

DENTSPLY IH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS for the year ended **31 DECEMBER 2018**



Registered number 01480123

CONTENTS

Strategic report	1
Directors' report	3
Independent Auditors' report to the members of DENTSPLY IH Limited	6
Profit and loss account	8
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

STRATEGIC REPORT

Strategic report for the year ended 31 December 2018

The directors present their strategic report on the Company for the year ended 31 December 2018.

Introduction

The only significant change to the Company during the year was that on the 1st April 2018 the export trade to Russia ceased to be billed from Dentsply IH Limited with all sales and associated costs of this business now being undertaken by Dentsply Sirona LLC, a fellow group company incorporated in Russia.

The consideration for this transfer receivable by Dentsply IH Limited was €3.16m. The gain on disposal of discontinued operations is disclosed in note 20.

Dentsply IH Limited has an overseas branch in Ireland.

Principal risks and uncertainties

The principal risk affecting the Healthcare business is government funding with regard to the budget provided for healthcare products and the continuing reimbursement of products through the Drug Tariff.

The principal risk affecting the Dental Implant business is the performance of the economy, as dental implant treatment is generally by elective surgery. There are also increasing risks to market share due to the increase in low cost competitor implant systems.

The principal risk affecting the Dental consumables business is the risk of loss of market share due to the increase of low cost competitor products on the market.

The Company reviews and monitors the risks that the business faces as part of an ongoing risk management process.

The principal risks which are therefore considered to be material, in that they may have a significant effect on the Company's financial condition, results of operations and/or reputation, include: supply chain and delivery risks and economic and financial risks.

Supply chain and delivery risks - The Company relies on the timely supply of high quality product and interruption to this supply may adversely impact our operations and financial results.

Information on the economic and financial risks is included in the Directors' report on page 3.

Financial key performance indicators

Turnover for the business from continuing operations fell to €156m (2017: €160m) as a result of the weakening of Sterling against the Euro.

Operating Profit from continuing operations increased to €8.4m (2017: €7.2m) as a result of stronger gross margin performance and administrative expenses savings due to the weakening of Sterling against the Euro.

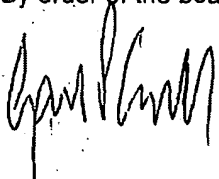
Net assets of the company increased to €47.4m (2017: 37.6m) largely due to strong operating profit in the year. This has been realised by an increase in intercompany debtor balance.

Further detail on the performance and analysis of the consolidated results for the group are included in the Annual Report for DENTSPLY SIRONA Inc., which is available on its website www.dentsplysirona.com.

However, management track growth in sales and market share as its key performance indicators, within each product area.

The Company remains committed to turnover growth and achieving market leader status in all sectors.

By order of the board



G Campbell
Director

Date:

19th DEC

2019

Brunel Way
Stonehouse
Gloucestershire
GL10 3GB

DIRECTORS' REPORT

Directors: R Winters
R Size (resigned 4 May 2018)
G Campbell (appointed 4 May 2018)
M Boehringer (appointed 4 May 2018 – resigned 12 July 2019)
E Dorff (appointed 12 July 2019)

Registered office: Brunel Way
Stonehouse
Gloucestershire
GL10 3GB

Independent auditors: PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

The Directors of DENTSPLY IH Limited submit their report together with the Audited Financial Statements of the Company for the year ended 31 December 2018.

Financial risk management

Economic and financial risks - Credit risk is managed by regular review of credit limits and adherence to credit terms. Credit control policies enable us to minimise the risk. As the Company does not have any bank borrowings, it has no significant exposure to interest rate fluctuations.

Price risk management - The Company's principal financial risks are those relating to price. The aim of the Company's financial risk management policies is to optimise financial performance by managing and mitigating these risks in a cost-effective manner.

Exchange rate risk management - The Company is exposed to exchange rate fluctuations in the course of purchasing products manufactured in many different countries.

Brexit Impact

The uncertainty around the terms of any Brexit deal provide a significant risk to the Company as the majority of products sold in the UK market are imported from Companies within the EU. In order to mitigate the level of this risk management are working on several potential Brexit scenarios including the potential for no deal and are ensuring any potential import issues are addressed in advance. In addition management have taken the decision to stock some key product lines within the UK to ensure any delays in supply do not impact the customer.

Future performance

The Company's strategy has one key priority: to grow market share at or above market growth rates for the Dental Consumables, Dental Equipment, Healthcare and Dental Implant product areas.

Whilst the Directors are committed to maintaining the profitability of the Company, investment will continue to be made in resources and headcount to enable the Company to achieve its key strategies.

Directors

The Directors who held office during the year and up to the date of signing the financial statements are presented at the head of this report.

Dividend

The Directors do not recommend the payment of a final dividend (2017: €nil). During the year, no dividend payment was made (2017: €nil).

In June 2019 a dividend was paid to the parent company of €33.0m.

Political and charitable donations

The Company made donations to UK charities amounting to €159 (2017: €844). The Company made no political donations.

Post balance sheet events

There have been no significant post balance sheet events to report.

Employees

The Company actively encourages the involvement of employees and a stated policy of the Company is to provide all members of staff with an individual training programme. The methods of involvement include regular staff meetings and intranet updates which ensures staff awareness in relation to the financial and economic factors that affect performance of the company.

The employment policy does not discriminate between employees or potential employees on the grounds of sex, colour, age, race, ethnic or national origin, marital status or religious beliefs. In the case of the disabled, the company gives full consideration to applications for employment from disabled persons who can demonstrate that they have the necessary abilities. If an employee becomes disabled whilst in employment and, as a result, was unable to perform his/her normal duties, every effort would be made to offer suitable alternative employment and assist with retraining.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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 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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- They have taken all the 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.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at a meeting of the Board of Directors.

By order of the board



G Campbell
Director

Date: 19th Dec 2019

Brunel Way
Stonehouse
Gloucestershire
GL10 3GB

Independent auditors' report to the members of Dentsply IH Limited

Report on the audit of the financial statements

Opinion

In our opinion, Dentsply IH Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2018; the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

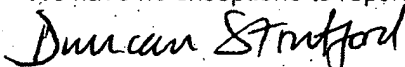
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Duncan Stratford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

Date: 19 December 2019

(All amounts in € thousands unless otherwise stated)

Profit and Loss Account

For The Year Ended 31 December

	Note	2018			Restated 2017		
		Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Turnover	5	155,942	3,292	159,234	159,643	21,037	180,680
Cost of sales		(107,648)	(524)	(108,172)	(111,572)	(13,357)	(124,929)
Gross Profit		48,294	2,768	51,062	48,071	7,680	48,071
Distribution costs		(3,899)	(74)	(3,973)	(4,338)	(503)	(4,841)
Administrative expenses		(35,969)	(2,274)	(38,243)	(36,343)	(6,282)	(42,625)
Profit on disposal of operations		-	3,160	3,160	-	-	-
Restructuring expenses		-	-	-	(237)	-	(237)
Operating Profit	6	8,426	3,580	12,006	7,153	895	8,048
Interest receivable and similar income	8	31	-	31	35	-	35
Interest payable and similar expenses	8	(2)	-	(2)	(24)	-	(24)
Profit before taxation		8,455	3,580	12,035	7,164	895	8,059
Tax on profit	9	(1,602)	(680)	(2,282)	(1,494)	(170)	(1,664)
Profit for the financial year		6,853	2,900	9,753	5,670	725	6,395

(All amounts in € thousands unless otherwise stated)

Statement of Comprehensive Income

	For The Year Ended 31 December					
	2018			2017		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Profit/(Loss) for the financial year	6,853	2,900	9,753	5,670	725	6,395
Other comprehensive income	-	-	-	20	-	20
Total comprehensive income/(expense)	6,853	2,900	9,753	5,690	725	6,415

(All amounts in € thousands unless otherwise stated)

Balance Sheet

		As at 31 December	
	Note	2018	2017
Fixed Assets			
Intangible assets	10	1,340	1,393
Tangible assets	11	1,688	1,934
Total Fixed Assets		3,028	3,327
Current assets			
Inventories	12	5,493	4,265
Debtors (including €nil (2017: €203k) due after one year)	13	143,224	127,569
Cash at bank and in hand		5,240	6,988
Total Current Assets		153,957	138,822
Creditors – amounts falling due within one year	14	(109,465)	(104,382)
Net current assets		44,492	34,440
Total assets less current liabilities		47,520	37,767
Net assets		47,520	37,767
Capital and reserves			
Called up share capital	17	136	136
Retained earnings		47,384	37,631
Total equity		47,520	37,767

The notes on pages 11 to 27 are an integral part of these Financial Statements.

The Financial Statements on pages 8 to 27 were authorised for issue by the Board of Directors on 19 December 2018 and were signed on its behalf by


G Campbell
Director

DENTSPLY IH Limited registered number: 01480123

(All amounts in € thousands unless otherwise stated)

Statement of Changes in Equity
For the year ended 31 December 2018

	Called up Share Capital	Retained Earnings	Total
Balance as at 1 January 2017	136	31,216	31,352
Translation adjustment	-	20	20
Loss for the financial year	-	6,395	6,395
Balance as at 31 December 2017	136	37,631	37,767
Balance as at 1 January 2018	136	37,631	37,767
Translation adjustment	-	-	-
Profit for the financial year	-	9,753	9,753
Balance as at 31 December 2018	136	47,384	47,384

Notes to the Financial Statements

1. General Information

DENTSPLY IH Limited sells and distributes medical devices and consumables to hospitals, the community and the dental profession. The Company sells its products in the UK and Ireland as well as Europe and the Rest of the World.

The Company is a private Company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of its registered office is Brunel Way, Stonehouse, Gloucestershire, GL10 3GB.

2. Statement of Compliance

The individual Financial Statements of DENTSPLY IH Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these Financial Statements.

(a) Basis of Preparation

These Financial Statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of Financial Statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 4.

(b) Going Concern

The Directors believe that the Company has sufficient financial resources and is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

(c) Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a Statement of Cash Flows, on the basis that it is a qualifying entity and its ultimate parent Company

DENTSPLY SIRONA Inc., includes the Company's cash flows in its own Consolidated Financial Statements. The Consolidated Financial Statements of Dentsply Sirona Inc., within which this Company is included, can be obtained from the address given in note 22.

(d) Foreign Currency

(i) Functional and Presentation Currency

The Company's functional and presentation currency is the Euro.

The 2018 Euro to GBP rates were 1.11270 for the Balance Sheet and 1.12999 for the Profit and Loss.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates, provided by the DENTSPLY Treasury Department, at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(e) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied, net of returns, discounts and rebates allowed by the Company and Value Added Taxes.

The Company bases its estimate of returns provision on historical results, taking into consideration previous values of returns.

The Company recognises revenue when (a) the significant risks of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Company's sales channels have been met, as described below.

(i) Sale of Goods – Wholesale – Medical

The Company sells and distributes medical devices in the Wholesale Market under various INCO terms. Sale of goods is recognised when the risks of ownership have transferred to the buyer according to the respective INCO terms.

(ii) Sale of Goods – Wholesale – Dental Materials and Equipment

The Company sells and distributes dental materials and equipment in the Wholesale Market. Sales of goods are sold under INCO Terms consistent with recognising the sale on transfer of goods to the courier.

(iii) Sale of Goods – End User

The Company sells prescription items to End Users through its Select Home Delivery Service. Sales of goods are recognised on delivery to the End User when the Company has objective evidence that all criteria for acceptance have been satisfied.

(iv) Sale of Goods – Hospitals and Dentists

The Company sells its medical devices to Hospitals and Dentists. Sales of goods are recognised on sale to the customer, which is considered the point of delivery.

Sales of Dental products to Hospitals and Dentists are made with a right to return for full credit within 30 days, subject to certain conditions regarding the usage. Accumulated experience is used to estimate and provide for such returns.

Sales are normally made with a credit term of 60 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

(f) Exceptional Items

The Company classifies certain one-off charges or credits that have a material impact on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

(i) Restructuring Costs

The Profit and Loss Account includes €nil (2017: €237k) for restructuring costs, including redundancy costs and legal and professional fees, related to the integration of all Dentsply IH Limited UK businesses into one location – see note 6.

(g) Employee Benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements, insured benefits, long-service benefits and defined contribution pension plans.

(i) Short Term Benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined Contribution Pension Plans

The Company operates a Defined Contribution Plan for its employees. A Defined Contribution Plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

(iii) Annual Bonus Plan and Quarterly/Annual Sales Incentive Scheme

The Company operates a combination of Quarterly/Annual Sales Incentive Plan for Sales Employees and an Annual Bonus Plan for all other employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made. Amounts not paid are shown in accruals in the Balance Sheet.

(h) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current Tax

Current tax is the amount of Income Tax payable in respect of the taxable profit for the year. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred Tax

Deferred Tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the Financial Statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in Financial Statements.

Deferred Tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

(i) Intangible Assets

Goodwill arising from the acquisition of Friadent in October 2012, is stated at cost less accumulated amortisation and assessed for accumulated impairment losses. Goodwill is amortised over its estimated useful life of 20 years, on a straight line basis.

Historic Goodwill which was part of the Dentsply Limited business is attributed to the net assets acquired in connection with the acquisition of businesses in 1985 and 1992. Until 31st December 2004 this goodwill was being amortised over 31 years. As of 1st January 2005 this goodwill is now subject to annual review with any impairment in carrying value being charged through the profit and loss.

At each Balance Sheet date Non-Financial Assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation.

(j) Tangible Assets

Tangible Assets are stated at cost less accumulated depreciation and accumulated impairment losses.

(i) Plant and machinery and fixtures, fittings, tools and equipment

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(ii) Depreciation and residual values

Depreciation is calculated, using the straight line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

Short Leasehold improvements	-	life of lease
Plant and Machinery	-	3 to 12 years
Fixtures, Fittings, Tools and Equipment	-	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(iii) Derecognition

Tangible Assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'. There were no reported other operating (losses)/gains in 2018.

(k) Leased Assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating Leased Assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Profit and Loss Account on a straight-line basis over the period of the lease.

(l) Inventories

Inventories are stated at the lower of cost and estimated selling price.

Cost is determined using the most recent purchase price. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period, Inventories are assessed for impairment. If an item of inventory is impaired, the identified Inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the Profit and Loss Account. Where a reversal of the impairment is recognised, the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Profit and Loss Account.

(m) Cash and Cash Equivalents

Cash and Cash Equivalents include cash in hand.

(n) Provisions and Contingencies

(i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular, restructuring provisions are recognised when the Company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(o) Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of Financial Instruments.

(i) Financial Assets

Basic Financial Assets, including Trade and Other Receivables and Cash and Bank Balances are recognised at transaction price.

Financial Assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party.

(ii) Financial Liabilities

Basic Financial Liabilities, including Trade and Other Payables are initially recognised at transaction price.

Trade Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts Payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade Payables are recognised at transaction price.

Financial Liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(p) Called up Share Capital

Ordinary Shares are classified as equity.

(q) Related Party Transactions

The Company does not disclose transactions with members of the same Group that are wholly owned. It does not have any transactions with related parties which are not wholly owned with the same Group.

(r) Business Combinations

Acquisition of companies or trade and assets from within our ultimate parent company's group of companies are accounted for by acquiring the assets and liabilities at their book value at the point of transfer.

(s) Restatement to prior year

In the prior year financial statements the Russian business was not treated as a discontinued operation. The only restatement to the comparatives in 2018 financial statements is to show the split of this business in the income statement as discontinued operations.

4. Critical Accounting Judgements and Estimation Uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of Assets and Liabilities within the next Financial Year are addressed below.

(i) Useful Economic Lives of Tangible Assets

The annual depreciation charge for Tangible Assets is sensitive to changes in the useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 3j(ii) for the useful economic lives for each class of Assets.

(ii) Useful Economic Lives of Intangible Assets

The annual amortisation charge for Intangible Assets is based on best estimate of the useful economic life of the intangible asset at acquisition. An annual impairment review is performed on all intangible assets and any impairment in the value of the asset recognised immediately in the Profit and Loss account and the useful economic life of the asset adjusted accordingly.

(iii) Inventory Provisioning

The Company's medical devices and some dental consumable products have expiry dates. As a result, it is necessary to review expiry dates and create an appropriate provision for those devices with expiry dates of less than 12 months. The Company's medical devices are also subject to changing demands and occasionally the Company has excess Inventory. As a result, it is necessary to review Inventory turnover and create an appropriate provision for those devices with more than 2 years Inventory. See note 12 for the net carrying amount of the Inventory and associated provision.

(iv) Impairment of Debtors

The Company makes an estimate of the recoverable value of Trade and Other Debtors. When assessing impairment of Trade and Other Debtors, Management considers the ageing of the Debtors and creates a provision for any Debtors more than 90 days overdue. See note 13 for the net carrying amount of the Debtors and associated impairment provision.

(All amounts in € thousands unless otherwise stated)

5. Turnover

Analysis of Turnover by Geography:

	2018	2017
United Kingdom	89,192	95,678
Rest of Europe	21,292	15,008
Rest of the world	48,750	69,994
Total Turnover	159,234	180,680

All turnover relates to sale of goods and associated distribution charges.

6. Operating Profit

Operating Profit is stated after charging:

	Note	2018	2017
Wages and Salaries		15,168	17,680
Social Security Costs		1,702	1,899
Other Pension Costs	7	1,942	1,839
Staff Costs		18,812	21,418
Restructuring Expenses		-	237
Loss on disposal of Tangible Assets		-	2
Impairment of Trade Receivables		860	220
Impairment of Inventory (included in 'cost of sales')		155	463
Operating Lease Charges		1,617	2,662
Audit Fees Payable		52	80
Depreciation Charge		398	409
Amortisation Charge		53	53
Gain on sale of discontinued operations		3,160	-

Reorganisation Expense arose in 2017 following a decision by the Company to relocate many of the key functions of the business, either to its other premises in the UK, or to an outsourced facility overseas. See Note 15.

(All amounts in € thousands unless otherwise stated)

7. Employees and Directors

Employees

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2018	2017
	No.	No.
By activity		
Selling and Distribution	219	203
Administration	51	54
Total	270	257

Directors

The remuneration of the Directors is borne by an associate group Company and no allocation of their costs is directly borne by DENTSPLY IH Limited.

The Directors did not receive any emoluments in respect of their service to the company (2017: nil).

Defined Contribution Scheme

The Company contributes to a Group Self Invested Pension Plan and a Group Personal Pension Plan, which are Defined Contribution Schemes. The pension expense attributable to these schemes amounted to €1,942k (2017: €1,839k).

8. Net Interest Income

(a) Interest receivable and similar income

	2018	2017
Bank interest received	3	-
Interest receivable from Group Companies	28	35
Total Interest Receivable and Similar Income	31	35

(b) Interest payable and similar expenses

	2018	2017
Bank interest payable	2	24
Interest payable on VAT underpayment	-	-
Total interest payable and similar expenses	2	24

(All amounts in € thousands unless otherwise stated)

(c) Net interest income

	2018	2017
Interest receivable and similar income	31	35
Interest payable and similar charges	(2)	(24)
Net interest income	29	11

9. Tax on profit

(a) Tax Expense included in Profit or Loss

	2018	2017
Current tax:		
UK Corporation tax on profits for the year	2,504	1,555
Adjustment in respect of prior years	(21)	205
Total current tax	2,483	1,760
Deferred tax:		
Origination and reversal of timing differences	(201)	(96)
Total deferred tax	(201)	(96)
Tax on profit	2,282	1,664
Income tax expense attributable to:		
Profit from continuing operations	1,602	1,494
Profit from discontinued operations	680	170
Tax on profit	2,282	1,664

(All amounts in € thousands unless otherwise stated)

(b) Reconciliation of Tax Charge

The tax assessed for the year is higher (2017: lower) than the standard rate of Corporation Tax in the UK for the Year Ended 31 December 2018 of 19.00% (2017: 19.25%). The differences are explained below.

	2018	2017
Profit from continuing operations before income tax expense	8,455	7,164
Profit from discontinued operations before income tax expense	3,580	895
Profit before taxation	12,035	8,059
Profit multiplied by the standard rate of tax in the UK of 19.00% (2017: 19.25%)	2,287	1,551
Effects of:		
Expenses not deductible for tax purposes	100	72
Depreciation for the year in excess of capital allowances/other timing differences	117	(68)
Adjustments in respect of prior years	(21)	205
Current tax charge for the year	2,483	1,760
Deferred tax on origination and reversal of timing differences	(201)	(96)
Tax on profit	2,282	1,664

(c) Tax Rate Changes

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation Tax rate which decreased from 20% to 19% from 1 April 2017.

A change to the UK corporation tax rate was included in the Finance Bill 2016. These changes will reduce the main rate from 19% to 17% from 1 April 2020 and were substantively enacted on 6 September 2016.

(All amounts in € thousands unless otherwise stated)

10. Intangible assets

	Computer Software	Goodwill	Licences	Total
At 31 December 2017				
Cost	170	2,671	18	2,859
Accumulated amortisation and impairment	(164)	(1,286)	(16)	(1,466)
Net book amount	6	1,385	2	1,393
Year Ended 31 December 2018				
Opening net book amount	6	1,385	2	1,393
Additions	-	-	-	-
Transfer between entities	-	-	-	-
Amortisation	-	(53)	-	(53)
Closing net book amount	6	1,332	2	1,340
At 31 December 2018				
Cost	170	2,671	18	2,859
Accumulated amortisation and impairment	(164)	(1,339)	(16)	(1,519)
Net book amount	6	1,332	2	1,340

(All amounts in € thousands unless otherwise stated)

11. Tangible Assets

	Short Leasehold Improvements	Plant and Machinery	Fixtures, Fittings, Tools and Equipment	Total
At 31 December 2017				
Cost	1,543	10,403	933	12,879
Accumulated depreciation and impairment	(866)	(9,196)	(883)	(10,945)
Net book amount	677	1,207	50	1,934
Year ended 31 December 2018				
Opening net book amount	677	1,207	50	1,934
Additions	92	57	3	152
Transfer between entities	-	-	-	-
Reclassification between asset type	-	(2)	2	-
Disposals	-	-	-	-
Depreciation	(109)	(263)	(26)	(398)
Closing net book amount	660	999	29	1,688
At 31 December 2018				
Cost	1,635	10,561	822	13,018
Accumulated depreciation and impairment	(975)	(9,562)	(793)	(11,330)
Net book amount	660	999	29	1,688

12. Inventories

	2018	2017
Finished goods and goods for resale	5,493	4,265

Inventories are stated after provisions for impairment of €220k (2017: €246k).

The cost of inventories recognised as an expense during the year amounted to €108.5m (2017: €126.6m). These were included in cost of sales for continuing operations and for discontinued operations in Note 20.

13. Debtors

	2018	2017
Trade debtors	36,000	43,646
Amounts owed by group undertakings	105,815	82,109
Deferred tax asset	-	499
Corporation tax debtor	-	-
Prepayments and accrued income	1,409	1,315
	143,224	127,569

(All amounts in € thousands unless otherwise stated)

Trade Debtors includes €nil (2017: €203k) falling due after more than one year. Prepayments includes €nil (2017: nil) falling due after more than one year.

Included within amounts owed by group undertakings are deposits held in sub-accounts that are part of a group pooling system. As a consequence, to the extent that other group companies have withdrawn amounts from the group pooling system, such amounts represent a receivable from the group. Amounts owed by group undertakings are unsecured and are repayable on demand. Interest is payable quarterly in arrears at a rate of 25% below the GBP LIBOR interest rate.

Trade Debtors are stated after provisions for impairment of €1,308k (2017: €414k).

14. Creditors: amounts falling due within one year

	2018	2017
Trade creditors	7,557	6,254
Amounts owed to group undertakings	88,391	83,094
Corporation tax	2,595	1,329
Deferred tax liability	810	259
Other taxation and social security	601	595
Accruals and deferred income	9,511	12,851
	109,465	104,382

Amounts owed to group undertakings are unsecured, interest free and repayable on 20th January 2019.

15. Provisions for Other Liabilities

The Company had the following provisions during the year:

	Reorganisation Provision
At 1 January 2018	28
Amounts released	-
Amounts utilised	-
At 31 December 2018	28

Reorganisation

An integration of all DENTSPLY UK businesses into one business was announced in March 2015. The new organisation was put into place on 1 January 2016. The provision for redundancy costs is expected to be fully utilised by December 2020.

(All amounts in € thousands unless otherwise stated)

16. Financial Instruments

The Company has the following Financial Instruments:

	Note	2018	2017
Financial assets that are debt instruments measured at amortised cost			
- Trade Debtors	13	36,000	43,646
- Amounts owed by Group Undertakings	13	105,815	82,109
		141,915	125,755
Financial liabilities measured at amortised cost			
- Trade Creditors	14	7,557	6,254
- Amounts owed to Group Undertakings	14	88,391	83,094
		95,948	89,348

The Company has no interest rate derivative financial instruments (2017: none).

17. Called up share capital

Ordinary Shares of £1 each

Called up share capital	Amount	€
At 1 January 2018	100	136
Issued during the year	-	-
At 31 December 2018	100	136

18. Capital and Other Commitments

At 31 December, the Company had the following operating lease commitments:

	2018	2017
Payments Due		
Not later than one year	1,813	1,548
Later than one year and not later than five years	4,182	3,657
Later than five years	-	68
	5,995	5,273

(All amounts in € thousands unless otherwise stated)

19. Deferred Taxation

	2018
Net deferred tax asset/(liability) at 1 January 2018	240
Charged to the profit and loss	201
Reclassified from other creditors	(1,251)
Net deferred tax asset/(liability) at 31 December 2018	(810)
	2018
Accelerated capital allowances	(69)
Short term timing differences	(741)
Net deferred tax asset/(liability) at 31 December 2018	(810)

20. Discontinued Operations

On 1st April 2018 Dentsply IH Limited transferred the customers and trade it had in Russia to a fellow group entity, Dentsply Sirona LLC, registered in Russia.

No assets or liabilities were transferred as part of this transaction.

The consideration for this transfer receivable by Dentsply IH Limited was €3.16m. This will be settled in 2019.

21. Related Party Transactions

The Company is exempt from disclosing Related Party Transactions as they are with other Companies that are wholly owned within the Group. There were no transactions with Directors.

22. Controlling Parties

The ultimate Parent Undertaking and the largest Group to consolidate these Financial Statements is DENTSPLY SIRONA Inc. Copies of the DENTSPLY SIRONA Inc. consolidated Financial Statements can be obtained from DENTSPLY SIRONA Inc., Susquehanna Commerce Centre, 221 West Philadelphia Street, PO Box 872, York PA 17405-0872, USA.

On 31st May 2019 Dentsply Europe Sarl. distributed its shares in Dentsply IH Ltd. to Dentsply Dental Sarl. who then on the same date distributed its shares in Dentsply IH Ltd to Dentsply US Inc.

23. Events after the end of the Reporting Year

There have been no significant events to report after the balance sheet date.