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Wright Health Group Limited

Directors' report and consolidated financial statements

Registered number SC007906

Contents

Company information

Directors	Sir AMM Grossart (Chairman) IL Matheson KA Souter DJ Millner NJ Graham
Secretary	KA Souter
Auditors	Grant Thornton UK LLP 95 Bothwell Street Glasgow G2 7JZ
Registered Office	Dunsinane Avenue Kingsway West Dundee DD2 3QD
Bankers	The Royal Bank of Scotland plc St Andrews Square Edinburgh EH2 1AF
Solicitors	Thorntons Law LLP 33 Yeaman Shore Dundee DD1 4BJ

Strategic Report

Group profit before tax was £1,309,000 *(2013: £915,000)*.

The Group continued to experience very challenging market conditions in 2014. 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 18% during the course of the year.

Despite currency fluctuations, Group turnover in 2014 was £51.7m, 5% up on last year at £49.2m. Gross profit increased to £14.9m although gross margins tightened from 29.9% to 28.9% due to a combination of product mix and increased price competition in all major markets. Costs continue to be managed effectively, with increased productivity, and a reduction year-on-year of 2%.

Group net debt at the end of the year was £4.8m as a result of our continued investment in the business, resulting in a gearing of 30%. The sales growth increased Group working capital requirements but the Group continues to manage this area closely and maintain a focus on strengthening its balance sheet.

Future prospects and principal risks and uncertainties
The Board's view of the prospects for 2015 follows a similar pattern to that of 2014. 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.

Karen A Souter

KA Souter
Secretary

Dundee

20 March, 2015

Directors' Report

The directors present their Directors' Report and financial statements for the year ended 31 December 2014. 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:-

	2014	**2013**
	£	**£**
Ordinary Shares – Interim	£166,000	£166,000
Ordinary Shares – Final	£166,000	£332,000
	£332,000	£498,000

The directors have proposed an interim ordinary dividend of 50p (£1 per share) in respect of the current financial year. This dividend payment has not been included within creditors as it was not approved by shareholders before the year end and fell due for payment on 7 January 2015.

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 *(2013: £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.

By order of the Board

Karen A Souter.

KA Souter
Secretary

Dundee

20 March, 2015

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws).

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 estimates that are reasonable and prudent; and
- 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 2014 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, 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).

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 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

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.

Grant Thornton UK LLP

Andrew Howie
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
95 Bothwell Street, Glasgow, G2 7JZ
Date: 24 March 2015

Consolidated Profit and Loss Account

For the year ended 31 December 2014

	Note	**2014 £000**	2013 £000
Turnover	*2*	**51,683**	49,169
Cost of sales		**(36,768)**	(34,433)
Gross profit		**14,915**	14,736
Distribution costs		**(9,499)**	(9,400)
Administrative expenses		**(4,029)**	(4,365)
Operating profit		**1,387**	971
Interest receivable and similar income	*6*	**118**	90
Interest payable and similar charges	*7*	**(196)**	(146)
Profit on ordinary activities before taxation	*3-5*	**1,309**	915
Taxation on profit on ordinary activities	*8*	**(425)**	(236)
Profit for the financial year	*20*	**884**	679

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

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 December 2014

	2014 £000	2013 £000
Profit for the financial year	**884**	679
Net exchange differences on the retranslation of net investments and related borrowings	**(294)**	(1,391)
Total recognised gains and losses since last financial statements	**590**	(712)

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

Consolidated Balance Sheet

As at 31 December 2014

	Note	2014 £000	2013 £000
Fixed assets			
Intangible assets	*9*	**680**	805
Tangible assets	*10*	**1,548**	1,837
		2,228	2,642
Current assets			
Stock and work in progress	*12*	**15,057**	13,808
Debtors	*13*	**11,617**	10,107
Cash at bank and in hand		**84**	33
		26,758	23,948
Creditors: amounts falling due within one year	*14*	**(12,561)**	(10,387)
Net current assets		**14,197**	13,561
Total assets less current liabilities		**16,425**	16,203
Creditors: amounts falling due after more than one year	*15*	**(333)**	(403)
Provisions for liabilities	*16*	**(72)**	(38)
Net assets		**16,020**	15,762
Capital and reserves			
Called up share capital	*18*	**332**	332
Other reserves	*19*	**303**	303
Profit and Loss Account	*20*	**15,385**	15,127
Shareholders' funds	*21*	**16,020**	15,762

These financial statements were approved by the board of directors on 20 March, 2015 and signed on its behalf by:

IL Matheson
Director

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

Company Balance Sheet

As at 31 December 2014

	Note	2014	2013
		£000	£000
Fixed assets			
Intangible assets	*9*	**97**	122
Tangible assets	*10*	**1,046**	1,236
Investments in subsidiary undertakings	*11*	**3,405**	3,405
		4,548	4,763
Current assets			
Stock and work in progress	*12*	**9,251**	8,068
Debtors	*13*	**7,614**	6,429
Cash at bank and in hand		**1**	2
		16,866	14,499
Creditors: amounts falling due within one year	*14*	**(9,314)**	(7,058)
Net current assets		**7,552**	7,441
Total assets less current liabilities		**12,100**	12,204
Creditors: amounts falling due after more than one year	*15*	**(39)**	(126)
Provisions for liabilities	*16*	**(72)**	(38)
Net assets		**11,989**	12,040
Capital and reserves			
Called up share capital	*18*	**332**	332
Other reserves	*19*	**18**	18
Profit and Loss Account	*20*	**11,639**	11,690
Shareholders' funds	*21*	**11,989**	12,040

These financial statements were approved by the board of directors on 20 March, 2015 and signed on its behalf by:

IL Matheson
Director

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

Consolidated Cash Flow Statement

For the year ended 31 December 2014

	Note	2014 £000	2014 £000	2013 £000	2013 £000
Net cash (outflow)/inflow from operating activities	*25*		**(272)**		228
Returns on investments and servicing of finance					
Interest received		**118**		90	
Interest paid		**(176)**		(128)	
Interest element of finance lease and hire purchase rental payments		**(20)**		(18)	
Net cash outflow from returns on investment and servicing of finance			**(78)**		(56)
Taxation			**(209)**		(328)
Capital expenditure					
Purchase of tangible fixed assets		**(329)**		(250)	
Proceeds of sale of fixed assets		**78**		-	
Net cash outflow from capital expenditure			**(251)**		(250)
Dividends paid on shares classified in shareholders' funds			**(332)**		(498)
Net cash outflow before financing			**(1,142)**		(904)
Financing					
Capital element of finance lease and hire purchase contracts payments		**(166)**		(135)	
Repayment of loans		**-**		(250)	
Net cash outflow from financing			**(166)**		(385)
Decrease in cash in the year	*27*		**(1,308)**		(1,289)

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

Notes to the financial statements

1 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

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost accounting rules.

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; and the availability of bank finance in the foreseeable future.

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 2014. 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 Profit and Loss Account 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 own Profit and Loss Account.

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 and software	2-6 years
Motor vehicles	4-5 years

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, up to a maximum of 20 years.

Notes *(continued)*

1 Accounting policies *(continued)*

Investments
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 Total Recognised Gains and Losses until the carrying amount reaches the asset's depreciated historic cost.

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 net realisable value where this is lower after making due allowance for obsolete and slow moving stock. Finished goods of the group's own manufacture and work in progress include an appropriate proportion of manufacturing overhead expenditure at cost.

Taxation
The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

Notes *(continued)*

1 Accounting policies *(continued)*

Post-retirement benefits
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 Profit and Loss Account 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 balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Exchange differences arising on conversion are dealt with in the Profit and Loss Account.

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:

	2014		2013	
	Closing rate	**Average rate**	Closing rate	Average rate
Rate to the £				
Rand South Africa	**18.00**	**17.85**	17.35	15.17
US Dollar	**1.56**	**1.65**	1.65	1.57
HUF Hungary	**406.91**	**384.17**	356.67	351.06

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 Profit and Loss Account on a straight line basis over the period of the lease.

Classification of financial instruments issued by the company
Following the adoption of FRS 25, financial instruments issued by the company are treated as equity (ie forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

1 Accounting policies *(continued)*

***Classification of financial instruments issued by the company** (continued)*

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date 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, for the purpose of the Cash Flow Statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

2 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 is analysed into the following destinations:

	2014	2013
	£000	£000
UK	**32,421**	27,961
Africa	**17,447**	19,201
North America	**1,100**	1,153
All other countries	**715**	854
	51,683	49,169

3 Notes to the Profit and Loss Account

	2014	2013
Profit on ordinary activities before taxation is stated after charging:	**£000**	£000
Depreciation of tangible assets (note 10)	**636**	617
Amortisation of goodwill (note 9)	**125**	125
Hire of plant and machinery – rentals payable under operating leases	**339**	386
Hire of other assets – operating leases	**447**	454
Exchange (gain)/loss	**(29)**	220
and after crediting:		
Loss on sale of fixed assets	**(2)**	(64)

Auditors' remuneration:	**2014**	2013
	£000	£000
Audit of these financial statements	**26**	25
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**40**	36
Other services relating to taxation	**12**	16

Notes *(continued)*

4 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	
	2014	2013
Selling and distribution	**235**	248
Manufacturing	**55**	60
Management and administration	**56**	64
	346	372

	2014	2013
The aggregate payroll costs of these persons were:	**£000**	£000
Wages and salaries	**7,350**	7,176
Social security costs	**600**	605
Other pension and medical insurance costs	**598**	619
	8,548	8,400

5 Directors' emoluments

	2014	2013
	£000	£000
Directors' emoluments	**602**	544
Fees paid to related parties for directors' services	**64**	62
Contributions to money purchase pension schemes	**37**	41

The emoluments of the highest paid director were £284,000 (*2013: £273,000*). This director's accrued pension benefit and accrued lump sum as at 31 December 2014 were £71,000 (*2013: £68,000*) and £124,000 (*2013: £118,000*) respectively. Retirement benefits are accruing to 2 directors under a money purchase scheme (*2013: 2*).

6 Interest receivable and similar income

	2014	2013
	£000	£000
Interest received on trade debtor balances due to overseas subsidiaries	**117**	89
Bank and other interest receivable	**1**	1
	118	90

Notes *(continued)*

7 Interest payable and similar charges

	2014	2013
	£000	£000
Bank loans and overdraft interest	176	128
Finance charges in respect of finance leases and hire purchase contracts	20	18
	196	146

8 Taxation

Analysis of charge in year

	2014		2013	
	£000	£000	£000	£000
UK corporation tax				
Current tax on income for the year	92		(15)	
Adjustment in respect of prior year	-		(1)	
		92		(16)
Foreign tax				
Current tax on income for the year	324		312	
Adjustment in respect of prior year	(3)		(54)	
		321		258
Total current tax		413		242
Deferred tax				
Origination/reversal of timing differences	(27)		(3)	
Adjustment in respect of prior year rate change	39		-	
Effect of tax rate change	-		(3)	
Total deferred tax		12		(6)
Tax on profit on ordinary activities		425		236

Notes *(continued)*

8 Taxation *(continued)*

Factors affecting the tax charge for the current year

The current tax charge for the year is higher *(2013: higher)* than the standard rate of corporation tax in the UK (21.49%, *2013: 23.25%)*. The differences are explained below.

	2014	2013
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	**1,310**	915
Current tax at 21.49% *(2013: 23.25%)*	**282**	213
Effects of:		
Expenses not deductible for tax purposes	**14**	40
Difference between capital allowances for year and depreciation	**10**	(19)
Depreciation on assets not qualifying for capital allowances	**6**	8
Higher tax rates on overseas earnings	**59**	11
Other timing differences	**21**	16
Adjustment in respect of prior year	**(3)**	(55)
Utilisation of tax losses	**0**	(1)
Tax losses carried forward	**24**	29
Total current tax charge (see above)	**413**	**242**

Notes *(continued)*

9 Intangible fixed assets

	Goodwill
Group	£000
Cost	
At 1 January 2014 and 31 December 2014	1,496
Amortisation	
At 1 January 2014	691
Charge for the year	125
At 31 December 2014	816
Net book value	
At 31 December 2014	**680**
At 31 December 2013	805

	Goodwill
Company	£000
Cost	
At 1 January 2014 and 31 December 2014	486
Amortisation	
At 1 January 2014	364
Charge for the year	25
At 31 December 2014	389
Net book value	
At 31 December 2014	**97**
At 31 December 2013	122

Notes *(continued)*

10 Tangible fixed assets

Group	**Freehold property**	**Short leasehold property**	**Plant, equipment and fittings**	**Computer hardware and software**	**Motor vehicles**	**Total**
Cost	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 January 2014	948	235	5,171	1,931	269	8,554
Additions	-	3	233	223	9	468
Disposals	-	-	(225)	-	(25)	(250)
Exchange adjustments	-	(8)	(141)	(29)	(9)	(187)
At 31 December 2014	948	230	5,038	2,125	244	8,585
Depreciation						
At 1 January 2014	544	138	4,698	1,159	178	6,717
Charge for the year	24	21	310	260	21	636
On disposals	-	-	(150)	-	(20)	(170)
Exchange adjustments	-	(3)	(112)	(25)	(6)	(146)
At 31 December 2014	568	156	4,746	1,394	173	7,037
Net book value						
At 31 December 2014	**380**	**74**	**292**	**731**	**71**	**1,548**
At 31 December 2013	404	97	473	772	91	1,837

The net book value of assets held under finance leases and hire purchase contracts was £440,000 (*2013: £467,000*) and the depreciation charged in the year amounted to £136,000 (*2013: £106,000*).

Company	**Freehold property**	**Short leasehold property**	**Plant, equipment and fittings**	**Computer hardware and software**	**Motor vehicles**	**Total**
Cost	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 January 2014	948	53	1,020	1,103	18	3,142
Additions	-	-	86	109	-	195
Disposals	-	-	(225)	-	-	(225)
At 31 December 2014	948	53	881	1,212	18	3,112
Depreciation						
At 1 January 2014	544	51	664	632	15	1,906
Charge for the year	24	1	148	136	1	310
On disposals	-	-	(150)	-	-	(150)
At 31 December 2014	568	52	662	768	16	2,066
Net book value						
At 31 December 2014	**380**	**1**	**219**	**444**	**2**	**1,046**
At 31 December 2013	404	2	356	471	3	1,236

The net book value of assets held under finance leases and hire purchase contracts was £240,000 (*2013: £311,000*) and the depreciation charged in the year amounted to £99,000 (*2013: £60,000*).

Notes *(continued)*

11 Investment in subsidiary undertakings

	Company £000
Cost and Net book value	
At 1 January 2014 and 31 December 2014	**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

Notes *(continued)*

12 Stock and work in progress

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Raw materials	**333**	368	**180**	163
Work in progress	**340**	393	**24**	48
Finished goods and goods for resale	**14,384**	13,047	**9,047**	7,857
	15,057	13,808	**9,251**	8,068

13 Debtors

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Trade debtors	**10,155**	8,957	**5,804**	5,204
Other taxation	**52**	39	**-**	-
Due from subsidiary undertakings	**-**	-	**966**	617
Deferred tax asset - foreign	**101**	82	**-**	-
Other debtors	**745**	479	**382**	169
Prepayments	**564**	460	**462**	368
Corporation tax	**-**	90	**-**	71
	11,617	10,107	**7,614**	6,429

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.

14 Creditors: amounts falling due within one year

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Bank overdraft and loans	**4,823**	3,432	**3,675**	2,709
Trade creditors	**6,196**	5,672	**4,321**	3,510
Social security and other taxes	**593**	523	**625**	510
Other creditors and accruals	**699**	617	**214**	201
Due to subsidiary undertakings	**-**	-	**300**	29
Obligations under finance leases and hire purchase contracts	**134**	141	**88**	99
Corporation tax	**111**	2	**91**	-
Foreign tax	**5**	-		-
	12,561	10,387	**9,314**	7,058

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) Limited and Premierdent Manufacturing (Proprietary) Limited.

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

Notes *(continued)*

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Obligations under finance leases and hire purchase contracts	**157**	181	**39**	126
Other creditors	**176**	222	-	-
	333	403	**39**	126

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Analysis of debt:				
Debt can be analysed as falling due:				
In one year or less, or on demand	**4,823**	3,432	**3,675**	2,709

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Within one year	**134**	141	**88**	100
In second to fifth years	**157**	181	**39**	126
	291	322	**127**	226

16 Provisions for liabilities and charges

	Deferred taxation
Group and Company	**£000**
At beginning of year	38
Charge to the Profit and Loss Account for the year	34
At end of year	72

The elements of deferred taxation are as follows:

	2014	2013
	Provided	Provided
	£000	£000
Difference between accumulated depreciation and capital allowances	**84**	45
Other timing differences	**(12)**	(7)
	72	38

Notes *(continued)*

17 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 FRS8 'Related party disclosures'.

18 Called up share capital

	2014	2013
Company	**£000**	£000
Allotted, called up and fully paid		
332,000 ordinary shares of £1 each	**332**	332

19 Other reserves

	Group	**Company**
Capital reserves	**£000**	**£000**
Balance at 1 January 2014 and 31 December 2014	**303**	**18**

20 Profit and Loss Account

	Group	**Company**
	£000	**£000**
Balance at 1 January 2014	**15,127**	**11,690**
Profit for the financial year	**884**	**281**
Dividends (see below)	**(332)**	**(332)**
Other recognised gains and losses relating to the year (net)	**(294)**	**-**
Balance at 31 December 2014	**15,385**	**11,639**

Dividends

The aggregate amount of dividends comprises:

	2014	2013
	£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	**166**	332
Aggregate amount of dividends paid in the financial year	**332**	498

As at the signing date of these financial statements, the aggregate amount of dividends in relation to the financial year was yet to be determined by the Board of Directors *(2013: £332,000)*. On 7 January 2015 the company paid an interim dividend of £166,000 *(2013: £166,000)* with a final dividend still to be confirmed *(2013: £166,000)*.

Notes *(continued)*

21 Reconciliation of movements in shareholders' funds

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Profit for the financial year	**884**	679	**281**	886
Dividends	**(332)**	(498)	**(332)**	(498)
Retained profit/(loss) for the financial year	**552**	181	**(51)**	388
Other recognised gains and losses relating to the year (net)	**(294)**	(1,391)	**-**	-
Net addition/(reduction) to shareholders' funds	**258**	(1,210)	**(51)**	388
Opening shareholders' funds	**15,762**	16,972	**12,040**	11,652
Closing shareholders' funds	**16,020**	15,762	**11,989**	12,040

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 *(2013: £50,000).*

23 Commitments

(a) *Group and company*

The group and company had contracted capital commitments at the end of the year of £nil *(2013: £nil).*

(b) Annual commitments under non-cancellable operating leases are as follows:

	2014		2013	
	Land and buildings	**Other**	Land and buildings	Other
Group	**£000**	**£000**	£000	£000
Operating leases which expire:				
Within one year	**97**	**35**	11	60
In the second to fifth years inclusive	**140**	**376**	347	267
Over five years	**-**		-	-
	237	**411**	358	327

	2014		2013	
	Land and buildings	**Other**	Land and buildings	Other
Company	**£000**	**£000**	£000	£000
Operating leases which expire:				
Within one year	**12**	**25**	11	60
In the second to fifth years inclusive	**-**	**307**	19	199
Over five years	**-**	**-**	-	-
	12	**332**	30	259

Notes *(continued)*

24 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 £180,000 *(2013: £172,000).* 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 Profit and Loss Account for the year was £142,000 *(2013: £163,000).* There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

25 Net cash (outflow)/inflow from operating activities

	2014	2013
	£000	£000
Operating profit	**1,387**	971
Depreciation - tangible assets	**636**	617
Amortisation - intangible assets	**125**	125
Loss on sale of tangible fixed assets	**2**	64
Increase in stock and work in progress	**(1,424)**	(1,997)
Increase in debtors	**(1,725)**	(1,073)
Increase in creditors	**727**	1,521
	(272)	228

Notes *(continued)*

26 Analysis of net debt

	At 1 January 2014 £000	Cash flow £000	Other non-cash changes £000	Exchange movements £000	At 31 December 2014 £000
Cash at bank and in hand	33	61	-	(10)	**84**
Bank overdraft	(3,432)	(1,369)	-	(22)	**(4,823)**
	(3,399)	(1,308)	-	(32)	**(4,739)**
Debt due > 1 year	-	-	-	-	**-**
Obligations under finance leases and hire purchase contracts	(322)	166	(139)	4	**(291)**
Total	(3,721)	(1,142)	(139)	(28)	**(5,030)**

27 Reconciliation of net cash flow to movement in debt

	2014 £000	2013 £000
Decrease in cash in the year	**(1,308)**	(1,289)
Cash outflow from repayment of loans	**-**	250
Cash outflow from capital repayment element of finance leases and hire purchase contracts	**166**	135
Change in net debt resulting from cash flows	**(1,142)**	(904)
Translation differences	**(28)**	(74)
New finance leases	**(139)**	(318)
Movement in net debt in the year	**(1,309)**	(1,296)
Net debt at start of the year	**(3,721)**	(2,425)
Net debt at end of year	**(5,030)**	(3,721)

28 Financial instruments

In order to manage the foreign exchange risk of the company, forward exchange contracts are entered into. At the year end, the fair value of these derivatives was £12,783 deficit (2013: £5,879 deficit). In accordance with financial reporting standards this has not been accounted for in these financial statements.