

Company registration number: 10698104 (England and Wales)

NEO ORTHODONTICS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 21 JUNE 2022



NEO ORTHODONTICS LIMITED

COMPANY INFORMATION

Directors	Dr R P Sadler	(Appointed 21 June 2022)
	Mr R A M Davidson	(Appointed 1 December 2022)
	Mrs C J Tannahill	(Appointed 16 December 2022)
	Mr P M Davis	(Appointed 18 May 2023)

Company number **10698104 (England and Wales)**

Registered office Rosehill
New Barn Lane
Cheltenham
GL52 3LZ

NEO ORTHODONTICS LIMITED

CONTENTS

	Page
Directors' report	1
Profit and loss account	2
Balance sheet	3
Notes to the financial statements	4 - 11

NEO ORTHODONTICS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 21 JUNE 2022

The directors present their annual report and financial statements for the period ended 21 June 2022.

Principal activities

The principal activity of the company continued to be that of dental practice activities.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr S Mehra (Resigned 21 June 2022)

Mr P Thapar (Resigned 21 June 2022)

Mr U M Qureshi (Resigned 21 June 2022)

Dr M H Hamburger (Appointed 21 June 2022 and resigned 15 December 2022)

Dr R P Sadler (Appointed 21 June 2022)

Mr C Cohen (Appointed 21 June 2022 and resigned 7 December 2022)

Mr R Davidson (Appointed 1 December 2022)

Mrs C J Tannahill (Appointed 16 December 2022)

Mr M Killick (Appointed 16 November 2022 and resigned 18 May 2023)

Mr P M Davis (Appointed 18 May 2023)

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr P M Davis

Date: 19/10/2023

NEO ORTHODONTICS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 21 JUNE 2022

	2022 £	2021 £
Turnover	7,778,325	5,952,170
Cost of sales	<u>(4,068,955)</u>	<u>(2,122,399)</u>
Gross profit	3,709,370	3,829,771
Administrative expenses	(5,712,677)	(3,454,546)
Other operating income	<u>5,549</u>	<u>17,833</u>
Operating (loss)/profit	(1,997,758)	393,058
Interest payable and similar expenses	<u>(214,134)</u>	<u>(90,100)</u>
(Loss)/profit before taxation	(2,211,892)	302,958
Tax on (loss)/profit	<u>-</u>	<u>-</u>
(Loss)/profit for the financial year	<u>(2,211,892)</u>	<u>302,958</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

NEO ORTHODONTICS LIMITED

BALANCE SHEET

AS AT 21 JUNE 2022

	Notes	21 June 2022 £	£	31 March 2021 £	£
Fixed assets					
Tangible assets	4		3,826,197		3,904,638
Current assets					
Stocks		153,594		50,000	
Debtors	5	624,742		518,882	
Cash at bank and in hand		55,362		498,615	
		833,698		1,067,497	
Creditors: amounts falling due within one year	6	<u>(7,763,891)</u>		<u>(2,573,144)</u>	
Net current liabilities			<u>(6,930,193)</u>		<u>(1,505,647)</u>
Total assets less current liabilities			<u>(3,103,996)</u>		<u>2,398,991</u>
Creditors: amounts falling due after more than one year	7		<u>-</u>		<u>(3,291,095)</u>
Net liabilities			<u>(3,103,996)</u>		<u>(892,104)</u>
Capital and reserves					
Called up share capital			100		100
Profit and loss reserves			(3,104,096)		(892,204)
Total equity			<u>(3,103,996)</u>		<u>(892,104)</u>

For the financial period ended 21 June 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 19/10/2023 and are signed on its behalf by:

.....
Mr P. Davis
Director

Company Registration No. 10698104

NEO ORTHODONTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 21 JUNE 2022

1 Accounting policies

Company information

Neo Orthodontics Limited is a private company limited by shares incorporated in England and Wales. The registered office is Rosehill, New Barn Lane, Cheltenham, GL52 3LZ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	- Straight line basis over term of lease
Plant and equipment	- 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Computers	- 25% straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

NEO ORTHODONTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 21 JUNE 2022

1 Accounting policies

(Continued)

1.4 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

NEO ORTHODONTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 21 JUNE 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

NEO ORTHODONTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 21 JUNE 2022

1 Accounting policies

(Continued)

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.12 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Total	59	58

NEO ORTHODONTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 21 JUNE 2022

4 Tangible fixed assets

	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost					
At 1 April 2021	3,592,700	1,018,386	3,694	74,852	4,689,632
Additions	245,861	292,388	1,820	7,449	547,518
At 21 June 2022	3,838,561	1,310,774	5,514	82,301	5,237,150
Depreciation and impairment					
At 1 April 2021	526,701	241,619	761	15,913	784,994
Depreciation charged in the year	462,436	143,054	671	19,797	625,968
At 21 June 2022	989,137	384,673	1,432	35,710	1,410,952
Carrying amount					
At 21 June 2022	2,849,424	926,101	4,082	46,591	3,826,198
At 31 March 2021	3,065,999	776,766	2,933	58,939	3,904,638

5 Debtors

Amounts falling due within one year:	2022	2021
	£	£
Trade debtors	17,448	-
Corporation tax recoverable	49,222	61,560
Other debtors	47,869	50,019
Prepayments and accrued income	457,737	217,887
Loans due from participators	-	124,416
Directors' current account	52,465	65,000
	<u>624,742</u>	<u>518,882</u>

6 Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loans	2,899,751	586,701
Obligations under finance leases	822,519	200,132
Trade creditors	847,986	943,712
Corporation tax	49,222	61,560
Other taxation and social security	647,154	191,842
Other creditors	1,499,108	365,250
Accruals and deferred income	998,151	184,299
Directors' current accounts	-	39,648
	<u>7,763,891</u>	<u>2,573,144</u>

NEO ORTHODONTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 21 JUNE 2022

7 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts		-	2,783,152
Obligations under finance leases		-	507,943
		<u>-</u>	<u>3,166,679</u>

8 Secured Debts

The following secured debts are included within creditors

	2022 £	2021 £
Bank Loans	2,899,751	3,369,853
Hire purchase contracts	708,075	729,543
	<u>3,722,270</u>	<u>4,077,928</u>

The bank loan is secured by charges over leasehold properties as or being

20-22 Waiting Street, Canterbury, CT1 2UA

Unit 1 (ground floor north suite) Sackville house, Brooks close, Lewes, BN7 2FZ

Ground floor, 49 London Road, Sevenoaks, Kent, TN13 1AR

113-115 High Street (ground floor), Banstead, SM7 2NL

Southern gate office village, Chichester, PO19 8SG

27 Guildhall street, Folkestone, CT20 1EB

Ground & first floor warehouse No3, The Strand, Rye, TN31 7DB

as well as a fixed and floating charge over the assets of the company

9 Called up Share Capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value	2022 £	2021 £
100	Ordinary £1	1	<u>100</u>	<u>100</u>

10 Directors Advances, Credits and Guarantees

The following advances and credits to a director subsisted during the period ended 21 June 2022 and 31 March 2021

	2022 £	2021 £
Balance at the start of period	65,000	-
Amounts advanced	-	65,000
Amounts repaid	12,534	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of period	<u>52,465</u>	<u>65,000</u>

The directors loan account was repaid within nine months of the period end.

NEO ORTHODONTICS LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 21 JUNE 2022

	2022		2021	
	£	£	£	£
Turnover				
NHS income		6,270,338		5,381,701
Business rates reimbursed		-		114,314
Paternity pay		-		4,919
Private fees		1,507,989		451,238
Cost of sales		7,778,327		5,952,170
Opening stock of finished goods				
	50,000		50,000	
<i>Purchases and other direct costs</i>				
Payments to associate	3,064,681		1,526,102	
Laboratory fees	430,168		79,722	
Dental materials	590,566		324,838	
Locum costs	87,134		191,737	
Total purchases and other direct costs				
	4,172,549		2,122,399	
Closing stock of finished goods				
	153,594		50,000	
Total cost of sales		(4,068,955)		(2,122,399)
Gross profit	47.7%	3,709,372	64.3%	3,829,771
Other operating income				
Coronavirus job retention scheme grant	-		17,833	
Interest on director loans	5,549		-	
		5,549		17,833

NEO ORTHODONTICS LIMITED

DETAILED PROFIT AND LOSS ACCOUNT (CONTINUED) FOR THE PERIOD ENDED 21 JUNE 2022

	2022		2021	
	£	£	£	£
Administrative expenses				
Wages and salaries	2,385,470		1,370,077	
Social security costs	194,415		117,861	
Staff training	11,804		46,998	
Staff pension costs defined contribution	38,841		24,202	
Rent re operating leases	710,613		529,710	
Service charge payable	66,506		41,369	
Rates	34,621		105,951	
Cleaning	108,861		53,298	
Power, light and heat	119,802		60,304	
Property repairs and maintenance	148,712		35,128	
Premises insurance	29,078		23,393	
Computer running costs	293,882		177,092	
Leasing - plant and machinery	74,017		68,778	
Travelling expenses	10,911		15,386	
Professional subscriptions	90,742		21,746	
Legal and professional fees	178,387		137,065	
Accountancy	90,835		56,160	
Bank charges	36,215		16,179	
Printing and stationery	26,661		19,227	
Advertising	270,870		40,084	
Telecommunications	83,054		37,036	
Entertaining	4,608		539	
Sundry expenses	57,012		8,409	
Depreciation	628,690		448,554	
Profit or loss on disposal of intangible assets (non exceptional)	18,069		-	
		(5,712,677)		(3,454,546)
Operating (loss)/profit		(1,997,756)		393,058
Interest payable and similar expenses				
Bank interest on loans and overdrafts	78,250		65,769	
Hire purchase interest payable	126,900		24,331	
Interest payable - not financial liabilities	8,984		-	
		(214,134)		(90,100)
(Loss)/profit before taxation	28.44%	(2,211,892)	5.09%	302,958