

Healthcare Buying Group Limited

Company Number 08460100

Annual report and financial statements - 31 March 2019



Healthcare Buying Group Limited
Contents
For the year ended 31 March 2019

Strategic report	2
Directors' report	4
Independent auditors' report to the members of Healthcare Buying Group Limited	6
Income statement	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

Healthcare Buying Group Limited

Strategic report

For the year ended 31 March 2019

The directors present their Strategic report for the year ended 31 March 2019.

Principal activities

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

Strategy and future outlook

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

Financial review

The loss for the financial year is £16,393,000 (2018: £4,547,000).

Given the deterioration in profitability of the Dental Directory division due to a decline in performance, the directors have carried out an impairment review over the carrying value of the company's investments where indicators of impairment were considered to exist at 31 March 2019. This review concluded that the carrying value of the company's investment in its subsidiary companies exceeded its estimated recoverable amount by £11,300,000. As a result, an impairment charge equal to this amount has been recorded in the income statement for the year ended 31 March 2019.

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, Europa Trading Estate, Stoneclough Road, Kearsley, Manchester, M26 1GG.

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk and inflation risk.

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

Credit risk

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations. 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. The company has no significant concentration of credit risk as third party exposure is spread over a number of customers.

Healthcare Buying Group Limited
Strategic report
For the year ended 31 March 2019

Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company'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 incurring unacceptable losses or risking damage to the company's reputation.

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the company's income or costs.


The company has limited currency risk as all operations are carried out in the United Kingdom and all income and expenses are denominated in Sterling. However, as materials are principally sourced by other group companies from suppliers internationally, the company is indirectly exposed to currency risk as prices are adjusted to reflect currency movements. The group mitigates this risk 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.

Inflation risk

Inflation risk is the risk that the cost of key services and products procured by the company will rise with inflation and affect the company's income.

The company 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.

On behalf of the Board



B Goodger
Director

18 December 2019

Healthcare Buying Group Limited
Directors' report
For the year ended 31 March 2019

The directors present their report and the audited financial statements for the year ended 31 March 2019.

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

There were no dividends paid, recommended or declared during the current or previous financial year.

Directors

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

GP Adams	(appointed 9 October 2018)
J Bonnavion	
B Goodger	(appointed 14 August 2019)
T Riall	
O Shafi Khan	(resigned 5 April 2019)
RM Stephenson	(resigned 20 April 2018)

The directors benefitted from qualifying third party indemnity 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.

Healthcare Buying Group Limited
Directors' report
For the year ended 31 March 2019

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Disclosure of information to auditors

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

Independent auditors

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

On behalf of the Board



B Goodger
Director

18 December 2019

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

Healthcare Buying Group Limited
Independent auditors' report to the members of Healthcare Buying Group Limited
For the year ended 31 March 2019

Report on the audit of the financial statements

Opinion

In our opinion, Healthcare Buying Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 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 2019; the Income statement, 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

ISAs (UK) require us to report to you when:

- the directors' 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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.

Healthcare Buying Group Limited
Independent auditors' report to the members of Healthcare Buying Group Limited
For the year ended 31 March 2019

Strategic Report and Directors' 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 2019 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 directors 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.

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
18 December 2019

Healthcare Buying Group Limited
Income statement
For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Impairment of investment in subsidiaries	8	(11,300)	-
Operating loss	4	(11,300)	-
Interest payable and similar expenses	6	(5,093)	(4,547)
Loss before tax on ordinary activities		(16,393)	(4,547)
Tax on ordinary activities	7	-	-
Loss after tax on ordinary activities for the year		(16,393)	(4,547)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive expense for the year		<u>(16,393)</u>	<u>(4,547)</u>

The above income statement should be read in conjunction with the accompanying notes

Healthcare Buying Group Limited
Balance sheet
As at 31 March 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Investments	8	16,705	28,005
Total fixed assets		<u>16,705</u>	<u>28,005</u>
Current assets			
Debtors	9	464	464
Total current assets		<u>464</u>	<u>464</u>
Current liabilities			
Creditors: amounts falling due within one year	10	282	282
Total current liabilities		<u>282</u>	<u>282</u>
Net current assets		<u>182</u>	<u>182</u>
Total assets less current liabilities		<u>16,887</u>	<u>28,187</u>
Non-current liabilities			
Creditors: amounts falling due after more than one year	11	47,532	42,439
Total non-current liabilities		<u>47,532</u>	<u>42,439</u>
Net liabilities		<u>(30,645)</u>	<u>(14,252)</u>
Capital and reserves			
Called up share capital	12	47	47
Share premium account	13	3,953	3,953
Accumulated losses	14	<u>(34,645)</u>	<u>(18,252)</u>
Total capital and reserves		<u>(30,645)</u>	<u>(14,252)</u>

The notes on pages 11 to 16 form an integral part of these financial statements.

Healthcare Buying Group Limited's company number is 08460100.

These financial statements on pages 8 to 16 were approved by the board of directors on 18 December 2019 and were signed on its behalf by:



B Goodger
Director

18 December 2019

Healthcare Buying Group Limited
Statement of changes in equity
For the year ended 31 March 2019

	Called up share capital £'000	Share premium account £'000	Accumulated losses £'000	Total capital and reserves £'000
Balance at 1 April 2017	47	3,953	(13,705)	(9,705)
Loss after tax on ordinary activities for the year	-	-	(4,547)	(4,547)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive expense for the year	-	-	(4,547)	(4,547)
Balance at 31 March 2018	<u>47</u>	<u>3,953</u>	<u>(18,252)</u>	<u>(14,252)</u>

	Called up share capital £'000	Share premium account £'000	Accumulated losses £'000	Total capital and reserves £'000
Balance at 1 April 2018	47	3,953	(18,252)	(14,252)
Loss after tax on ordinary activities for the year	-	-	(16,393)	(16,393)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive expense for the year	-	-	(16,393)	(16,393)
Balance at 31 March 2019	<u>47</u>	<u>3,953</u>	<u>(34,645)</u>	<u>(30,645)</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Healthcare Buying Group Limited

Notes to the financial statements

For the year ended 31 March 2019

1. Company information

The financial statements cover Healthcare Buying Group Limited as an individual entity. The financial statements are presented in Pound sterling, which is Healthcare Buying Group Limited's functional and presentation currency.

The company is a private company limited by shares, incorporated in the United Kingdom and domiciled in England. Its 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

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

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 financial statements have been prepared on a going concern basis due to the company having the continued support of its parent.

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 substantially enacted by the reporting date.

Investments

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

Healthcare Buying Group Limited
Notes to the financial statements
For the year ended 31 March 2019

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.

Preference shares

Preference shares which are redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognised in the income statement as an interest expense.

Financial instruments

Basic financial assets and liabilities, including trade and other receivables, trade and other payables, amounts owed to and by group undertakings and cash balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

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

3. Significant accounting judgements and estimates

Impairment of investments

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

Carrying value of financial assets and liabilities

At the end of each reporting period, the directors assess the carrying value of financial assets for objective evidence of impairment. In addition, where financial assets or liabilities constitute a financing arrangement, the value of the asset or liability is measured by reference to the present value of the estimated future 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.

4. Auditors' remuneration

Auditors' remuneration of £1,400 in respect of the year ended 31 March 2019 has been borne by a fellow group undertaking (2018: £1,000).

Healthcare Buying Group Limited
Notes to the financial statements
For the year ended 31 March 2019

5. Directors' and employees

The directors received no emoluments from the company for their services during the financial year (2018: £nil). The emoluments received as a director of a group trading company are disclosed in the financial statements of Billericay Dental Supply Co. Limited for GP Adams and RM Stephenson, and in the financial statements of Turnstone Equityco 1 Limited for T Riall and O Shafi Khan.

The company has no employees (2018: none).

6. Interest payable and similar expenses

	2019 £'000	2018 £'000
Preference share dividends payable to parent	<u>5,093</u>	<u>4,547</u>

7. Tax on ordinary activities

Factors affecting the tax charge for the financial year

The tax charge for the year is higher (2018: higher) than the standard rate of corporation tax in the UK for the year ended 31 March 2019 of 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
Loss before tax on ordinary activities	<u>(16,393)</u>	<u>(4,547)</u>
Tax at the statutory tax rate of 19%	(3,115)	(864)
Expenses not deductible for tax purposes	<u>3,115</u>	<u>864</u>
Tax on ordinary activities	<u>-</u>	<u>-</u>

The main rate of corporation tax reduced from 20% to 19% with effect from 1 April 2017. A further reduction in the main rate of corporation tax to 17% from 1 April 2020 was substantively enacted on 15 September 2016 and the deferred tax asset has been re-measured accordingly.

Healthcare Buying Group Limited
Notes to the financial statements
For the year ended 31 March 2019

8. Investments

	£'000
Investments at cost in subsidiary undertakings	
At 1 April 2018	28,005
Impairment of investment in fellow subsidiaries	<u>(11,300)</u>
At 31 March 2019	<u><u>16,705</u></u>

The company owns 100% of the ordinary share capital of its immediate subsidiary undertaking, DBG Topco Limited. DBG Topco Limited acts as an investment holding company.

Given the deterioration in profitability of the Dental Directory division due to a decline in performance, the directors have carried out an impairment review over the carrying value of the company's investments where indicators of impairment were considered to exist at 31 March 2019. This review concluded that the carrying value of the company's investment in its subsidiary companies exceeded its estimated recoverable amount by £11,300,000. As a result, an impairment charge equal to this amount has been recorded in the income statement for the year ended 31 March 2019.

The table below provides details of the company's subsidiary undertakings as at 31 March 2019. All companies are indirectly owned with the exception of DBG Topco Limited. All of the non-trading entities are holding companies for investments in other group companies.

The company owns (either directly or indirectly) 100% of the ordinary share capital of all of the companies listed.

All of the subsidiary companies are incorporated in the United Kingdom.

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

Name of subsidiary	Principal activity	Domiciled in
DBG (UK) Limited	Healthcare goods and services	England
DBG Acquisitions Limited	Non-trading	England
DBG Subsidiary Limited	Dormant	England
DBG Topco Limited	Non-trading	England
TAG Medical Limited	Medical equipment and testing	England

The registered office address of the above subsidiaries is Europa House, Europa Trading Estate, Stoneclough Road, Kearsley, Manchester, M26 1GG.

9. Debtors

	2019	2018
	£'000	£'000
Amounts owed by group undertakings	<u>464</u>	<u>464</u>

Amounts owed by group undertakings are unsecured, are not subject to an interest charge and are repayable on demand. While the amounts owed by group undertakings are repayable on demand, it is not expected that they will be settled within 12 months.

Healthcare Buying Group Limited
Notes to the financial statements
For the year ended 31 March 2019

10. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts owed to group undertakings	<u>282</u>	<u>282</u>

Amounts owed to group undertakings are unsecured, are not subject to an interest charge and are repayable on demand. While the amounts owed to group undertakings are repayable on demand, it is not expected that they will be settled within 12 months.

11. Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
Preference shares classified as liabilities owed to group undertakings	<u>47,532</u>	<u>42,439</u>

A total of 24,187,588 £1 preference shares were issued at par on 16 April 2013 to fund the acquisition of DBG Topco Limited. The preference shares have a fixed, cumulative dividend of 12% per annum and are repayable upon an exit by majority shareholders or upon liquidation of the company. At 31 March 2019, a total of 24,187,588 £1 preference shares are in issue (2018: 24,187,588). Preference share dividends of £23,344,000 were accrued as at 31 March 2019 (2018: £18,251,000).

12. Called up share capital

The allotted, called up and fully paid share capital is as follows:

	2019 No. of shares	2019 £'000	2018 No. of shares	2018 £'000
A ordinary shares of £0.01 each	312,750	3	312,750	3
'B' ordinary shares of £0.01 each	3,680,000	37	3,680,000	37
'C' ordinary shares of £0.01 each	<u>725,000</u>	<u>7</u>	<u>725,000</u>	<u>7</u>
	<u>4,717,750</u>	<u>47</u>	<u>4,717,750</u>	<u>47</u>

13. Share premium account

The amount subscribed for share capital in excess of nominal value less any costs directly attributable to the issue of new shares.

14. Accumulated losses

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

Healthcare Buying Group Limited
Notes to the financial statements
For the year ended 31 March 2019

15. Financial assets and liabilities

The company has the following financial instruments:

	2019 £'000	2018 £'000
Financial assets measured at amortised cost		
Amounts owed by group undertakings (note 9)	464	464
	2019 £'000	2018 £'000
Financial liabilities measured at amortised cost		
Amounts owed to group undertakings (note 10)	(282)	(282)
Preference shares classified as liabilities owed to group undertakings (note 11)	(47,532)	(42,439)
	(47,814)	(42,721)

16. Controlling party

The immediate parent undertaking is Turnstone Bidco 1 Limited, 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 directors to be CEP III Participations S.a.r.l. SICAR, an investment vehicle for The Carlyle Group. CEP III Participations S.a.r.l. SICAR is the controlling party of Turnstone Equityco 1 Limited.