**LAB 53 LIMITED**

**Registered Number: 2143153**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED**
**31 DECEMBER 2017**

## Contents

# Directors' Report

The Directors present their annual report and the financial statements of Lab 53 Limited ("the Company") for the year ended 31 December 2017.

**Principal Activities**

The principal activity of the Company for the year was the manufacture of dental prostheses.

**Results and Dividends**

The loss for the year, after taxation, amounted to £20,000 (12 March 2016 to 31 December 2016 profit: £50,000). The Company had net assets of £362,000 (2016: £382,000).

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2017 (2016: £nil).

**Going Concern**

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**International Financial Reporting Standards and Financial Reporting Requirements**

The ultimate parent undertaking, The British United Provident Association Limited ("Bupa"), has prepared group accounts in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Company is not required to report under IFRS and therefore these accounts are prepared in accordance with applicable UK accounting standards. As the Company is a wholly owned subsidiary undertaking of Bupa, the Company qualifies for application of Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"), which has been adopted for these financial statements. FRS 101 uses the recognition and measurement bases of IFRS, while allowing exemptions from a number of disclosures required by full IFRS.

**Directors**

Details of the present Directors and any other persons who served as a Director during the year are set out below:

| | | |
|---|---|---|
| L C Knight | resigned | 9 January 2017 |
| N S Barker | resigned | 1 February 2018 |
| I M Kelly | | |
| S J Preddy | | |
| J S H Wright | appointed | 1 February 2018 |

**Companies (Audit, Investigations and Community Enterprise) Act 2004**

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the Company.

# Directors' Report (continued)

### Employees

Details of the number of persons employed and gross remuneration are contained in note 8 to the financial statements.

Every effort is made by the Directors and the Management to inform, consult and encourage the full involvement of staff on matters concerning them as employees and affecting the Company's performance.

*Employment of disabled persons*
The Company is committed to providing equal opportunities to employees. The employment of disabled persons is included in this commitment and the recruitment, training, career development and promotion of disabled persons is based on the aptitudes and abilities of the individual. Should employees become disabled during employment, every effort would be made to continue their employment and, if necessary, appropriate training would be provided.

*Employment policy*
The Company continues to regard communication with its employees as a key aspect of its policies. Information is given to employees about employment matters and about the financial and economic factors affecting the Company's performance through management channels. Employees are encouraged to discuss operational and strategic issues with their line management and to make suggestions aimed at improving performance.

### Disclosure of Information to Auditor

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 auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Registered Office:

1 Angel Court
London
EC2R 7HJ

15 June 2018

**By Order of the Board**

**J S H Wright**
**Director**

# Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' 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 they have elected to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101.

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 these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## Independent Auditor's Report to the Members of Lab 53 Limited

**Opinion**

We have audited the financial statements of Lab 53 Limited ("the Company") for the year ended 31 December 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1 to the financial statements.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

**Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover this report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in this report for the financial year is consistent with the financial statements; and
- in our opinion this report has been prepared in accordance with the Companies Act 2006.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

# Independent Auditor's Report to the Members of Lab 53 Limited (continued)

### Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A Simpson

**Alexander Simpson (Senior Statutory Auditor)**
**For and on behalf of KPMG LLP, Statutory Auditor**
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

15 June 2018

# Profit and Loss Account and Other Comprehensive Income

**for the year ended 31 December 2017**

| | Note | **2017** **£'000** | 12 March 2016 to 31 December 2016 £'000 |
|---|---|---|---|
| Turnover | 4 | 350 | 327 |
| Cost of sales | 5 | (266) | (206) |
| **Gross profit** | | 84 | 121 |
| Administrative expenses | 6 | (107) | (59) |
| **(Loss)/profit before taxation** | | (23) | 62 |
| Tax credit/(charge) on (loss)/profit on ordinary activities | 9 | 3 | (12) |
| **(Loss)/profit for the financial year** | | (20) | 50 |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | - | - |

All activities relate to continuing operations.

The notes on pages 9 to 19 form part of these financial statements.

# Balance Sheet
**as at 31 December 2017**

| | Note | 2017 £'000 | 2016 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 10 | 7 | 9 |
| | | 7 | 9 |
| **Current assets** | | | |
| Stocks | 11 | 24 | 20 |
| Debtors | | 94 | 367 |
| - due within one year | 12 | 94 | 367 |
| Cash at bank and in hand | | 332 | 54 |
| | | 450 | 441 |
| **Creditors:** amounts falling due within one year | 13 | (94) | (67) |
| **Net current assets** | | 356 | 374 |
| **Total assets less current liabilities** | | 363 | 383 |
| **Creditors: amounts falling due after more than one year** | 14 | (1) | (1) |
| **Net assets** | | 362 | 382 |
| **Capital and reserves** | | | |
| Called up share capital | 15 | 2 | 2 |
| Share Premium account | | 3 | 3 |
| Profit and loss account | | 357 | 377 |
| **Shareholders' funds** | | 362 | 382 |

These financial statements were approved by the Board of Directors and were signed on its behalf by:

**J S H Wright**
**Director**
Registered number: 2143153

15 June 2018

The notes on pages 9 to 19 form part of these financial statements.

# Statement of Changes in Equity
**for the year ended 31 December 2017**

| | Share capital £'000 | Share premium £'000 | Profit and loss account £'000 | Total £'000 |
|---|---|---|---|---|
| **Balance at 1 January 2017** | 2 | 3 | 377 | 382 |
| Loss for the year | - | - | (20) | (20) |
| Balance as at 31 December 2017 | 2 | 3 | 357 | 362 |

| | | | Profit and loss account £'000 | Total £'000 |
|---|---|---|---|---|
| **Balance at 12 March 2016** | 2 | 3 | 327 | 332 |
| Profit for the period | - | - | 50 | 50 |
| Balance as at 31 December 2016 | 2 | 3 | 377 | 382 |

The notes on pages 9 to 19 form part of these financial statements.

# Notes to the Financial Statements

## 1. Accounting Policies

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

### (a) Basis of Preparation

The financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of land and buildings, in accordance with applicable UK accounting standards.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

These financial statements have been prepared in accordance with FRS 101. The amendments to FRS 101 (2016/17 Cycle) issued in July 2017 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of IFRS, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Accounting policy 2.

The financial statements are presented in sterling, which is also the Company's functional currency, rounded to thousands.

Updates to comparatives have been included in the financial statements to enhance the presentation and disclosures within the accounts. There is no net impact on profit or the net asset position of the Company. (refer to note 19 for further details).

### (b) Exemptions from the Requirements of IFRS

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for tangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries within the consolidated group;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

As the consolidated financial statements of Bupa include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

# Notes to the Financial Statements (continued)
**Accounting Policies (continued)**

### (c) Turnover

Turnover is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises turnover when the amount of turnover can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Company primarily manufactures dental prostheses and recognises turnover when the service has been delivered to the patient.

### (d) Interest Income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

### (e) Employee Benefits

Obligations for contributions to defined contribution pension schemes are recognised as an expense in the profit and loss account as incurred.

### (f) Leases

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

### (g) Taxation and Deferred Taxation

The taxation expense on the profit for the year comprises current and deferred taxation. Income taxation is recognised in the profit and loss account except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised directly in the statement of comprehensive income.

Current taxation is the expected taxation payable on the taxable profit for the year, using taxation rates enacted or substantively enacted at the balance sheet date, and any adjustments to taxation payable in respect of previous years.

Deferred taxation is recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not recognised: goodwill not deductible for taxation purposes and the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The amount of deferred taxation recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using taxation rates enacted or substantively enacted at the balance sheet date.

# Notes to the financial statements (continued)

**Accounting policies (continued)**

### (g) Taxation and Deferred Taxation (continued)

Deferred taxation is recognised on temporary differences arising on investments in subsidiary companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Trading losses surrendered to other Bupa Group subsidiary undertakings are made on a full payment basis.

### (h) Tangible Fixed Assets

All tangible fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost amounts to their residual values over their estimated useful lives, as follows:

| | |
|---|---|
| Leasehold improvements | Term of the lease |
| Fixtures, fittings and equipment | 3 to 7 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income in the profit and loss account in the period they arise.

### (i) Impairment of Non-Financial Assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

# Notes to the Financial Statements (continued)
**Accounting Policies (continued)**

## (j) Financial Assets

**Classification**
The Company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise they are classified as non-current investments.

(ii) **Loans and receivables**
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables.

**Recognition and Measurement**
Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss' category are presented in the profit and loss account within interest income or expenses in the period in which they arise.

**Impairment of Financial Assets**
The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

## (k) Trade and Other Receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## (l) Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

# Notes to the Financial Statements (continued)
## Accounting Policies (continued)

### (m) Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

### (n) Share Capital

Ordinary shares are classified as equity.

### (o) Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### (p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (q) Provisions

Provisions are recognised when:
- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

# Notes to the Financial Statements (continued)

**Accounting Policies (continued)**

## 2. Critical Accounting Estimates and Judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of trade receivables

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

## 3. Immediate and Ultimate Parent Company

The immediate parent undertaking of the Company is Bupa Dental Services Limited, with its registered office at 1 Angel Court, London, EC2R 7HJ.

The ultimate parent undertaking of the Company, and the largest group into which these financial statements are consolidated, is Bupa, with its registered office at 1 Angel Court, London, EC2R 7HJ. The smallest group into which these financial statements are consolidated is that headed by Bupa Finance plc, with its registered office at 1 Angel Court, London, EC2R 7HJ.

Copies of the accounts of both companies can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ.

## 4. Turnover

Turnover comprises

| | **2017 £'000** | 12 March 2016 to 31 December 2016 £'000 |
|---|---|---|
| Dental supplies and services | 350 | 327 |

## 5. Cost of Sales

Cost of sales comprises

| | **2017 £'000** | 12 March 2016 to 31 December 2016 £'000 |
|---|---|---|
| Staff | 183 | 141 |
| Dental supplies | 39 | 16 |
| Other cost of sales | 44 | 49 |
| | 266 | 206 |

# Notes to the Financial Statements (continued)

## 6. Administrative Expenses

Administrative expenses comprises

| | 2017 £'000 | 12 March 2016 to 31 December 2016 £'000 |
|---|---|---|
| Staff | 21 | 11 |
| Other administrative expenses | 86 | 48 |
| | 107 | 59 |

## 7. Staff Costs and Directors' Remuneration

**(i) Staff Costs**
The average monthly number of persons employed by the Company during the year, analysed by category, was:

| | 2017 | 2016 |
|---|---|---|
| Medical staff | 4 | 5 |
| | 4 | 5 |

| The aggregate payroll costs of those persons were as follows: | 2017 £'000 | 12 March 2016 to 31 December 2016 £'000 |
|---|---|---|
| Wages and salaries | 180 | 134 |
| Social security costs | 18 | 15 |
| Other pension costs | 6 | 3 |
| | 204 | 152 |

**(ii) Directors' Remuneration**

The emoluments of the Directors are borne entirely by other Group companies. The value of the qualifying services provided by the Directors to the Company during the year was £4,000 (2016: £4,000).

## 8. Loss on Ordinary Activities before Taxation

Loss on ordinary activities before taxation is stated after charging:

| | 2017 £'000 | 12 March 2016 to 31 December 2016 £'000 |
|---|---|---|
| Depreciation of tangible fixed assets: | | |
| - Owned | 2 | 15 |
| Fees payable to the Company's auditor for the audit of the Company's annual accounts | - | - |

Fees for the audit of the Company represent the amount receivable by the Company's auditor. The amount may not be borne by the Company.

# Notes to the Financial Statements (continued)

## 9. Tax on Loss on Ordinary Activities

### (i) Tax included in Profit or Loss

| | 2017 £'000 | 12 March 2016 to 31 December 2016 £'000 |
|---|---|---|
| UK corporation tax (credit)/charge on (loss)/profit for the year | (4) | 15 |
| Adjustments in respect of prior periods | 1 | - |
| Total current tax (credit)/charge | (3) | 15 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | - | (3) |
| Total deferred tax credit | - | (3) |
| **Total tax (credit)/charge on (loss)/profit on ordinary activities** | (3) | 12 |

### (ii) Reconciliation of effective tax rate

| | 2017 £'000 | 12 March 2016 to 31 December 2016 £'000 |
|---|---|---|
| Profit/(Loss) on ordinary activities before taxation | (23) | 62 |
| Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 19.25% (2016: 20%) | (4) | 12 |
| Effects of: | | |
| Non-deductible expenses | - | - |
| Current income taxation adjustments in respect of prior periods | 1 | - |
| Deferred taxation adjustments in respect of prior periods | - | - |
| Change in taxation rates | - | - |
| **Tax (credit)/charge on (loss)/profit on ordinary activities** | (3) | 12 |

## 10. Tangible Fixed Assets

| | Total £'000 |
|---|---|
| **Fixtures, fittings and equipment** | |
| **Cost** | |
| At 1 January 2017 | 46 |
| At 31 December 2017 | 46 |
| **Depreciation** | |
| At 1 January 2017 | 37 |
| Charge for the year | 2 |
| At 31 December 2017 | 39 |
| **Net Book Value** | |
| At 31 December 2017 | 7 |
| At 31 December 2016 | 9 |

# Notes to the Financial Statements (continued)

## 11. Stocks

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Dental consumables | 24 | 20 |

There is no material difference between the balance sheet value of stocks and their replacement costs.

## 12. Debtors

| Due within one year | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Trade receivables | 81 | 59 |
| Amounts owed by Bupa Group undertakings | - | 291 |
| Other receivables | 13 | - |
| Prepayments and accrued income | - | 17 |
| | 94 | 367 |

Trade receivables fall due within one year. Trade receivables are stated after provisions for impairment of £4,000 (2016: £nil).

Amounts owed by Bupa Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

## 13. Creditors – Amounts Falling Due within One Year

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Amounts owed to Bupa Group undertakings | 80 | 42 |
| Other creditors including taxation and social security | - | 19 |
| Accruals and deferred income | 14 | 6 |
| | 94 | 67 |

Amounts owed to Bupa Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

## 14. Provisions for liabilities and charges

The Company had the following provisions during the year:

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Deferred tax | 1 | 1 |

**Deferred Tax**
Deferred taxation is analysed as follows

| | 2017 Assets £'000 | 2017 (Liabilities) £'000 | 2017 Total £'000 | 2016 Assets £'000 | 2016 (Liabilities) £'000 | 2016 Total £'000 |
|---|---|---|---|---|---|---|
| Accelerated capital allowances | - | (1) | (1) | - | (1) | (1) |
| | - | (1) | (1) | - | (1) | (1) |

# Notes to the Financial Statements (continued)

## 14. Provisions for liabilities and charges (continued)

The movement in deferred taxation is as follows

| | At 1 January 2017 £'000 | Recognised in profit and loss account £'000 | Recognised in other comprehensive income £'000 | At 31 December 2017 £'000 |
|---|---|---|---|---|
| Accelerated capital allowances | (1) | - | - | (1) |
| | (1) | - | - | (1) |

| | At 12 March 2016 (unaudited) £'000 | Recognised in profit and loss account (unaudited) £'000 | Recognised in other comprehensive income (unaudited) £'000 | At 31 December 2016 (unaudited) £'000 |
|---|---|---|---|---|
| Accelerated capital allowances | (4) | 3 | - | (1) |
| | (4) | 3 | - | (1) |

## 15. Called up Share Capital

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| **Allotted, called up and fully paid** | | |
| **Equity interest** | | |
| 1,666 (2016: 1,666) ordinary shares of £ 1 each | 2 | 2 |

## 16. Contingent Liabilities, Guarantees and Other Financial Commitments

**(i) Contingent Liabilities**
Under a group registration the Company is jointly and severally liable for Value Added Tax due by certain other Bupa Group undertakings.

**(ii) Guarantees**
The Company has given a guarantee and other undertakings, as part of the Group banking arrangements, in respect of the overdraft of certain other Bupa Group undertakings.

**(iii) Financial Commitments**
The Company has no outstanding financial commitments at the end of either year

**(iv) Capital Commitments**
The Company has no outstanding capital commitments at the end of either year.

## 17. Related Party Transactions

The Company has applied the disclosure exemptions available under FRS 101 in respect of transactions with wholly owned subsidiaries within the consolidated group.

## 18. Subsequent Events

There were no subsequent events.

# Notes to the Financial Statements (continued)

### 19. Prior period reclassification

The following reclassifications have been made by the Company:

- Management corrected the methodology for recognising cost of sales and administration expenses in the profit and loss account. The correction resulted in: a decrease in 'Cost of sales' of £15k and an increase in 'Administrative expenses' of the same amount.

## Profit and Loss Account (extract)
**for the period 12 March 2016 to 31 December 2016**

| | 2016 | Reclassifications | **2016 (reclassified)** |
|---|---|---|---|
| | £'000 | £'000 | **£'000** |
| Turnover | 327 | - | **327** |
| Cost of sales | (221) | 15 | **(206)** |
| **Gross profit** | 106 | 15 | **121** |
| Administrative expenses | (44) | (15) | **(59)** |
| **Profit before taxation** | 62 | - | **62** |
| Tax charge on profit on ordinary activities | (12) | - | **(12)** |
| **Profit for the financial period** | 50 | - | **50** |