

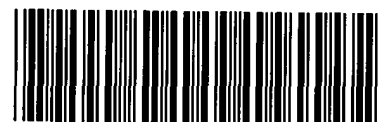
Wright Health Group Limited

**Directors' report and consolidated financial
statements**

Registered number SC007906

31 December, 2015

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Company information

Directors

Sir AMM Grossart (Chairman)
IL Matheson
KA Souter
DJ Millner
NJ Graham (resigned 1 December, 2015)

Secretary

KA Souter

Auditors

Grant Thornton UK LLP
110 Queen Street
Glasgow
G1 3BX

Registered Office

Dunsinane Avenue
Kingsway West
Dundee
DD2 3QD

Bankers

The Royal Bank of Scotland plc
St Andrew Square
Edinburgh
EH2 1AF

Solicitors

Thorntons Law LLP
33 Yeaman Shore
Dundee
DD1 4BJ

Strategic Report

Group profit before tax was £1,869,000 (2014: £1,303,000).

The Group continued to experience very challenging market conditions in 2015. Nevertheless it delivered solid growth in the provision of dental materials through the strategic expansion of its sales teams. However, in common with its major competitors, sales of capital equipment were difficult as both the state and private dentists curtailed their levels of capital investment. The Group results were also impacted by the further devaluation in the South African Rand of almost 30% during the course of the year.

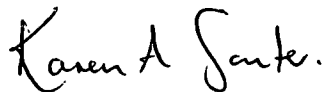
Despite currency fluctuations, Group turnover in 2015 was £59.1m, 14% up on last year at £51.7m. Gross profit increased to £17.1m with gross margin remaining steady at 28.9% despite increased price competition in all major markets. Costs continue to be managed effectively, with increased productivity being achieved.

Group net debt at the end of the year was reduced to £3.5m from £4.8m resulting in a gearing of 22%. The sales growth has increased Group working capital requirements but it continues to manage this area closely and maintain a focus on strengthening its balance sheet. The Group net asset position has been hit significantly by the Rand devaluation with a loss on re-translation of £1.3m. Group net assets at 31 December, 2015 were £15.6m, (2014 £16m).

Future prospects and principal risks and uncertainties

The Board's view of the prospects for 2016 follows a similar pattern to that of 2015. Our customers face the challenge of reduced state funding and potential changes in the sophistication of treatment plans due to the pressures on disposable incomes of patients and their families. Exchange rate fluctuations may also contribute additional costs to the practices and laboratories.

However, the Group continues to operate from a solid platform which is based on the foundation of excellent customer service, and an extensive product portfolio, coupled with a highly competitive cost and pricing structure. Our strong balance sheet allows us to continue to invest in the Group organically and gives us the ability to seize appropriate acquisitions as and when they arise. The directors are therefore confident that the Group will continue to grow and prosper and that it has adequate resources to continue its operations for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the Directors' Report and financial statements.



KA Souter
Secretary

Dundee

22 February, 2016

Directors' Report

The directors present their Directors' Report and financial statements for the year ended 31 December 2015. Certain information is shown in the Strategic Report in accordance with the Companies Act 2006.

Principal activities

The Group operates in the UK, Hungary, South Africa and USA and its principal activity continues to be the manufacture, import and purchase from other manufacturers of dental equipment and material of all kinds and the distribution of these products both wholesale and retail in the UK, South Africa and other overseas markets.

Results and Dividend

The trading results for the year and the Group's financial position at the end of the year are shown in the following Financial Statements and are discussed further in the Strategic Report.

The Company has paid the following dividends during the year:-

	2015	2014
	£	£
Ordinary Shares – Interim	£166,000	£166,000
Ordinary Shares – Final	<u>£249,000</u>	<u>£166,000</u>
	£415,000	£332,000

No dividend is proposed in respect of the current financial year.

Directors

The directors of the company at the date of this report are shown on page 1.

The company maintains liability insurance covering the directors and officers of the company.

Charitable contributions

During the year the Group made various charitable contributions totalling £1,000 (2014: £1,000).

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 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.

Auditors

A resolution for the re-appointment of Grant Thornton UK LLP as auditors of the company is to be proposed at the forthcoming meeting of the directors on 22 February, 2016.

By order of the Board



KA Souter
Secretary

Dundee

22 February, 2016

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Wright Health Group Limited

We have audited the financial statements of Wright Health Group Limited for the year ended 31 December 2015 which comprise the Group Statement of Comprehensive Income, Group Statement of Other Comprehensive Income, the Group and Parent Company Statement of Financial Position, the Group Statement of Cashflows, the Group and Parent Company Statement of Changes in Equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland').

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Wright Health Group Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Andrew Howie
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
Glasgow

Date: 26 February 2016

Consolidated Income Statement

For the year ended 31 December 2015

	Note	2015 £000	2014 £000
Turnover	3	59,129	51,683
Cost of sales		(42,077)	(36,768)
Gross profit		17,052	14,915
Distribution costs		(10,935)	(9,499)
Administrative expenses		(4,165)	(4,035)
Operating profit		1,952	1,381
Interest receivable and similar income	7	79	118
Interest payable and similar charges	8	(162)	(196)
Profit on ordinary activities before taxation	4-6	1,869	1,303
Taxation on profit on ordinary activities	9	(516)	(425)
Profit for the financial year		1,353	878

Turnover and operating profit in the current and previous years arise wholly from continuing activities.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	2015 £000	2014 £000
Profit for the financial year	1,353	878
Net exchange differences on the retranslation of net investments and related borrowings	(1,327)	(294)
Total comprehensive income for the financial year	26	584

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2015

	<i>Note</i>	2015 £000	2014 £000
Fixed assets			
Intangible assets	<i>10</i>	997	1,223
Tangible assets	<i>11</i>	852	1,005
		<hr/> 1,849	<hr/> 2,228
Current assets			
Stock and work in progress	<i>13</i>	15,281	15,057
Debtors	<i>14</i>	12,005	11,617
Cash at bank and in hand		69	84
		<hr/> 27,355	<hr/> 26,758
Creditors: amounts falling due within one year	<i>15</i>	(13,226)	(12,430)
		<hr/>	<hr/>
Net current assets		14,129	14,328
		<hr/>	<hr/>
Total assets less current liabilities		15,978	16,556
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	<i>16</i>	(156)	(333)
Provisions for liabilities	<i>17</i>	(203)	(215)
		<hr/>	<hr/>
Net assets		15,619	16,008
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	<i>19</i>	332	332
Other reserves		303	303
Profit and Loss Account	<i>20</i>	14,984	15,373
		<hr/>	<hr/>
Shareholders' funds		15,619	16,008
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 22 February, 2016 and signed on its behalf by:



IL Matheson
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Company Statement of Financial Position

As at 31 December 2015

	<i>Note</i>	2015 £000	2014 £000
Fixed assets			
Intangible assets	<i>10</i>	389	415
Tangible assets	<i>11</i>	754	728
Investments in subsidiary undertakings	<i>12</i>	3,405	3,405
		<hr/> 4,548	<hr/> 4,548
Current assets			
Stock and work in progress	<i>13</i>	10,025	9,251
Debtors	<i>14</i>	8,856	7,614
Cash at bank and in hand		2	1
		<hr/> 18,883	<hr/> 16,866
Creditors: amounts falling due within one year	<i>15</i>	(10,643)	(9,326)
		<hr/> 8,240	<hr/> 7,540
Net current assets			
		<hr/> 12,788	<hr/> 12,088
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	<i>16</i>	-	(39)
Provisions for liabilities	<i>17</i>	(85)	(72)
		<hr/> 12,703	<hr/> 11,977
Net assets		<hr/> 12,703	<hr/> 11,977
Capital and reserves			
Called up share capital	<i>19</i>	332	332
Other reserves		18	18
Profit and Loss Account	<i>20</i>	12,353	11,627
		<hr/> 12,703	<hr/> 11,977
Shareholders' funds		<hr/> 12,703	<hr/> 11,977

These financial statements were approved by the board of directors on 22 February, 2016 and signed on its behalf by:



H. Matheson
 Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 £'000	2014 £'000
Cash flows from operating activities		
Profit for the financial year	1,353	878
Adjustments for:		
Amortisation of intangible assets	337	324
Depreciation of tangible assets	300	437
(Gain)/ Loss on sale of fixed assets	(1)	2
Interest paid	162	196
Interest received	(79)	(118)
Taxation	516	425
(Increase) in trade and other debtors	(1,396)	(1,725)
(Increase) in stocks	(1,212)	(1,424)
Increase in trade creditors	3,079	733
Cash from operations	3,059	(272)
Income taxes paid	(470)	(209)
Net cash generated from operating activities	2,589	(481)
Cash flows from investing activities		
Proceeds from sale of tangible assets	65	78
Purchases of tangible assets	(425)	(329)
Interest received	79	118
Net cash from investing activities	(281)	(133)
Cash flows from financing activities		
Repayment of finance lease obligations	(131)	(166)
Interest paid	(162)	(196)
Dividends paid	(415)	(332)
Net cash used in financing activities	(708)	(694)
Net increase/(decrease) in cash and cash equivalents	1,600	(1,308)
Foreign exchange translation adjustment	(251)	(32)
Cash and cash equivalents at the beginning of year	(4,739)	(3,399)
Cash and cash equivalents at end of year	(3,390)	(4,739)
Components of cash and cash equivalents		
Cash	69	84
Overdraft	(3,459)	(4,823)
Cash and cash equivalents	(3,390)	(4,739)

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Called-up share capital £ '000	Capital reserves £ '000	Profit and loss account £ '000	Total £ '000
At 1 January 2014	332	303	15,121	15,756
Profit for the year	-	-	878	878
Other comprehensive income	-	-	(294)	(294)
Dividends paid	-	-	(332)	(332)
At 31 December 2014	332	303	15,373	16,008
Profit for the year	-	-	1,353	1,353
Other comprehensive income	-	-	(1,327)	(1,327)
Dividends paid	-	-	(415)	(415)
At 31 December 2015	332	303	14,984	15,619

Company Statement of Changes in Equity

For the year ended 31 December 2015

	Called-up share capital £ '000	Capital reserves £ '000	Profit and loss account £ '000	Total £ '000
At 1 January 2014	332	18	11,684	12,034
Profit and total comprehensive income for the year	-	-	275	275
Dividends paid	-	-	(332)	(332)
At 31 December 2014	332	18	11,627	11,977
Profit and total comprehensive income for the year	-	-	1,141	1,141
Dividends paid	-	-	(415)	(415)
At 31 December 2015	332	18	12,353	12,703

Notes to the financial statements

1 Company information

Wright Health Group Limited is a private limited company incorporated and domiciled in Scotland. The company's registered office is shown on page 1.

The Group operates in the UK, Hungary, South Africa and USA and its principal activity continues to be the manufacture, import and purchase from other manufacturers of dental equipment and material of all kinds and the distribution of these products both wholesale and retail in the UK, South Africa and other overseas markets.

The principal accounting policies adopted by the Group are set out below.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. There were no material departures from those standards. The financial statements have been prepared on the historical cost basis.

These group financial statements consolidate the financial statements of Wright Health Group Limited and all its subsidiary undertakings drawn up to 31 December each year.

These financial statements for the year ended 31 December 2015 are the first financial statements that comply with FRS 102. The date of transition is 1 January 2014. The transition to FRS 102 has resulted in a small number of changes in accounting policies to those used previously. Refer to note 29 for an explanation of the transition.

The financial statements are presented in Sterling (£).

Going Concern

The group meets its day to day working capital requirements through bank facilities.

The current economic conditions continue to create widespread uncertainty, particularly over the level of demand of the group's products.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue their operations for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the Directors' Report and financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2015. The acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings acquired or disposed of in the year are included in the Consolidated Statement of Comprehensive Income from the date of acquisition or up to the date of disposal. Under s408 of the Companies Act 2006 the company is exempt from the requirement to present its Statement of Comprehensive Income. The parent company's profit for the year was £1,141,000 (2014: £275,000).

2 Accounting policies (continued)

Significant judgements and estimates

The key assumptions concerning the future, and other key sources of estimation uncertainty at the period end, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold properties	50 years
Short leasehold properties	life of lease
Plant, equipment and fittings	4-10 years
Computer hardware	2-6 years
Motor vehicles	4-5 years

Intangible fixed assets

Software

Software is recognised at cost on purchase and amortised on a straight-line basis over its useful economic life as follows:

Computer software	2-6 years
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Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life as follows:

Goodwill	10-20 years
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Investments

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In the company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

Impairment of fixed assets and goodwill

The carrying amounts of the group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Profit and Loss Account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the Profit and Loss Account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the Statement of Other Comprehensive Income until the carrying amount reaches the asset's depreciated historic cost.

Notes (continued)

2 Accounting policies (continued)

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Stock and work in progress

Stock is valued at cost or estimated selling price less costs to sell. Finished goods of the group's own manufacture and work in progress include an appropriate proportion of manufacturing overhead expenditure at cost.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Notes (continued)

2 Accounting policies (continued)

Deferred tax is recognised when income or expenses from a subsidiary has been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

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

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Employee Benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

The group operates three defined contribution pension schemes. The assets of the schemes are held separately from those of the group in an independently administered fund. The amounts charged to the income statement represent the contributions payable to the schemes in respect of the accounting period.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the date of the statement of financial position. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Exchange differences arising on conversion are recognised in other comprehensive income and are not reclassified to profit or loss.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and Loss Accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to reserves. The rates of exchange adopted are:

	2015		2014	
	Closing rate	Average rate	Closing rate	Average rate
Rate to the £				
Rand South Africa	22.91	19.51	18.00	17.85
US Dollar	1.48	1.53	1.56	1.65
HUF Hungary	429.12	426.12	406.91	384.17
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Leases and similar hire purchase contracts

Assets acquired under finance leases and hire purchase contracts are capitalised and the outstanding future obligations are shown in creditors. Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease.

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

Notes (continued)

2 Accounting policies (continued)

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Classification of financial instruments issued by the company

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in the income statement. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative.

Provisions for liabilities

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the date of the statement of financial position are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Cash and liquid resources

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

3 Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, stated net of valued added tax. The directors consider the group to have two main types of sales, being materials and equipment. Turnover in respect of material sales is recognised when the goods are despatched on an immediate and direct basis. Turnover on equipment installations is recognised when substantially all the risk and reward has transferred. This is generally at the point when installation is complete and accepted by the customer.

Turnover analysed geographically between markets, was as follows:

	2015	2014
	£000	£000
UK	39,575	32,421
Africa	17,499	17,447
North America	1,240	1,100
All other countries	815	715
	<hr/> 59,129	<hr/> 51,683
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

4 Notes to the Income Statement

	2015	2014
	£000	£000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible assets (note 11)	300	437
Amortisation of goodwill (note 10)	337	324
Hire of plant and machinery – rentals payable under operating leases	346	339
Hire of other assets – operating leases	523	447
Exchange (gain)/loss	(112)	(15)
Changes in fair value of derivatives	(90)	(14)
	<hr/>	<hr/>
<i>and after crediting:</i>		
Gain/(Loss) on sale of fixed assets	1	(2)
	<hr/>	<hr/>
<i>Auditors' remuneration:</i>	2015	2014
	£000	£000
Audit of these financial statements	29	26
<i>Amounts receivable by auditors and their associates in respect of:</i>		
Audit of financial statements of subsidiaries pursuant to legislation	41	40
Other services relating to taxation	16	12
	<hr/>	<hr/>

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Selling and distribution	248	235
Manufacturing	57	55
Management and administration	61	56
	<u>366</u>	<u>346</u>
	2015	2014
The aggregate payroll costs of these persons were:	£000	£000
Wages and salaries	8,081	7,350
Social security costs	736	600
Other pension and medical insurance costs	661	598
	<u>9,478</u>	<u>8,548</u>

Pension payments recognised as an expense during the year amount to £348,000 (2014: £322,000).

6 Directors' emoluments

	2015	2014
	£000	£000
Directors' emoluments	567	557
Fees paid to related parties for directors' services	47	64
Contributions to money purchase pension schemes	37	37
	<u>651</u>	<u>658</u>

The emoluments of the highest paid director were £294,000 (2014: £284,000). This director's accrued pension benefit and accrued lump sum as at 31 December 2015 were £75,000 (2014: £71,000) and £130,000 (2014: £124,000) respectively. Retirement benefits are accruing to 2 directors under a money purchase scheme (2014: 2).

7 Interest receivable and similar income

	2015	2014
	£000	£000
Interest received on trade debtor balances due to overseas subsidiaries	78	117
Bank and other interest receivable	1	1
	<u>79</u>	<u>118</u>

8 Interest payable and similar charges

	2015	2014
	£000	£000
Bank loans and overdraft interest	144	176
Finance charges in respect of finance leases and hire purchase contracts	18	20
	<u>162</u>	<u>196</u>

Notes (continued)

9 Taxation

	2015 £'000	2014 £'000
UK Corporation Tax	141	92
Adjustments in respect of previous periods	-	-
Overseas taxation	391	324
Adjustments to overseas tax in respect of previous periods	(6)	(3)
Total current tax	526	413
Deferred taxation: origination and reversal of timing differences	(3)	(27)
Deferred taxation: changes in tax rates	(7)	39
Tax on results on ordinary activities	516	425

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 20.25% (2014: 21.49%). The differences are explained as follows:

Profit on ordinary activities before tax	1,869	1,303
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 20.25% (2014: 21.49%)	378	280
Expenses not deductible for tax purposes	48	24
Rate Change	4	39
Effect of transition to FRS 102	(3)	2
Losses carried forward	84	24
Prior year adjustments	(46)	(3)
Overseas tax differences	52	59
Re-measurement of deferred tax	(1)	-
Tax on results on ordinary activities	516	425

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is £85,000 (2014: £72,000).

Notes (continued)

10 Intangible fixed assets

Group	Goodwill	Computer Software	Total
Cost	£000	£000	£000
At 1 January 2015	1,496	1,197	2,693
Additions	-	153	153
Disposals	-	(11)	(11)
Exchange adjustments	-	(95)	(95)
	<hr/>	<hr/>	<hr/>
At 31 December 2015	1,496	1,244	2,740
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2015	816	654	1,470
Charge for the year	125	212	337
On disposals	-	-	-
Exchange adjustments	-	(64)	(64)
	<hr/>	<hr/>	<hr/>
At 31 December 2015	941	802	1,743
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2015	555	442	997
	<hr/>	<hr/>	<hr/>
At 31 December 2014	680	543	1,223
	<hr/>	<hr/>	<hr/>

Company	Goodwill	Computer Software	Total
Cost	£000	£000	£000
At 1 January 2015	486	635	1,121
Additions	-	131	131
Disposals	-	(7)	(7)
	<hr/>	<hr/>	<hr/>
At 31 December 2015	486	759	1,245
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2015	389	317	706
Charge for the year	24	126	150
On disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2015	413	443	856
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2015	73	316	389
	<hr/>	<hr/>	<hr/>
At 31 December 2014	97	318	415
	<hr/>	<hr/>	<hr/>

Amortisation of intangible fixed assets is included in administrative expenses.

Notes (continued)

11 Tangible fixed assets

Group	Freehold property	Short leasehold property	Plant, equipment and fittings	Computer hardware and soft- ware	Motor vehicles	Total
<i>Cost</i>	£000	£000	£000	£000	£000	£000
At 1 January 2015	948	230	5,038	928	244	7,388
Additions	-	10	148	114	-	272
Disposals	-	-	-	(54)	(9)	(63)
Exchange adjustments	-	(15)	(148)	(82)	(46)	(291)
At 31 December 2015	948	225	5,038	906	189	7,306
<i>Depreciation</i>						
At 1 January 2015	568	156	4,746	740	173	6,383
Charge for the year	23	19	160	86	12	300
On disposals	-	-	-	(3)	(7)	(10)
Exchange adjustments	-	(14)	(108)	(64)	(33)	(219)
At 31 December 2015	591	161	4,798	759	145	6,454
<i>Net book value</i>						
At 31 December 2015	357	64	240	147	44	852
At 31 December 2014	380	74	292	188	71	1,005

The net book value of assets held under finance leases and hire purchase contracts was £284,000 (2014: £440,000) and the depreciation charged in the year amounted to £140,000 (2014: £136,000).

Company	Freehold property	Short leasehold property	Plant, equipment and fittings	Computer hardware and soft- ware	Motor vehicles	Total
<i>Cost</i>	£000	£000	£000	£000	£000	£000
At 1 January 2015	948	53	881	577	18	2,477
Additions	-	2	139	98	-	239
Disposals	-	-	-	(54)	-	(54)
At 31 December 2015	948	55	1020	621	18	2,662
<i>Depreciation</i>						
At 1 January 2015	568	52	663	452	14	1,749
Charge for the year	23	1	94	41	3	162
On disposals	-	-	-	(3)	-	(3)
At 31 December 2015	591	53	757	490	17	1908
<i>Net book value</i>						
At 31 December 2015	357	2	263	131	1	754
At 31 December 2014	380	1	218	125	4	728

The net book value of assets held under finance leases and hire purchase contracts was £145,000 (2014: £240,000) and the depreciation charged in the year amounted to £96,000 (2014: £99,000).

Notes (continued)

12 Investment in subsidiary undertakings

	Company £000
<i>Cost and Net book value</i>	
At 1 January 2015 and 31 December 2015	3,405

The company owns the whole issued share capital of the following principal subsidiary undertakings which are included in these financial statements.

Company	Country of registration	Principal activity	Class and percentage of shares held
Millner's Dental Suppliers (Cape) (Proprietary) Limited	South Africa	Selling and distribution of dental equipment and requisites	100% ordinary
Wright Dental Hungary Kft	Hungary	Manufacture of dental products	100% ordinary
Dentorium Products Company Inc USA	USA	Selling and distribution of dental laboratory materials	100% ordinary
Elan Dental (Proprietary) Limited	South Africa	Selling and distribution of dental equipment and requisites	100% ordinary
Ekonodent (Proprietary) Limited	South Africa	Selling and distribution of dental equipment and requisites	100% ordinary

13 Stock and work in progress

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Raw materials	274	333	111	180
Work in progress	245	340	21	24
Finished goods and goods for resale	14,762	14,384	9,893	9,047
	<u>15,281</u>	<u>15,057</u>	<u>10,025</u>	<u>9,251</u>

14 Debtors

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Trade debtors	10,758	10,155	6,891	5,804
Other taxation	36	52	-	-
Due from subsidiary undertakings	-	-	1,020	966
Deferred tax asset - foreign	99	101	-	-
Other debtors	612	745	488	382
Prepayments	500	564	457	462
Corporation tax	-	-	-	-
	<u>12,005</u>	<u>11,617</u>	<u>8,856</u>	<u>7,614</u>

The deferred tax asset relates to the group's South African subsidiary, Millner's Dental Suppliers (Cape) (Proprietary) Limited, and wholly relates to the difference between accumulated depreciation and capital allowances. This asset has been recognised in the financial statements, as based on future profit projections, the directors believe that the asset will be recoverable in the foreseeable future.

Notes (continued)

15 Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Bank overdraft and loans	3,459	4,823	3,138	3,675
Trade creditors	8,105	6,196	5,633	4,321
Social security and other taxes	619	593	594	625
Other creditors and accruals	808	568	423	226
Due to subsidiary undertakings	-	-	712	300
Obligations under finance leases and hire purchase contracts	72	134	39	88
Corporation tax	140	111	104	91
Foreign tax	23	5	-	-
	<u>13,226</u>	<u>12,430</u>	<u>10,643</u>	<u>9,326</u>

The Royal Bank of Scotland plc has a bond and floating charge over the assets of the company and a standard security over the company's premises at Dunsinane Avenue, Dundee.

Millner's Dental Suppliers (Cape) (Proprietary) Limited has provided the First National Bank of South Africa with an unlimited suretyship for bank overdraft facilities over itself and its subsidiaries M Millners Pharmaceuticals (Proprietary) Limited, P Grant Smith (Proprietary).

The trade debtors of Millner's Dental Suppliers (Cape) (Proprietary) Limited have been ceded to the First National Bank of South Africa to secure bank overdraft facilities.

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Obligations under finance leases and hire purchase contracts	60	157	-	39
Other creditors	96	176	-	-
	<u>156</u>	<u>333</u>	<u>-</u>	<u>39</u>

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000

Analysis of debt:

Debt can be analysed as falling due:

In one year or less, or on demand	<u>3,459</u>	<u>4,823</u>	<u>3,138</u>	<u>3,675</u>
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The maturity of obligations under finance leases and hire purchase contracts is as follows:

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Within one year	72	134	39	88
In second to fifth years	60	157	-	39
	<u>132</u>	<u>291</u>	<u>39</u>	<u>127</u>

Notes (continued)

17 Provisions for liabilities and charges

	Deferred taxation £000	Leave Pay £000	Total £000
Group			
At beginning of year	72	143	215
Charge to the Income Statement for the year	13	(25)	(12)
	<hr/>	<hr/>	<hr/>
At end of year	85	118	203
	<hr/>	<hr/>	<hr/>
		Deferred taxation £000	Total £000
Company			
At beginning of year		72	72
Charge to the Income Statement for the year		13	13
		<hr/>	<hr/>
At end of year		85	85
		<hr/>	<hr/>

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

The amount of the net reversal of deferred tax expected to occur next year is £nil (2014: £nil), attributable to the difference between accumulated depreciation and capital allowances, and other timing differences

The elements of deferred taxation are as follows:

	2015 Provided £000	2014 Provided £000
Difference between accumulated depreciation and capital allowances	72	84
Other timing differences	13	(12)
	<hr/>	<hr/>
	85	72
	<hr/>	<hr/>

18 Related party transactions

Related party transactions with the other 100% owned group undertakings are excluded from the consolidated financial statements of the ultimate parent undertaking, Wright Health Group Limited, and are therefore exempt from disclosures in these financial statements under section 33.1A of FRS 102.

Compensation paid to key management (only directors are deemed to fall into this category) during the year was as follows:

	2015 £000	2014 £000
Salaries and other short-term employee benefits	624	610
Post-employment benefits	37	37
	<hr/>	<hr/>
	661	647
	<hr/>	<hr/>

Notes (continued)

19 Called up share capital

	2015	2014
<i>Company</i>	£000	£000
<i>Allotted, called up and fully paid</i>		
332,000 ordinary shares of £1 each	332	332
	<u>332</u>	<u>332</u>

20 Reserves

Called-up share capital represents the nominal value of shares that have been issued.

The profit and loss account includes all current and prior period retained profits and losses.

21 Dividends

The aggregate amount of dividends comprises:

	2015	2014
	£000	£000
Interim dividends paid in respect of prior year but not recognised as liabilities in that year	166	166
Final dividends paid in respect of prior year but not recognised as liabilities in that year	249	166
	<u>415</u>	<u>166</u>
Aggregate amount of dividends paid in the financial year	415	332

As at the signing date of these financial statements, the aggregate amount of dividends in relation to the financial year was £nil (2014: £166,000).

22 Contingent liabilities

Group and company

The Royal Bank of Scotland plc, on behalf of Wright Health Group Limited, has guaranteed payments to HMRC in respect of Deferred Import Duties to a limit of £50,000 in any calendar month (2014: £50,000).

23 Capital Commitments

Group and company

The group and company had contracted capital commitments at the end of the year of £39,000 (2014: £nil)

Notes (continued)

24 Leasing Commitments

Total commitments under non-cancellable operating leases are as follows:

	2015		2014	
<i>Group</i>	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	17	97	35
In the second to fifth years inclusive	232	434	140	376
Over five years	89	-	-	-
	<u>321</u>	<u>451</u>	<u>237</u>	<u>411</u>
	<u><u>321</u></u>	<u><u>451</u></u>	<u><u>237</u></u>	<u><u>411</u></u>
<i>Company</i>	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	-	12	25
In the second to fifth years inclusive	-	16	-	307
Over five years	18	433	-	-
	<u>18</u>	<u>449</u>	<u>12</u>	<u>332</u>
	<u><u>18</u></u>	<u><u>449</u></u>	<u><u>12</u></u>	<u><u>332</u></u>

The future minimum finance lease payments are as follows:

<i>Group</i>	2015 £000	2014 £000
Within one year	70	70
Between one and five years	46	189
	<u>116</u>	<u>259</u>
	<u><u>116</u></u>	<u><u>259</u></u>
<i>Company</i>	2015 £000	2014 £000
Within one year	38	27
Between one and five years	-	99
	<u>38</u>	<u>126</u>
	<u><u>38</u></u>	<u><u>126</u></u>

Notes (continued)

25 Pension schemes

The group operates defined contribution pension schemes. Details of each of the schemes operated by the group are given below.

Defined contribution schemes

Wright Health Group Limited operates a defined contribution scheme to provide retirement benefits for certain of its employees. The assets of the scheme are held separately from those of the company, and are invested with an insurance company. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £208,000 (2014: £180,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Millner's Dental Suppliers (Cape) (Proprietary) Limited ('Millners') operate a fund to provide retirement benefits for its employees. The contributions paid by Millners to fund obligations for the payment of retirement benefits are charged against income in the year of payment.

Millners' employees are members of the Millners Dental Suppliers Pension Fund which is a defined contribution plan subject to the Pension Fund Act 1956 of South Africa. The fund is costed on an individual basis and any deficit identified is funded by increased future contributions. The pension cost charged to the income statement for the year was £140,000 (2014: £142,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.)

26 Financial assets and liabilities

Group	2015 £'000	2014 £'000
Financial liabilities measured at fair value through profit or loss	33	15
Financial liabilities measured at amortised cost	13,054	12,341
Financial assets measured at amortised cost	11,370	10,900

The foreign currency forward contracts are not traded in active markets. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract.

27 Financial Risk Management

The group has exposures to three main areas of risk - foreign exchange currency exposure, liquidity risk and customer credit exposure.

Foreign exchange currency exposure

The group is exposed to currency exchange rate risk due to a significant proportion of its operations being based overseas and denominated in non-Sterling currencies. Group companies also import goods and services in various currencies. The net exposure of each currency is monitored and managed by the use of forward foreign exchange contracts and currency bank accounts. The forward foreign exchange contracts all mature within 12 months.

Liquidity risk

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the group has credit facilities available. The Group is in a position to meet its commitments and obligations as they come due.

Notes (continued)

27 Financial Risk Management (continued)

Customer credit exposure

The group may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and by sound, commercial credit control policies.

28 Ultimate Holding Company

Noble Grossart Investments Limited is the ultimate holding company at the balance sheet date.

29 Transition to FRS 102

The company has adopted FRS 102 for the year ended 2015 and has restated the comparative prior year amounts.

Explanations

Changes for FRS 102 adoption

- Foreign exchange forward contracts are now recognised at fair value at the end of the year with changes in fair value recognised through profit or loss. Previously foreign exchange contracts were not recognised in the statement of financial position.

Transition to FRS 102 – reconciliations

Restated consolidated statement of financial position	Explanation	31 December 2014	1 January 2014
		£'000	£'000
Original shareholders' funds		16,020	15,762
Financial instruments at fair value	1	(12)	(6)
Restated shareholders' funds		<u>16,008</u>	<u>15,756</u>
Restated company statement of financial position	Explanation	31 December 2014	1 January 2014
		£'000	£'000
Original shareholders' funds		11,989	12,040
Financial instruments at fair value	1	(12)	(6)
Restated shareholders' funds		<u>11,977</u>	<u>12,034</u>

Notes *(continued)*

29 Transition to FRS 102 (continued)

**Restated Income Statement for the year ended
 31 December 2014**

	Explanations	£'000
Original profit on ordinary activities before tax		1309
Less financial instruments at fair value	1	(6)
		<u>1303</u>
Original tax on profit on ordinary activities		425
Restated tax on profit on ordinary activities		<u>425</u>
Restated profit for the financial year		<u>878</u>