	£	£
At 1 January 2021	100	544,513	544,613
Comprehensive expense for the year			
Loss for the year	-	(250,351)	(250,351)
At 1 January 2022	100	294,162	294,262
Comprehensive expense for the year			
Loss for the year	-	(898,302)	(898,302)
At 31 December 2022	100	(604,140)	(604,040)

The notes on pages 5 to 15 form part of these financial statements.

A4 HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is: Bupa Dental Care, Vantage Office Park, Old Gloucester Road, Hambrook, Bristol, BS16 1GW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest pound (£) except where otherwise indicated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Oasis Healthcare Group Limited as at 31 December 2022 and these financial statements may be obtained from Bupa Dental Care, Vantage Office Park, Old Gloucester Road, Hambrook, Bristol, BS16 1GW.

2.3 Going concern

The financial statements have been prepared on a going concern basis as an indirect parent undertaking has stated that, subject to unforeseen circumstances, it intends to provide financial support to enable the Company to meet its liabilities as and when they fall due and the Directors reasonably believe the indirect parent undertaking would be in a position to provide this support.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- Over 15 years straight line
Fixtures and fittings	- 3 - 15 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

A4 HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.14 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.15 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

A4 HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Due to the nature of the Company's business, the Directors do not consider there to be key judgments or sources of estimation uncertainty in preparing the financial statements.

4. Turnover

The whole of the turnover is attributable to the operation of dental practices.

All turnover arose within the United Kingdom.

5. Exceptional items

	2022 £	2021 £
Reorganisation costs	-	98,829
Onerous lease provision	301,381	-
	<u>301,381</u>	<u>98,829</u>

6. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Other operating lease rentals	75,918	120,548
	<u>75,918</u>	<u>120,548</u>

7. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	444,080	515,631
Social security costs	38,305	43,553
Cost of defined contribution scheme	12,497	13,240
	<u>494,882</u>	<u>572,424</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2022 No.	2021 No.
	23	29
	<u>23</u>	<u>29</u>

A4 HEALTH GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****8. Taxation**

	2022 £	2021 £
Corporation tax		
Current tax on losses for the year	(49,279)	(89,873)
Adjustments in respect of previous periods	34,305	3,660
Total current tax	(14,974)	(86,213)
Deferred tax		
Origination and reversal of timing differences	(18,765)	54,032
Changes to tax rates	(19,468)	1,443
Adjustments in respect of prior periods	(42,883)	(1,465)
Total deferred tax	(81,116)	54,010
Taxation on loss on ordinary activities	(96,090)	(32,203)

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	(994,392)	(282,554)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(188,934)	(53,685)
Effects of:		
Expenses not deductible for tax purposes	123,567	20,746
Adjustments in respect of current income tax of previous years	34,305	3,660
Adjustments in respect of deferred tax of previous years	(42,883)	(1,465)
Non-assessable income	(2,677)	(15,518)
Changes in tax rates	(19,468)	14,059
Total tax credit for the year	(96,090)	(32,203)

Factors that may affect future tax charges

The UK corporation tax rate will increase from 19% to 25% with effect from 1 April 2023. Deferred tax on temporary differences expected to reverse after this date are recognised at 25%.

A4 HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

9. Tangible fixed assets

	Fixtures and fittings £	Leasehold improvements £	Total £
Cost or valuation			
At 1 January 2022	460,205	337,145	797,350
Additions	85,942	44,760	130,702
At 31 December 2022	<u>546,147</u>	<u>381,905</u>	<u>928,052</u>
Depreciation			
At 1 January 2022	150,858	16,547	167,405
Charge for the year on owned assets	66,012	25,568	91,580
Impairment charge	224,777	237,202	461,979
At 31 December 2022	<u>441,647</u>	<u>279,317</u>	<u>720,964</u>
Net book value			
At 31 December 2022	<u>104,500</u>	<u>102,588</u>	<u>207,088</u>
At 31 December 2021	<u>309,348</u>	<u>320,598</u>	<u>629,946</u>

During 2022, inflation rose sharply resulting in higher central bank interest rates, leading to increased cost of capital which reduces the valuation of Dental practices for impairment testing. Furthermore, there were operational challenges, in particular below target recruitment, as well as increasing wage and energy costs, resulting in lower projected cash flows.

Management have reviewed the key assumptions within impairment assessments and considered the macro-economic impacts as well as ongoing challenges in workforce availability. The review resulted in an impairment charge of £461,979 (2021- £nil) being recognised in the Statement of Comprehensive Income.

10. Stocks

	2022 £	2021 £
Raw materials and consumables	30,744	32,545
Finished goods and goods for resale	37,718	47,533
	<u>68,462</u>	<u>80,078</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

A4 HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11. Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	35,669	28,697
Amounts owed by group undertakings	965,577	847,632
Other debtors	104,848	190,161
Prepayments and accrued income	10,113	29,886
Deferred taxation	22,535	-
	<u>1,138,742</u>	<u>1,096,376</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

12. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>510</u>	<u>501</u>

13. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	71,108	81,842
Amounts owed to group undertakings	1,568,512	1,323,609
Other creditors	10,159	12,914
Accruals and deferred income	67,682	35,693
	<u>1,717,461</u>	<u>1,454,058</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14. Deferred taxation

	2022 £	2021 £
At beginning of year	(58,581)	(4,571)
Credited/(charged) to profit or loss	81,116	(54,010)
At end of year	<u>22,535</u>	<u>(58,581)</u>

A4 HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	<u>22,535</u>	<u>(58,581)</u>

15. Provisions

	Onerous lease provision £
At 1 January 2022	-
Charged to profit or loss	301,381
At 31 December 2022	<u>301,381</u>

The onerous lease provision has been determined after reviewing the lease end date for each practice and calculating the expected discounted cashflows for that period. If negative cashflows arose, an onerous lease provision was accounted for, taking the lower of the 'value in use' and the lease liability.

16. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
100 (2021 - 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>

17. Contingent liabilities

Under a group registration, the Company is jointly and severally liable for Value Added Tax due by certain other Bupa Group undertakings.

18. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge amounted to £12,497 (2021 - £13,240). At the year end, there were outstanding contributions of £nil (2021 - £nil).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

19. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	78,673	108,673
Later than 1 year and not later than 5 years	152,761	426,984
Later than 5 years	60,593	207,153
	<u>292,027</u>	<u>742,810</u>

20. Ultimate parent company and controlling party

The Company's immediate parent company is Xeon Smiles UK Limited, a company incorporated in England and Wales. The Company's ultimate parent undertaking is The British United Provident Association Limited, a company incorporated in England and Wales.

The smallest group for which group financial statements will be prepared is The Oasis Healthcare Group Limited. The largest group for which group financial statements will be prepared is The British United Provident Association Limited. The financial statements of The British United Provident Association Limited may be obtained from its registered office at 1 Angel Court, London, EC2R 7HJ.

The financial statements of The Oasis Healthcare Group Limited may be obtained from its registered office at Bupa Dental Care, Vantage Office Park, Old Gloucester Road, Hambrook, Bristol, BS16 1GW.

21. Post balance sheet events

On 28 March 2023, The Oasis Healthcare Group Limited, an intermediate holding company, announced plans to close, merge or sell 85 practices in total.