

Parent Company Accounts -P
7215476- Corby Dental Care Ltd

Registration number 05947797

SOUTHERN DENTAL LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

WEDNESDAY



A2M10L28

A38

04/12/2013

#213

COMPANIES HOUSE

CONTENTS

COMPANY INFORMATION	3
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013	4
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHERN DENTAL LIMITED	8
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013	9
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2013	10
COMPANY BALANCE SHEET AS AT 31 MARCH 2013	11
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013	12
NOTES TO THE FINANCIAL STATEMENTS	14

COMPANY INFORMATION

Directors

Dr M Eyrumlu (DDS)

Dr A Eyrumlu (DDS)

Dr H Shakir (DDS)

Registered office

Staverton Court

Staverton

Cheltenham

Gloucestershire

GL51 OUX

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

First Point

Buckingham Gate

Gatwick Airport

West Sussex

RH6 0NT

Bankers

Santander UK plc

Santander House

100 Ludgate Hill

London

EC4M 7RE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The directors present their report and the audited consolidated financial statements for the year ended 31 March 2013

Directors of the company

The directors who held office during the year and up to the date of approval of these financial statements were as follows

Dr M Eyrumlu (DDS)
Dr A Eyrumlu (DDS)
Dr H Shakir (DOS)

Principal activity

The principal activity of the company during the year was to act as a holding company. The principal activity of the group of companies owned by Southern Dental Limited ("the group") is the operation of dental practices.

The group provides a range of NHS and private dental services from practices located in Southern England.

Business review

Business strategy

Southern Dental owns and manages a national chain of dental practices in the UK. The group's practices offer a mixture of NHS and private treatment to patients.

Despite a challenging economic environment the group has continued to grow during the year through a mixture of corporate and practice acquisitions and through organic expansion. Our overall revenue mix of 81% NHS and 19% private has enabled us to grow our NHS commitment and at the same time maintain and grow our private income. The group's income continues to be principally from long term fixed NHS contracts with NHS England.

Growth

We are pleased to announce that despite the challenging economic climate we managed to acquire 7 practices during 2012-2013 and successfully merge and integrate them into our platform. We are also pleased to have successfully delivered all our NHS contracts in the acquired practices. The contract in one of these practices was relocated and merged within one of our existing practices.

This means we are now the third largest NHS provider in the UK and the largest NHS provider in the South East. Southern Dental is owned, run and managed by a dentist. We understand our patients, our clinicians and our business.

We are pleased to say that Southern Dental will continue its successful growth in 2013-2014 by acquisitions of new practices and by also growing our existing practices as well as setting up new practices in partnership with the NHS.

The results of the group show an increase in turnover to £26,419,791 (2012: £19,556,867), and an EBITDA increase to £5,692,522 (2012: £3,001,981).

This means that our turnover has increased in 2013 by 35% from the previous year.

Our EBITDA has increased in 2013 by 90% from the previous year.

The increase in EBITDA is mainly down to acquisitions of new practices, increasing turnover in current practices and at the same time controlling costs.

NHS commitment

We delivered in excess of 98.5% of our NHS contracts in 2013 at the same time maintaining and further improving our private and hygienist income in a challenging economic environment.

Southern Dental's goal is to continue to be one of the major providers of NHS and private/independent dentistry in the UK. Our strategy is to provide care to all patients, by increasing access to services and reducing health inequalities.

This will only be achieved by delivering high quality dental care which is delivered by a strong clinical team who always put patients' wellbeing in focus.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

We are pleased to say that Southern Dental has successfully achieved this and will continue to do so in 2014. We will be working closely with NHS commissioning bodies in 2014 to further increase our commitment to the NHS by increasing contracts in our current practices but also participating in NHS contract tenders and setting up new practices.

Additional services

We continue to be the primary choice for in excess of 600,000 patients in the UK and we are pleased to say that we have worked closely with the NHS commissioning bodies to increase access for our patients through our practices.

We offer the whole spectra of dental treatments including implants, orthodontics and sedations. This has enabled us to provide additional services together with sedation, domiciliary and minor oral surgery on behalf of the NHS. We are planning to further increase these services in 2013-2014.

Investing in quality and compliance

We worked closely with the Care Quality Commission ("CQC") during 2013 to make sure that we are providing dentistry to a standard defined as "Best Practice". This does mean continuing to improve processes and procedures, training of clinical staff and support staff but also upgrading of surgeries, equipment and decontamination rooms.

We have continued to invest in our practices for compliance but also to continue providing high quality dental care in superb facilities. We have worked closely with the CQC and we have shown good levels of overall compliance. We have ensured that the processes and procedures are all applied across all our practices to ensure the level of compliance and quality in order to maintain high quality dentistry being delivered in a safe environment.

We value the opinion of our patients and workforce and by listening to them we continue to tailor service well suited for our patients needs at the same time offering our personnel a great place to work.

Clinical standards

The clinical directors have a formal organisational structure to allow clinical policies and procedure to be developed and ensure day to day compliance monitoring. The three directors who are dentists are involved as part of recruitment, induction and monitoring of the clinical staff. We believe by doing this we will not only engage with the best clinical professionals but also ensure that we have clinicians with the suitable skills to suit the needs for the patients in each practice/area.

Our people

We pride ourselves on being one of the few larger dental corporates run by dentists.

Southern Dental is grateful to have a great team of high quality and hardworking dentists, hygienists, nurses, receptionists, managers and support staff.

We would like to, on behalf of Southern Dental, thank all our dentists, hygienists and practice and support staff for making sure that we did deliver our NHS contracts to the set targets meanwhile maintaining high quality dentistry in compliant and safe areas for our patients.

We will continue investing in our people to make sure that we provide the best outcomes to all our patients and we believe that we can continue to offer career opportunities for our existing and new clinicians and support staff.

We continue to engage with our dentists and other clinical staff by providing them induction, audits, hands on training and through continuing professional development to ensure quality of our services. By providing our practice with a strong and robust support structure this will enable our dentists and other clinical staff to do what they do best - providing high quality dental care at all times.

Key performance indicators

As noted above, one of the key performance indicators ("KPI's") which the directors and other stakeholders monitor is EBITDA. This is reviewed in absolute terms and in relation to budgeted and prior year comparatives.

- Other KPI's used by the company include the following
- Staff retention percentages,
- Dentist retention percentages, and
- NHS activity performance against target

SOUTHERN DENTAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

The directors consider these ratios to be commercially sensitive and as a consequence details are not disclosed with this report

The KPIs set in the table below are very important to Southern Dental and reflect the focus around drivers for our management team that will ensure achievement of Southern Dental's business plan, objective and strategic aims

Year ended March 2013

	£million's
NHS Revenue	21
Private Revenue	5
Total Revenue	26
Gross Profit	14
EBITDA	6
Net Bank Debt	22

Principal risks and uncertainties

The principal risks and uncertainties for the business are in relation to fluctuations in interest rates and major changes to the central NHS contract

The risk associated with interest rate fluctuations has been mitigated by an interest rate swap on bank loan funding. The NHS contract for dentists in England and Wales, introduced in April 2006, provides clear benefits to the group in terms of income visibility and dentist retention. However, as with any system there are likely to be modifications to it. The extent of such modifications and the impact which they may have on the group, either in a favorable or adverse manner are not known.

Financial instruments

Objectives and policies

The group uses various financial instruments in the form of cash, third party bank debt and other items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The existence of these financial instruments exposes the group to a number of financial risks which are described in more detail below.

Financial risk management

The main risks arising from the group's financial instruments are liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the previous year.

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably. Short-term flexibility is achieved by use of overdraft facilities.

The group finances its operations largely through bank borrowings. The group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Credit risk is the risk of financial loss to the group if a customer fails to meet its contractual obligations. The nature of the group's contract with the PCT means that credit risk is minimised for a significant proportion of the group's revenue. The patient's contribution to NHS charges is usually collected before treatment in order to minimise risk to the group. Payment is also requested in advance for major courses of private treatment.

Summary

Southern Dental remains fully committed as a major partner in terms of delivery of NHS contracts across the UK. Southern Dental has shown repeatedly over many years that it has been able to grow and perform well and we are confident that we will continue to do so.

Good oral health is important as part of general health and wellbeing and we believe that our network of practices are offering our patients the care they need suited to their clinical needs with a preventive approach. We are proud of what Southern Dental has achieved to date and we are confident that with the continued hard work of our dental and support team we can enable 2014 to be another year of success in our history.

Charitable and political donations

The group has made no charitable or political donations in the year (2012: £nil).

SOUTHERN DENTAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Appointment of auditors

During the year Hazlewoods LLP resigned as auditors and PricewaterhouseCoopers LLP were appointed by the directors to fill a casual vacancy. A resolution to appoint PwC LLP as the company's auditors will be proposed at the annual general meeting.

Medium sized company provisions

This report has been prepared in accordance with the special provisions relating to medium-sized companies within Part 15 of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 group and parent company 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 group and the company 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board on

25 June 2013

and signed on its behalf by



Dr M Eyrumlu (DDS)
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHERN DENTAL LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Southern Dental Limited for the year ended 31 March 2013 which comprise the Consolidated Profit and Loss Account, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors responsibility set out on page 7 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.

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.

Scope of the audit of the financial statements

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 group's and parent 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. In addition, we read all the financial and non-financial information in the consolidated financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 and of the group's profit and cash flows 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.

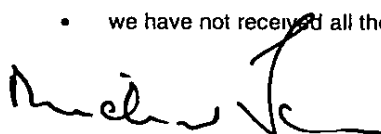
Opinion on other matter prescribed by the Companies Act 2006

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

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.



Michael Jones (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
25 June 2013

SOUTHERN DENTAL LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013

	Note	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Turnover			
Continuing operations		24,643,054	19,556,867
Acquisitions		1,776,737	-
		<u>26,419,791</u>	<u>19,556,867</u>
Group turnover		26,419,791	19,556,867
Cost of sales	2	(12,191,514)	(9,685,386)
Gross profit		<u>14,228,277</u>	<u>9,871,481</u>
Administrative expenses	2	(12,416,873)	(9,316,699)
Other operating income	2	98,845	97,070
Operating profit	3		
Continuing operations		1,574,262	651,852
Acquisitions		<u>335,987</u>	<u>-</u>
			651,852
Group operating profit		<u>1,910,249</u>	<u>651,852</u>
Interest receivable and similar income	7	2,520	612
Interest payable and similar charges	8	(750,470)	(437,814)
Profit on ordinary activities before taxation		1,162,299	214,650
Tax on profit on ordinary activities	9	(276,235)	(126,025)
Profit for the financial year	19	<u>886,064</u>	<u>88,625</u>

The group has no recognised gains or losses for the year other than the results above and therefore no separate statement of recognized gains and losses has been presented

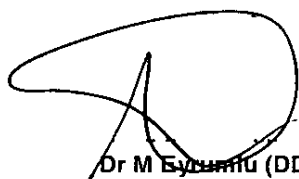
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above, and their historical cost equivalents

SOUTHERN DENTAL LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2013

		31 March 2013 £	31 March 2012 £
Fixed assets	Note		
Intangible assets	10	22,607,131	19,100,435
Tangible assets	11	4,514,581	3,508,829
		<u>27,121,712</u>	<u>22,609,264</u>
Current assets			
Stocks	13	82,125	57,362
Debtors	14	1,886,714	1,247,739
Cash at bank and in hand		674,461	284,880
		<u>2,643,300</u>	<u>1,589,981</u>
Creditors Amounts falling due within one year	15	(5,740,206)	(5,877,678)
Net current liabilities		<u>(3,096,906)</u>	<u>(4,287,697)</u>
Total assets less current liabilities		24,024,806	18,321,567
Creditors Amounts falling due after more than one year	16	(20,212,528)	(15,476,304)
Provisions for liabilities	17	(185,620)	(104,669)
Net assets		<u>3,626,658</u>	<u>2,740,594</u>
Capital and reserves			
Called up share capital	18	1,000	1,000
Share premium account	19	3,957,516	3,957,516
Profit and loss account	19	(331,858)	(1,217,922)
Total shareholders' funds	20	<u>3,626,658</u>	<u>2,740,594</u>

Approved by the Board and authorised for issue on 25 June 2013 and signed on its behalf by




Dr M Ezzamel (DDS)
Director

COMPANY BALANCE SHEET
AS AT 31 MARCH 2013

		31 March 2013 £	31 March 2012 £
Fixed assets	Note		
Tangible assets	11	383,438	330,795
Investments	12	1,229,980	289,143
		<u>1,613,418</u>	<u>619,938</u>
Current assets			
Debtors	14	18,909,925	17,312,542
Cash at bank and in hand		421,407	1,051
		<u>19,331,332</u>	<u>17,313,593</u>
Creditors Amounts falling due within one year	15	(3,214,233)	(2,976,934)
Net current assets		<u>16,117,099</u>	<u>14,336,659</u>
Total assets less current liabilities		<u>17,730,517</u>	<u>14,956,597</u>
Creditors Amounts falling due after more than one year	16	(20,204,937)	(15,476,304)
Provisions for liabilities	17	(14,166)	(3,214)
Net liabilities		<u>(2,488,586)</u>	<u>(522,921)</u>
Capital and reserves			
Called up share capital	18	1,000	1,000
Share premium account	19	3,957,516	3,957,516
Profit and loss account	19	(6,447,102)	(4,481,437)
Total shareholders' deficit	20	<u>(2,488,586)</u>	<u>(522,921)</u>

Approved by the Board and authorised for issue on *25 June 2013* and signed on its behalf by


Dr M Eyrum (DDS)
Director

SOUTHERN DENTAL LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

	Note	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		1,910,249	651,852
Depreciation, amortisation and impairment charges		3,566,812	2,350,129
(Increase)/decrease in stocks		(17,492)	19,404
Increase in debtors		(598,581)	(512,939)
(Decrease)/increase in creditors		(982,958)	2,851,504
Net cash inflow from operating activities		3,878,030	5,359,950
Returns on investments and servicing of finance			
Interest received		2,520	612
Interest paid on hire purchase and finance lease		(23,426)	(26,561)
Interest paid on loans and borrowings		(727,044)	(356,677)
		(747,950)	(382,626)
Taxation		(6,076)	(29,170)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,193,515)	(637,321)
Disposal of tangible fixed assets		3,216	-
		(1,190,299)	(637,321)
Acquisitions			
Purchase of subsidiary undertaking		(874,073)	(287,795)
Cash acquired on purchase of subsidiary undertaking		43,598	28,995
Purchase of trade and assets		(5,733,659)	(13,439,840)
Acquisition expenses		(257,272)	(318,000)
		(6,821,406)	(14,016,640)
Net cash outflow before use of liquid resources and financing		(4,887,701)	(9,705,807)
Financing			
Increase in loans and borrowings		6,602,382	10,998,791
Repayment of loans and borrowings		(623,766)	(396,172)
Capital element of finance leases and hire purchase contract payments		(131,273)	(206,198)
Directors current account payments		(63,253)	(301,455)
		5,784,090	10,094,966
Increase in net cash	23	896,389	389,159

SOUTHERN DENTAL LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

Reconciliation of net cash flow to movement in net debt

		Year ended 31 March 2013 £	Year ended 31 March 2012 £
	Note		
Increase in net cash		896,389	389,159
Cash inflow from increase in loans		(6,602,382)	(10,998,791)
Cash outflow from repayment of loans		623,766	396,172
Cash outflow from repayment of capital element of finance leases and hire purchase contracts		131,273	206,198
Cash outflow from decrease in other directors loans		63,253	301,455
Change in net debt resulting from cash flows	23	(4,887,701)	(9,705,807)
Acquisitions		43,598	(22,867)
Other non-cash changes		(43,598)	717,000
New finance leases and hire purchase contracts		-	(154,570)
Movement in net debt	23	(4,887,701)	(9,166,244)
Net debt at start of period	23	(16,842,638)	(7,676,394)
Net debt at end of period	23	(21,730,339)	(16,842,638)

Purchase of businesses in the year

The businesses acquired during the year contributed £429,216 (2012 £1,963,096) to the group's operating cash inflows, paid £20,441 (2012 £117,695) in respect of returns on investment and servicing of finance and utilised £125,229 (2012 £254,627) for capital expenditure. The assets and liabilities acquired from these practices are disclosed in note 10 to the financial statements.

The cash flow statement includes the relevant adjustments to stock, debtors, creditors and purchase of tangible fixed assets to take into consideration the effect of the acquisition of R G Matthey Limited. The net assets acquired are disclosed in note 10 to the financial statements.

SOUTHERN DENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Going concern

At 31 March 2013 the group has net current liabilities of £ 3,096,906 (2012 £4,287,697). The group is financed by term loans and revolving loan facilities provided by its bankers which are subject to covenants tested on a quarterly basis. The group meets its bank loan and other obligations through the generation of working capital from its day to day operations. The directors have considered the working capital generation of the group for a period of 12 months from the date of approval of the financial statements and consider this generation to be sufficient for the company to meet its bank loan and other obligations together with bank loans covenants compliance. On this basis the directors have concluded that they have a reasonable expectation that the group will continue in operational existence for the foreseeable future and therefore continue to apply the going concern basis in the preparation of the annual financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2013.

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group profit and loss account and statement of cash flows include the results and cash flows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The date of acquisition and disposal is determined as the date of which control passes to or from the company.

Accounting policies have been applied uniformly across the group and intercompany trading and balances are eliminated on consolidation.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. Its loss for the financial year was £1,965,665 (2012 - £1,788,394).

Turnover

Turnover represents the income received in the ordinary course of business for dentistry goods or services provided to the extent that the group has obtained the right to consideration. Turnover derived from NHS contracts is recognised on the volume of dental activity delivered in the financial period. Turnover from all private dental work is recognised on the completion of each piece of treatment carried out.

Goodwill

Goodwill is the excess of the fair value of consideration given over the aggregate of the fair value of the entity's identifiable assets and liabilities acquired. The resulting goodwill is written off in equal installments over the estimated useful economic life of the underlying asset.

Fixed assets and depreciation

Fixed assets are recorded at their purchase price together with any incidental costs of provision less depreciation and where applicable impairment charges.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful life as follows:

Short leasehold improvements	Straight line over the life of the lease
Plant and machinery	Straight line over a period of 10 years
Computer and office equipment	Straight line over a period of 5 years
Fixtures, fittings and equipment	Straight line over a period of 10 years
Motor vehicles	25% reducing balance

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)**

Stock

Stock is valued at the lower of cost and net realisable value. Provision is made where necessary for obsolete, slow moving or defective stock.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful economic lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over their useful economic lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the group is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Pensions

The group operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

Partnerships and Trust Deeds

Certain members of group management have joined partnerships or act on behalf of the group in the acquisition of the trade and assets of certain businesses. Group management holds their interest under a Trust Deed on behalf of group companies. All trading under these arrangements are included in the consolidated financial statements to reflect the substance of these arrangements.

SOUTHERN DENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

2 Cost of sales and operating expenses

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Cost of sales		
Continuing operations	11,339,612	9,685,386
Acquisitions	851,902	-
	<u>12,191,514</u>	<u>9,685,386</u>
Administrative expenses		
Continuing operations	11,826,516	9,316,699
Acquisitions	590,357	-
	<u>12,416,873</u>	<u>9,316,699</u>
Other operating income		
Continuing operations	97,345	97,070
Acquisitions	1,500	-
	<u>98,845</u>	<u>97,070</u>

3 Operating profit

Operating profit is stated after charging

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Operating leases – other assets	1,090,717	827,763
Depreciation of tangible fixed assets		
- Under finance leases	41,392	41,392
- Owned assets	509,605	384,534
Amortisation of goodwill	2,615,815	1,887,825
Impairment of goodwill	400,000	36,378
Auditors' remuneration	50,400	53,378

Included within operating profit are bank arrangement fees of £ 46,500 (2012 £60,000) following a restructuring of finance

4 Auditors' remuneration

During the year the group obtained the following services from the company's auditors and its associates

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Audit of the financial statements	40,500	53,378
Tax advisory services	10,000	-

£11,500 (2012 £11,000) of the fee for auditing the financial statements relates to the company

SOUTHERN DENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

5 Particulars of employees

The monthly average number of persons employed by the group (including directors) during the year, analysed by category was as follows

	Year ended 31 March 2013 No.	Year ended 31 March 2012 No.
Practice and administration	223	200

The aggregate payroll costs were as follows

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Wages and salaries	4,516,180	3,255,198
Social security costs	336,644	247,171
Other pensions cost	5,560	2,891
	4,858,384	3,505,260

6 Directors' remuneration

The directors' remuneration for the year was as follows

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Remuneration (including benefits in kind)	326,961	68,412

The total remuneration (including benefits in kind) of the highest paid director is £161,778 (2012 - £ 36,000)

7 Interest receivable and similar income

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Bank interest receivable	2,520	612

8 Interest payable and similar charges

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Interest on bank borrowings	727,044	411,253
Finance charges	23,426	26,561
Group interest payable and similar charges	750,470	437,814

SOUTHERN DENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

9 Tax on profit on ordinary activities

Tax on profit on ordinary activities

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Current tax		
Corporation tax charge	195,284	55,000
Adjustments in respect of previous years	-	2,467
UK Corporation tax	195,284	57,467
Deferred tax		
Origination and reversal of timing differences	80,951	68,453
Deferred tax adjustment relating to previous years	-	105
Group deferred tax	80,951	68,558
Total tax on profit on ordinary activities	276,235	126,025

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2012 - higher than) the standard rate of corporation tax in the UK of 24% (2012 26%). The differences are reconciled below

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Profit on ordinary activities before taxation	1,162,299	214,650
Corporation tax at standard rate	278,951	55,809
Capital allowances in excess of depreciation	(80,951)	(61,393)
Non deductible expenses	66,506	80,679
Adjustments for prior periods	-	2,467
Utilisation of tax losses	(69,222)	(20,095)
Total current tax	195,284	57,467

Factors affecting future tax charges

During the year, the UK main corporation tax rate was reduced from 26% to 24%. This was substantively enacted on 26 March 2012 and became effective from 1 April 2012. As a result of this, a rate of 24% has been used to calculate tax payable on taxable income in the year.

On 22 June 2010, the UK Government announced a phased reduction in the main UK corporation tax rate from 28% to 24%, with the first 1% reduction taking effect from 1 April 2011 (having been substantively enacted on 20 July 2010). Subsequent UK Budget Statements have announced additional reductions in the main UK corporation tax rate to 26% taking effect from 1 April 2011, and 24% taking effect from 1 April 2012.

At the balance sheet date, the Finance Act 2012 had been substantively enacted confirming that the main UK corporation tax rate will be 23% from 1 April 2013. Therefore, at 31 March 2013, deferred tax assets and liabilities have been calculated based on a rate of 23% where the timing difference is expected to reverse after 1 April 2013.

The remaining proposed reduction of the main UK corporation tax rate to 20% on 1 April 2016 had not been substantively enacted at the balance sheet date and is therefore not included in these financial statements.

SOUTHERN DENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

10 Intangible fixed assets

Group

	Goodwill £	Goodwill on consolidation £	Total £
Cost			
At 1 April 2012	23,755,414	278,437	24,033,851
Additions	5,627,391	895,120	6,522,511
At 31 March 2013	29,382,805	1,173,557	30,556,362
Accumulated amortisation			
At 1 April 2012	4,933,416	-	4,933,416
Charge for the year	2,555,020	60,795	2,615,815
Impairment	400,000	-	400,000
At 31 March 2013	7,888,436	60,795	7,949,231
Net book value			
At 31 March 2013	21,494,369	1,112,762	22,607,131
At 31 March 2012	18,821,998	278,437	19,100,435

		Net assets acquired		Consideration		
	Date of acquisition	Tangible fixed assets £		Cash £	Cost of acquisitions £	Positive goodwill £
Kingston Dental Care	3 Dec 2012	125,000		1,325,000	63,483	1,263,483
Folkestone Dental Care	30 Jan 2013	100,000		1,000,000	59,855	959,855
Selhurst Dental Care	3 Dec 2012	17,500		952,000	38,258	972,758
Frinton Dental Care	13 Nov 2012	30,000		675,000	45,791	690,791
Basildon Dental Care	1 Nov 2012	61,040		1,277,290	41,443	1,257,693
Buntingford additional contract	1 Nov 2012	30,000		183,000	8,442	161,442
		363,540		5,412,290	257,272	5,306,022

Included within goodwill additions during the year is £321,369 in respect of contingent consideration paid

No fair value adjustments have been made to the book value of assets at acquisition as the directors consider the fair value to represent book value

The results of the unincorporated businesses to the date of acquisition and for the previous financial year are not available

SOUTHERN DENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

On 30 October 2012 the company acquired the entire share capital of R G Matthey Limited. The net assets acquired, which the directors consider to be at fair value, and consideration were as follows

	Book and provision fair values £
Net assets acquired	
Tangible fixed assets	2,910
Stocks	7,271
Debtors	40,394
Cash at bank and in hand	43,598
Creditors amounts falling due within one year	(115,028)
Creditors amounts falling due after more than one year	(192)
	<u>(21,047)</u>
Satisfied by	
Cash consideration	830,000
Costs of acquisition	44,073
	<u>874,073</u>
Purchased goodwill	<u>895,120</u>

The unaudited 10 months ended 30 October 2013 results to the date of acquisition and for the previous financial year were as follows

	10 months ended 30 October 2012 £	Year ended 31 December 2011 £
Turnover	517,777	694,235
Operating profit	130,867	194,634
Profit before taxation	130,172	193,741
Taxation	(31,177)	(46,839)
Profit after tax	<u>98,995</u>	<u>146,902</u>

As the acquired subsidiary's accounting policies are materially aligned with the group's accounting policies no adjustments were required to be processed

SOUTHERN DENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

11 Tangible fixed assets

	Short leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Office equipment £	Total £
Cost						
At 1 April 2012	570,207	575,658	3,363,337	15,907	264,911	4,790,020
Additions	93,860	201,119	684,692	15,115	201,639	1,196,425
Acquisitions (note 10)	-	363,540	-	-	-	363,540
Disposals	-	-	-	(12,157)	-	(12,157)
Reclassification	4,461	(447,194)	51,927	3,750	394,556	-
At 31 March 2013	669,058	692,593	4,099,956	15,115	861,106	6,337,828
Accumulated depreciation						
At 1 April 2012	247,115	143,164	697,552	12,318	181,042	1,281,191
Charge for the year	80,296	14,974	431,396	2,471	21,860	550,997
Disposals	-	-	-	(8,941)	-	(8,941)
Reclassification	4,991	(96,357)	(10,867)	(3,750)	105,983	-
At 31 March 2013	332,402	61,781	1,118,081	2,098	308,885	1,823,247
Net book value						
At 31 March 2013	336,656	630,812	2,981,875	13,017	552,221	4,514,581
At 31 March 2012	323,092	432,494	2,665,785	3,589	83,869	3,508,829

Leased assets

Included within the net book value of tangible fixed assets is £399,122 (2012 £445,206) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £56,584 (2012 £56,584).

Company

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2012	393,185	40,804	12,157	445,946
Additions	52,362	13,464	15,115	80,941
Disposals	-	-	(12,157)	(12,157)
At 31 March 2013	445,547	54,068	15,115	514,730
Accumulated depreciation				
At 1 April 2012	96,426	10,157	8,568	115,151
Charge for the year	14,496	8,114	2,471	25,081
Disposals	-	-	(8,940)	(8,940)
At 31 March 2013	110,922	18,271	2,099	131,292
Net book value				
At 31 March 2013	334,625	35,797	13,016	383,438
At 31 March 2012	296,759	30,447	3,589	330,795

Leased assets

Included within the net book value of tangible fixed assets is £41,392 (2012 £362,370) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £41,392 (2012 £41,392).

SOUTHERN DENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

12 Investments

Company

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Shares in group undertakings	1,229,980	289,143

Shares in group undertakings and participating interests

	Subsidiary undertakings £
Cost	
At 1 April 2012	289,143
Additions	940,837
At 31 March 2013	1,229,980

Included within additions during the year is £66,764 in respect of contingent consideration paid

Details of group undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows

Subsidiary undertaking	Registration number	Holding	Proportion of voting rights and shares held	Principal activity
Hollybush Dental Care Limited	06378203	Ordinary	100%	Dental services
Tilgate Dental Care Limited	06378140	Ordinary	100%	Dental services
Northgate Dental Care Limited	06378091	Ordinary	100%	Dental services
Creeside Dental Care Limited	06378105	Ordinary	100%	Dental services
Little London Dental Care Limited	06378123	Ordinary	100%	Dental services
Horsham Dental Care Limited	06378127	Ordinary	100%	Dental services
Maidstone Dental Care Limited	06377934	Ordinary	100%	Dental services
Holborough Dental Care Limited	06378115	Ordinary	100%	Dental services
Southsea Dental Care Limited	06594490	Ordinary	100%	Dental services
Peckham Dental Care Limited	06378099	Ordinary	100%	Dental services
Gentle Dental & Implant Care Limited	06393444	Ordinary	100%	Dental services
Stone Cross Dental Care Limited	06378541	Ordinary	100%	Dental services
Preston Park Dental Care Limited	06378536	Ordinary	100%	Dental services
Charlton Dental Care Limited	06378569	Ordinary	100%	Dental services
Paulsgrove Dental Care Limited	07172257	Ordinary	100%	Dental services
Corby Dental Care Limited	07215476	Ordinary	100%	Dental services
Hilsea Dental Care Limited	07172339	Ordinary	100%	Dental services
Portsea Dental Care Limited	07172390	Ordinary	100%	Dental services
Wellsbourne Dental Care Limited	07340006	Ordinary	100%	Dental services
Bradlaw House Dental Care Limited	07277351	Ordinary	100%	Dental services
Church Hill Dental Care Limited	07338979	Ordinary	100%	Dental services
Crowborough Dental Care Limited	07463028	Ordinary	100%	Dental services
Diplomat Dental Care Limited	07338978	Ordinary	100%	Dental services

SOUTHERN DENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

Direct Dental Care Limited	07253830	Ordinary	100%	Dental services
Steyning Dental Care Limited	07277371	Ordinary	100%	Dental services
✓ Weildene Dental Care Limited	06796271	Ordinary	100%	Dental services
Corby Dental Care Limited	07215476	Ordinary	100%	Dental services
Allington Dental Care Limited	07451761	Ordinary	100%	Dental services
Buntingford Dental Care Limited	07699161	Ordinary	100%	Dental services
Cambourne Dental Care Limited	07544242	Ordinary	100%	Dental services
Gayton Road Dental Care Limited	07484202	Ordinary	100%	Dental services
Gravesend Dental Care Limited	07484310	Ordinary	100%	Dental services
Hayes Dental Care Limited	07277366	Ordinary	100%	Dental services
Kennington Dental Care Limited	07699138	Ordinary	100%	Dental services
Lowestoft Dental Care Limited	07544348	Ordinary	100%	Dental services
Manor Dental Care Limited	07450363	Ordinary	100%	Dental services
Best Practice CDA Limited	07110957	Ordinary	100%	Dental services
South Down Dental Care Limited	07699136	Ordinary	100%	Dental services
Stoke Newington Dental Care Limited	07699169	Ordinary	100%	Dental services
Southern Dental Partnerships Limited	07451783	Ordinary	100%	Dental services
R G Matthey Limited	06737373	Ordinary	100%	Dental services

✓ All subsidiary undertakings within the group have been consolidated in these financial statements

Under section 479A of the Companies Act 2006 all the above companies have taken the exemption in relation to the audit of individual accounts

13 Stocks

	31 March 2013 £	Group 31 March 2012 £	31 March 2013 £	Company 31 March 2012 £
Dental stocks and goods for resale	82,125	57,362	-	-

14 Debtors

	Group 31 March 2013 £	31 March 2012 £	Company 31 March 2013 £	31 March 2012 £
Trade debtors	1,650,930	857,374	-	-
Amounts owed by group undertakings	-	-	18,558,936	17,174,347
Other debtors	102,166	190,745	326,247	127,549
Prepayments and accrued income	133,618	199,620	24,742	10,646
	1,886,714	1,247,739	18,909,925	17,312,542

SOUTHERN DENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

15 Creditors: Amounts falling due within one year

	31 March 2013 £	Group 31 March 2012 £	31 March 2013 £	Company 31 March 2012 £
Trade creditors	645,864	538,611	645,864	498,804
Bank loans , issue costs and overdrafts	1,980,293	1,263,742	1,980,293	1,260,459
Obligations under finance lease and hire purchase contracts	39,465	151,705	39,465	115,243
Payments received on account	-	14,575	-	-
Corporation tax	236,465	47,257	-	45,306
Other taxes and social security	91,111	151,072	24,782	151,072
Other creditors	1,843,186	1,716,390	142,233	208,443
Directors' current accounts	172,514	235,767	172,514	235,767
Accruals and deferred income	731,308	1,758,559	209,082	461,840
	<u>5,740,206</u>	<u>5,877,678</u>	<u>3,214,233</u>	<u>2,976,934</u>

Included within amounts falling due within one year are the following liabilities, on which security has been given

Group

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Bank loans, issue costs and overdrafts	<u>1,757,143</u>	<u>1,263,742</u>

Company

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Bank loans and overdrafts	<u>1,757,143</u>	<u>1,260,459</u>

Bank loans and overdrafts are secured by a fixed and floating charge over the assets of the group and company and are subject to multilateral guarantees between all group companies

SOUTHERN DENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

16 Creditors Amounts falling due after more than one year

	31 March 2013 £	Group 31 March 2012 £	31 March 2013 £	Company 31 March 2012 £
Bank loans, issue costs and overdrafts	20,116,207	15,360,950	20,116,207	15,360,950
Obligations under finance lease and hire purchase contracts	96,321	115,354	88,730	115,354
	<u>20,212,528</u>	<u>15,476,304</u>	<u>20,204,937</u>	<u>15,476,304</u>

Included in amounts falling due after more than one year are the following liabilities, on which security has been given

Group and Company

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Bank loans	<u>20,292,857</u>	<u>15,360,950</u>

Bank loans are secured by a fixed and floating charge over the assets of the group and company and are subject to multilateral guarantees between all group companies

Included in creditors amounts falling due after more than one year are the following amounts due after more than five years

	31 March 2013 £	Group 31 March 2012 £	31 March 2013 £	Company 31 March 2012 £
Within one year	1,757,143	1,260,459	1,757,143	1,260,459
After one year but less than five years	7,180,952	14,255,964	7,180,952	14,255,964
After more than five years by installments	13,111,905	1,104,986	13,111,905	1,104,986
	<u>22,050,000</u>	<u>16,621,409</u>	<u>22,050,000</u>	<u>16,621,409</u>

The group and company has contracted to interest rate swaps concerning the base rate applicable to the group's and company's bank loans. An interest rate swap is an agreement between two parties to exchange fixed and floating interest payments, based upon interest rates defined in the contract, without the exchange of the underlying principal amounts

Obligations under finance leases and hire purchase contracts

Amounts repayable

	31 March 2013 £	Group 31 March 2012 £	31 March 2013 £	Company 31 March 2012 £
In one year or less or on demand	39,465	151,705	39,465	115,243
Between one and two years	37,461	35,512	36,921	35,512
Between two and five years	58,860	79,842	51,809	79,842
	<u>135,786</u>	<u>267,059</u>	<u>128,195</u>	<u>230,597</u>

SOUTHERN DENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

17 Provisions

Group

	Deferred tax £	Total £
At 1 April 2012	104,669	104,669
Charged to the profit and loss account	80,951	80,951
At 31 March 2013	185,620	185,620

Analysis of deferred tax

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Accelerated capital allowances	185,620	104,669

Company

	Deferred tax £	Total £
At 1 April 2012	3,214	3,214
Charged to the profit and loss account	11,852	11,852
At 31 March 2013	14,166	14,166

Analysis of deferred tax

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Accelerated capital allowances	14,166	3,214

At 31 March 2013 the group has a potential deferred taxation asset of £239,000 (2012 £278,000). Due to the uncertainty of creating sufficient taxable profits in future years the group has not recognised the potential deferred taxation asset in these financial statements.

18 Share capital

Allotted and fully paid shares

Group and company

	31 March 2013		31 March 2012	
	No	£	No	£
Ordinary A shares of £1 each	882	882	882	882
Ordinary B shares of £1 each	98	98	98	98
Ordinary C shares of £1 each	20	20	20	20
Ordinary shares of £1 each	-	-	-	-
	1,000	1,000	1,000	1,000

SOUTHERN DENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

19 Reserves

Group

	Share premium account £	Profit and loss account £	Total £
At 1 April 2012	3,957,516	(1,217,922)	2,739,594
Profit for the year	-	886,064	886,064
At 31 March 2013	3,957,516	(331,858)	3,625,658

Company

	Share premium account £	Profit and loss account £	Total £
At 1 April 2012	3,957,516	(4,481,437)	(523,921)
Loss for the year	-	(1,965,665)	(1,965,665)
At 31 March 2013	3,957,516	(6,447,102)	(2,489,586)

20 Reconciliation of movement in shareholders' funds/(deficit)

Group

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Profit attributable to the members of the company	886,064	88,625
New share capital subscribed	-	1,100,881
Net addition to shareholders' funds	886,064	1,189,506
Shareholders' funds at start of year	2,740,594	1,551,088
Shareholders' funds at end of year	3,626,658	2,740,594

Company

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Loss attributable to the members of the group	(1,965,665)	(1,788,394)
New share capital subscribed	-	1,100,881
Net increase in shareholders' deficit	(1,965,665)	(687,513)
Shareholders' (deficit)/funds at start of year	(522,921)	164,592
Shareholders' deficit at end of year	(2,488,586)	(522,921)

SOUTHERN DENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

21 Pension schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £2,891 (2012 £2,891).

Contributions totaling £2,233 (2012 £2,239) were payable to the scheme at the end of the year and are included in creditors.

22 Commitments

Operating lease commitments

Group

As at 31 March 2013 the group had annual commitments under non-cancellable operating leases expiring as follows:

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Land and buildings		
Within one year	67,000	47,500
Within two and five years	149,403	176,439
Over five years	1,017,533	658,234
	<u>1,233,936</u>	<u>882,173</u>

23 Analysis of net debt

	At 1 April 2012 £	Cash flow £	Acquisitions £	Other non-cash changes £	At 31 March 2013 £
Cash at bank and in hand	284,880	345,983	43,598	-	674,461
Bank overdraft	(550,406)	550,406	-	-	-
	<u>(265,536)</u>	<u>896,389</u>	<u>43,598</u>	<u>-</u>	<u>674,461</u>
Debt due within one year	(949,103)	(1,160,106)	-	(43,598)	(2,152,807)
Debt due after more than one year	(15,360,950)	(4,755,257)	-	-	(20,116,207)
Finance leases and hire purchase contracts	(267,059)	131,273	-	-	(135,786)
Net debt	<u>(16,842,638)</u>	<u>(4,887,701)</u>	<u>43,598</u>	<u>-</u>	<u>(21,730,339)</u>

24 Related party transactions

During the year the group or company made the following related party transactions:

VAS Dental Care Limited

(Dr A Eyrumlu, director of the company, is a director and shareholder of VAS Dental Care Limited)

During the year VAS Dental Care Limited has loaned to Southern Dental Limited £183,912 (£2012 £238,295), of which £264,134 (2012 £154,709) has been utilised to satisfy expenses paid by Southern Dental Limited on behalf of VAS Dental Care Limited. At the balance sheet date the amount due from/to VAS Dental Care Limited was £1,418 (2012 (£81,640)).

Dr M Eyrumlu

(Company director)

During the period Dr M Eyrumlu charged rent of £175,621 (2012 £191,850) on various properties used by the group.

SOUTHERN DENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

companies, In addition, Dr M Eyrumlu, has given a personal guarantee of up to £4,000,000 in respect of bank loans for the group and company. At the balance sheet date the amount due to Dr M Eyrumlu was £172,514 (2012 £235,767)

Honor Oak Dental Care Limited

(Dr H Shakir, director of the company, is also a director and shareholder of Honor Oak Dental Care Limited)

During the year Honor Oak Dental Care Limited has loaned to the company £170,172 (2012 £73,932), of which £174,085 (2012 £58,934) has been utilised to satisfy expenses paid by Southern Dental Limited on behalf of Honor Oak Dental Care Limited. At the balance sheet date the amount due to Honor Oak Dental Care Limited was £956 (2012 £4,869)

Highview Dental Care Limited

(Dr H Shakir, director of the company, is also a director and shareholder of this Highview Dental Care Limited)

During the year Highview Dental Care Limited has loaned to the company £264,979 (2012 £258,461), of which £305,362 (£135,680) has been utilised to satisfy expenses paid by Southern Dental Limited on behalf of Highview Dental Care Limited. At the balance sheet date the amount due to Highview Dental Care Limited was £1,366 (2012 £41,749)

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group

25 Control

The company is controlled by Dr M Eyrumlu (DDS)