

DOVESTONE ESTATES LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2007

Company Registration No 777567 (England and Wales)

Alan Cooper Saunders Angel

Chartered Accountants
Kenton House
666 Kenton Road
Harrow, Middlesex
HA3 9QN

WEDNESDAY



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DOVESTONE ESTATES LIMITED

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DOVESTONE ESTATES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2007

The directors present their report and financial statements for the year ended 31 August 2007

Principal activities and review of the business

The principal activities of the company in the year under review continue to be that of the provision of residential and nursing care for the elderly, disabled, the young physically handicapped and terminally ill. No significant changes in the nature of the activities occurred during the year.

The net profit after providing for taxation amounted to £41,278.

Full results for the year are set out on page 5.

The directors consider the results achieved to be particularly satisfactory, given the environment within which the company operates and risks to the company's market share from new competition. Currently the nursing home has 51 registered beds available, all of which were occupied during the year, save for 2-3 beds which are deliberately kept empty for emergencies. Consequently the company traded at near full capacity throughout the year.

Adequate finance exists to take advantage of business opportunities and the directors consider the state of affairs to be satisfactory, given the substantial loan creditor which exists at the balance sheet date. The directors are confident that loan facilities will be renewed under new terms with the existing lenders on maturity of the loans in May 2009. Alternatively, the directors are also confident of negotiating new loan terms with other lenders.

Results and dividends

The directors do not recommend a final dividend. It is proposed that the retained profit for the year of £60,031 be transferred to reserves.

Fixed assets

Full details of all movements in fixed assets during the year are set out in the notes to the financial statements.

Market value of land and buildings

The Nursing Home at Wray Common Road, Reigate, Surrey, RH2 0ND was revalued by £1,700,000 to £4,100,000 in March 2006, by Savills Commercial Limited, a firm of independent surveyors and valuers, on the basis of open market value for existing use as a fully equipped and operational entity. The directors consider that the valuation at 31 August 2007 is not materially different from the market value.

Post balance sheet events

On 18th September 2007, the company acquired the freehold property at Tregoney, Dodds Way, Reigate, Surrey RH2 0JT, for £652,500 plus associated costs, financed by a secured bank loan. The property is adjacent to the existing Wray Common Nursing Home.

Directors

The following directors have held office since 1 September 2006:

Mr S Segal

Mrs R Segal

Mr H Segal

(Appointed 1 June 2007)

DOVESTONE ESTATES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2007

Future developments

Following the freehold purchase of the adjacent property at Tregoney, Dodds Way, Reigate, Surrey RH2 0JT, the directors plan to redevelop the property into a residential nursing home, as an extension to the existing Wray Common Nursing Home. Planning permission has been applied for, which as at the date of signing of these financial statements, was awaiting approval. If planning permission is granted, and the directors are confident that it will, the redevelopment will add between 15 to 20 new registered beds to the existing nursing home.

Financial instruments risk

The company seeks to operate within its agreed overdraft and loan facilities with its bankers. All sales are to UK customers and all suppliers are UK based. The company has therefore not entered into any hedging arrangements in respect of risks relating to trade debtors or creditors.

The company is exposed to interest rate risk on its borrowings with its bankers. Based on the level of borrowings at the year end, an increase of 1% in interest rates increases the company's borrowing costs by £14,163 per annum.

The company is currently reliant on loan facilities from its bankers and therefore has a general loan risk. The company has tightened up controls over collection of trade debtors and has also negotiated favourable payment terms with its suppliers. The company's bankers are currently satisfied with the company's financial performance and the directors do not think there is any risk of the loan facilities being withdrawn.

Auditors

The auditors, Alan Cooper Saunders Angel, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

DOVESTONE ESTATES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2007

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

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

Statement of disclosure to auditor

The directors of the company who held the office at the date of approval of this annual report confirm that (a) so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr S Segal
Director

Date 22.6.08

DOVESTONE ESTATES LIMITED

INDEPENDENT AUDITORS' REPORT TO DOVESTONE ESTATES LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 5 to 20, together with the full financial statements of DOVESTONE ESTATES LIMITED for the year ended 31 August 2007 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that bulletin, we have carried out the procedures we consider necessary to confirm, by reference to the full financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.



Alan Cooper Saunders Angel
Chartered Accountants
Registered Auditor
Kenton House
666 Kenton Road
Harrow, Middlesex
HA3 9QN

Date 24 June 2008

DOVESTONE ESTATES LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2007

	Notes	2007 £	2006 £
Gross profit		728,428	701,491
Administrative expenses		(565,220)	(476,162)
Operating profit	2	163,208	225,329
Other interest receivable and similar income		-	851
Interest payable and similar charges	3	(103,223)	(101,189)
Profit on ordinary activities before taxation		59,985	124,991
Tax on profit on ordinary activities	4	(18,707)	(19,917)
Profit on ordinary activities after taxation		41,278	105,074
Transfer from revaluation reserve		18,753	18,752
Profit on ordinary activities after taxation being profit for the financial year.	13	60,031	123,826

The profit and loss account has been prepared on the basis that all operations are continuing operations

DOVESTONE ESTATES LIMITED

ABBREVIATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 AUGUST 2007

	Notes	2007 £	2006 £
Profit for the financial year		41,278	105,074
Unrealised deficit on revaluation of properties		-	(108,912)
Total recognised gains and losses relating to the year		<u>41,278</u>	<u>(3,838)</u>

Note of historical cost profits and losses

	2007 £	2006 £
Reported profit on ordinary activities before taxation	59,985	124,991
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>18,753</u>	<u>18,752</u>
Historical cost profit on ordinary activities before taxation	<u>78,738</u>	<u>143,743</u>
Historical cost profit for the year retained after taxation, extraordinary items and dividends	<u>60,031</u>	<u>123,826</u>

DOVESTONE ESTATES LIMITED

ABBREVIATED BALANCE SHEET

AS AT 31 AUGUST 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Intangible assets	5		1		7,089
Tangible assets	6		4,211,669		4,235,279
			<u>4,211,670</u>		<u>4,242,368</u>
Current assets					
Stocks	7	9,150		9,250	
Debtors	8	208,290		113,878	
Cash at bank and in hand		122,305		103,434	
		<u>339,745</u>		<u>226,562</u>	
Creditors, amounts falling due within one year	9	(254,808)		(219,875)	
Net current assets			<u>84,937</u>		<u>6,687</u>
Total assets less current liabilities			4,296,607		4,249,055
Creditors' amounts falling due after more than one year	10		(1,423,891)		(1,416,342)
Provisions for liabilities	11		(5,907)		(7,183)
			<u>2,866,809</u>		<u>2,825,530</u>
Capital and reserves					
Called up share capital	12		4,100		4,100
Revaluation reserve	13		2,929,644		2,948,397
Profit and loss account	13		(66,935)		(126,967)
Shareholders' funds	14		<u>2,866,809</u>		<u>2,825,530</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies

Approved by the Board and authorised for issue on 22.6.08



Mr S Segal
Director

DOVESTONE ESTATES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2007

	£	2007 £	£	2006 £
Net cash inflow from operating activities		193,472		245,923
Returns on investments and servicing of finance				
Interest received	-		851	
Interest paid	(100,803)		(110,156)	
Net cash outflow for returns on investments and servicing of finance		(100,803)		(109,305)
Taxation		(20,842)		8,469
Capital expenditure				
Payments to acquire tangible assets	(48,545)		(47,338)	
Receipts from sales of tangible assets	2,000		376,168	
Net cash (outflow)/inflow for capital expenditure		(46,545)		(328,830)
Net cash inflow before management of liquid resources and financing		25,282		473,917
Financing				
Repayment of long term bank loan	-		(385,653)	
Capital element of hire purchase contracts	(6,356)		(4,472)	
Net cash (outflow)/inflow from financing		(6,356)		(390,125)
Increase in cash in the year		18,926		83,792

DOVESTONE ESTATES LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2007

1	Reconciliation of operating profit to net cash inflow from operating activities	2007	2006
		£	£
	Operating profit	163,208	225,329
	Depreciation of tangible assets	84,239	82,707
	Amortisation of intangible assets	7,088	7,092
	Loss on disposal of tangible assets	5,425	(55,685)
	Decrease/(increase) in stocks	100	(500)
	Increase in debtors	(92,981)	(25,585)
	Increase in creditors within one year	26,393	12,565
	Net cash inflow from operating activities	193,472	245,923

2	Analysis of net debt	1 September 2006	Cash flow	Inception of finance leases	31 August 2007
		£	£	£	£
	Net cash				
	Cash at bank and in hand	103,434	18,871	-	122,305
	Bank overdrafts	(55)	55	-	-
		<u>103,379</u>	<u>18,926</u>	<u>-</u>	<u>122,305</u>
	Debt				
	Finance leases	(804)	6,356	(19,508)	(13,956)
	Debts falling due after one year	(1,416,342)	-	-	(1,416,342)
		<u>(1,417,146)</u>	<u>6,356</u>	<u>(19,508)</u>	<u>(1,430,298)</u>
	Net debt	(1,313,767)	25,282	(19,508)	(1,307,993)

3	Reconciliation of net cash flow to movement in net debt	2007	2006
		£	£
	Increase in cash in the year	18,926	83,792
	New hire purchase agreements	(19,508)	-
	Cash paid in repaying hire purchase agreements and debt finance	6,356	390,124
	Movement in net debt in the year	5,774	473,916
	Opening net debt	(1,313,767)	(1,787,683)
	Closing net debt	(1,307,993)	(1,313,767)

DOVESTONE ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with applicable accounting standards

1.2 Turnover

Turnover represents the total invoice value, of goods sold and services rendered during the year

1.3 Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separate net assets. Goodwill is amortised through the profit and loss account over its estimated economic life of twenty years

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

Freehold buildings	1% per annum
Improvements	1% per annum
Fixtures, fittings & equipment	25% on written down value
Motor vehicles	25% on written down value

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives. Assets acquired under hire purchase contracts are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period. Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred

1.6 Stock

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving stocks

DOVESTONE ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2007

1 Accounting policies

(continued)

1.7 Deferred taxation

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. In accordance with FRS19, deferred tax is not recognised on revaluation gains. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

2 Operating profit

	2007 £	2006 £
Operating profit is stated after charging		
Amortisation of intangible assets	7,088	7,092
Depreciation of tangible assets		
- owned by the company	76,646	80,180
- held under finance leases and hire purchase	7,642	2,527
Loss on sale of fixed assets	5,425	-
Other operating lease rentals	19,874	20,282
Auditors' remuneration	4,994	3,525
	<u> </u>	<u> </u>
and after crediting		
Capital gain on disposal of fixed assets	-	(55,685)
	<u> </u>	<u> </u>

3 Interest payable

	2007 £	2006 £
Included in interest payable are the following amounts		
Interest on bank loans and overdrafts	102,559	100,697
Hire purchase interest	664	492
	<u> </u>	<u> </u>
	103,223	101,189
	<u> </u>	<u> </u>

DOVESTONE ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2007

4	Taxation	2007 £	2006 £
	Domestic current year tax		
	U K corporation tax	19,983	20,842
	Current tax charge	19,983	20,842
	Deferred tax		
	Deferred tax charge current year	(1,276)	(925)
		18,707	19,917
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	59,985	124,991
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.42% (2006 - 19.00%)	11,649	23,748
	Effects of		
	Non deductible expenses	49	41
	Depreciation add back	17,735	17,062
	Capital allowances	(10,504)	(9,429)
	Loss on disposal of fixed assets	1,054	-
	Chargeable disposals	-	(10,580)
		8,334	(2,906)
	Current tax charge	19,983	20,842

DOVESTONE ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2007

5 Intangible fixed assets

	Goodwill £
Cost	
At 1 September 2006 & at 31 August 2007	200,000
Amortisation	
At 1 September 2006	192,911
Charge for the year	7,088
At 31 August 2007	199,999
Net book value	
At 31 August 2007	1
At 31 August 2006	7,089

DOVESTONE ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2007

6 Tangible fixed assets

	Land and buildings Freehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 September 2006	4,100,000	478,555	17,600	4,596,155
Additions	-	37,835	30,218	68,053
Disposals	-	-	(17,600)	(17,600)
At 31 August 2007	4,100,000	516,390	30,218	4,646,608
Depreciation				
At 1 September 2006	28,210	322,490	10,175	360,875
On disposals	-	-	(10,175)	(10,175)
Charge for the year	28,210	48,475	7,554	84,239
At 31 August 2007	56,420	370,965	7,554	434,939
Net book value				
At 31 August 2007	4,043,580	145,425	22,664	4,211,669
At 31 August 2006	4,071,790	156,064	7,425	4,235,279

Included in freehold land and buildings at 31 August 2007 is land at valuation of £1,279,017 (cost £354,079) which is not depreciated

The nursing home at Wray Common Road, Reigate, Surrey RH2 0ND was revalued in March 2006 by £1,700,000 to £4,100,000 by Savills Commercial Limited, a firm of independent surveyors and valuers, on the basis of open market value for existing use as a fully equipped and operational entity. The directors are not aware of any material change in value since the date of the valuation and consider the valuation at 31 August 2007 not to be materially different from the market value.

Comparable historical cost for the land and buildings included at valuation

	£
Cost	
At 1 September 2006	1,299,871
Additions	-
Disposals	-
At 1 September 2006 & at 31 August 2007	1,299,871
Depreciation based on cost	
At 1 September 2006	156,490
On Disposals	-
Charge for the year	9,457
At 31 August 2007	165,947

DOVESTONE ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2007

6 Tangible fixed assets (continued)

Net book value	
At 31 August 2007	1,133,924
At 31 August 2006	1,143,381

Included above are assets held under finance leases or hire purchase contracts as follows

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Net book values			
At 31 August 2007	117	22,810	22,927
At 31 August 2006	156	7,425	7,581
Depreciation charge for the year			
At 31 August 2007	39	7,603	7,642
At 31 August 2006	52	2,475	2,527

7 Stocks	2007 £	2006 £
Raw materials and consumables	9,150	9,250

DOVESTONE ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2007

8 Debtors	2007 £	2006 £
Trade debtors	99,194	77,640
Other debtors	89,892	16,532
Prepayments and accrued income	19,204	19,706
	<u>208,290</u>	<u>113,878</u>

Amounts falling due after more than one year and included in the debtors above are

	2007 £	2006 £
Everycare (East Surrey) Limited	-	16,450

Everycare (East Surrey) Limited is a connected company. The balance for 2007 amounting to £16,450 and included in the other debtors above is repayable by 31st August 2008.

9 Creditors: amounts falling due within one year	2007 £	2006 £
Bank loans and overdrafts	-	55
Net obligations under hire purchase contracts	6,407	804
Trade creditors	91,193	64,883
Corporation tax	19,983	20,842
Other taxes and social security costs	28,207	27,231
Other creditors	66,973	62,635
Accruals and deferred income	42,045	43,425
	<u>254,808</u>	<u>219,875</u>

Bank loans and overdrafts of £NIL (2006 £55) comprise of overdrafts amounting to £NIL (2006 £55), which are secured. In addition a personal guarantee of £35,000 has been given by one of the directors. The hire purchase contracts are secured on the assets concerned.

DOVESTONE ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2007

10 Creditors: amounts falling due after more than one year	2007 £	2006 £
Bank loans	1,416,342	1,416,342
Net obligations under hire purchase contracts	7,549	-
	<u>1,423,891</u>	<u>1,416,342</u>
Analysis of loans		
Wholly repayable within five years	1,416,342	1,416,342
	<u>1,416,342</u>	<u>1,416,342</u>
Loan maturity analysis		
In more than one year but not more than two years	1,416,342	-
In more than two years but not more than five years	-	1,416,342
	<u>1,416,342</u>	<u>1,416,342</u>

The bank loans are secured by a fixed first legal charge over the company's freehold land and buildings, plus a floating debenture on all other assets of the company. Interest is charged at 2% above LIBOR rate (London Inter Bank Offered Rate). Included in bank loans is an amount estimated at £1,416,342 (2006 £1,416,342) which represents the bank loans repayable within two years.

The bank facilities are renewable each year on 30 November. Whilst, technically, the bank can insist upon repayment of the loans at the next review date, in the absence of any material default, assurances have been received from the bank that it would be their intention to renew the facility on an annual basis up to the maturity date, being the 18 May 2009.

The facility was renewed in November 2007 and the directors see no reason why the bank should not renew the facility in November 2008 up to the maturity date or any other agreed longer period. It is not the company's intention to repay any amount of the loans within twelve months of the balance sheet date.

As the loans are currently on an interest only facility, on this basis the directors consider it appropriate to disclose the bank loans as being wholly repayable within two years.

Net obligations under hire purchase contracts		
Repayable within one year	6,407	804
Repayable between one and five years	7,549	-
	<u>13,956</u>	<u>804</u>
	13,956	804
Included in liabilities falling due within one year	(6,407)	(804)
	<u>7,549</u>	<u>-</u>

The hire purchase contracts are secured on the assets concerned.

DOVESTONE ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2007

11 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 September 2006	7,183
Profit and loss account	(1,276)
	<hr/>
Balance at 31 August 2007	5,907
	<hr/> <hr/>

No deferred tax liability has been created in respect of the revaluation to freehold land and buildings, as it is the intention of the directors to retain the property and not sell it in the foreseeable future

The deferred tax liability is made up as follows:

	2007 £	2006 £
Accelerated capital allowances	5,907	7,183
	<hr/>	<hr/>

12 Share capital

	2007 £	2006 £
Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
4,100 Ordinary shares of £1 each	4,100	4,100
	<hr/>	<hr/>

13 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 September 2006	2,948,397	(126,966)
Retained profit for the year	-	60,031
Transfer from revaluation reserve to profit and loss account	(18,753)	-
	<hr/>	<hr/>
Balance at 31 August 2007	2,929,644	(66,935)
	<hr/> <hr/>	<hr/> <hr/>

DOVESTONE ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2007

14 Reconciliation of movements in shareholders' funds	2007	2006
	£	£
Profit for the financial year	41,278	105,074
Other recognised gains and losses	-	(108,912)
	<u>41,278</u>	<u>(3,838)</u>
Net (reduction)/addition to shareholders' funds	41,278	(3,838)
Opening shareholders' funds	2,825,530	2,829,368
	<u>2,866,809</u>	<u>2,825,530</u>
Closing shareholders' funds	2,866,809	2,825,530

15 Financial commitments

At 31 August 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 August 2008

	2007	2006
	£	£
Operating leases which expire		
Between two and five years	<u>23,185</u>	<u>21,222</u>

16 Directors' emoluments	2007	2006
	£	£
Emoluments for qualifying services	164,345	141,129
Pensions to former directors	10,000	10,000
	<u>174,345</u>	<u>151,129</u>

DOVESTONE ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2007

17 Transactions with directors

On the 1 June 2007, Mr H Segal was appointed as a director of the company. Prior to this, he held the position of office manager and was actively involved in the management of the company. Mr H Segal is the son of the managing director, Mr S Segal.

The company's overdraft facility with Barclays Bank PLC is secured by a personal guarantee given by Mr S Segal to the extent of £35,000 as disclosed in the notes above.

Mr S Segal and Mr H Segal are directors and equal shareholders (50% each) in Everycare (East Surrey) Limited, a company incorporated in England which provides home care and nursing services. At 31 August 2007, £16,450 (2006: £16,450) was owed by Everycare (East Surrey) Limited to the company. The balance arose under normal trading transactions.

At the balance sheet date, £2,029 was owed by the company to Mr S Segal. The balance is reflected in the directors' loan account and included in other creditors above.

During the year, the company sold a Saab 9 3 motor vehicle, to Mr H Segal at a considered market value of £2,000.

The directors of the company had no other material transactions with the company during the year other than the director's emoluments.

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2007 Number	2006 Number
Office, management and nurses	72	67

Employment costs

	2007 £	2006 £
Wages and salaries	1,004,672	967,045
Social security costs	88,141	88,919
Other pension costs	13,330	13,996
	1,106,143	1,069,960

19 Post balance sheet events

On 18th September 2007, the company acquired the freehold property at Tregoney, Dodds Way, Reigate, Surrey RH2 0JT, for £652,500 plus associated costs, financed by a secured bank loan. The property is adjacent to the existing Wray Common Nursing Home.