

REGISTERED NUMBER 3024500 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011
FOR
PLAIN HEALTHCARE LIMITED**

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PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER 3024500)

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FOR THE YEAR ENDED 31 MARCH 2011

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PLAIN HEALTHCARE LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2011**

DIRECTORS

J R Dale
B S Giddings
T K Morris
P S Preece

SECRETARY

P S Preece

REGISTERED OFFICE

The Fox House
1 - 3 Coed Pella Road
Colwyn Bay
Conwy
LL297AT

REGISTERED NUMBER

3024500 (England and Wales)

AUDITORS

Baker Tilly UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER 3024500)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2011

The directors present their report with the financial statements of the company for the year ended 31 March 2011

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the sale of computer software based support, maintenance, training and consultancy services to the primary health sector

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2011

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2010 to the date of this report

J R Dale
B S Giddings
T K Morris

Other changes in directors holding office are as follows

N Leavy – resigned 6 September 2010
C S M Prill – resigned 6 September 2010
C Coyne – resigned 6 September 2010
P S Preece - appointed 17 March 2011

POLITICAL AND CHARITABLE CONTRIBUTIONS

No charitable or political donations were made during the period

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision is in place for the benefit of all directors of the company

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 of the company in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU")

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing the financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c state whether they have been prepared in accordance with IFRS as adopted by the EU,
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER. 3024500)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2011

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Baker Tilly UK Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

ON BEHALF OF THE BOARD:


B S Giddings - Director

Date *24th Feb 2012*

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF PLAIN HEALTHCARE LIMITED

We have audited the financial statements on pages 6 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on pages 2 and 3, 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the provisions of the Companies Act 2006

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £217,624 during the year ended 31 March 2011. The company's forecasts indicate that it needs to achieve increased sales, particularly over the next five months, and it is anticipated that these will come from its new sales line, PathFinder RF. However, as this is a new product there can be no certainty over the level of future sales. These conditions, along with the other matters explained in note 1 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
PLAIN HEALTHCARE LIMITED**

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, 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
- The directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report

Baker Tilly UK Audit LLP

EUAN BANKS (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London EC4A 4AB

28th February 2012

PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER 3024500)

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
CONTINUING OPERATIONS			
Revenue		1,967,809	1,750,572
Cost of sales		<u>(1,155,847)</u>	<u>(983,934)</u>
GROSS PROFIT		811,962	766,638
Administrative expenses		<u>(922,205)</u>	<u>(1,034,478)</u>
OPERATING LOSS		(110,243)	(267,840)
Finance income	4	<u>241</u>	<u>1,156</u>
LOSS BEFORE INCOME TAX	5	(110,002)	(266,684)
Income tax	6	<u>(107,622)</u>	<u>107,622</u>
LOSS FOR THE YEAR		<u><u>(217,624)</u></u>	<u><u>(159,062)</u></u>

The notes form part of these financial statements

PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER 3024500)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011

	2011 £	2010 £
LOSS FOR THE YEAR	(217,624)	(159,062)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(217,624)</u>	<u>(159,062)</u>

The notes form part of these financial statements

PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER 3024500)

STATEMENT OF FINANCIAL POSITION
31 MARCH 2011

	Notes	2011 £	2010 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	7	539,124	402,942
Property, plant and equipment	8	41,898	36,327
Deferred tax	15	-	107,622
		<u>581,022</u>	<u>546,891</u>
CURRENT ASSETS			
Trade and other receivables	9	534,499	501,646
Tax receivable		-	-
Cash and cash equivalents	10	<u>26,416</u>	<u>98,941</u>
		<u>560,915</u>	<u>600,587</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	755,519	914,248
Financial liabilities - borrowings			
Interest bearing loans and borrowings	12	<u>795,812</u>	<u>425,000</u>
		<u>1,551,331</u>	<u>1,339,248</u>
NET CURRENT LIABILITIES		<u>(990,416)</u>	<u>(738,661)</u>
NET LIABILITIES		<u>(409,394)</u>	<u>(191,770)</u>
SHAREHOLDERS' EQUITY			
Called up share capital	16	1,641	1,641
Share premium	17	219,731	219,731
Retained earnings	17	<u>(630,766)</u>	<u>(413,142)</u>
TOTAL EQUITY		<u>(409,394)</u>	<u>(191,770)</u>

The financial statements were approved by the Board of Directors on *24th Feb 2012* and were signed on its behalf by


B S Giddings - Director

The notes form part of these financial statements

PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER 3024500)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2011

	Called up share capital £	Profit and loss account £	Share premium £	Total equity £
Balance at 1 April 2009	1,641	(254,080)	219,731	(32,708)
Changes in equity				
Total comprehensive income	-	(159,062)	-	(159,062)
Balance at 31 March 2010	<u>1,641</u>	<u>(413,142)</u>	<u>219,731</u>	<u>(191,770)</u>
Changes in equity				
Total comprehensive income	-	(217,624)	-	(217,624)
Balance at 31 March 2011	<u><u>1,641</u></u>	<u><u>(630,766)</u></u>	<u><u>219,731</u></u>	<u><u>(409,394)</u></u>

The notes form part of these financial statements

PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER 3024500)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011

		2011	2010
		£	£
Cash flows from operating activities			
Cash generated from operations	1	(237,562)	(60,373)
Tax paid		<u>-</u>	<u>22,358</u>
Net cash from operating activities		<u>(237,562)</u>	<u>(38,015)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(184,664)	(371,801)
Purchase of tangible fixed assets		(21,352)	(15,984)
Interest received		<u>241</u>	<u>1,156</u>
Net cash from investing activities		<u>(205,775)</u>	<u>(386,629)</u>
Cash flows from financing activities			
New loans in year		<u>370,812</u>	<u>325,000</u>
Net cash from financing activities		<u>370,812</u>	<u>325,000</u>
		<u> </u>	<u> </u>
Decrease in cash and cash equivalents		(72,525)	(99,644)
Cash and cash equivalents at beginning of year	2	<u>98,941</u>	<u>198,585</u>
Cash and cash equivalents at end of year	2	<u><u>26,416</u></u>	<u><u>98,941</u></u>

The notes form part of these financial statements

PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER 3024500)

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011

1 RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2011	2010
	£	£
Loss before income tax	(110,002)	(266,684)
Depreciation and amortisation charges	64,263	14,736
Finance income	<u>(241)</u>	<u>(1,156)</u>
	(45,980)	(253,104)
Increase in trade and other receivables	(32,853)	(78,233)
(Decrease)/Increase in trade and other payables	<u>(158,729)</u>	<u>270,964</u>
Cash generated from operations	<u>(237,562)</u>	<u>(60,373)</u>

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow in respect of cash and cash equivalents are in respect of these balance sheet amounts

Year ended 31 March 2011

	2011	2010
	£	£
Cash and cash equivalents	<u>26,416</u>	<u>98,941</u>

Period ended 31 March 2010

	2010	2009
	£	£
Cash and cash equivalents	<u>98,941</u>	<u>198,585</u>

PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER 3024500)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

1 GENERAL INFORMATION

Plain Healthcare Limited is incorporated in the United Kingdom under the Companies' Act 2006. The address of the registered office is The Fox House, 1-3 Coed Pella Road, Colwyn Bay, Conwy, LL29 7AT. The company's principal activity is that of the development and sale of computer software, including training consultancy, to the primary health care sector.

These Financial Statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

Going concern

The financial statements are prepared on the going concern basis which assumes the Company will have sufficient resources to enable it to continue trading for the foreseeable future.

The directors have prepared forecast information for the period to February 2013. The forecasts indicate that the Company's revenues are expected to exceed costs due to 1) a reduction in development and salary costs, and 2) the introduction of new products and cloud services into existing and new markets, particularly in relation to Pathfinder.

The achievement of forecasts is largely dependent upon 1) development costs not exceeding budget, and particularly 2) the successful launch of new products and cloud services.

The Company's ability to continue as a going concern depends on its ability to increase sales over the next three months. The main sales increase is projected to come from the PathFinderRF product, which is a new product acquired in June 2011. The first order for PathFinderRF was received in December 2011 and the second order was received in January 2012, but because this is a new product there can be no certainty over the level of future sales. Therefore, significant uncertainty exists over the Company's ability to meet its forecast. This situation indicates the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

The financial statements do not include any adjustments that would result from the Company being unable to continue as a going concern.

PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER 3024500)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

2 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Financial Statements have been prepared in accordance with EU-endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the parts of the Companies' Act 2006 applicable to companies reporting under IFRS. The Financial Statements have been prepared under the historical cost convention.

Use of estimates and judgements

The preparation of financial information in conformity with IFRS as adopted in the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed on an on-going basis and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and any future periods affected.

Revenue recognition

The Company sells rights to use its software products under an inclusive licence and maintenance agreement. The fee received from the customer entitles the user to use the software for a limited period of time (typically one year) together with office hours software support and maintenance and on-going updates to the technical content of the software and any upgrades made to the software functionality. An additional fee is rendered to those customers requiring out of office hours support services. Revenue from new licence software installations is recognised only once the software has been delivered and installed to the satisfaction of the customer.

The Company estimates the value of revenue attributable to on-going support and upgrades by calculating the direct costs of providing these services and adding a reasonable profit margin of 25%. This proportion of the fee received from the customer is recognised on a straight line basis over the period covered by the invoice to the customer with appropriate amounts being recognised as deferred income. The balance of the fee received is recognised immediately in income.

Fees generated for separate out of hours support contracts are recognised on a straight line basis over the period covered by the amounts invoiced to the customer. Consultancy services and training are invoiced and recognised as and when performed. Amounts billed in excess of revenue recognised are recorded as deferred revenue and are included within current liabilities.

Research and development

Development activities involve a plan or design for the production of new or substantially improved computer software. Development expenditure is capitalised only if development costs can be measured reliably, the software programme is technically and commercially feasible, future economic benefits are probable and the Company intends to have sufficient resources to complete the development and to use, lease or sell the asset. The expenditure capitalised includes only the cost of gross direct labour costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, or internally generated goodwill and brands, is recognised in profit or loss as incurred.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Capitalised development expenditure is amortised on a straight line basis over the period in which it is anticipated that revenues will be generated from the products produced. This is estimated to be 5 years from the date the product is complete and available for sale and is currently an industry sector norm.

PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER 3024500)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

ACCOUNTING POLICIES - continued

SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Plant and equipment is held at cost less accumulated depreciation and any recognised impairment losses. Assets are depreciated to their residual value at a rate of 33.33% using the reducing balance method over their expected useful lives.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognised in the income statement.

Depreciation methods, useful lives and residual value are reviewed at each accounting date.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is recognised in equity.

Trade receivables

Trade receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in profit or loss. Trade receivables are determined to be past due if any portion of the receivable balance is outstanding for more than 30 days. Interest is not charged on past due accounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER 3024500)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

2 ACCOUNTING POLICIES - continued

Trade payables

Trade payables are not interest bearing and are recognised initially at fair value and subsequently at amortised cost

Equity instruments

Equity instruments issued by the Company are recorded as proceeds received, net of direct issue costs

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that the Company will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk-adjusted, future cash flows at a pre-tax risk-free rate

Operating lease payments

Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term

Net financing costs

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as expenses in the income statement as incurred

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity net of any tax effects

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is based on taxable profit for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it related to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER 3024500)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

2 ACCOUNTING POLICIES - continued

Taxation - continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Use of estimates and judgements

The preparation of financial information in conformity with IFRS as adopted in the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and any future periods affected.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed in the notes below.

Developments expenditure and impairment of intangible assets

Intangible fixed assets comprise capitalised development expenditure amounting to £539,124 (2010 £402,942). The directors consider the expenditure capitalised meets the recognition criteria since each project for which expenditure is capitalised is assessed by the board before expenditure is incurred.

Each year the Group assesses the recoverability of the amounts capitalised by reviewing forecast sales of each product line. Where this information is not available (for example where a product has not yet been released on the market) other market data is assessed.

The directors consider that for each product for which expenditure has been capitalised, there is a reasonable certainty that future profits will exceed the carrying value of the asset. The accounts include an amortisation charge of £48,482 (2010 nil), representing the planned 5 year write down of capitalised costs relating to a product that is now being sold.

Deferred tax asset

The Company has in the past recognised a deferred tax asset in respect of trading losses carried forward. The directors now feel that given the delays experienced in the generation of taxable profits they would wish to take a conservative view and not reflect these assets within the balance sheet under review. The deferred tax asset not recognised is £130,722 which relates to prior and current year.

PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER 3024500)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

3 EMPLOYEES AND DIRECTORS

	2011	2010
	£	£
Wages and salaries	1,309,132	1,185,578
Social security costs	<u>140,220</u>	<u>161,072</u>
	<u>1,449,352</u>	<u>1,346,650</u>

The average monthly number of employees during the year was as follows

	2011	2010
Direct operations	36	38
Administration	<u>7</u>	<u>6</u>
	<u>43</u>	<u>44</u>

	2011	2010
	£	£
Directors' remuneration	<u>85,000</u>	<u>390,045</u>

Information regarding the highest paid director is as follows

	2011	2010
	£	£
Emoluments etc	<u>85,000</u>	<u>120,000</u>

Certain directors are remunerated through the parent company Avia Health Informatics PLC

4 NET FINANCE INCOME

	2011	2010
	£	£
Finance income		
Deposit account interest	<u>241</u>	<u>1,156</u>

5 LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging

	2011	2010
	£	£
Hire of plant and machinery	662	386
Depreciation - owned assets	15,781	14,736
Amortisation	48,482	-
Auditors remuneration	7,500	5,150
Operating lease rentals - property	<u>12,686</u>	<u>12,686</u>

PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER 3024500)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

6 INCOME TAX

	2011 £	2010 £
Current tax		
UK corporation tax	-	-
Deferred tax		
Origination and reversal of temporary differences	<u>107,622</u>	<u>(107,622)</u>
Total tax charge / (credit) in income statement	<u>107,622</u>	<u>(107,622)</u>

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2011 £	2010 £
Loss on ordinary activities before tax	<u>(110,002)</u>	<u>(266,684)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax for small companies in the UK of 21% (2010: 21%)	(23,100)	(56,004)
Effects of		
Non deductible expenses	-	7,282
Current year tax losses not recognised	23,100	-
Elimination of previously recognised deferred tax asset	107,622	-
Deferred tax asset in respect of unutilized losses not previously recognised	<u>-</u>	<u>(58,900)</u>
Total income tax charge / (credit)	<u>107,622</u>	<u>(107,622)</u>

PLAIN HEALTHCARE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

7 INTANGIBLE ASSETS

	Development Expenditure £
COST	
At 1 April 2010	402,942
Additions	<u>184,664</u>
At 31 March 2011	<u>587,606</u>
 AMORTISATION	
At 1 April 2010	-
Charge for the year	<u>48,482</u>
At 31 March 2011	<u>48,482</u>
 NET BOOK VALUE	
At 31 March 2011	<u>539,124</u>
	Development Expenditure £
COST	
At 1 April 2009	31,141
Additions	<u>371,801</u>
At 31 March 2010	<u>402,942</u>
 NET BOOK VALUE	
At 31 March 2010	<u>402,942</u>

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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

8 PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment £
COST	
At 1 April 2010	101,929
Additions	<u>21,352</u>
At 31 March 2011	<u>123,281</u>
DEPRECIATION	
At 1 April 2010	65,602
Charge for year	<u>15,781</u>
At 31 March 2011	<u>81,383</u>
NET BOOK VALUE	
At 31 March 2011	<u>41,898</u>

	Plant and equipment £
COST	
At 1 April 2009	85,945
Additions	<u>15,984</u>
At 31 March 2010	<u>101,929</u>
DEPRECIATION	
At 1 April 2009	50,866
Charge for period	<u>14,736</u>
At 31 March 2010	<u>65,602</u>
NET BOOK VALUE	
At 31 March 2010	<u>36,327</u>

9 TRADE AND OTHER RECEIVABLES

	2011 £	2010 £
Current		
Trade receivables	466,408	452,002
Prepayments and accrued income	<u>68,091</u>	<u>49,644</u>
	<u>534,499</u>	<u>501,646</u>

10 CASH AND CASH EQUIVALENTS

	2011 £	2010 £
Bank deposit account	<u>26,416</u>	<u>98,941</u>

PLAIN HEALTHCARE LIMITED
(REGISTERED NUMBER 3024500)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

11 TRADE AND OTHER PAYABLES

	2011	2010
	£	£
Current		
Trade payables	75,414	93,290
Amounts owed to group undertakings	-	168,419
Social security and other taxes	233,618	80,117
Deferred income	435,346	472,209
Other Payables	1,921	-
Accrued expenses	<u>9,220</u>	<u>100,213</u>
	<u><u>755,519</u></u>	<u><u>914,248</u></u>

12 FINANCIAL LIABILITIES - BORROWINGS

	2011	2010
	£	£
Current		
Loan from Parent undertaking	<u>795,812</u>	<u>425,000</u>

The loan is repayable on demand

13 LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows

	2011	2010
	£	£
Within one year	12,686	12,686
Between one and five years	32,794	45,480
In more than five years	<u>-</u>	<u>-</u>
	<u><u>45,480</u></u>	<u><u>58,166</u></u>

Operating lease payments represent rentals payable by the Company in respect of head office premises

The operating lease does not have any restrictions imposed relating to dividends, debt or further leasing. The property lease includes a requirement to return the leased property to the state in which it was at the inception of the lease.

PLAIN HEALTHCARE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

14 FINANCIAL INSTRUMENTS

The directors' objectives when managing capital are to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base to sustain future development of the business. The Company's strategy remained unchanged during the year. Capital resources have however been depleted significantly by losses incurred during the year as a consequence of the recruitment of additional staff to expand and develop the business.

The company's financial instruments comprise cash and cash equivalents, trade and other receivables, trade payables and short term loans.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and bank balances.

Exposure to credit risk

The carrying of financial assets set out below represents the maximum credit exposure. There are no commitments that could increase this exposure to more than the carrying amounts. The Company does not require collateral in respect of trade and other receivables.

Given the nature of its customer base, being principally government funded healthcare services, together with historical experience, no provision for impairment has been made and no charge made to the income statement in respect of irrecoverable amounts. There is no significant concentration of credit risk.

The ageing of trade receivables, which are not impaired, at each balance sheet date was

	2011	2010
	£	£
Not past due	358,247	446,757
Past due 0-30 days	181	2,688
Past due 31-90 days	83,087	-
Past due by more than 90 days	<u>24,893</u>	<u>2,557</u>
	<u>466,408</u>	<u>452,002</u>

Bank balances are held with the Co-operative Bank Plc and HSBC Bank Plc.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. All of the Company's contractual maturities of financial liabilities are repayable within 30 days.

PLAIN HEALTHCARE LIMITED

COMPANY LIMITED (REGISTERED NUMBER: 3024500)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011**

The Company has incurred trading losses as a result of the recruitment of new staff to expand and develop its operations. As a consequence, available cash resources have been depleted such that the Company now requires a further injection of funds to enable it to continue trading operations and achieve its expansion plans.

Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments.

Foreign currency risk

The Company has no exposure to foreign currency risk.

Interest rate risk

At the balance sheet date the company's interest rate profile of interest-bearing financial instruments was:

	2011 £	2010 £
Variable rate instruments		
Cash and cash equivalents	26,416	98,691
Short term loan	<u>(795,812)</u>	<u>(425,000)</u>

Security provided for debt

The short term loan is from Avia Investments Plc and is secured by way of a fixed and floating charge against all assets of the Company. Interest is payable at 4% above the base lending rate of National Westminster Bank Plc.

Categories of financial assets and financial liabilities

Financial assets as set out in the table below fall within the category defined by IAS39 as loans and receivables. Financial liabilities fall within the category of financial liabilities measured at amortised cost.

Fair values

The carrying value of trade and other payables and trade and other receivables are assumed to approximate to their fair values given their short-term nature.

The fair value of cash and cash equivalents is equivalent to its carrying amount. The cash is repayable on demand.

The fair and carrying values for each class of financial assets and financial liabilities is shown in the balance sheet as follows:

PLAIN HEALTHCARE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

	2011 £	2010 £
Financial assets		
Trade receivables	466,408	452,002
Cash and cash equivalents	<u>26,416</u>	<u>98,941</u>
	<u>492,824</u>	<u>550,943</u>

Financial assets exclude prepayments

	2011 £	2010 £
Financial liabilities		
Trade payables	75,414	93,290
Accrued expenses	9,220	32,713
Amounts owed to group	-	168,419
Other payables	1,921	67,500
Short term loans	<u>795,812</u>	<u>425,000</u>
	<u>882,367</u>	<u>786,922</u>

Financial liabilities exclude social security and other taxes, deferred income of £435,346 (2010 £472,209) and corporation tax

15 DEFERRED TAX

Group

Movements in the provision comprise

	2011 £	2010 £
Brought forward	107,622	-
Credited / (charged) to profit or loss	<u>(107,622)</u>	<u>107,622</u>
	-	-
Balance at 31 March	<u>-</u>	<u>107,622</u>

	2011 Not Provided £	2010 Provided £
Acceleration tax depreciation	(3,104)	(3,104)
Temporary timing differences	16,275	16,275
Unutilised tax losses	<u>117,551</u>	<u>94,451</u>
Balance at 31 March	<u>130,722</u>	<u>107,622</u>

The company has in the past recognised a deferred tax asset in respect of trading losses carried forward. The directors now feel that given the delays experienced in the generation of taxable profits they would wish to take a conservative view and not reflect these assets within the Statement of Financial Position under review. The deferred tax asset not recognised is £130,722 which relates to the prior and current year.

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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

16 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £1	2011 £ <u>1,641</u>	2010 £ <u>1,641</u>
1,641	Ordinary			

The authorised share capital as at 31 March 2011 was 5,000 (2010 5,000) Ordinary shares of £1 each totalling £5,000 (2010 £5,000)

17 RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 April 2010	(413,142)	219,731	(193,411)
Deficit for the year	<u>(217,624)</u>		<u>(217,624)</u>
At 31 March 2011	<u>(630,766)</u>	<u>219,731</u>	<u>(411,035)</u>

18 RELATED PARTY DISCLOSURES

The remuneration of the Directors, who are the key management personnel of the Company, are set out in note 3

There is no company pension scheme in place for the benefit of the directors

Avia Health Informatics plc

As at 31 March 2011 the Company owes Avia Health Informatics plc £795,812 (2010 £593,189) Interest was charged on the loan at 4% above the base lending rate of National Westminster Bank Plc totalling £12,009 (2010 £7,744) Avia Health Informatics plc became the legal parent of Plain Healthcare Limited on 16 November 2009 during the reverse acquisition Previous to this Avia Health Informatics plc was a related party due to B Giddings being a director for both companies

19 ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking is Avia Health Informatics plc, a company registered in England and Wales Group accounts are publicly available from Thorney Leys Business Park, Witney, Oxfordshire, OX18 4GE In the opinion of the directors, there is no ultimate controlling party