

Ermevin Ltd

trading as Queen Square Dental Clinic

Annual Report and Unaudited Financial Statements

for the Year Ended 30 April 2018

Ermevin Ltd
trading as Queen Square Dental Clinic

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Ermevin Ltd
trading as Queen Square Dental Clinic

(Registration number: 08486321)

Balance Sheet as at 30 April 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	<u>4</u>	11,751	58,750
Tangible assets	<u>5</u>	827,257	804,674
Investments	<u>6</u>	<u>1</u>	<u>1</u>
		<u>839,009</u>	<u>863,425</u>
Current assets			
Stocks	<u>7</u>	20,307	19,526
Debtors	<u>8</u>	121,296	40,281
Cash at bank and in hand		<u>63,919</u>	<u>148,877</u>
		205,522	208,684
Creditors: Amounts falling due within one year	<u>9</u>	<u>(187,936)</u>	<u>(155,810)</u>
Net current assets		<u>17,586</u>	<u>52,874</u>
Total assets less current liabilities		856,595	916,299
Creditors: Amounts falling due after more than one year	<u>9</u>	<u>(673,695)</u>	<u>(745,092)</u>
Provisions for liabilities		<u>(25,891)</u>	<u>(35,596)</u>
Net assets		<u>157,009</u>	<u>135,611</u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		<u>157,008</u>	<u>135,610</u>
Total equity		<u>157,009</u>	<u>135,611</u>

For the financial year ending 30 April 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Director's responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

The notes on pages 3 to 12 form an integral part of these financial statements.

Ermevin Ltd
trading as Queen Square Dental Clinic

(Registration number: 08486321)
Balance Sheet as at 30 April 2018

Approved and authorised by the director on 31 January 2019

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A Rao
Director

The notes on pages 3 to 12 form an integral part of these financial statements.

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Notes to the Financial Statements for the Year Ended 30 April 2018

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Freshford House
Redcliffe Way
Bristol
BS1 6NL
England

These financial statements were authorised for issue by the director on 31 January 2019.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Group accounts not prepared

The company is part of a small group. The company has taken advantage of the exemption provided by Section 398 of the Companies Act 2006 and has not prepared group accounts.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of dentistry services in the ordinary course of the Company's activities.

The Company recognises revenue when:

- It is in line with work performed for both NHS and private patients;
- It is probable that future economic benefits will flow to the entity;
- And specific criteria have been met for each of the Company's activities.

For Denplan patients the Company recognises revenue:

- Evenly across the year as it is received from Denplan;
- When the amount to be received can be reliably measured;
- When it is probable that it will be paid to the company.

Tax

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

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Notes to the Financial Statements for the Year Ended 30 April 2018

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold land and buildings	Nil
Plant and machinery	20% straight line
Motor vehicles	20% straight line

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.

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Notes to the Financial Statements for the Year Ended 30 April 2018

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	20% straight line

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

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Notes to the Financial Statements for the Year Ended 30 April 2018

Stocks

Dental stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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Notes to the Financial Statements for the Year Ended 30 April 2018

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Long term 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.

3 Staff numbers

The average number of persons employed by the company (including the director) during the year, was 10 (2017 - 9).

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Notes to the Financial Statements for the Year Ended 30 April 2018

4 Intangible assets

	Goodwill £
Cost or valuation	
At 1 May 2017	234,997
At 30 April 2018	234,997
Amortisation	
At 1 May 2017	176,247
Amortisation charge	46,999
At 30 April 2018	223,246
Carrying amount	
At 30 April 2018	11,751
At 30 April 2017	58,750

5 Tangible assets

	Freehold land and buildings £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation				
At 1 May 2017	655,183	4,376	232,987	892,546
Additions	-	-	78,714	78,714
At 30 April 2018	655,183	4,376	311,701	971,260
Depreciation				
At 1 May 2017	-	2,115	85,757	87,872
Charge for the year	-	875	55,256	56,131
At 30 April 2018	-	2,990	141,013	144,003
Carrying amount				
At 30 April 2018	655,183	1,386	170,688	827,257
At 30 April 2017	655,183	2,261	147,230	804,674

6 Investments

2018	2017
£	£

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Notes to the Financial Statements for the Year Ended 30 April 2018

Subsidiaries	£
Cost or valuation	
At 1 May 2017	<u>1</u>
Provision	
Carrying amount	
At 30 April 2018	<u><u>1</u></u>
At 30 April 2017	<u><u>1</u></u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2018	2017
Subsidiary undertakings				
Cinal Ltd	Freshford House, Redcliffe Way, Bristol, England, BS1 6NL	Ordinary	100%	100%

The principal activity of Cinal Ltd is dental practice activities.

The loss for the financial period of Cinal Ltd was £67,834 and the aggregate amount of capital and reserves at the end of the period was £(69,724).

7 Stocks

	2018 £	2017 £
Finished goods and goods for resale	<u>20,307</u>	<u>19,526</u>

8 Debtors

	2018 £	2017 £
Trade debtors	5,684	-
Amounts owed by related parties	<u>11</u> 112,684	35,014
Other debtors	2,194	4,556
Prepayments and accrued income	<u>734</u>	<u>711</u>
Total current trade and other debtors	<u><u>121,296</u></u>	<u><u>40,281</u></u>

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Notes to the Financial Statements for the Year Ended 30 April 2018

9 Creditors

Creditors: amounts falling due within one year

	Note	2018 £	2017 £
Due within one year			
Bank loans and overdrafts		70,374	69,991
Trade creditors		58,274	35,826
Amounts owed to related parties	<u>11</u>	12,498	28,966
Taxation and social security		13,386	3,972
Other creditors		871	-
Accruals and deferred income		32,533	17,055
		<u>187,936</u>	<u>155,810</u>

Creditors include net obligations under hire purchase contracts of £13,874 (2017 - £29,144) which are secured over the assets to which they relate.

The bank loan of £56,500 (2017 - £40,847) is secured by way of fixed and floating charges over the assets of the company including freehold land and buildings.

Creditors: amounts falling due after more than one year

	Note	2018 £	2017 £
Due after one year			
Loans and borrowings		<u>673,695</u>	<u>745,092</u>

Creditors include net obligations under hire purchase contracts of £35,456 (2017 - £43,295) which are secured over the assets to which they relate.

The bank loan of £638,239 (2017 - £701,797) is secured by way of fixed and floating charges over the assets of the company including freehold land and buildings.

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Notes to the Financial Statements for the Year Ended 30 April 2018

10 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases of £1,603 (2017 - £2,316).

Amounts disclosed in the balance sheet

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £13,046 (2017 - £12,040). No contributions were payable at the year end (2017 - £nil).

11 Related party transactions

Loans to related parties

	Subsidiary	Other related parties
	£	£
2018		
At start of period	19,180	15,834
Advanced	34,000	47,670
Repaid	-	(4,000)
At end of period	<u>53,180</u>	<u>59,504</u>
	Subsidiary	Other related parties
	£	£
2017		
At start of period	19,180	10,896
Advanced	193	8,888
Repaid	(193)	(3,950)
At end of period	<u>19,180</u>	<u>15,834</u>

Terms of loans to related parties

The loan to subsidiaries is interest free and repayable on demand.

The loans to other related parties are interest free and repayable on demand.

Loans from related parties

	Key management
	£
2018	
At start of period	28,966
Advanced	81,161
Repaid	(107,629)
At end of period	<u>2,498</u>

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Notes to the Financial Statements for the Year Ended 30 April 2018

	Key management £
2017	
At start of period	30,103
Advanced	72,416
Repaid	<u>(73,553)</u>
At end of period	<u><u>28,966</u></u>

Terms of loans from related parties

The loan from key management is interest free and repayable on demand.

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