IDH Finance Plc

Annual report and financial statements

Registered number 08516986

Year ended 31 March 2020

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Strategic report for the year ended 31 March 2020

The directors present the Strategic report for the year ended 31 March 2020.

Principal activities

The principal activity of the company is to act as a group financing company.

Business review

The company provides externally sourced finance to the group.

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 (formerly Dental Directory) 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.

The company provides funding to the {my}dentist and DD divisions and is therefore reliant on the trade of these two business units to fund the interest payments on external financing.

The group's key profit performance indicator is earnings before interest, tax, depreciation, amortisation and non-underlying items ('EBITDA before non-underlying items'). Management consider this the key operating indicator as it measures the underlying performance of the group and the ability of the group to service its debt. Following the adoption of IFRS 16 in the group financial statements and in order to provide comparability with the previous year, "Adjusted EBITDA" (EBITDA before non-underlying items adjusted for rental and other lease charges) has also been quoted within these financial statements.

After one-off impairment charges and changes due to the implementation of IFRS 16 are adjusted, the underlying results for the year for the group demonstrate that the strategy is starting to improve operational results. There was a significant improvement in adjusted EBITDA at both the DD division and through the {my}dentist network after a successful roll-out of {my}options affordable private treatments. This improvement was delivered through to the end of February 2020 with the last two weeks of March 2020 subject to lockdown measures implemented to slow the spread of the Covid-19 outbreak. During March 2020, the dental industry received regular updates from the Chief Dental Officers ("CDOs") for England, Scotland, Wales and Northern Ireland. From 20 March 2020, this included recommendations to avoid, as far as possible, treating vulnerable patients and performing aerosol generating procedures (AGPs). 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. On 24 March 2020, the CDO for England followed the action of the other CDOs and recommended that all non-urgent dental care be stopped. Routine dental treatment was allowed to restart, with modifications in operating procedures, from 8 June 2020.

{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 launch of the group's range of affordable private dental treatments, {my}options helped grow like-for-like private revenue by more than 19% in the 11 months of trading unaffected by the Covid-19 outbreak.

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. 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.

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

Strategy and future outlook

The directors believe that the group continues to be well positioned to take advantage of further opportunities within the market through development of patient access to new affordable and transparent private treatments, increasing the number of clinician hours available, exploring opportunities to tender for new contracts, particularly through the ongoing orthodontic dentistry procurement programme and diversifying our revenue through new initiatives both in private dentistry and within DD.

The company is expected to remain a group financing company in the forthcoming year and continue to provide externally sourced finance to the group.

Subsequent events - Impact of the coronavirus pandemic

The Covid-19 coronavirus outbreak has had a significant impact on the group post year end. The company is reliant on the solvency of the underlying group to provide cash flows to enable the company to meet its external financing obligations.

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 (UDC's). {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.

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. {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.

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 led 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 groups 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.

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

Financial review

The operating loss for the year was £16,000 (2019: £9,000). The loss for the financial year was £16,000 (2019: £9,000).

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.

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 company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including currency and interest rate risk) and inflation risk.

The company'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 company's activities.

Credit risk
Credit risk is the risk of financial loss to the group if a customer fails to meet its contractual obligations. For the company this risk is aligned to the risk of the wider group as the company relies on the group's cash flows to settle the back to back financing arrangements.

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 DD, 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 company's obligations to pay external debt and interest are funded by back to back financing arrangements with other group companies.

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.

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 DD 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.

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

Financial risk management *(continued)*

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

Management have considered the risk of changes in interest rates upon the group's financial performance. 42% (2019: 48%) of the group's external debt is subject to fixed interest and therefore the impact of changes to interest rates upon the group's cash flows is significantly mitigated. However a 1% increase or decrease in the rate of LIBOR would have the effect of increasing or decreasing the group's annual cash interest costs by approximately £3.2 million or £2.5 million respectively, based upon the funding structure in place at 31 March 2020.

On behalf of the Board

J Perkin
Director
29 July 2020

Directors' report for the year ended 31 March 2020

The directors present their report and the audited financial statements of IDH Finance Plc 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 directors do not recommend the payment of a dividend for the year (2019: £nil).

Directors

The directors of the company who held office during the year and up to the date of signing the financial statements were as follows:

J Perkin	(appointed 5 April 2019)
T Riall	
O Shafi Khan	(resigned 5 April 2019)

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

Statement of directors' responsibilities

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

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;
- 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 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.

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.

Political and charitable contributions

The company made no political or charitable contributions during the year (2019: £nil).

Subsequent events

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

Going concern

Given the back to back financing arrangements in place with the group, the company's ability to meet its obligations and continue as a going concern is very much dependent upon the results of the group. The company requires regular payments from the group to ensure that all external financing obligations are met.

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

Going concern *(continued)*

The group meets its normal day to day working capital requirements through cash generated from operations and its borrowing facilities.

As part of the directors' consideration of the appropriateness of adopting the going concern basis in preparing the financial statements a range of scenarios have been reviewed. The assumptions estimated the potential impact of Covid-19 restrictions and regulations along with potential actions that could be taken over the next 18 months. The forecasts and projections, which include forecasts that have been sensitised to reflect a severe but plausible downside scenario as a result of the coronavirus, show that the group is able to operate within the level of its current facilities.

The significant variables in the scenarios related to Covid-19 included the level of contract payments provided by the NHS in England, Scotland, Wales and Northern Ireland over various time periods, the abatement to be levied by the NHS for variable costs not incurred while practices could not carry out routine treatment, the speed of recovery for NHS and private dentistry following the restart of routine treatments, productivity due to fallow periods, the cost of PPE and decisions related to contingent liabilities. The speed of recovery was also considered against the experience of the dental industry in other countries.

The base case scenario assumed that normal dental procedures and UDA monitoring recommenced in Q3 FY2021 and NHS activity returned to FY2020 levels in January 2021, with private dentistry recovering more slowly to 50% of FY2020 in Q3 and 75% in Q4 FY2021. In the downside scenario, NHS and private dental activity was modelled at 50% of FY2020 levels through until March 2021 and then at 75% of FY2020 levels for FY2022. The forecasts include continued support for dental practices from the NHS until the end of September 2020 in line with public announcements and the continued contractual payments of 1/12th of the current annual contract each month. In particular the forecasts are based on an abatement of 16.75% for variable costs in Q1 and no abatement for Q2 due to the higher costs of PPE and lower productivity due to long fallow period required between appointments.

The amount to be repaid to the local NHS teams for the shortfall on UDA delivery in the year ended 31 March 2020 of £70.4 million will be deducted from contract payments received across the next financial year. This is therefore included in the base case cash forecast and does not impact on the forecast headroom available to the group.

The minimum cash headroom in the downside case is at March 2021 and if a payment of £20.0 million to settle the VAT contingent liability is deducted there would be £49.7 million remaining available to the group.

The group has not assumed any structural changes to the business to remain a going concern.

These forecasts demonstrate that while a downside scenario would have a major negative impact on profitability, the group would generate adjusted EBITDA and cash in the year ended 31 March 2021 and beyond and the cash reserves would be sufficient to meet expected obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements.

At 31 March 2020, the group's cash balance was £76.2 million following the draw down of the remaining balance available under the £100.0m Super Senior Revolving Credit Facility (SSRCF) in order to maximise group liquidity during the Covid-19 outbreak. This is around £68.0 million more cash than is normally required to operate the business. The facility is available until August 2022. As the facility is now more than 35% drawn, a quarterly covenant test is required to be met where the ratio of the drawn SSRCF to adjusted EBITDA is less than 2.30x. In the scenarios tested above, the group retained sufficient headroom on the covenant measures to meet the test at each quarter end through the forecast period. The group's other principal borrowing facilities, which comprise £275 million of senior secured fixed rate notes, £150 million of senior secured floating rate notes, and £130 million second lien notes, are fully drawn down and do not require repayment until 2022 or 2023.

The group's loan notes and redeemable preference shares, along with all interest and dividends accrued thereon, were originally not repayable until the earlier of a sale of the business or 2021. During the previous year, the group's leading shareholders agreed to extend the repayment date of these instruments to the earlier of a sale of the business or May 2024. Therefore, the group has no short term cash obligations in respect of these debt instruments.

The group's reported operating loss and loss before tax arise principally from non-cash items, including the amortisation and impairment of goodwill and intangible assets, depreciation, and non-cash interest accrued on shareholder loan notes.

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

Going concern *(continued)*

The company's financial statements have therefore been prepared on a going concern basis, which the directors consider to be appropriate, having given due consideration to current trading forecasts and the various facilities available to the group.

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

J Perkin
Director
29 July 2020

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

Independent auditors' report to the members of IDH Finance Plc

Report on the audit of the financial statements

Opinion

In our opinion, IDH Finance Plc'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.

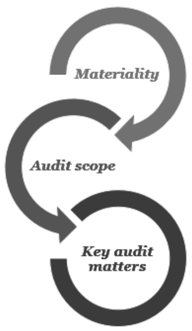
Basis for opinion

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, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall materiality: £5.5 million (2019: £5.5 million), based on 1% of total assets.

- Our audit consisted of a full scope audit over the statutory accounts of IDH Finance Plc.

- Going concern.
- Impact of Covid-19.

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Independent auditors' report to the members of IDH Finance Plc *(continued)*

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Going concern The financial statements have been prepared on the going concern basis. The directors believe that the entity will have the cash resources it requires to settle its liabilities for the period extending beyond 12 months from the date of approval of the financial statements. The entity has borrowings of £553 million (2019: £552 million). There are no financial covenants on any of the borrowings. The going concern status of the entity is intrinsically linked to the success of the group, being Turnstone Equityco 1 Limited.	In assessing the going concern assumption, we have undertaken the following procedures: • We evaluated and challenged the group's future cash flow forecasts and the process by which they were drawn up; • We discussed with management the impact of severe but plausible downside scenarios so we could understand the rationale behind the assumptions; • We have reviewed the terms of the group's financing facility and confirmed that there are no restrictions outside the control of the group, other than covenant compliance. We have reviewed the covenants in relation to this facility and confirmed that the group is in compliance with all covenant conditions in the current year. In addition we have compared forecasted cash flows by assessing their impact on the covenant conditions, including on the downside scenarios considered; • We have assessed management's ability to produce reliable forecasts by reviewing the accuracy of previous forecasts; and • We have reviewed results post year end and confirmed that there are no significant variations from management's expectations (updated for Covid-19) which should change their conclusions over going concern. Considering the results above and our assessment of the impact of Covid-19 described below, we noted no other factors that would impact the going concern status of the group and company and, therefore, we concur with management's assessment that the group and company accounts should be prepared on a going concern basis.

Independent auditors' report to the members of IDH Finance Plc *(continued)*

Key audit matters *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impact of Covid-19 The ongoing and evolving Covid-19 pandemic and the related government response to this crisis, is having a significant impact on the UK economy. As part of the UK lockdown the dental practices were closed except for emergencies. The existence of Covid-19 was a condition that existed at the balance sheet date. Management have considered its impact on the financial statements and in relation to the going concern assessment of the group. Management have adjusted the cash flow forecasts of the group to reflect a number of severe but plausible downside scenarios resulting from the direct and indirect consequences of Covid-19. For example, the trading experienced in the post year end period, the approach to UDA contracts during lockdown, the level of abatement to be paid back to the NHS in the first two quarters of FY2021 and the potential level of public and private dentistry in the future. Management have concluded that the group and the entity expect to continue to operate under these scenarios for at least 12 months from the date of this report and that the cash flow forecasts support management's going concern assumption. The financial statements have therefore been prepared on a going concern basis.	In assessing management's considerations of the potential impact of Covid-19, we have undertaken the following procedures: • Reviewed the guidance issued by the NHS in relation to the level of support available during the pandemic; • Reviewed the levels of activity following the easing of the lockdown and the practices re-opening and compared this to management's revised forecast and considered the impact of these actual results on the future forecast period; • Reviewed management's base case and severe but plausible downside scenarios and required management to run further iterations of the downside scenario in order to assess the possible impact; and • Assessed the debt covenant conditions under the different scenarios modelled by management. For our conclusion and work performed in relation to going concern see the section above.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates. .

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£5.5 million (2019: £5.5 million).
How we determined it	1% of total assets.
Rationale for benchmark applied	We believe that total assets is the appropriate benchmark as the entity is a holding company.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £275,000 (2019: £275,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report to the members of IDH Finance Plc *(continued)*

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 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.

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.

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 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 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 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.

Independent auditors' report to the members of IDH Finance Plc *(continued)*

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
29 July 2020

Income statement
for the year ended 31 March 2020

	Note	**2020** **£'000**	2019 £'000
Administrative expenses		**(16)**	(9)
Operating loss	*5*	**(16)**	(9)
Interest receivable and similar income	*7*	**39,913**	39,801
Interest payable and similar expenses	*8*	**(39,913)**	(39,801)
Net interest receivable		**-**	-
Loss before taxation		**(16)**	(9)
Tax on loss	*9*	**-**	-
Loss for the financial year		**(16)**	(9)

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	**2020** **£'000**	2019 £'000
Current assets			
Debtors (includes £553,791,000 falling due after more than one year; 2019: £553,016,000)	*10*	**558,500**	557,865
Cash at bank and in hand		**49**	49
		558,549	557,914
Creditors: amounts falling due within one year	*11*	**(4,769)**	(4,892)
Net current assets		**553,780**	553,022
Creditors: amounts falling due after more than one year	*12*	**(552,541)**	(551,767)
Net assets		**1,239**	1,255
Capital and reserves			
Called up share capital	*14*	**50**	50
Retained earnings	*15*	**1,189**	1,205
Total shareholders' funds		**1,239**	1,255

The notes on pages 16 to 20 form an integral part of these financial statements.

These financial statements on pages 13 to 20 were approved by the board of directors on 29 July 2020 and were signed on its behalf by:

J Perkin
Director

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

	Called up share capital £'000	**Retained earnings £'000**	**Total shareholders' funds £'000**
Balance at 1 April 2018	50	1,214	1,264
Comprehensive expense for the year			
Loss for the financial year and total comprehensive expense	-	(9)	(9)
Balance at 31 March 2019	50	1,205	1,255
Comprehensive expense for the year			
Loss for the financial year and total comprehensive expense	-	(16)	(16)
Balance at 31 March 2020	**50**	**1,189**	**1,239**

Notes to the financial statements

1 Company information

IDH Finance Plc (the 'company') is a public 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 a group financing 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 IDH Finance Plc 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.

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

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.

Financial instruments including borrowings

Basic financial assets and liabilities, including amounts owed by group undertakings, borrowings and cash and bank balances, in accordance with section 11 and 12 of FRS102 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.

Derivative financial instruments, including unquoted options, 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.

Notes to the financial statements *(continued)*

3 Significant judgements and estimates

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

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 Segmental analysis

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

5 Operating loss

	2020	2019
	£'000	£'000
Operating loss is stated after charging:		
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the company's financial statements	**16**	9

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.

The company has no employees (2019: none).

7 Interest receivable and similar income

	2020	2019
	£'000	£'000
Interest receivable on loans to fellow group undertaking	**39,913**	39,801

8 Interest payable and similar expenses

	2020	2019
	£'000	£'000
Senior secured fixed rate notes	**17,187**	17,187
Senior secured floating rate notes	**10,344**	10,264
Second lien notes	**12,382**	12,350
	39,913	39,801

Notes to the financial statements *(continued)*

9 Tax on loss

a) Analysis of tax charge for the financial year

	2020	2019
	£'000	£'000
Current tax		
Current tax for the year	**-**	-
Tax on loss	**-**	-

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 for the year ended 31 March 2020 of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£'000	£'000
Loss before taxation	**(16)**	(9)
Loss activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	**(3)**	(2)
Effects of:		
Group relief surrendered for nil consideration	**3**	2
Tax on loss	-	-

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 2020, the Government announced that the UK corporation tax rate would remain at 19% (effective 1 April 2020) rather than reducing to 17%. This was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly.

10 Debtors

	2020	2019
	£'000	£'000
Amounts falling due after more than one year		
Amounts owed by group undertakings	**553,791**	553,016
Amounts falling due within one year		
Amounts owed by group undertakings	**4,709**	4,849
	558,500	557,865

The amounts owed by group undertakings falling due after more than one year are unsecured and are subject to an interest charge equivalent to that payable upon the senior secured, floating rate and second lien notes (note 13).

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

Notes to the financial statements *(continued)*

11 Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Amounts owed to group undertakings	**60**	43
Accruals and deferred income	**4,709**	4,849
	4,769	4,892

12 Creditors: amounts falling due after more than one year

	2020	2019
	£'000	£'000
Borrowings (note 13)	**552,541**	551,767

13 Borrowings

	2020	2019
Senior secured, floating rate and second lien notes	**£'000**	£'000
Due between two and five years	**552,541**	551,767

All of the company's borrowings are denominated in Sterling and are secured by means of a floating charge against the assets of certain group subsidiary companies.

Throughout the years ended 31 March 2020 and 31 March 2019, the company had the following notes in issue:

- £275 million of senior secured fixed rate notes. The notes were issued on 5 August 2016 at par, and mature at par on 15 August 2022. Interest is payable semi-annually in arrears on 15 February and 15 August each year, at a fixed coupon of 6.25% per annum.
- £150 million of senior secured floating rate notes. The notes were issued on 5 August 2016 at 99.5, a discount of 0.5% to par. The notes mature at par on 15 August 2022. Interest is payable quarterly in arrears on 15 February, 15 May, 15 August and 15 November each year, at a coupon of 3 month LIBOR plus 6.00%.
- £130 million of second lien notes. The notes were issued on 5 August 2016 at 96.5, a discount of 3.5% to par. The notes mature at par on 15 August 2023. Interest is payable quarterly in arrears on 15 February, 15 May, 15 August and 15 November each year, at a coupon of 3 month LIBOR plus 8.00%. 3 month LIBOR is subject to a 1.00% floor.

The issue discount arising on the senior secured floating rate notes and the second lien notes is being amortised over the term to maturity, in accordance with the effective interest method.

The proceeds from the issue of the notes have been on-lent to Turnstone Bidco 1 Limited. See also note 10.

Under the terms of the indenture to the £275 million senior secured fixed rate notes and £150 million floating rate notes, the company holds certain call options to re-purchase all or part of the notes at pre-determined amounts during certain periods.

The senior secured fixed rate notes may be called by the company at a price of 103.125% of par between 15 August 2018 and 14 August 2019; at 101.563% of par between 15 August 2019 and 14 August 2020; or at par between 15 August 2020 and 14 August 2021.

Notes to the financial statements *(continued)*

13 Borrowings *(continued)*

The senior secured floating rate notes may be called by the company at par from 15 August 2018. Between 15 August 2017 and 14 August 2018, the notes could be called at 101%.

The above call options are not considered by the directors to have any value at either 31 March 2020 or 31 March 2019.

14 Called up share capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
50,000 (2019: 50,000) ordinary shares of £1	**50**	50

15 Retained earnings

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

16 Financial assets and liabilities

The company has the following financial instruments:

	Note	2020 £'000	2019 £'000
Financial assets measured at amortised cost			
Amounts owed by group undertakings	*10*	**558,500**	557,865
Financial liabilities measured at amortised cost			
Amounts owed to group undertakings	*11*	**(60)**	(43)
Accruals	*11*	**(4,709)**	(4,849)
Borrowings	*12,13*	**(552,541)**	(551,767)
		(557,310)	(556,659)

17 Controlling party

The immediate parent undertaking is Turnstone Midco 2 Limited.

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

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.

At 31 March 2020 and throughout the year, 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.