

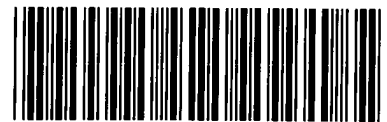
**Wright Health Group Limited**

**Directors' report and consolidated financial  
statements**

**Registered number SC007906**

**31 December, 2018**

TUESDAY



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## Company information

Directors	Sir AMM Grossart (Chairman) IL Matheson KA Souter DJ Millner (Resigned 28 February, 2019)
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 2AD
Solicitors	Thorntons Law LLP 33 Yeaman Shore Dundee DD1 4BJ  DAC Beachcroft LLP 3 Hardman Street Manchester M3 3HF

## Strategic Report

Group profit before tax was £3,056,000 (2017: £2,546,000).

The Group continued to experience very challenging market conditions in 2018. 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.

Despite currency fluctuations, Group turnover in 2018 was £81.5m, 11.5% up on last year at £73.1m. Gross profit increased to £21.8m with gross margin tightening to 26.7% due to the impact of currency movements and continued strong 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 £2.5m resulting in a gearing of 11.2%. The sales growth has increased Group working capital requirements but the Group continues to manage this area closely and maintain a focus on strengthening the balance sheet. Group net assets at 31 December, 2018 were £22.1m (2017 £20.7m).

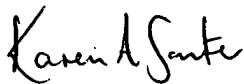
Growing volumes, increasing profitability and strengthening the balance sheet continue to be the key performance indicators for the Group.

### Future prospects and principal risks and uncertainties

The Board's view of the prospects for 2019 follows a similar pattern to that of 2018. 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.

The Board continues to consider the risks associated with Brexit, particularly surrounding the import of goods to the UK. It is ensuring that adequate mitigating policies and procedures are implemented by the business.

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 March, 2019

## **Directors' Report**

The directors present their Directors' Report and financial statements for the year ended 31 December 2018.

### **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, USA 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 did not pay any dividends during the year and no dividend is proposed in respect of the current financial year.

### **Directors**

The directors of the company who served during the year are shown on page 1.

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

### **Future developments**

Details of future developments are provided in the strategic report on page 2.

### **Financial instruments**

Details of financial instruments are provided within Note 26 on page 27 and 28.

### **Employee Involvement**

The Group regularly communicates with all staff providing information on the developments within the Group including updates on the Group's strategy and details of new products and services.

### **Employment of Disabled Persons**

Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities.

### **Charitable contributions**

During the year the Group made various charitable contributions totalling £1,000 (2017: £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.

## Directors' Report (continued)

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report and 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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 and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is 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 6 March, 2018.

By order of the Board



**KA Souter**  
Secretary

Dundee

22 March, 2019

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

### Opinion

We have audited the financial statements of Wright Health Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018, which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of cash flows, the consolidated and company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2018 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



### **Use of our report**

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.



Andrew Howie  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Glasgow  
29 March 2019

## Consolidated Income Statement

For the year ended 31 December 2018

	Note	2018 £000	2017 £000
<b>Turnover</b>	3	<b>81,478</b>	73,088
Cost of sales		(59,701)	(52,500)
<b>Gross profit</b>	4	<b>21,777</b>	20,588
Distribution costs		(14,327)	(13,674)
Administrative expenses		(4,263)	(4,347)
<b>Operating profit</b>		<b>3,187</b>	2,567
Interest receivable and similar income	7	62	99
Interest payable and similar charges	8	(193)	(120)
<b>Profit on ordinary activities before taxation</b>		<b>3,056</b>	2,546
Taxation on profit on ordinary activities	9	(772)	(755)
<b>Profit for the financial year</b>		<b>2,284</b>	1,791

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 2018

	2018 £000	2017 £000
<b>Profit for the financial year</b>	<b>2,284</b>	1,791
Net exchange differences on the retranslation of net investments and related borrowings	(863)	(165)
<b>Total comprehensive income for the financial year</b>	<b>1,421</b>	1,626

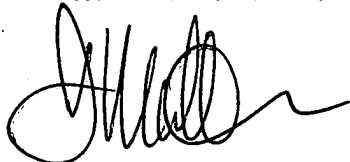
The accompanying accounting policies and notes on pages 12 to 28 form an integral part of these financial statements.

## Consolidated Statement of Financial Position

As at 31 December 2018

	<i>Note</i>	<b>2018</b> <b>£000</b>	2017 £000
<b>Fixed assets</b>			
Intangible assets	<i>10</i>	<b>494</b>	699
Tangible assets	<i>11</i>	<b>813</b>	905
		<hr/> <b>1,307</b>	<hr/> 1,604
<b>Current assets</b>			
Stock and work in progress	<i>13</i>	<b>20,734</b>	20,113
Debtors	<i>14</i>	<b>17,626</b>	16,027
Cash at bank and in hand		<b>322</b>	178
		<hr/> <b>38,682</b>	<hr/> 36,318
<b>Creditors: amounts falling due within one year</b>	<i>15</i>	<b>(17,557)</b>	(16,743)
		<hr/> <b>21,125</b>	<hr/> 19,575
<b>Net current assets</b>			
		<hr/> <b>22,432</b>	<hr/> 21,179
<b>Total assets less current liabilities</b>			
<b>Creditors: amounts falling due after more than one year</b>	<i>16</i>	<b>(169)</b>	(310)
<b>Provisions for liabilities</b>	<i>17</i>	<b>(198)</b>	(225)
		<hr/> <b>22,065</b>	<hr/> 20,644
<b>Net assets</b>			
		<hr/> <b>22,065</b>	<hr/> 20,644
<b>Capital and reserves</b>			
Called up share capital	<i>19</i>	<b>332</b>	332
Other reserves		<b>303</b>	303
Profit and Loss Account	<i>20</i>	<b>21,430</b>	20,009
		<hr/> <b>22,065</b>	<hr/> 20,644
<b>Shareholders' funds</b>			
		<hr/> <b>22,065</b>	<hr/> 20,644

These financial statements were approved by the board of directors on 22 March, 2019 and signed on its behalf by:



**IL Matheson**  
 Director

*The accompanying accounting policies and notes on pages 12 to 28 form an integral part of these financial statements.*

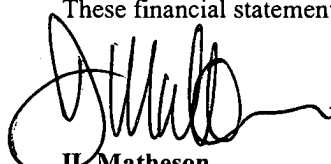
## Company Statement of Financial Position

As at 31 December 2018

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible assets	10	307	389
Tangible assets	11	700	775
Investments in subsidiary undertakings	12	3,405	3,405
		<hr/> 4,412	<hr/> 4,569
<b>Current assets</b>			
Stock and work in progress	13	12,436	11,986
Debtors	14	12,998	10,811
Cash at bank and in hand		1	2
		<hr/> 25,435	<hr/> 22,799
<b>Creditors: amounts falling due within one year</b>	15	(11,924)	(11,244)
		<hr/> 13,511	<hr/> 11,555
<b>Net current assets</b>			
<b>Total assets less current liabilities</b>		17,923	16,124
<b>Creditors: amounts falling due after more than one year</b>	16	(56)	(72)
<b>Provisions for liabilities</b>	17	(62)	(71)
		<hr/> 17,805	<hr/> 15,981
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	19	332	332
Other reserves		18	18
Profit and Loss Account	20	17,455	15,631
		<hr/> 17,805	<hr/> 15,981
<b>Shareholders' funds</b>			

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Income Statement in these financial statements. The parent company's profit for the year was £1,824,000 (2017: £2,166,000).

These financial statements were approved by the board of directors on 22 March, 2019 and signed on its behalf by:

  
**J.L. Matheson**  
 Director

*The accompanying accounting policies and notes on pages 12 to 28 form an integral part of these financial statements.*

## Consolidated Statement of Cash Flows

*For the year ended 31 December 2018*

	2018 £000	2017 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,284	1,791
Adjustments for:		
Amortisation of intangible assets	302	329
Depreciation of tangible assets	302	290
Interest paid	193	120
Interest received	(62)	(99)
Taxation	772	759
(Increase) in trade and other debtors	(2,147)	(1,181)
(Increase) in stocks	(1,193)	(3,332)
(Decrease)/increase in trade creditors	(459)	3,100
Cash from operations	(8)	1,777
Income taxes paid	(763)	(674)
<b>Net cash generated from operating activities</b>	(771)	1,103
<b>Cash flows from investing activities</b>		
Proceeds from sale of tangible assets	-	-
Purchases of tangible assets	(339)	(410)
Interest received	62	99
<b>Net cash outflow from investing activities</b>	(277)	(311)
<b>Cash flows from financing activities</b>		
Repayment of finance lease obligations	(40)	(37)
Interest paid	(193)	(120)
<b>Net cash used in financing activities</b>	(233)	(157)
<b>Net increase in cash and cash equivalents</b>	(1,281)	635
Foreign exchange translation adjustment	(9)	2
<b>Cash and cash equivalents at the beginning of year</b>	(1,180)	(1,817)
<b>Cash and cash equivalents at end of year</b>	(2,470)	(1,180)
<b>Components of cash and cash equivalents</b>		
Cash	322	178
Overdraft	(2,792)	(1,358)
<b>Cash and cash equivalents</b>	(2,470)	(1,180)

*The accompanying accounting policies and notes on pages 12 to 28 form an integral part of these financial statements.*

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Called-up share capital	Capital reserves	Profit and loss account	Total
	£ '000	£ '000	£ '000	£ '000
At 1 January 2017	332	303	18,383	19,018
Profit for the year	-	-	1,791	1,791
Other comprehensive income	-	-	(165)	(165)
At 31 December 2017	332	303	20,009	20,644
Profit for the year	-	-	2,284	2,284
Other comprehensive income	-	-	(863)	(863)
At 31 December 2018	332	303	21,430	22,065

## Company Statement of Changes in Equity

For the year ended 31 December 2018

	Called-up share capital	Capital reserves	Profit and loss account	Total
	£ '000	£ '000	£ '000	£ '000
At 1 January 2017	332	18	13,465	13,815
Profit and total comprehensive income for the year	-	-	2,166	2,166
At 31 December 2017	332	18	15,631	15,981
Profit and total comprehensive income for the year	-	-	1,824	1,824
At 31 December 2018	332	18	17,455	17,805

## Notes to the financial statements

### 1 Company information

Wright Health Group Limited is a private company limited by shares, 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, USA 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.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and parent company would be identical;
- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The financial statements are presented in Sterling (£) and in round £000s.

#### *Going Concern*

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

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.

## Notes (continued)

### 2 Accounting policies (continued)

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue their operations for at least 12 months from the date of the approval of these accounts. 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 2018. 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.

#### *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.



## Notes (continued)

### 2 Accounting policies (continued)

#### *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 Income Statement unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the Income Statement 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.

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. Any losses from impairment are recognised in the income statement in cost of sales.

#### *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. Any losses from impairment are recognised in the income statement in administrative expenses.

#### *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.

## Notes (continued)

### 2 Accounting policies (continued)

#### *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.

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:

	2018		2017	
	Closing rate	Average rate	Closing rate	Average rate
Rate to the £				
Rand South Africa	18.36	17.55	16.74	17.28
US Dollar	1.27	1.33	1.35	1.30

HUF Hungary	355.25	360.55	349.48	354.42
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## Notes (continued)

### 2 Accounting policies (continued)

#### *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.

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.

## Notes (continued)

### 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 three main types of sales, being materials, equipment and service. 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. Revenue from service work and contracts is recognised in the period in which the services are provided.

Turnover analysed geographically between markets, was as follows:

	2018	2017
	£000	£000
UK	57,636	48,625
Africa	22,086	22,340
North America	1,128	1,445
All other countries	628	678
	<hr/> 81,478 <hr/>	<hr/> 73,088 <hr/>

### 4 Notes to the Income Statement

	2018	2017
	£000	£000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible assets (note 11)	302	290
Amortisation of intangibles (note 10)	302	329
Hire of plant and machinery – rentals payable under operating leases	372	411
Hire of other assets – operating leases	612	620
Exchange loss	156	205
Changes in fair value of derivatives	(14)	(12)
	<hr/>	<hr/>

<i>Auditors' remuneration:</i>	2018	2017
	£000	£000
Audit of these financial statements	34	32
<i>Amounts receivable by auditors and their associates in respect of:</i>		
Audit of financial statements of subsidiaries pursuant to legislation	27	33
Other services relating to taxation	15	20
	<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	
	2018	2017
Selling and distribution	272	267
Manufacturing	45	45
Management and administration	76	72
	<hr/>	<hr/>
	393	384
	<hr/>	<hr/>
The aggregate payroll costs of these persons were:	2018	2017
	£000	£000
Wages and salaries	10,546	9,791
Social security costs	935	870
Other pension and medical insurance costs	824	772
	<hr/>	<hr/>
	12,305	11,433
	<hr/>	<hr/>

Pension payments recognised as an expense during the year amount to £401,000 (2017: £381,000).

### 6 Directors' emoluments

	2018	2017
	£000	£000
Directors' emoluments	566	555
Fees paid to related parties for directors' services	70	67
Contributions to money purchase pension schemes	8	10
	<hr/>	<hr/>

The emoluments of the highest paid director were £323,000 (2017: £306,000). This director's accrued pension benefit and accrued lump sum as at 31 December 2018 were £86,000 (2017: £82,000) and £151,000 (2017: £143,000) respectively. Retirement benefits are accruing to 2 directors under a money purchase scheme (2017: 2).

### 7 Interest receivable and similar income

	2018	2017
	£000	£000
Interest received on trade debtor balances due to overseas subsidiaries	61	97
Bank and other interest receivable	1	2
	<hr/>	<hr/>
	62	99
	<hr/>	<hr/>

## Notes (continued)

### 8 Interest payable and similar charges

	2018	2017
	£000	£000
Bank loans and overdraft interest	186	111
Finance charges in respect of finance leases and hire purchase contracts	7	9
	<u>193</u>	<u>120</u>

### 9 Taxation

	2018	2017
	£000	£000
UK Corporation Tax	372	263
Adjustments in respect of previous periods	1	8
Overseas taxation	396	448
Adjustments to overseas tax in respect of previous periods	0	0
Total current tax	<u>769</u>	<u>719</u>
Deferred taxation: origination and reversal of timing differences	3	36
Deferred taxation: changes in tax rates	0	-
Tax on results on ordinary activities	<u>772</u>	<u>755</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom at 19% (2017: 19.25%). The differences are explained as follows:

Profit on ordinary activities before tax	<u>3,056</u>	<u>2,546</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2017: 19.25%)	709	651
Expenses not deductible for tax purposes	(9)	(51)
Rate Change	1	8
Losses carried forward	184	236
Prior year adjustments	(1)	-
Overseas tax differences	10	31
Deferred tax not recognised	(129)	(146)
Fixed asset differences	7	26
Tax on results on ordinary activities	<u>772</u>	<u>755</u>

#### Factors that may affect future tax charges

The standard rate of UK corporation tax was reduced to 19% from 1 April 2018 under the Finance Act (No.2) 2015. Under the Finance Act 2017, this will further reduce to 17% from 1 April 2020. Accordingly, a rate of 17% has been applied to the measurement of deferred tax balances both at 31 December 2017 and 31 December 2018.

In the UK, the deferred tax liability relates mainly to the differences between depreciation and capital allowances, as well as the employers' pension accrual outstanding at the year end.

The deferred tax asset arising from non-trade loan relationship deficit carried forward has not been recognised due to the probability that this asset will not be recoverable in the foreseeable future.

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is £62,000 (2017: £71,000).

**Notes (continued)**

**10 Intangible fixed assets**

<b>Group</b>	<b>Goodwill</b>	<b>Computer Software</b>	<b>Total</b>
<i>Cost</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2018	1,496	1,761	3,257
Additions	-	99	99
Disposals	-	-	-
Exchange adjustments	-	(37)	(37)
	<hr/>	<hr/>	<hr/>
At 31 December 2018	1,496	1,823	3,319
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2018	1,194	1,364	2,558
Charge for the year	125	177	302
On disposals	-	-	-
Exchange adjustments	-	(35)	(35)
	<hr/>	<hr/>	<hr/>
At 31 December 2018	1,319	1,506	2,825
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2018	177	317	494
	<hr/>	<hr/>	<hr/>
At 31 December 2017	302	397	699
	<hr/>	<hr/>	<hr/>

<b>Company</b>	<b>Goodwill</b>	<b>Computer Software</b>	<b>Total</b>
<i>Cost</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2018	486	1,129	1,615
Additions	-	92	92
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2018	486	1,221	1,707
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2018	462	766	1,228
Charge for the year	24	148	172
On disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2018	486	914	1,400
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2018	-	307	307
	<hr/>	<hr/>	<hr/>
At 31 December 2017	24	363	387
	<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	Motor vehicles	Total
Cost	£000	£000	£000	£000	£000	£000
At 1 January 2018	983	277	5,462	1,369	267	8,358
Additions	-	2	134	95	9	240
Disposals	-	-	-	-	-	-
Exchange adjustments	-	(9)	(68)	(47)	(14)	(138)
At 31 December 2018	983	270	5,528	1,417	262	8,460
<b>Depreciation</b>						
At 1 January 2018	646	234	5,294	1,133	146	7,453
Charge for the year	30	9	128	110	25	302
On disposals	-	-	-	-	-	-
Exchange adjustments	-	(6)	(54)	(37)	(11)	(108)
At 31 December 2018	676	237	5,368	1,206	160	7,647
<b>Net book value</b>						
At 31 December 2018	307	33	160	211	102	813
At 31 December 2017	337	43	168	236	121	905

The net book value of assets held under finance leases and hire purchase contracts was £138,461 (2017: £207,033) and the depreciation charged in the year amounted to £69,095 (2017: £81,752).

Company	Freehold property	Short leasehold property	Plant, equipment and fittings	Computer hardware	Motor vehicles	Total
Cost	£000	£000	£000	£000	£000	£000
At 1 January 2018	983	56	1,156	706	115	3,016
Additions	-	-	70	47	-	117
Disposals	-	-	-	-	-	-
At 31 December 2018	983	56	1,226	753	115	3,133
<b>Depreciation</b>						
At 1 January 2018	646	56	935	580	24	2,241
Charge for the year	30	0	78	62	22	192
On disposals	-	-	-	-	-	-
At 31 December 2018	676	56	1,013	642	46	2,433
<b>Net book value</b>						
At 31 December 2018	307	-	213	111	69	700
At 31 December 2017	337	-	221	126	91	775

The net book value of assets held under finance leases and hire purchase contracts was £68,274 (2017: £112,746) and the depreciation charged in the year amounted to £46,491 (2017: £50,668).



## Notes (continued)

### 12 Investment in subsidiary undertakings

	Company £000
<i>Cost and Net book value</i>	
At 1 January 2018 and 31 December 2018	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	
	2018 £000	2017 £000	2018 £000	2017 £000
Raw materials	252	320	42	54
Work in progress	302	280	-	-
Finished goods and goods for resale	20,180	19,513	12,394	11,932
	20,734	20,113	12,436	11,986

Stock recognised through Cost of Sales during the year amounted £59,700,000 (2017 - £52,500,000)

### 14 Debtors

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
Trade debtors	15,356	14,318	10,399	8,621
Other taxation	65	82	-	-
Due from subsidiary undertakings	-	-	1,519	1,294
Deferred tax asset - foreign	49	65	-	-
Prepayments	489	421	326	254
Other debtors	1,667	1,141	754	642
	17,626	16,027	12,998	10,811

## Notes (continued)

### 14 Debtors (continued)

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.

### 15 Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Bank overdraft and loans	2,792	1,358	2,792	1,271
Trade creditors	12,142	12,698	7,177	8,158
Social security and other taxes	986	1,107	971	1,027
Other creditors and accruals	1,392	1,329	625	576
Due to subsidiary undertakings	-	-	157	104
Obligations under finance leases and hire purchase contracts	33	41	16	14
Corporation tax	212	204	186	94
Foreign tax	-	6	-	-
	<u>17,557</u>	<u>16,743</u>	<u>11,924</u>	<u>11,244</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	
	2018	2017	2018	2017
	£000	£000	£000	£000
Obligations under finance leases and hire purchase contracts	56	89	56	72
Other creditors	113	221	-	-
	<u>169</u>	<u>310</u>	<u>56</u>	<u>72</u>

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Analysis of debt:				
Debt can be analysed as falling due:				
In one year or less, or on demand	<u>2,792</u>	<u>1,358</u>	<u>2,792</u>	<u>1,271</u>

## Notes (continued)

### 17 Provisions for liabilities and charges

	Deferred taxation £000	Leave Pay £000	Total £000
<b>Group</b>			
At beginning of year	71	154	225
Charge to the Income Statement for the year	(9)	(18)	(27)
	<hr/>	<hr/>	<hr/>
<b>At end of year</b>	<b>62</b>	<b>136</b>	<b>198</b>
	<hr/>	<hr/>	<hr/>
		Deferred taxation £000	Total £000
<b>Company</b>			
At beginning of year		71	71
Charge to the Income Statement for the year		(9)	(9)
		<hr/>	<hr/>
<b>At end of year</b>		<b>62</b>	<b>62</b>
		<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 (2017: £nil), attributable to the difference between accumulated depreciation and capital allowances, and other timing differences

The elements of deferred taxation are as follows:

	2018 Provided £000	2017 Provided £000
Difference between accumulated depreciation and capital allowances	62	66
Other timing differences		5
	<hr/>	<hr/>
	<b>62</b>	<b>71</b>
	<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.

During the year transactions totalling £70,000 (2017: £67,000) were entered into with Noble Grossart Limited. The balance owed to Noble Grossart Limited at the year-end was £18,000 (2017: £17,000) which is noted within accruals.

**Notes** *(continued)*

**18 Related party transactions (continued)**

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

	2018	2017
	£000	£000
Salaries and other short-term employee benefits	636	622
Post-employment benefits	8	10
	<u>644</u>	<u>632</u>

**19 Called up share capital**

	2018	2017
	£000	£000
<i>Company</i>		
<i>Allotted, called up and fully paid</i>		
332,000 ordinary shares of £1 each	<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 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 (2017: £50,000).

**22 Capital Commitments**

*Group and company*

The group and company had contracted capital commitments at the end of the year of £nil (2017: £nil)

## Notes (continued)

### 23 Leasing Commitments

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

	2018		2017	
<i>Group</i>	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	335	218	344	374
In the second to fifth years inclusive	797	588	992	435
Over five years	819	-	498	-
	<u>1,951</u>	<u>806</u>	<u>1,834</u>	<u>809</u>
	2018		2017	
<i>Company</i>	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	83	18	255
In the second to fifth years inclusive	-	422	72	304
Over five years	-	-	46	-
	<u>-</u>	<u>505</u>	<u>136</u>	<u>559</u>

The future minimum finance lease payments are as follows:

<i>Group</i>	2018 £000	2017 £000
Within one year	33	17
Between one and five years	113	113
	<u>146</u>	<u>130</u>
<i>Company</i>	2018 £000	2017 £000
Within one year	16	14
Between one and five years	56	72
	<u>72</u>	<u>86</u>

## 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 £193,000 (2017: £179,000). 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 £208,000 (2017: £202,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 25 Financial assets and liabilities

Group	2018 £000	2017 £000
Financial liabilities measured at fair value through profit or loss	14	12
Financial liabilities measured at amortised cost	16,528	15,737
Financial assets measured at amortised cost	37,827	35,535

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.

Financial liabilities measured at amortised cost consist of trade payables, bank overdrafts, current finance leases, other creditors and accruals, non-current finance leases and non-current other creditors.

Financial assets measured at amortised cost consist of trade debtors, cash, other debtors and stock exclusive of any work-in-progress.

## **Notes** *(continued)*

### **26 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.

### **26 Financial Risk Management (continued)**

#### **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.

#### **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.

### **27 Ultimate Holding Company**

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