

**SUTHERLAND HEALTH GROUP PLC**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

## SUTHERLAND HEALTH GROUP PLC

### COMPANY INFORMATION

<b>DIRECTORS</b>	F J French F H Robertson (resigned 30 April 2011) S Sukumaran G M Sutherland S Coke
<b>COMPANY SECRETARY</b>	S Coke
<b>COMPANY NUMBER</b>	05255086
<b>REGISTERED OFFICE</b>	Unit 1 Rivermead Pipers Way Thatcham Berkshire RG19 4EP
<b>AUDITORS</b>	James Cowper LLP Chartered Accountants and Statutory Auditor 3 Wesley Gate Queen's Road Reading Berkshire RG1 4AP
<b>BANKERS</b>	Clydesdale Bank PLC Renaissance House Basing View Basingstoke RG21 4EQ
<b>SOLICITORS</b>	Irwin Mitchell LLP 40 Holborn Viaduct London EC1N 2PZ
<b>REGISTRARS</b>	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA

# SUTHERLAND HEALTH GROUP PLC

## CONTENTS

	Page
<b>Chairman's Statement</b>	1 - 2
<b>Directors' Report</b>	3 - 6
<b>Independent Auditors' Report</b>	7 - 8
<b>Consolidated Profit and Loss Account</b>	9
<b>Consolidated Balance Sheet</b>	10
<b>Company Balance Sheet</b>	11
<b>Consolidated Cash Flow Statement</b>	12
<b>Notes to the Financial Statements</b>	13 - 27
The following pages do not form part of the statutory financial statements:	
<b>Company Detailed Profit and Loss Account and Summaries</b>	28 - 30

## SUTHERLAND HEALTH GROUP PLC

### CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

The chairman presents his statement for the period.

Dear Shareholder,

Whilst the markets have been in very choppy waters with many companies finding trading particularly difficult at this present time, I am delighted to report to you that the Company has seen a significant growth in sales and a return to profitability.

#### Highlights

- Sales increased by 24% to £910,548
- Gross profit increased by 16% to £455,317
- Operating Profit £48,984 (2011: loss £41,753)
- Profit of £25,086 (2011: loss of £60,024)
- Gross margin 50.0% (2011: 53.5%)
- Overheads reduced by 6.5% to £416,972
- Reduced dependency on NHS Contracts
- Increased distribution including 13 new Wholesalers
- 22 products stocked by Amazon.co.uk

The company has generally seen consistent annual turnover growth with the exception of the year to 31 March 2011. So it is my pleasure to report to you that we are back in a growth phase having extended our distribution outside of the NHS and having increased the number of products that we now market.

It has been very much a key strategy to improve the distribution of our products outside of the NHS whilst maintaining a strong on-going relationship with them. It has been very pleasing to see that we are starting to see the benefits impact on our turnover and profitability. The company has in the period under review increased its business with key wholesalers who supply GP's; Hospitals; Pharmacies and Care Homes. This has also enabled our products to be introduced to new sectors other than the hospitals which have been the core trade sector that the Company supplies.

Our announcement during the year that we have 22 products listed with the major internet retailer Amazon.co.uk is further evidence of the distribution strategy clearly working. We have since launching with Amazon on the 1st August 2011 seen a steady climb in our monthly sales that bodes well for our future prospects with this important retailer.

The company has quality assurance as one of its key drivers and so continues to manufacture (where possible) most of its products in the United Kingdom to ensure that our customers have a sustainable supply of high quality products that represent excellent value for money. We are continuing our focus on customer service and have made significant inroads into improving our supply chain by better management of our purchasing and logistics that are already showing signs of improving our profitability too.

The management team continue to keep costs under tight control and this year we have seen a further reduction in overall overheads despite having borne the development costs for a number of new products such as the babskin range of baby products.

By broadening the company's product range it is enabling us to offer a more attractive package to our customers that also ensures our gross profit continues to rise as they take on a wider range of new high quality products under our brand names.

#### Financial Review

During the period to 31st March 2012 the company achieved a turnover of £910,548 (2011: £734,937) representing an increase in sales of 24% over the previous year, producing a gross profit of £455,317 (2011 £393,433). Administrative and distribution expenses were £416,972 (2011 £445,650) after charging £29,221 (2011 £26,762) for amortisation and depreciation, and a foreign exchange gain of £2,403 (2011 £5,184). The pre tax profit was £16,310 (2011 loss £60,024) and the profit per ordinary share was 0.04p (2011 loss 0.10p). Cash at the bank on the balance sheet as at the 31st March 2012 was £71,824 (2011 £13,653).

## SUTHERLAND HEALTH GROUP PLC

### CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

#### Post Balance Sheet

Since the end of the period on the 17th April 2012 the company announced that it continued to develop its business with key wholesalers such as Phoenix; AAH; and Alliance that resulted in increased acceptance of new products that have been introduced in the year. We also reported increased activity with Amazon whilst continuing to maintain a strong relationship with the NHS.

#### Outlook

The new financial year has started ahead of our expectations due to greater than anticipated demand for our products from our NHS customers as they have experienced supply issues from other manufacturers and suppliers many of which source or manufacture their products from outside the UK.

We aim to capitalise on this extra demand giving us the opportunity to broaden our distribution even further within NHS hospitals. It also gives us an opportunity to introduce sooner than expected a number of new products planned for launch in 2012/2013 that we have already begun development work on.

I am pleased to say that we continue to see good sales growth with our non-NHS business customers and in particular with Amazon whom we are now in discussions with to extend our range to include some of the new products in development.

Your Board are pleased to inform you that the company's unaudited management accounts for the first four months show a strong performance in turnover growth and that the Company has continued to trade profitably.

I would like to thank the management and staff for their excellent work in getting the company back into profitability. I would also like to take this opportunity to thank the company's advisers and of course our shareholders who have been very supportive in our plans.

F J French  
Chairman

23 August 2012

## SUTHERLAND HEALTH GROUP PLC

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

The directors present their report and the financial statements for the year ended 31 March 2012.

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of an investment holding company. The principal activity of the group was that of the sale of healthcare products.

Group turnover has increased from £734,937 in the previous year to £910,548 in the current period. The gross profit made by the group is £455,317 compared to £393,433 in 2011.

The directors recognise the risk facing the group of the continuing reliance on long-established contracts, notably with the NHS and will mitigate this risk by diversifying its selling base.

The group monitors various financial key performance indicators as part of its monthly accounting and management process.

The directors do not anticipate any material change in the nature of the group's operations in the foreseeable future.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £25,086 (2011 - loss £60,024).

The directors have not recommended a dividend.

#### DIRECTORS

The directors who served during the year and their interests in the group's issued share capital were:

	Ordinary shares of 0.2p each	
	31 March 2012	31 March 2011
F J French	1,433,225	955,225
F H Robertson (resigned 30 April 2011)	411,250	211,250
S Sukumaran	45,000	45,000
G M Sutherland	28,776,220	29,523,480
S Coke	31,250	31,250

The Directors hold 43.4% (2011: 42.5%) of the issued share capital at 31 March 2012.

During the year, Spread Trust converted £5,000 of unsecured convertible loan notes to ordinary shares. Spread Trust is a beneficial trust for Mr F J French.

Mr G M Sutherland holds £62,685 (2011: £73,351) unsecured loan notes.

Options held by directors are disclosed within the notes to the financial statements at note 30.

#### LOAN NOTES

Full details of the terms of the loan notes are given in note 17 to the accounts.

## SUTHERLAND HEALTH GROUP PLC

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

#### PRINCIPAL RISKS AND UNCERTAINTIES

On a continuing basis, the directors review strengths, potential threats and any consequent perceived vulnerabilities, that may impact the company's business. This review is conducted regularly in the context of current and planned activity, with a view to assessing potential risks which could impact the company's future trading, capital requirements and financial stability and is carried out to identify and adopt strategies intended to minimise risk exposure.

#### KEY PERFORMANCE INDICATORS

	2012	2011	2010
	£	£	£
Turnover	910,548	734,937	956,509
Increase / (decrease) in turnover	24%	(23)%	6%
Gross profit	455,317	393,433	500,523
Increase / (decrease) in gross profit	16%	(19)%	18%
Gross margin %	50%	54%	52%

The group monitors various financial key performance indicators as part of its monthly accounting and management reporting process.

The directors do not anticipate any material change in the nature of the group's operations in the foreseeable future.

#### NON-FINANCIAL KEY PERFORMANCE INDICATORS

The company seeks to ensure that responsible business practice is fully integrated into the management of all its operations and into the culture of all parts of its business. It believes that the consistent adoption of responsible business practice is essential for operational excellence, which in turn is expected to ensure the delivery of its core objectives of sustained real growth in future profitability.

In a company this size the directors consider there are collectively numerous non-financial performance indicators but none individually are key.

#### FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank balances, debt factoring, trade creditors, trade debtors, hire purchase agreements, loan notes and convertible loan notes. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risks are managed by maintaining a balance between the continuity of funding and flexibility through use of loans. The company makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors, debt factoring and hire purchase liabilities liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

## **SUTHERLAND HEALTH GROUP PLC**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012**

#### **ENVIRONMENTAL MATTERS**

The group will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The group has complied with all applicable legislation and regulations.

#### **COMPANY'S POLICY FOR PAYMENT OF CREDITORS**

The company does not follow any specified code or standard on payment practice. However, it is the company's policy to negotiate terms with its suppliers and to ensure that they are aware of the terms of payment when business is agreed. Every effort is made to adhere to these terms and payment is made when it can be confirmed that goods and / or services have been provided in accordance with the relevant contract conditions.

The creditor payment period of the group for the year was 85 days (2011: 67 days) (2010: 110 days).

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**SUTHERLAND HEALTH GROUP PLC**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2012**

**PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

**AUDITORS**

The auditors, James Cowper LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 23 August 2012 and signed on its behalf.

**G M Sutherland**  
Director

## **SUTHERLAND HEALTH GROUP PLC**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUTHERLAND HEALTH GROUP PLC**

We have audited the financial statements of Sutherland Health Group PLC for the year ended 31 March 2012, set out on pages 9 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/apb/scope/UKP.cfm](http://www.frc.org.uk/apb/scope/UKP.cfm).

### **UNQUALIFIED OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2012 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Chairman's Statement and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## SUTHERLAND HEALTH GROUP PLC

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUTHERLAND HEALTH GROUP PLC

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Alexander Peal BSc(Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of  
**James Cowper LLP**

Chartered Accountants and Statutory Auditor

3 Wesley Gate  
Queen's Road  
Reading  
Berkshire  
RG1 4AP

23 August 2012

**SUTHERLAND HEALTH GROUP PLC**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 £	2011 £
<b>TURNOVER</b>	1,2	<b>910,548</b>	734,937
Cost of sales		<b>(455,231)</b>	(341,504)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		<b>455,317</b>	393,433
Distribution costs		<b>(51,872)</b>	(37,788)
Administrative expenses		<b>(365,100)</b>	(407,862)
Other operating income	3	<b>10,639</b>	10,464
		<hr/>	<hr/>
<b>OPERATING PROFIT/(LOSS)</b>	4	<b>48,984</b>	(41,753)
Interest payable and similar charges	10	<b>(32,674)</b>	(18,271)
		<hr/>	<hr/>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>16,310</b>	(60,024)
Tax on profit/(loss) on ordinary activities	11	<b>8,776</b>	-
		<hr/>	<hr/>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	21	<b>25,086</b>	(60,024)
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account.

The notes on pages 13 to 27 form part of these financial statements.

<b>EARNING PER SHARE IN PENCE</b>	9	<b>0.04p</b>	(0.10)p
<b>DILUTED EARNING PER SHARE IN PENCE</b>	9	<b>0.03p</b>	(0.09)p

**SUTHERLAND HEALTH GROUP PLC**  
**REGISTERED NUMBER: 05255086**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2012**

	Note	2012		2011	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	12		<b>268,922</b>		291,690
Tangible assets	15		<b>10,176</b>		14,683
			<u>279,098</u>		<u>306,373</u>
<b>CURRENT ASSETS</b>					
Stocks	14	<b>184,796</b>		156,868	
Debtors	16	<b>223,714</b>		447,595	
Cash at bank and in hand		<b>71,824</b>		13,653	
		<u>480,334</u>		<u>618,116</u>	
<b>CREDITORS:</b> amounts falling due within one year	17		<b>(261,099)</b>		(388,259)
			<u>219,235</u>		<u>229,857</u>
<b>NET CURRENT ASSETS</b>			<u>498,333</u>		<u>536,230</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>498,333</u>		<u>536,230</u>
<b>CREDITORS:</b> amounts falling due after more than one year	18		<b>(276,365)</b>		(305,848)
			<u>221,968</u>		<u>230,382</u>
<b>NET ASSETS</b>			<u>221,968</u>		<u>230,382</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		<b>139,505</b>		138,805
Share premium account	21		<b>1,096,561</b>		1,130,761
Other reserves	21		<b>111,478</b>		111,478
Profit and loss account	21		<b>(1,125,576)</b>		(1,150,662)
			<u>221,968</u>		<u>230,382</u>
<b>SHAREHOLDERS' FUNDS</b>	22		<u>221,968</u>		<u>230,382</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 August 2012.

**G M Sutherland**  
 Director

The notes on pages 13 to 27 form part of these financial statements.

**SUTHERLAND HEALTH GROUP PLC**  
**REGISTERED NUMBER: 05255086**

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2012**

	Note	2012		2011	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	15		7,538		10,962
Investments	13		411,336		411,336
			<u>418,874</u>		<u>422,298</u>
<b>CURRENT ASSETS</b>					
Debtors	16	1,091,782		1,191,190	
Cash at bank		892		508	
		<u>1,092,674</u>		<u>1,191,698</u>	
<b>CREDITORS:</b> amounts falling due within one year	17		<u>(20,819)</u>		<u>(103,266)</u>
<b>NET CURRENT ASSETS</b>			<u>1,071,855</u>		<u>1,088,432</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,490,729</u>		<u>1,510,730</u>
<b>CREDITORS:</b> amounts falling due after more than one year	18		<u>(276,365)</u>		<u>(305,848)</u>
<b>NET ASSETS</b>			<u><u>1,214,364</u></u>		<u><u>1,204,882</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		139,505		138,805
Share premium account	21		1,096,561		1,130,761
Profit and loss account	21		(21,702)		(64,684)
<b>SHAREHOLDERS' FUNDS</b>	22		<u><u>1,214,364</u></u>		<u><u>1,204,882</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 August 2012.

**G M Sutherland**  
 Director

The notes on pages 13 to 27 form part of these financial statements.

**SUTHERLAND HEALTH GROUP PLC**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	23	236,894	(158,469)
Returns on investments and servicing of finance	24	(32,675)	(10,009)
Taxation		(119)	-
Capital expenditure and financial investment	24	(1,946)	(10,577)
<b>CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>		<b>202,154</b>	<b>(179,055)</b>
Financing	24	(143,983)	131,560
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>58,171</b>	<b>(47,495)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 MARCH 2012**

	2012 £	2011 £
Increase/(Decrease) in cash in the year	58,171	(47,495)
Cash outflow from decrease in debt and lease financing	110,483	61,000
<b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>168,654</b>	<b>13,505</b>
Other non-cash changes	-	(208,263)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>168,654</b>	<b>(194,758)</b>
Net debt at 1 April 2011	(373,195)	(178,437)
<b>NET DEBT AT 31 MARCH 2012</b>	<b>(204,541)</b>	<b>(373,195)</b>

The notes on pages 13 to 27 form part of these financial statements.

## SUTHERLAND HEALTH GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

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

##### 1.2 Basis of consolidation

The financial statements consolidate the accounts of Sutherland Health Group PLC and all of its subsidiary undertakings ('subsidiaries').

##### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

##### 1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life.

Amortisation is calculated on brand names and trademarks so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Brands and trademarks	-	10% straight line
Goodwill	-	5% straight line

##### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Short term Leasehold Property	-	Over the life of lease
Plant & machinery	-	25% reducing balance
Fixtures & fittings	-	25% reducing balance
Office equipment	-	33% straight line

##### 1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

##### 1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.



## SUTHERLAND HEALTH GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

#### 1. ACCOUNTING POLICIES (continued)

##### 1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

##### 1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

##### 1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

##### 1.11 Going Concern

At the balance sheet date the group had funds of £221,968 (2011: £230,382) including net current assets of £219,235 (2011: £229,857) having made a profit for the year of £25,086 (2011: loss of £60,024). The directors believe it is appropriate to prepare the financial statements on a going concern basis for the following reasons.

- The group has obtained significant new customers during the year which has resulting in improved financial performance.
- The group has sufficient liquid assets to fund any working capital requirements and meet any liabilities as they fall due.
- The group continues to be funded by long term debt in the form of group debt and current liabilities by a combination of trade credit and a factoring facility.
- Detailed projections have been prepared and approved by the directors for each company in the group that are considered to be prudent and readily achievable. These projections show the group to be a going concern.

Taken together these factors mean that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would be required if this basis was not appropriate.

**SUTHERLAND HEALTH GROUP PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

**2. TURNOVER**

The whole of the turnover is attributable to one principal activity of the group.

All turnover arose within the United Kingdom.

**3. OTHER OPERATING INCOME**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Net rents receivable	<b>10,639</b>	10,464
	<u><u>          </u></u>	<u><u>          </u></u>

**4. OPERATING PROFIT/(LOSS)**

The operating profit/(loss) is stated after charging/(crediting):

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Amortisation - intangible fixed assets	<b>22,768</b>	23,019
Depreciation of tangible fixed assets:		
- owned by the group	<b>6,453</b>	3,743
Difference on foreign exchange	<b>(2,403)</b>	(5,184)
	<u><u>          </u></u>	<u><u>          </u></u>

**5. AUDITORS' REMUNERATION**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor for the audit of the company's annual accounts	<b>8,700</b>	8,700
Fees payable to the company's auditor and its associates in respect of:		
Other services relating to taxation	<b>1,800</b>	1,800
	<u><u>          </u></u>	<u><u>          </u></u>

**SUTHERLAND HEALTH GROUP PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

**6. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>184,712</b>	203,622
Social security costs	<b>17,448</b>	18,470
Other pension costs	<b>9,050</b>	8,810
	<b>211,210</b>	230,902
	<b>211,210</b>	230,902

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
Administrative staff	<b>3</b>	4
Management staff	<b>2</b>	2
	<b>5</b>	6
	<b>5</b>	6

**7. DIRECTORS' REMUNERATION**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>130,984</b>	134,575
	<b>130,984</b>	134,575
Company pension contributions to defined contribution pension schemes	<b>9,050</b>	8,810
	<b>9,050</b>	8,810

During the year retirement benefits were accruing to 2 directors (2011 - 2) in respect of defined contribution pension schemes.

## SUTHERLAND HEALTH GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

#### 8. SHARE BASED PAYMENTS

At the year end the following share options were still outstanding:

320,000 shares with an exercise price of 16p each expiring 20th September 2014 granted on 20th September 2005 pursuant to the EMI share option scheme.

2,133,450 shares with an exercise price of 16p each expiring 18th October 2014 granted on 18th October 2005 pursuant to the unapproved share option scheme.

3,100,000 shares with an exercise price of 5p each expiring 28th October 2014 granted on 29 September 2009 pursuant to the unapproved share option scheme.

The board has conducted a review of the effect of the share options in issue during the year, on the financial statements and considered whether a charge against the profit and loss account should arise under FRS20.

The directors are of the view that (whilst it would be desirable), given the current mid price per share on Plus Market is 1.35p (2011: 1.45p), it is unlikely that the share price will, in the foreseeable future, rise above the option price of 5p. It follows therefore, that the chance of any holder exercising their option, is remote, or negligible, within the foreseeable future. Further to this, once, at a future point, when the share price does exceed the exercise price, there remains little chance that the holders, (directors and staff) will exercise their option right, unless at that time, there was a realistic prospect of realising the shares.

The directors have undertaken a calculation of the liability attributable to share options and have concluded that the total would be immaterial to the financial statements.

The conclusion is that no P&L charge should arise under FRS20.

**SUTHERLAND HEALTH GROUP PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

**9. EARNINGS PER SHARE**

	<b>2012</b> <b>pence</b>	2011 pence
Earnings per ordinary share	<b>0.04</b>	(0.09)
Diluted earnings per share	<b>0.03</b>	(0.10)

The calculation of basic and diluted earnings per ordinary share is based upon the following data:

**Earnings**

	<b>2012</b> <b>£</b>	2011 £
Earnings for the purposes of basic earnings per share	<b>25,086</b>	(60,024)
Effect of dilutive ordinary shares:		
Adjustments to earnings for Diluted EPS	-	-
	<u><b>25,086</b></u>	<u>(60,024)</u>
Earnings for the purposes of diluted earnings per share	<u><b>25,086</b></u>	<u>(60,024)</u>

**Number of shares**

	<b>2012</b> <b>No of shares</b>	2011 No of shares
Basic weighted average number of shares	<b>69,654,537</b>	62,847,606
Dilutive potential ordinary shares:	<b>5,572,902</b>	5,572,909
	<u><b>75,227,439</b></u>	<u>68,420,515</u>
Weighted average number of shares for the purposes of diluted earnings per share	<u><b>75,227,439</b></u>	<u>68,420,515</u>

**10. INTEREST PAYABLE**

	<b>2012</b> <b>£</b>	2011 £
On bank loans and overdrafts	<b>187</b>	180
On other loans	<b>30,915</b>	16,672
Other finance interest	-	259
Mortgage interest payable	-	84
Interest on factored debts	<b>1,572</b>	1,076
	<u><b>32,674</b></u>	<u>18,271</u>
	<u><b>32,674</b></u>	<u>18,271</u>

**SUTHERLAND HEALTH GROUP PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

**11. TAXATION**

	2012 £	2011 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit/loss for the year	-	-
<b>Deferred tax</b> (see note 19)		
Origination and reversal of timing differences	<b>(8,776)</b>	-
<b>Tax on profit/loss on ordinary activities</b>	<b>(8,776)</b>	-

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 20% (2011 - 20%). The differences are explained below:

	2012 £	2011 £
Profit/loss on ordinary activities before tax	<b>16,310</b>	(60,024)
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 20%)	<b>3,262</b>	(12,005)
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	<b>3,389</b>	3,879
Capital allowances for year in excess of depreciation	<b>(43)</b>	(2,373)
Utilisation of tax losses	<b>(4,442)</b>	-
Other short timing differences	<b>(2,851)</b>	(6,864)
Unrelieved tax losses and other deductions	-	17,375
Depreciation in excess of capital allowances	<b>685</b>	(12)
<b>Current tax charge for the year</b> (see note above)	<b>-</b>	<b>-</b>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**SUTHERLAND HEALTH GROUP PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

**12. INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Brands and Trademarks £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2011 and 31 March 2012	141,384	317,692	459,076
<b>Amortisation</b>			
At 1 April 2011	84,086	83,300	167,386
Charge for the year	6,108	16,660	22,768
At 31 March 2012	90,194	99,960	190,154
<b>Net book value</b>			
At 31 March 2012	51,190	217,732	268,922
At 31 March 2011	57,298	234,392	291,690

**13. FIXED ASSET INVESTMENTS**

<b>Company</b>	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 April 2011 and 31 March 2012	411,336
<b>Net book value</b>	
At 31 March 2012	411,336
At 31 March 2011	411,336

Details of the principal subsidiaries can be found under note number 28.

**14. STOCKS**

	<b>Group</b>		<b>Company</b>	
	<b>2012 £</b>	<b>2011 £</b>	<b>2012 £</b>	<b>2011 £</b>
Finished goods and goods for resale	184,796	156,868	-	-

**SUTHERLAND HEALTH GROUP PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

**15. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Short term leasehold Property £</b>	<b>Plant &amp; machinery £</b>	<b>Fixtures &amp; fittings £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 April 2011	2,259	11,702	2,654	23,984	40,599
Additions	-	-	-	1,946	1,946
At 31 March 2012	<u>2,259</u>	<u>11,702</u>	<u>2,654</u>	<u>25,930</u>	<u>42,545</u>
<b>Depreciation</b>					
At 1 April 2011	194	8,945	2,654	14,123	25,916
Charge for the year	-	623	-	5,830	6,453
At 31 March 2012	<u>194</u>	<u>9,568</u>	<u>2,654</u>	<u>19,953</u>	<u>32,369</u>
<b>Net book value</b>					
At 31 March 2012	<u>2,065</u>	<u>2,134</u>	<u>-</u>	<u>5,977</u>	<u>10,176</u>
At 31 March 2011	<u>2,065</u>	<u>2,757</u>	<u>-</u>	<u>9,861</u>	<u>14,683</u>
<b>Company</b>			<b>Short term leasehold Property £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 April 2011			2,259	14,861	17,120
Additions			-	1,946	1,946
At 31 March 2012			<u>2,259</u>	<u>16,807</u>	<u>19,066</u>
<b>Depreciation</b>					
At 1 April 2011			194	5,964	6,158
Charge for the year			-	5,370	5,370
At 31 March 2012			<u>194</u>	<u>11,334</u>	<u>11,528</u>
<b>Net book value</b>					
At 31 March 2012			<u>2,065</u>	<u>5,473</u>	<u>7,538</u>
At 31 March 2011			<u>2,065</u>	<u>8,897</u>	<u>10,962</u>



**SUTHERLAND HEALTH GROUP PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

**16. DEBTORS**

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
<b>Due after more than one year</b>				
Amounts owed by group undertakings	-	-	1,075,432	884,855
<b>Due within one year</b>				
Trade debtors	196,941	138,508	3,672	4,885
Other debtors	14,593	208,640	1,317	201,002
Called up share capital not paid	-	100,000	-	100,000
Prepayments and accrued income	3,404	447	2,585	448
Deferred tax asset (see note 19)	8,776	-	8,776	-
	<u>223,714</u>	<u>447,595</u>	<u>1,091,782</u>	<u>1,191,190</u>

**17. CREDITORS:  
Amounts falling due within one year**

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Convertible loan notes	-	81,000	-	81,000
Trade creditors	106,221	62,466	1,923	3,288
Corporation tax	-	830	-	830
Social security and other taxes	18,241	8,867	1,926	1,768
Other creditors	2,935	89,849	1,450	3,672
Accruals and deferred income	133,702	145,247	15,520	12,708
	<u>261,099</u>	<u>388,259</u>	<u>20,819</u>	<u>103,266</u>

Included within other creditors is an amount of £157 (2011:£85,755) relating to the factoring of trade debts. The factoring agreement is secured by a fixed charge over the book debts and a floating charge over the assets and undertakings of the company.

Convertible loan notes due within one year relate to 2011 loan notes. These loan notes were convertible at the holders option request on the basis of 50 ordinary shares of 0.2p for each £1 of loan stock held. The loan notes incurred interest at a rate of 9% per annum. During the year £7,000 of loan notes were converted into 350,000 Ordinary shares as detailed per note 18 and £74,000 (2011: £25,000) of the loan notes were repaid by the Company at the request of the loan notes holder.

**SUTHERLAND HEALTH GROUP PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

**18. CREDITORS:  
Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	£	£	£	£
Convertible loan notes	<b>200,000</b>	200,000	<b>200,000</b>	200,000
Loan notes	<b>76,365</b>	105,848	<b>76,365</b>	105,848
	<b>276,365</b>	305,848	<b>276,365</b>	305,848

Included within Convertible loan notes is £200,000 of Loan notes 2015. These loan notes were issued on 31 March 2011. These loan notes can be converted at the holders option on the basis of 50 ordinary shares of 0.2p for each £1 of loan stock held. If not converted by 30 March 2015 the loan notes are repayable at par. The loan notes incur interest at a rate of 10.5% per annum.

Loan notes are unsecured and there is no fixed repayment dates. The loan notes incur interest at 7% per annum.

**19. DEFERRED TAXATION**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	£	£	£	£
At beginning of year	-	-	-	-
Released during the year	<b>8,776</b>	-	<b>8,776</b>	-
At end of year	<b>8,776</b>	-	<b>8,776</b>	-

The deferred taxation balance is made up as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	£	£	£	£
Accelerated capital allowances	<b>5,989</b>	-	<b>5,989</b>	-
Tax losses brought forward	<b>2,787</b>	-	<b>2,787</b>	-
	<b>8,776</b>	-	<b>8,776</b>	-

**20. SHARE CAPITAL**

	<b>2012</b>	2011
	£	£
<b>Allotted, called up and fully paid</b>		
69,752,345 (2011 - 69,402,500) Ordinary shares of £0.002 each	<b>139,505</b>	138,805

On 12 July 2011, £7,000 of loan stock was converted into 350,000 Ordinary shares of 0.2p.

**SUTHERLAND HEALTH GROUP PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

**21. RESERVES**

	Share premium account £	Other reserves £	Profit and loss account £
<b>Group</b>			
At 1 April 2011	1,130,761	111,478	(1,150,662)
Profit for the year			25,086
Expenses on shares issued	(34,200)		
	1,096,561	111,478	(1,125,576)
At 31 March 2012			
		<b>Share premium account £</b>	<b>Profit and loss account £</b>
<b>Company</b>			
At 1 April 2011		1,130,761	(64,684)
Profit for the year			42,982
Expenses on shares issued		(34,200)	
		1,096,561	(21,702)
At 31 March 2012			

**22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2012 £	2011 £
<b>Group</b>		
Opening shareholders' funds/(deficit)	230,382	(2,154)
Profit/(loss) for the year	25,086	(60,024)
Shares issued during the year	700	28,789
Share premium on shares issued (net of expenses)	-	263,771
Expenses on shares issued	(34,200)	-
	221,968	230,382
Closing shareholders' funds		
<b>Company</b>		
Opening shareholders' funds	1,204,882	891,755
Profit for the year	42,982	20,567
Shares issued during the year	700	28,789
Share premium on shares issued (net of expenses)	-	263,771
Expenses on shares issued	(34,200)	-
	1,214,364	1,204,882
Closing shareholders' funds		

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account.

The profit for the year dealt with in the accounts of the company was £42,982 (2011 - £20,567).

**SUTHERLAND HEALTH GROUP PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

**23. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2012 £	2011 £
Operating profit/(loss)	48,984	(41,753)
Amortisation of intangible fixed assets	22,768	23,019
Depreciation of tangible fixed assets	6,453	3,742
(Increase)/decrease in stocks	(27,928)	2,176
Decrease in debtors	231,947	39,931
Decrease in creditors	(45,330)	(185,584)
	<b>236,894</b>	<b>(158,469)</b>
	<b>236,894</b>	<b>(158,469)</b>

**24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2012 £	2011 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(32,675)	(10,009)
	<b>(32,675)</b>	<b>(10,009)</b>
	<b>(32,675)</b>	<b>(10,009)</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(1,946)	(10,577)
	<b>(1,946)</b>	<b>(10,577)</b>
	<b>(1,946)</b>	<b>(10,577)</b>
<b>Financing</b>		
Issue of ordinary shares	7,000	192,560
Expenses on shares issued	(40,500)	-
Repayment of loan notes	(81,000)	(25,000)
Repayment of other loans	(29,483)	(36,000)
	<b>(143,983)</b>	<b>131,560</b>
	<b>(143,983)</b>	<b>131,560</b>

**25. ANALYSIS OF CHANGES IN NET DEBT**

	1 April 2011 £	Cash flow £	Other non-cash changes £	31 March 2012 £
Cash at bank and in hand	13,653	58,171	-	71,824
<b>Debt:</b>				
Finance leases	-	-	-	-
Debts due within one year	(81,000)	110,483	(29,483)	-
Debts falling due after more than one year	(305,848)	-	29,483	(276,365)
	<b>(373,195)</b>	<b>168,654</b>	<b>-</b>	<b>(204,541)</b>
<b>Net debt</b>	<b>(373,195)</b>	<b>168,654</b>	<b>-</b>	<b>(204,541)</b>

**SUTHERLAND HEALTH GROUP PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

**26. PENSION COMMITMENTS**

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £9,050 (2011 - £8,810). No contributions were payable to the fund at the balance sheet date (2011 - £nil).

**27. OPERATING LEASE COMMITMENTS**

At 31 March 2012 the Group and Company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Group and Company</b>		
<b>Expiry date:</b>		
Between 1 and 5 years	<b>23,565</b>	<b>23,565</b>
	<u><u>23,565</u></u>	<u><u>23,565</u></u>

**28. PRINCIPAL SUBSIDIARIES**

<b>Company name</b>	<b>Country</b>	<b>Percentage Shareholding</b>	<b>Description</b>
Sutherland Health Limited	England	100%	Nature of the company is that of trading of a range of health care products.
Sexual Health Group Ltd	England	100%	Nature of the company is that of a holding company
Condomania PLC	England	100%	Nature of the company is that of trading sexual health products.

**29. CONTROLLING PARTY**

Control of the company vests with Mr G M Sutherland who has an interest in 41.3% (2011: 42.5%) of the company's issued share capital.

## SUTHERLAND HEALTH GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

#### 30. RELATED PARTY TRANSACTIONS

During the year the group incurred consultancy fees of £18,384 (2011: £16,271) from the John French Consultancy in respect of Mr F J French's services. At the year end the group owed £Nil (2011: £Nil) to the John French Consultancy. Mr F J French is a director and shareholder.

During the year, the group incurred consultancy fees of £6,000 (2011: £6,000) from Summit Office Services Limited. At the year end, the group owed £600 (2011: £600). Mr S Coke is a director and company secretary and is also a director of Summit Office Services Limited.

During the year, the group incurred consultancy fees of £Nil (2011: £7,800) from Mr H Robertson. At the year end, the group owed £Nil (2011: £6,250). Mr H Robertson was a director of the company during the year.

Included in loan notes is an amount owed to Mr G Sutherland of £62,685 (2011: £73,779). Interest is charged on the loan at 7%. During the year the group incurred interest of £4,908 (2011: £4,974). Mr G Sutherland is a director and shareholder of the company.

Included in loan notes is an amount owed to K Sutherland of £13,680 (2011: £24,381). Interest is charged on the loan at 7%. During the year the group incurred interest of £1,298 (2011: £2,019). K Sutherland is a related party due to their relationship with G Sutherland.

In accordance with FRS 8, exemption is taken from disclosure of group transactions during the year as 100% of voting rights are controlled within the group and consolidated financial statements are publically available.

The following options are held by Directors at 31 March 2012

Director	Date granted	Number of Ordinary shares subject to option	Exercise price	Expiry Date
J French	18/10/2005	426,690	16p	18/10/2014
	29/09/2009	500,000	5p	28/10/2014
S J Coke	29/09/2009	500,000	5p	28/10/2014
	18/10/2005	426,690	16p	18/10/2014
S Sukumaran	29/09/2009	500,000	5p	28/10/2014
	18/10/2005	426,690	16p	18/10/2014
G M Sutherland	18/10/2005	426,690	16p	18/10/2014
	29/09/2009	500,000	5p	28/10/2014

**SUTHERLAND HEALTH GROUP PLC**

**CONSOLIDATED DETAILED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2012**

	<b>Page</b>	<b>2012 £</b>	<b>2011 £</b>
<b>TURNOVER</b>	29	<b>910,548</b>	734,937
Cost of sales	29	<b>(455,231)</b>	(341,504)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		<b>455,317</b>	393,433
<b>Gross profit %</b>		<b>50.0 %</b>	53.5 %
Other operating income	29	<b>10,639</b>	10,464
		<hr/>	<hr/>
		<b>465,956</b>	403,897
 <b>LESS: OVERHEADS</b>			
Selling and distribution expenses	29	<b>(51,872)</b>	(37,788)
Administration expenses	29	<b>(325,000)</b>	(360,923)
Establishment expenses	30	<b>(40,100)</b>	(46,939)
		<hr/>	<hr/>
<b>OPERATING PROFIT/(LOSS)</b>		<b>48,984</b>	(41,753)
Interest payable	30	<b>(32,674)</b>	(18,271)
		<hr/>	<hr/>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>16,310</b>	(60,024)
		<hr/> <hr/>	<hr/> <hr/>

**SUTHERLAND HEALTH GROUP PLC**

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2012**

	2012 £	2011 £
<b>TURNOVER</b>		
Sales	<u>910,548</u>	<u>734,937</u>
	2012 £	2011 £
<b>COST OF SALES</b>		
Purchases	<u>455,231</u>	<u>341,504</u>
	2012 £	2011 £
<b>OTHER OPERATING INCOME</b>		
Net rents receivable	<u>10,639</u>	<u>10,464</u>
	2012 £	2011 £
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Carriage	<u>51,872</u>	<u>37,788</u>
	2012 £	2011 £
<b>ADMINISTRATION EXPENSES</b>		
Directors national insurance	13,228	12,617
Directors salaries	130,984	134,574
Directors pension costs - money purchase schemes	9,050	8,810
Staff salaries	53,728	69,048
Staff national insurance	4,220	5,854
Staff training	(795)	1,442
Motor running costs	3,994	5,062
Hotels, travel and subsistence	2,039	2,517
Printing and stationery	4,572	5,313
Telephone and fax	2,049	3,103
Computer costs	4,135	1,750
Advertising and promotion	7,343	17,848
Trade subscriptions	585	547
Legal and professional	14,553	24,368
Auditors' remuneration	8,500	10,500
Accountancy fees	7,559	7,984
	<u>265,744</u>	<u>311,337</u>
Sub-total carried forward		



**SUTHERLAND HEALTH GROUP PLC**

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2012**

	2012 £	2011 £
<b>ADMINISTRATION EXPENSES (continued)</b>		
Sub-total brought forward	<b>265,744</b>	311,337
Bank charges	<b>1,303</b>	1,974
Debt factoring charges	<b>11,044</b>	8,427
Bad debts	<b>30</b>	1,650
Difference on foreign exchange	<b>(2,403)</b>	(5,184)
Sundry expenses	<b>813</b>	662
Insurances	<b>9,877</b>	6,237
Repairs and maintenance	<b>4,015</b>	3,702
Depreciation	<b>6,453</b>	3,743
Amortisation - intangible fixed assets	<b>22,768</b>	23,019
Other professional fees	<b>5,356</b>	5,356
	<b>325,000</b>	360,923
	<b>325,000</b>	360,923
	<b>2012 £</b>	<b>2011 £</b>
<b>ESTABLISHMENT EXPENSES</b>		
Rent	<b>24,649</b>	31,585
Rates	<b>9,728</b>	9,229
Light and heat	<b>3,003</b>	2,958
Cleaning	<b>697</b>	684
Repairs and maintenance	<b>2,023</b>	2,483
	<b>40,100</b>	46,939
	<b>40,100</b>	46,939
	<b>2012 £</b>	<b>2011 £</b>
<b>INTEREST PAYABLE</b>		
Bank overdraft interest payable	<b>170</b>	124
Bank loan interest payable	<b>17</b>	56
Other loan interest payable	<b>30,915</b>	16,672
Interest on factored debts	<b>1,572</b>	1,076
Other finance interest	<b>-</b>	259
Mortgage interest payable	<b>-</b>	84
	<b>32,674</b>	18,271
	<b>32,674</b>	18,271