DENTSPLY IH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 DECEMBER 2015

Registered number 01480123

CONTENTS

STRATEGIC REPORT

Strategic report for the year ended 31 December 2015

The directors present their strategic report on the Company for the year ended 31 December 2015.

Review of the business

There have not been any significant changes to the business of the Company in the year under review.

The principal risk affecting the Healthcare business is the political situation 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 business is the state 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 Company reviews and monitors the risks that face the business 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.

Reporting and measuring performance

Measurements at a legal entity level are not relevant indicators of the individual business sectors, which are measured at product area level within the business and are therefore not detailed here. Further detail on the performance and analysis of the consolidated results for the group are included in the Annual Report for DENTSPLY International Inc., which is available on its website.

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.

Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. This had no material impact on the Company's financial position or performance.

By order of the board

R Winters
Director
28th September 2016

Brunel Way
Stonehouse
Gloucestershire
GL10 3GB

DIRECTORS' REPORT

Directors:	R Winters J Mosch C Clark	Registered office:	Brunel Way Stonehouse Gloucestershire GL10 3GB
Co. Secretary:	P Trotman	Independent auditors:	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR

The Directors of DENTSPLY IH Limited submit their report together with the Financial Statements of the Company for the year ended 31 December 2015.

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 does not have any significant exposure to exchange rate fluctuations as it is invoiced in GB pounds for the majority of its purchased products.

Future performance

The Company's strategy has one key priority: to grow market share at or above market growth rates for both the 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 (2014: £nil). During the year, no dividend payment was made (2014: £nil).

Political and charitable donations

The Company made donations to UK charities amounting to £600 (2014: £1,595). The Company made no political donations.

Post balance sheet events

An announcement in March 2015 was made to the employees of DENTSPLY IH Limited, that following a strategic review by the global DENTSPLY business, it was proposed to integrate all DENTSPLY businesses in the UK into one location. It was also proposed to create one legal entity (currently two) and to outsource its shared service function.

Following consultation with the employees, the proposals were confirmed with some amendments. These proposals were implemented on 1st January 2016.

Costs associated with this matter were recognised in the financial statements for the year ended 31 December 2015. Any costs incurred have been recognised at the point the obligation occurred including severance payments, relocation, travel & legal costs, see note 6. With the reorganisation the Company will be in a position to achieve synergies, in order to benefit the customers and create a more effective operating model for investing in the future business.

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.

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 Strategic Report, 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 prepared the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 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 United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of the Financial Statements; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of 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 as defined by Section 418 of the Companies Act 2006 of which the Company's auditors are unaware; and
- each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information, and 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

R Winters
Director
28th September 2016

Brunel Way
Stonehouse
Gloucestershire
GL10 3GB

Independent auditors' report to the members of Dentsply IH Limited

Report on the financial statements

Our opinion

In our opinion, Dentsply IH Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2015;
- the Profit and Loss Account and Statement of Comprehensive Income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information..

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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 and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Duncan Stratford

Duncan Stratford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
30 September 2016

(All amounts in £ thousands unless otherwise stated)

Profit and Loss Account

	Note	Year Ended 31 December 2015	2014
Turnover		**54,025**	53,166
Cost of sales		**(40,541)**	(37,398)
Gross Profit		**13,484**	15,768
Distribution costs		**(1,057)**	(1,062)
Administrative expenses		**(8,993)**	(9,187)
Operating Profit	6	**3,434**	5,519
Profit on ordinary activities before interest and taxation		**3,434**	5,519
Interest receivable and similar income	8	**64**	43
Interest payable and similar charges	8	**(1)**	-
Profit on ordinary activities before taxation		**3,497**	5,562
Tax on profit on ordinary activities	9	**(750)**	(1,229)
Profit for the financial year		**2,747**	4,333

Statement of Comprehensive Income

	Note	Year Ended 31 December 2015	2014
Profit for the financial year		**2,747**	4,333
Other comprehensive income		**-**	-
Total comprehensive income for the year		**2,747**	4,333

(All amounts in £ thousands unless otherwise stated)

Balance Sheet

	Note	As at 31 December 2015	2014
Fixed Assets			
Intangible assets	10	**654**	704
Tangible assets	11	**192**	341
		846	1,045
Current assets			
Inventories	12	**2,231**	1,890
Debtors (including £75,069 (2014 £140,862) due after one year)	13	**33,136**	26,380
Cash at bank and in hand		**309**	1,311
		35,676	29,581
Creditors – amounts falling due within one year	14	**(13,222)**	(10,073)
Net current assets		**22,454**	19,508
Total assets less current liabilities		**23,300**	20,553
Net assets		**23,300**	20,553
Capital and reserves			
Called-up share capital	18	**100**	100
Retained earnings		**23,200**	20,453
Total equity		**23,300**	20,553

The notes on pages 11 to 24 are an integral part of these Financial Statements.

The Financial Statements on pages 8 to 24 were authorised for issue by the Board of Directors on 28th September 2016 and were signed on its behalf by

R Winters
Director

DENTSPLY IH Limited registered number: 01480123

(All amounts in £ thousands unless otherwise stated)

Statement of changes in equity

	Called-up Share Capital	Retained Earnings	Total
Balance as at 1 January 2014	100	16,120	16,220
Profit for the year		4,333	4,333
Balance as at 31 December 2014	100	20,453	20,553
Balance as at 1 January 2015	100	20,453	20,553
Profit for the year		2,747	2,747
Balance as at 31 December 2015	100	23,200	23,300

(All amounts in £ thousands unless otherwise stated)

Notes to the Financial Statements

1. General Information

DENTSPLY IH Ltd sells and distributes medical devices to hospitals, the community and the dental profession. The Company sells its products to the UK and Ireland.

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

2. Statement of Compliance

The individual Financial Statements of DENTSPLY IH Ltd 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. Details of the transition to FRS 102 are disclosed in note 22.

(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 International Inc., includes the Company's cash flows in its own Consolidated Financial Statements. The Consolidated Financial Statements of Dentsply International Inc., within which this Company is included, can be obtained from the address given in note 20.

(All amounts in £ thousands unless otherwise stated)

(d) Foreign Currency

(i) Functional and Presentation Currency

The Company's functional and presentation currency is the Pound Sterling.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates, given 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 on historical results, taking into consideration previous values of returns in the first few days of the following month.

The Company recognises revenue when (a) the significant risks and rewards 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

The Company sells and distributes medical devices in the Wholesale Market. Sales of goods are recognised on delivery to the Wholesaler, when the Wholesaler has full discretion over the channel and price to sell the product and there is no unfulfilled obligation that could affect the Wholesaler's acceptance of the product. Delivery occurs when the goods have been shipped to the location specified by the Wholesaler, the risks of obsolescence or loss have been transferred to the Wholesaler, the Wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied.

Sales are normally made with a credit term of month plus 30 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

(ii) 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.

(All amounts in £ thousands unless otherwise stated)

(iii) 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 month plus 30 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 £615k for restructuring costs, including redundancy costs and legal and professional fees, related to the integration of all DENTSPLY 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 Sales Incentive Scheme

The Company operates a Quarterly 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.

(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 or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(All amounts in £ thousands unless otherwise stated)

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 accumulated impairment losses. Goodwill is amortised over its estimated useful life of 20 years, on a straight line basis.

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 that 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 10 years
Computer equipment	-	3 to 5 years
Office fixtures and fittings	-	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'.

(All amounts in £ thousands unless otherwise stated)

(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 priceless 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.

(All amounts in £ thousands unless otherwise stated)

(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) 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.

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.

(All amounts in £ thousands unless otherwise stated)

(ii) Inventory Provisioning

The Company's medical devices 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.

(iii) 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 mount of the Debtors and associated impairment provision.

5. Turnover

Analysis of Turnover by Geography:

	2015	2014
United Kingdom	**53,272**	52,231
Rest of Europe	**753**	935
	54,025	53,166

All turnover relates to sale of goods.

6. Operating Profit

Operating Profit is stated after charging:

	Note	2015	2014
Wages and Salaries		**4,714**	4,429
Social Security Costs		**479**	438
Other Pension Costs	7	**466**	485
Staff Costs		**5,659**	5,352
Reorganisation Expenses	15	**615**	-
Loss on disposal of Tangible Assets		**44**	10
Impairment of Trade Receivables		**(3)**	19
Impairment of Inventory (included in 'cost of sales')		**4**	(2)
Operating Lease Charges		**637**	636
Foreign Exchange Losses on Trade Receivables		**9**	10
Audit Fees Payable to the Company's Auditor		**30**	30
Depreciation Charge		**198**	217
Amortisation Charge		**49**	39

(All amounts in £ thousands unless otherwise stated)

Reorganisation Expense arose 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.

7. Employees and Directors

Employees

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

	2015	2014
By activity	No.	No.
Selling and Distribution	103	104
Administration	17	18
	120	122

Directors

The remuneration of the Directors is borne by a fellow subsidiary Company and no allocation of their costs is directly borne by DENTSPLY IH Limited.

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 £466k (2014: £485k).

8. Net Interest Expense

(a) Interest receivable and similar income

	Note	2015	2014
Bank interest received		8	7
Interest receivable from Group Companies		56	36
Total Interest Receivable and Similar Income		64	43

(b) Interest payable and similar charges

	Note	2015	2014
Interest payable on VAT underpayment		(1)	-
Total interest payable and similar charges		(1)	-

(All amounts in £ thousands unless otherwise stated)

(c) Net interest expense

	Note	2015	2014
Interest receivable and similar income		**64**	43
Interest payable and similar charges		**(1)**	-
Net interest expense		**63**	43

9. Income Tax

(a) Tax Expense included in Profit or Loss

	2015	2014
Current tax:		
UK Corporation tax on profits for the year	**753**	1,251
Adjustment in respect of prior years	**(23)**	(6)
Total current tax	**730**	1,245
Deferred tax:		
Origination and reversal of timing differences	**20**	(16)
Total deferred tax	**20**	(16)
Tax on profit on ordinary activities	**750**	1,229

(b) Reconciliation of Tax Charge

The tax assessed for the period is higher (2014: higher) than the standard rate of Corporation Tax in the UK for the Year Ended 31 December 2015 of 20.25% (2014: 21.5%). The differences are explained below.

	2015	2014
Profit on ordinary activities before tax	**3,497**	5,562
Profit multiplied by the standard rate of tax in the UK of 20.25% (2014: 21.5%)	**708**	1,196
Effects of:		
Expenses not deductible for tax purposes	**32**	41
Depreciation for the year in excess of capital allowances/other timing differences	**13**	14
Adjustments to tax charge in respect of prior years	**(23)**	(6)
Current tax charge for the year	**730**	1,245
Deferred tax on origination and reversal of timing differences	**20**	(16)
Tax on profit on ordinary activities	**750**	1,229

(All amounts in £ thousands unless otherwise stated)

(c) Tax Rate Changes

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation Tax rate which decreased from 21% to 20% from 1 April 2015.

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK Corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. The overall effect of that change, if it had been applied to the deferred tax balance at the balance sheet date would be to reduce the deferred tax asset by an additional £3,072.

10. Intangible fixed assets

	Computer Software	Goodwill	Total
At 31 December 2014			
Cost	124	776	900
Accumulated amortisation and impairment	(119)	(77)	(196)
Net book amount	5	699	704
Year Ended 31 December 2015			
Opening net book amount	5	699	704
Additions	1	-	1
Amortisation	(2)	(49)	(51)
Closing net book amount	**4**	**650**	**654**
At 31 December 2015			
Cost	125	776	901
Accumulated amortisation and impairment	(121)	(126)	(247)
Net book amount	**4**	**650**	**654**

(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 2014				
Cost	296	27	945	**1,268**
Accumulated depreciation and impairment	(213)	(27)	(687)	**(927)**
Net book amount	83	-	258	**341**
Year ended 31 December 2015				
Opening net book amount	83	-	258	**341**
Additions	3	2	86	**91**
Disposals	-	-	(44)	**(44)**
Depreciation	(45)	-	(151)	**(196)**
Closing net book amount	41	2	149	**192**
At 31 December 2015				
Cost	299	29	730	**1,058**
Accumulated depreciation and impairment	(258)	(27)	(581)	**(866)**
Net book amount	**41**	**2**	**149**	**192**

12. Inventories

	2015	2014
Finished goods and goods for resale	**2,231**	1,890
	2,231	1,890

Inventories are stated after provisions for impairment of £10,608 (2014: £6,464).

13. Debtors

	2015	2014
Trade debtors	**7,946**	8,277
Amounts owed by group undertakings	**24,444**	17,555
Other receivables	**308**	10
Prepayments and accrued income	**394**	473
Deferred tax asset	**44**	65
	33,136	26,380

(All amounts in £ thousands unless otherwise stated)

Trade Debtors includes £0 (2014: £87) falling due after more than one year. Prepayments includes £75,069 (2014: £140,862) 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 £31,408 (2014: £34,276).

14. Creditors: amounts falling due within one year

	2015	2014
Trade creditors	**341**	239
Amounts owed to group undertakings	**10,111**	6,840
Corporation tax	**-**	571
Other taxation and social security	**1,781**	1,807
Accruals and deferred income	**989**	616
	13,222	10,073

Amounts owed to group undertakings are unsecured, interest free and repayable on 20th January 2016.

15. Provisions for Other Liabilities

The Company had the following provisions during the year:

	Reorganisation Provision
At 1 January 2015	-
Additions dealt with in profit or loss	615
Amounts utilised	(175)
At 31 December 2015	**440**

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 2016.

(All amounts in £ thousands unless otherwise stated)

16. Financial Instruments

The Company has the following Financial Instruments:

	Note	2015	2014
Financial assets at fair value through profit or loss		-	-
Financial assets that are debt instruments measured at amortised cost			
- Trade Receivables	13	7,946	8,277
- Amounts owed by Group Undertakings	13	24,444	17,555
- Other Receivables	13	271	10
		32,661	25,842
Financial assets that are equity instruments measured at cost less impairment		-	-
Financial liabilities measured at fair value through profit or loss		-	-
Financial liabilities measured at amortised cost			
- Trade Creditors	14	341	239
- Amounts owed to Group Undertakings	14	8,024	6,840
		8,365	7,079

The Company has no interest rate derivative financial instruments (2014: none).

17. Share capital

Ordinary Shares of £1 each

	2015	2014
Allotted and fully paid	**No.**	£
At 1 January	**100**	100
Issued during the year	-	-
At 31 December	**100**	100

(All amounts in £ thousands unless otherwise stated)

18. Capital and Other Commitments

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

Payments Due	2015	2014
Not later than one year	**532**	565
Later than one year and not later than five years	**806**	534
Later than five years	**116**	-
	1,454	1,099

19. 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.

20. Controlling Parties

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

21. Events after the end of the Reporting Period

An announcement in March 2015 was made to the employees of DENTSPLY IH Limited, that following a strategic review by the global DENTSPLY business, it was proposed to integrate all DENTSPLY businesses in the UK into one location. It was also proposed to operate from one legal entity (currently two) and to outsource its shared service function.

Following consultation with the employees, the proposals were confirmed with some amendments. During 2015, some of these outcomes were implemented and the legal entity chosen for the integrated business from 1st January 2016 was DENTSPLY IH Limited.

22. Transition to FRS 102

This is the first year that the Company has presented its results under FRS 102. The last Financial Statements under the UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014.

Computer software has been reclassified from tangible to intangible assets as required under FRS 102. This has no effect on the Group's net assets nor on the profit for the year, except that the previous depreciation charge in now described as amortisation.

There are no changes to the profit or equity under FRS 102.