

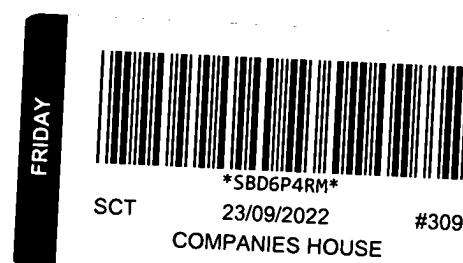
Wright Health Group Limited
Annual report and consolidated financial statements
Registered number SC007906
31 December 2021

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Company information

Directors	Sir AMM Grossart (Chairman) IL Matheson KA Souter
Secretary	KA Souter
Auditors	Henderson Loggie LLP The Vision Building 20 Greenmarket Dundee DD1 4QB
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

Review of business

Group profit before tax was £6,476,000 (2020: £1,274,000).

As a result of the COVID-19 pandemic, the majority of dental practices and laboratories in all Group markets have been operating at a reduced level of activity across all types of dentistry due to new standard operating procedures which have led to restrictions on patient volumes. The Group has carefully navigated its way through these challenging conditions and its focus has been on trying to support its customer base, controlling costs and maintaining the welfare of its staff.

Group turnover in 2021 was £108.3m, 50% up on last year at £72.3m. Gross profit was £27.6m with gross margin broadly on a par with previous year at 25.5%. Costs continue to be managed effectively.

The Group was in a net cash positive position of £2.8m at the end of the year. The Group was able to use the strength of its balance sheet to satisfy any fluctuations in working capital requirements throughout the year. Group net assets at 31 December 2021 were £30m (2020: £25m).

Delivering the highest level of customer service in a very competitive market is a pre-requisite. Growing volumes as markets return to more normal levels of activity, increasing profitability and strengthening the balance sheet continue to be the key performance indicators for the Group.

Section 172 Statement

In accordance with its responsibilities in relation to s172 of the Companies Act, the Board continually assesses how its strategic objectives promote the success of the Group and benefit its members, whilst considering the impact that its operations have on other key stakeholder groups. The Group's key strategic objective throughout 2021 has been to protect the business and its stakeholders from the impact of the COVID-19 pandemic and ensure that the business is well placed for solid organic growth as restrictions ease.

A key objective throughout this period has been to ensure that the business and our people were safeguarded during these difficult times. The Group worked closely with its customers to ensure that we continued to source and provide the new products and services which they needed to help them preserve and operate their own businesses. It was also a key focus to protect the workforce and ensure that the business infrastructure remained in place to react quickly as Government restrictions were relaxed.

The impact of Brexit post the 31 December 2020 exit date was also a key area in the first half of the year. Action was taken to ensure continuity of supply where products are imported from the EU and to put in place robust systems and controls to deal with the administration of new customs and import rules. This has been a challenge in 2021, however, we have worked closely with our suppliers, logistics' partners and customers to ensure that this has not had a detrimental impact on product availability and customer service.

Generating long-term value for shareholders who provide the capital which allows the Group to invest and grow remains essential. The Group fosters strong commercial relationships with its customers ranging from independent GDPs to Corporate Groups and Health Authority Bodies. The Group continues to partner closely with its chosen major suppliers to extend its product ranges in selected areas and improve the efficiency of its supply chain. The growth and expansion of the Group following COVID-19 also present opportunities for staff development and allows the business to attract and recruit new talent in different areas. As noted in the Directors' Report, the Group is also addressing its environmental impact and introducing measures which will reduce its carbon footprint particularly in the areas of distribution and product packaging.

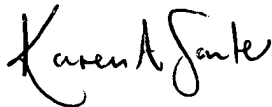
Strategic Report (continued)

Future prospects and principal risks and uncertainties

The Board's view is that the prospects for 2022 are still shrouded in a degree of opacity as the COVID-19 pandemic continues to restrict dental activity in its markets. Our customers face adapting to further potential changes in operating procedures as they strive to increase patient volumes and return to pre-pandemic levels of dental care.

The Board continues to consider the risks associated with the COVID-19 pandemic and also the impact of Brexit. The Board is ensuring that adequate mitigating policies and procedures are implemented by the business.

The Group operates 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. It believes that it is well positioned to benefit from the upturn in the market as activity levels increase. 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 cautiously optimistic that Group performance will recover quickly, with steady growth resuming 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

24 March 2022

Directors' Report

The directors present their Directors' Report and financial statements for the year ended 31 December 2021.

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.

Details of how the directors have had regard to the need to foster business relationships with suppliers, customers and employees, and the effect this has had on key decisions taken during the year, is included in the strategic report on page 2.

Future developments

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

Financial risk management

Details of financial risk management objectives are provided within Note 26 on page 29.

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 (2020: £1,000).

Streamlined Energy and Carbon Reporting

Carbon emissions and energy consumption

	2021 tCO ₂	2021 kWh	2020 tCO ₂	2020 kWh
Direct emissions				
Gas	225	1,230,136	234	1,270,417
Use of fuel for transport	336	1,453,115	147	556,948
	561	2,683,251	381	1,827,365
Indirect emissions				
Purchase of electricity	73	349,384	80	312,794
Total	634	3,032,635	461	2,140,159

The information above relates to the group's UK business for the period 1 January 2021 to 31 December 2021.

Methodology

We have calculated the carbon emissions and kWh figures using the UK Government's 2021 Conversion Factors for Company Reporting.

Directors' Report (continued)

Intensity measures

Total carbon emissions per £m of UK revenue in the year to 31 December 2021 were 7.3 tCO₂ (2020: 8.4 tCO₂).

Energy efficient actions taken

The group continues to maximise all opportunities to improve energy efficiencies across all its locations and operations, and will continue to enhance staff awareness of energy consumption and cost through effective communication and policy adaptation e.g. Motor Fleet and advancement in vehicle technologies.

The implementation of enhanced software across the group has made the use of video conferencing commonplace amongst all staff who now regularly use technology for virtual meetings with peers and external contacts alike. This has had a significant impact on the Group's carbon footprint on travel which will continue to be enjoyed beyond any period of Covid restriction.

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 of the group and the company and of the group's profit or loss 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 group and 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 group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint Henderson Loggie LLP as auditor to the company will be put to the General Meeting.

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.

By order of the Board



KA Souter
Secretary

Dundee

24 March 2022

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 2021, 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

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

Matters on which we are required to report by exception

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.

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

As explained more fully in the directors' responsibilities statement set out on page 5, 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. This description forms part of our auditor's report.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

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

As part of our planning process:

- We enquired of management the systems and controls the group and company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the group and company. We determined that the following were most relevant: FRS 102, Companies Act 2006, Health and Safety; The Data Protection Act 2018; employment law (including the Working Time Directive); anti-bribery and corruption and compliance with the UK Companies Act;
- We considered the incentives and opportunities that exist in the group and company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the group and company, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading correspondence with regulators including the Health and Safety Executive to determine the extent of compliance;
- Review of Board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to stock provisions and accruals;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness;
- Testing key revenue lines, in particular cut-off, for evidence of management bias; and
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. The primary responsibility for the prevention and detection of irregularities and fraud rests with the directors.

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.



Gavin Black (Senior Statutory Auditor)
For and on behalf of Henderson Loggie LLP
Chartered Accountants
Statutory Auditor

24 March 2022

The Vision Building
20 Greenmarket
Dundee
DD1 4QB

Consolidated Income Statement

For the year ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	3	108,271	72,305
Cost of sales		(80,638)	(53,227)
Gross profit		27,633	19,078
Distribution costs		(15,890)	(14,143)
Administrative expenses		(5,247)	(4,752)
Other operating income		-	1,209
Operating profit	4	6,496	1,392
Interest receivable and similar income	7	21	50
Interest payable and similar charges	8	(41)	(168)
Profit on ordinary activities before taxation		6,476	1,274
Taxation on profit on ordinary activities	9	(1,444)	(284)
Profit for the financial year		5,032	990

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 2021

	2021 £000	2020 £000
Profit for the financial year	5,032	990
Net exchange differences on the retranslation of net investments and related borrowings	(406)	(530)
Total comprehensive income for the financial year	4,626	460

The accompanying accounting policies and notes on pages 14 to 30 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	10	325	293
Tangible assets	11	1,034	1,064
		<hr/> 1,359	<hr/> 1,357
Current assets			
Stock and work in progress	13	22,749	22,991
Debtors	14	15,093	15,114
Cash at bank and in hand		2,784	266
		<hr/> 40,626	<hr/> 38,371
Creditors: amounts falling due within one year	15	(11,387)	(13,843)
		<hr/>	<hr/>
Net current assets		29,239	24,528
		<hr/>	<hr/>
Total assets less current liabilities		30,598	25,885
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	16	(213)	(196)
Provisions for liabilities	17	(278)	(208)
		<hr/>	<hr/>
Net assets		30,107	25,481
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	19	332	332
Other reserves	20	303	303
Profit and loss account	20	29,472	24,846
		<hr/>	<hr/>
Total equity		30,107	25,481
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 24 March 2022 and signed on its behalf by:


IL Matheson
Director

The accompanying accounting policies and notes on pages 14 to 30 form an integral part of these financial statements.

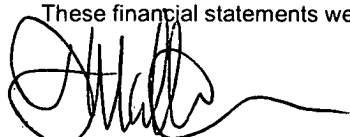
Company Statement of Financial Position

As at 31 December 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	10	324	290
Tangible assets	11	808	751
Investments in subsidiary undertakings	12	3,405	3,405
		<hr/> 4,537 <hr/>	<hr/> 4,446 <hr/>
Current assets			
Stock and work in progress	13	15,041	14,583
Debtors	14	13,263	12,081
Cash at bank and in hand		2,520	5
		<hr/> 30,824 <hr/>	<hr/> 26,669 <hr/>
Creditors: amounts falling due within one year	15	(9,143)	(9,230)
		<hr/>	<hr/>
Net current assets		21,681	17,439
		<hr/>	<hr/>
Total assets less current liabilities		26,218	21,885
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	16	(123)	(88)
Provisions for liabilities	17	(104)	(71)
		<hr/>	<hr/>
Net assets		25,991	21,726
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	19	332	332
Other reserves	20	18	18
Profit and loss account	20	25,641	21,376
		<hr/>	<hr/>
Total equity		25,991	21,726
		<hr/>	<hr/>

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 £4,265,000 (2020: £1,097,000).

These financial statements were approved by the board of directors on 24 March 2022 and signed on its behalf by:


IL Matheson
Director

The accompanying accounting policies and notes on pages 14 to 30 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	2021 £000	2020 £000
Cash flows from operating activities		
Profit for the financial year	5,032	990
Adjustments for:		
Amortisation of intangible assets	155	241
Depreciation of tangible assets	368	323
Gain on sale of assets	(4)	(8)
Interest paid	41	168
Interest received	(21)	(50)
Taxation	1,444	284
(Increase)/decrease in trade and other debtors	(125)	1,832
Increase in stocks	(301)	(1,776)
Decrease in trade creditors	(123)	(1,547)
Cash from operations	<u>6,466</u>	<u>457</u>
Income taxes paid	(1,690)	(537)
Net cash generated from/(absorbed by) from operating activities	<u>4,776</u>	<u>(80)</u>
Cash flows from investing activities		
Proceeds from sale of tangible assets	35	59
Purchases of intangible and tangible assets	(437)	(419)
Interest received	21	50
Net cash outflow from investing activities	<u>(381)</u>	<u>(310)</u>
Cash flows from financing activities		
Repayment of finance lease obligations	(132)	(94)
Interest paid	(41)	(168)
Net cash used in financing activities	<u>(173)</u>	<u>(262)</u>
Net increase/(decrease) in cash and cash equivalents	4,222	(652)
Foreign exchange translation adjustment	(9)	(31)
Cash and cash equivalents at the beginning of year	<u>(1,429)</u>	<u>(746)</u>
Cash and cash equivalents at end of year	<u><u>2,784</u></u>	<u><u>(1,429)</u></u>
Components of cash and cash equivalents		
Cash	2,784	266
Overdraft	-	(1,695)
Cash and cash equivalents	<u><u>2,784</u></u>	<u><u>(1,429)</u></u>

Reconciliation of net debt

	At 1 January 2021 £000	Cash flows £000	New Finance Leases £000	Other non- cash changes £000	At 31 December 2021 £000
Cash and cash equivalents	266	2,518	-	-	2,784
Bank invoice discounting facility	(1,695)	1,695	-	-	-
	<u>(1,429)</u>	<u>4,213</u>	<u>-</u>	<u>-</u>	<u>2,784</u>
Finance leases	(202)	132	(156)	-	(226)
Net debt	<u><u>(1,631)</u></u>	<u><u>4,345</u></u>	<u><u>(156)</u></u>	<u><u>-</u></u>	<u><u>2,558</u></u>

The accompanying accounting policies and notes on pages 14 to 30 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Called-up share capital £000	Capital reserves £000	Profit and loss account £000	Total £000
At 1 January 2020	332	303	24,386	25,021
Profit for the year	-	-	990	990
Other comprehensive income	-	-	(530)	(530)
At 31 December 2020	332	303	24,846	25,481
Profit for the year	-	-	5,032	5,032
Other comprehensive income	-	-	(406)	(406)
At 31 December 2021	332	303	29,472	30,107

Company Statement of Changes in Equity

For the year ended 31 December 2021

	Called-up share capital £000	Capital reserves £000	Profit and loss account £000	Total £000
At 1 January 2020	332	18	20,279	20,629
Profit and total comprehensive income for the year	-	-	1,097	1,097
At 31 December 2020	332	18	21,376	21,726
Profit and total comprehensive income for the year	-	-	4,265	4,265
At 31 December 2021	332	18	25,641	25,991

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, on the basis that the company is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- 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.

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 financial statements.

Notes (continued)

2 Accounting policies (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2021. 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.

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. 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.

Tangible fixed assets and depreciation

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

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 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. Income statements 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:

	2021		2020	
	Closing rate	Average rate	Closing rate	Average rate
Rate to the £				
Rand South Africa	21.59	20.44	20.01	21.16
US Dollar	1.35	1.37	1.37	1.29
HUF Hungary	439.08	416.71	405.18	397.63

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.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. 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.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

Cash and liquid resources

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

Significant judgements and estimates

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

Notes (continued)

2 Accounting policies (continued)

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

Critical judgements

Stock provision - The stock provision is estimated by reference to the aged profile of stock and historic and expected sales patterns. The policy considers sales levels during the year and open orders as a predictor of future sales and applies a variety of write down percentages. In addition to that the company assesses stock on an ongoing basis to identify any stock items with particular issues such as obsolescence.

Accruals - Management estimate requirements for accruals using post year end information and information available from detailed budgets. This identifies costs that are expected to be incurred. These are only released when there is a reasonable expectation that these costs will not be invoiced in the future.

3 Turnover

Turnover as derived from the group's principal trading activity is analysed geographically between markets as follows:

	2021 £000	2020 £000
UK	86,180	54,811
Africa	20,926	16,511
North America	835	684
All other countries	330	299
	<hr/> 108,271 <hr/>	<hr/> 72,305 <hr/>

4 Notes to the income statement

	2021 £000	2020 £000
<i>Operating profit is stated after charging:</i>		
Depreciation of tangible assets (note 11)	368	323
Amortisation of intangibles (note 10)	155	241
Hire of plant and machinery – rentals payable under operating leases	377	430
Hire of other assets – operating leases	537	577
Exchange loss	144	42
Changes in fair value of derivatives	22	41
	<hr/>	<hr/>
<i>Auditors' remuneration:</i>		
	2021 £000	2020 £000
Audit of these financial statements	32	30
<i>Amounts receivable by auditors and their associates in respect of:</i>		
Audit of financial statements of subsidiaries pursuant to legislation	5	5
Other services relating to taxation	7	7
<i>Amounts receivable by other auditors in respect of:</i>		
Audit of financial statements of subsidiaries pursuant to legislation	27	20
Other services relating to taxation	2	3
	<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:

	2021	2020
	Number of employees	
Selling and distribution	273	268
Manufacturing	35	45
Management and administration	81	88
	<u>389</u>	<u>401</u>

	2021	2020
	£000	£000
The aggregate payroll costs of these persons were:		
Wages and salaries	11,935	10,667
Social security costs	1,021	953
Other pension and medical insurance costs	917	903
	<u>13,873</u>	<u>12,523</u>

Pension payments recognised as an expense during the year amount to £463,000 (2020: £455,000).

6 Directors' emoluments

	2021	2020
	£000	£000
Directors' emoluments	567	529
Fees paid to related parties for directors' services	74	73
Contributions to money purchase pension schemes	-	-
	<u>-</u>	<u>-</u>

The emoluments of the highest paid director were £355,000 (2020: £336,000).

7 Interest receivable and similar income

	2021	2020
	£000	£000
Interest received on trade debtor balances due to overseas subsidiaries	21	50
	<u>21</u>	<u>50</u>

Notes (continued)

8 Interest payable and similar charges

	2021 £000	2020 £000
Bank loans and overdraft interest	29	159
Finance charges in respect of finance leases and hire purchase contracts	12	9
	<u>41</u>	<u>168</u>

9 Taxation

	2021 £000	2020 £000
UK corporation tax	942	254
Adjustments in respect of previous periods	9	-
Overseas taxation	474	195
Adjustments to overseas tax in respect of previous periods	-	(63)
Total current tax	<u>1,425</u>	<u>386</u>
Deferred taxation: origination and reversal of timing differences	3	(102)
Deferred taxation: adjustments in respect of prior periods	(9)	-
Deferred taxation: change in tax rate	25	-
Tax on results on ordinary activities	<u>1,444</u>	<u>284</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom at 19% (2020: 19%). The differences are explained as follows:

Profit on ordinary activities before tax	<u>6,476</u>	<u>1,274</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2020: 19%)	1,230	242
Expenses not deductible for tax purposes	3	14
Change in tax rate	25	-
Losses carried forward	32	77
Prior year adjustments	-	(63)
Overseas tax differences	152	14
Margin	<u>2</u>	<u>-</u>
Tax on results on ordinary activities	<u>1,444</u>	<u>284</u>

Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19% and this was effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by the Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of corporation tax, maintaining the current rate of 19%.

On 3 March 2021, the UK Budget 2021 announcements included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. The 25% rate was granted Royal Assent on 10 June 2021 and so was substantively enacted at the balance sheet date. As a result the closing deferred tax balances as at 31 December 2021 are recognised at 25% (2020 - 19%).

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.

Notes (continued)

9 Taxation (continued)

The aggregate current and deferred tax asset relating to items that are recognised as items of other comprehensive income is £172,000 (2020: £54,000).

10 Intangible fixed assets

Group Cost	Goodwill £000	Computer Software £000	Total £000
At 1 January 2021	1,496	2,081	3,577
Additions	-	187	187
Exchange adjustments	-	(30)	(30)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	1,496	2,238	3,734
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2021	1,496	1,788	3,284
Charge for the year	-	155	155
Exchange adjustments	-	(30)	(30)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	1,496	1,913	3,409
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2021	-	325	325
	<hr/>	<hr/>	<hr/>
At 31 December 2020	-	293	293
	<hr/>	<hr/>	<hr/>
Company Cost	Goodwill £000	Computer software £000	Total £000
At 1 January 2021	486	1,526	2,012
Additions	-	187	187
	<hr/>	<hr/>	<hr/>
At 31 December 2021	486	1,713	2,199
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2021	486	1,236	1,722
Charge for the year	-	153	153
	<hr/>	<hr/>	<hr/>
At 31 December 2021	486	1,389	1,875
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2021	-	324	324
	<hr/>	<hr/>	<hr/>
At 31 December 2020	-	290	290
	<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 2021	983	395	5,525	1,726	274	8,903
Additions	-	1	94	245	66	406
Disposals	-	-	(2)	(32)	(32)	(66)
Exchange adjustments	-	(19)	(107)	(51)	(14)	(191)
At 31 December 2021	983	377	5,510	1,888	294	9,052
Depreciation						
At 1 January 2021	727	248	5,368	1,372	124	7,839
Charge for the year	19	18	120	175	36	368
On disposals	-	-	(2)	(8)	(25)	(35)
Exchange adjustments	-	(10)	(93)	(46)	(5)	(154)
At 31 December 2021	746	256	5,393	1,493	130	8,018
Net book value						
At 31 December 2021	237	121	117	395	164	1,034
At 31 December 2020	256	147	157	354	150	1,064

The net book value of assets held under finance leases and hire purchase contracts was £271,000 (2020: £284,000) and the depreciation charged in the year amounted to £89,000 (2020: £46,000).

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 2021	983	56	1,399	985	109	3,532
Additions	-	-	85	235	-	320
Disposals	-	-	-	(23)	-	(23)
At 31 December 2021	983	56	1,484	1,197	109	3,829
Depreciation						
At 1 January 2021	727	56	1,205	762	31	2,781
Charge for the year	19	-	79	119	23	240
On disposals	-	-	-	-	-	-
At 31 December 2021	746	56	1,284	881	54	3,021
Net book value						
At 31 December 2021	237	-	200	316	55	808
At 31 December 2020	256	-	194	223	78	751

The net book value of assets held under finance leases and hire purchase contracts was £271,000 (2020: £203,000) and the depreciation charged in the year amounted to £89,000 (2020: £30,000).

Notes (continued)

12 Investment in subsidiary undertakings

Company
£000

Cost and Net book value

At 1 January 2021 and 31 December 2021

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	
	2021	2020	2021	2020
	£000	£000	£000	£000
Raw materials	173	200	-	-
Work in progress	172	198	-	-
Finished goods and goods for resale	22,404	22,593	15,041	14,583
	22,749	22,991	15,041	14,583

Stock recognised through Cost of Sales during the year amounted £80,638,000 (2020: £53,227,000)

14 Debtors

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
<i>Amounts falling due within one year</i>				
Trade debtors	12,858	13,581	10,097	9,882
Other taxation	127	47	80	-
Due from subsidiary undertakings	-	-	-	-
Deferred tax asset - foreign	223	161	-	-
Prepayments	421	337	176	169
Other debtors	1,464	988	731	232
	15,093	15,114	11,084	10,283
<i>Amounts falling due after more than one year</i>				
Due from subsidiary undertakings	-	-	2,179	1,798
	15,093	15,114	13,263	12,081

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	
	2021	2020	2021	2020
	£000	£000	£000	£000
Bank overdraft and loans	-	1,695	-	786
Trade creditors	8,735	8,698	6,978	5,909
Social security and other taxes	879	1,478	835	1,467
Other creditors and accruals	1,601	1,694	1,194	803
Due to subsidiary undertakings	-	-	33	33
Obligations under finance leases and hire purchase contracts	103	83	103	68
Corporation tax	69	195	-	164
Foreign tax	-	-	-	-
	11,387	13,843	9,143	9,230

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. The invoice financing facility is secured against trade debtors and stock.

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	
	2021	2020	2021	2020
	£000	£000	£000	£000
Obligations under finance leases and hire purchase contracts	123	119	123	88
Other creditors	90	77	-	-
	213	196	123	88

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Analysis of debt:				
Debt can be analysed as falling due:				
In one year or less, or on demand	103	1,778	103	854
Between 2 and 5 years	123	119	123	88

Notes (continued)

17 Provisions for liabilities and charges

	Deferred taxation £000	Leave pay £000	Total £000
Group			
At beginning of year	71	137	208
Charge to the Income Statement for the year	33	37	70
	<hr/>	<hr/>	<hr/>
At end of year	104	174	278
	<hr/>	<hr/>	<hr/>
			Deferred taxation £000
Company			
At beginning of year			71
Charge to the Income Statement for the year			33
			<hr/>
At end of year			104
			<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 £47,000 (2020: £nil), attributable to the difference between accumulated depreciation and capital allowances, and other timing differences

The elements of deferred taxation are as follows:

	2021 Provided £000	2020 Provided £000
Difference between accumulated depreciation and capital allowances	104	71
Other timing differences	-	-
	<hr/>	<hr/>
	104	71
	<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 £74,000 (2020: £73,000) were entered into with Noble Grossart Limited. The balance owed to Noble Grossart Limited at the year-end was £18,000 (2020: £18,000) which is noted within accruals.

Compensation paid to key management is not disclosed on the basis that key management personnel and directors are the same.

Notes *(continued)*

19 Called up share capital

	2021	2020
	£000	£000
<i>Company</i>		
<i>Allotted, called up and fully paid</i>		
332,000 ordinary shares of £1 each	332	332
	<hr/>	<hr/>

Each ordinary share carries one vote and is entitled to participate pari passu with other ordinary shares in any dividend or capital distribution.

20 Reserves

Other reserves represent a non-distributable capital reserve.

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 £80,000 in any calendar month (2020: £80,000).

22 Capital commitments

Group and company

The group and company had contracted capital commitments at the end of the year of £nil (2020: £nil).

Notes (continued)

23 Leasing commitments

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

	2021		2020	
Group	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	364	375	379	426
In the second to fifth years inclusive	1,327	312	1,230	533
Over five years	3,461	-	3,675	-
	<u>5,152</u>	<u>687</u>	<u>5,284</u>	<u>959</u>
Company	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	296	-	348
In the second to fifth years inclusive	-	240	-	482
Over five years	-	-	-	-
	<u>-</u>	<u>536</u>	<u>-</u>	<u>830</u>

The future minimum finance lease payments are as follows:

	2021 £000	2020 £000
Group		
Within one year	103	83
Between one and five years	123	119
	<u>226</u>	<u>202</u>
Company	2021 £000	2020 £000
Within one year	103	68
Between one and five years	123	88
	<u>226</u>	<u>156</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 £296,000 (2020: £283,000). 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 £167,000 (2020: £171,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

25 Financial assets and liabilities

Group and company	2021 £000	2020 £000
Financial liabilities measured at fair value through profit or loss	(3)	(25)

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.

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.

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.

Notes *(continued)*

27 Ultimate holding company

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