

DOVESTONE ESTATES LIMITED

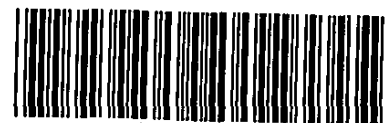
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011**

Company Registration No 00777567 (England and Wales)

Alan Cooper Saunders Angel

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

WEDNESDAY



A1FUT9M1

A12

22/08/2012

#126

COMPANIES HOUSE

DOVESTONE ESTATES LIMITED

COMPANY INFORMATION

Directors

S Segal
R Segal
H Segal

Secretary

R Segal

Company number

00777567

Registered office

Kenton House
666 Kenton Road
Harrow, Middlesex
HA3 9QN

Auditors

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

DOVESTONE ESTATES LIMITED

CONTENTS

	Page
Directors' report	1 - 4
Independent auditors' report	5 - 6
Profit and loss account	7 - 8
Balance sheet	9
Cash flow statement	10
Notes to Cash flow statement	11
Notes to the financial statements	12 - 20
The following pages do not form part of the statutory financial statements	
Detailed profit and loss statement	21 - 22

DOVESTONE ESTATES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2011

The directors present their report and the audited financial statements for the year ended 31 August 2011

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 loss after providing for taxation amounted to £123,290. The directors are confident of improving the company's profitability in the ensuing years.

Full results for the year are set out on page 7.

The key performance measures that the Board use to monitor the company's progress against its objectives are,

- Occupancy rates
- Fee levels
- Earnings before interest, taxation, depreciation and amortisation
- Margin
- Staff and agency cost and
- Ratings by the Care Quality Commission (formerly known as Commission for Social Care and Inspection)

The Directors consider the results achieved on ordinary activities to be satisfactory given the environment within which the company operates and risks to the company's market share from new competition and the disruption to the company's operating activities following the commencement of the extension, refurbishment and redevelopment of the existing Wray Common Nursing Home in January 2011. The building work is to improve and modernise the facilities, so that the nursing home may continue to compete successfully with newer, purpose built care homes in the area that have entered the market place in recent years.

When complete, the program of extension, refurbishment and modernisation will enhance the environment and ambience of the nursing home, which when coupled with the long history and reputation that the nursing home has established, will strengthen its position in the market place for many years to come. The improvements to the nursing home should be reflected in the next independent business valuation.

The ongoing extension and redevelopment of the nursing home has reduced the availability of beds from 47 to 43 from January 2011. This has had a knock on effect on the company's turnover when compared to the previous year. The company for several years has been operating at near full capacity and the directors consider the reduction in turnover, experienced in 2011 to be temporary and to be reversed in the ensuing years, as a result of the extra beds that will be available following the completion of the extension and redevelopment work. Overall in 2011, based on a maximum available capacity of 47 registered beds, up to December 2010 and 43 registered beds thereafter, the company traded at near full capacity throughout the year, averaging a 96% occupancy rate.

The extension and redevelopment work was completed in May 2012, which has increased the registered bed capacity to 53, in single occupancy rooms, of which 37 will have en-suite facilities. In view of the increased bed capacity, the Directors expect the company's turnover to increase in the ensuing years.

The earnings before interest, taxation, depreciation and exceptional item, relating to the loss on sale of Freehold property, amounted to £145,890. The Directors will endeavour to control costs and maintain the occupancy rate, going forward and the Directors are confident in improving the company's profitability in the ensuing year.

The company's strategy is one of continued growth, within their capabilities, through possible further extension of the Wray Common Nursing Home and existing facilities, as detailed in future developments on page 2.

DOVESTONE ESTATES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2011

The directors continue to invest in maintaining and improving the building, fixtures and fittings of the nursing home to provide a comfortable, safe and happy environment for the residents. The directors regard this investment as being integral to the continuing success of the business and ensuring that the residents are provided with a nursing home which they can enjoy.

The directors also place high importance on investing in the development and training of staff to ensure that the company meets all statutory and regulatory requirements as well as supplying a high level of service to the residents.

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.

Results and dividends

The directors do not recommend a final dividend. It is proposed that the retained loss for the year of £123,290 be transferred to the 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 at 31 August 2009. The value, which was £288,432 greater than the former net book value, was incorporated in the 2009 financial statements. The directors do not consider a revaluation adjustment to be necessary for the year ended 31 August 2011 in respect of the nursing home. The Directors propose to undertake an independent valuation of the Nursing Home on the basis of an open market valuation for existing use as a fully equipped and operational entity, once the extension and redevelopment work has been completed.

Post balance sheet events

On 27 July 2012 the directors negotiated new loan facilities with Barclay's Bank P L C to refinance the existing loans with Investec bank P L C, which at 31 August 2011 stood at £1,934,370. The new facility amounts to £2,200,000, and repayable over 15 years. The new loan is secured by a first fixed legal charge over the company's freehold land and buildings, plus a cross guarantee and debenture by and between the company and Everycare (East Surrey) Limited, a related party.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial year ended 31 August 2011.

Future developments

In addition to the extension and redevelopment works currently being undertaken, further planning consent has been granted for the construction of 5 rooms on the second floor. This will form the second phase of works and will be considered once the first phase has been completed, after which the value and profitability to the company will be examined prior to embarking on the second phase of the modernisation plan.

DOVESTONE ESTATES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2011

Financial instruments risk

The company seeks to operate within its agreed 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 £19,343 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.

Directors

The directors who served during the year were as follows:

Mr S Segal
Mrs R Segal
Mr H Segal

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 in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

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.

DOVESTONE ESTATES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2011

Statement of disclosure to auditors

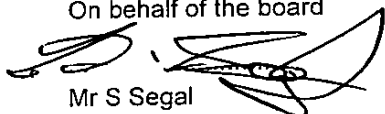
The directors of the company who held office at the date of approval of this annual report confirm that
(a) so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware,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

Auditors

Pursuant to Section 487(2) of the Companies Act 2006, the auditors will be deemed to be reappointed and Alan Cooper Saunders Angel will therefore continue in office

On behalf of the board



Mr S Segal

Director

AUG. 7. 2012

DOVESTONE ESTATES LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DOVESTONE ESTATES LIMITED

We have audited the financial statements of DOVESTONE ESTATES LIMITED for the year ended 31 August 2011 set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 (APB's) Ethical Standards for Auditors.

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 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 directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent 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 company's affairs as at 31 August 2011 and of its loss 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.

DOVESTONE ESTATES LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF DOVESTONE ESTATES 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



Andreas Michael

(Senior Statutory Auditor)

for and on behalf of Alan Cooper Saunders Angel
Chartered Accountants and Statutory Auditors

Kenton House
666 Kenton Road
Harrow, Middlesex
HA3 9QN

21/08/2012

DOVESTONE ESTATES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2011

	Notes	2011 £	2010 £
Turnover		1,659,309	1,734,093
Cost of sales		(1,085,745)	(1,073,262)
Gross profit		573,564	660,831
Administrative expenses		(567,180)	(510,138)
Other operating income		26,792	26,707
Operating profit	3	33,176	177,400
Loss on sale of freehold property	3	(68,907)	-
(Loss)/profit on ordinary activities before interest payable		(35,731)	177,400
Interest payable and similar charges	4	(114,944)	(106,114)
(Loss)/profit on ordinary activities before taxation		(150,675)	71,286
Tax on (loss)/profit on ordinary activities	5	7,843	(22,278)
(Loss)/profit on ordinary activities after taxation		(142,832)	49,008
Transfer from revaluation reserve		19,542	19,544
(Loss)/profit on ordinary activities after taxation being profit for the financial year	14	(123,290)	68,552

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

There are no recognised gains and losses other than those passing through the profit and loss account

DOVESTONE ESTATES LIMITED

PROFIT AND LOSS ACCOUNT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

Note of historical cost profits and losses

	2011 £	2010 £
Reported (loss)/profit on ordinary activities before taxation	(150,675)	71,286
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>19,542</u>	<u>19,544</u>
Historical cost (loss)/profit on ordinary activities before taxation	<u>(131,133)</u>	<u>90,830</u>
Historical cost (loss)/profit for the year retained after taxation and dividends	<u>(123,290)</u>	<u>68,552</u>


DOVESTONE ESTATES LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Intangible assets	6		1		1
Tangible assets	7		4,912,427		5,127,619
			<u>4,912,428</u>		<u>5,127,620</u>
Current assets					
Stocks	8	9,000		9,250	
Debtors	9	135,088		159,573	
Cash at bank and in hand		131,545		178,270	
		<u>275,633</u>		<u>347,093</u>	
Creditors: amounts falling due within one year	10	(232,968)		(208,098)	
Net current assets			<u>42,665</u>		<u>138,995</u>
Total assets less current liabilities			4,955,093		5,266,615
Creditors: amounts falling due after more than one year	11		(1,934,370)		(2,116,342)
Provisions for liabilities	12		(16,941)		(3,659)
			<u>3,003,782</u>		<u>3,146,614</u>
Capital and reserves					
Called up share capital	13		4,100		4,100
Revaluation reserve	14		3,141,487		3,161,029
Profit and loss account	14		(141,805)		(18,515)
Shareholders' funds	15		<u>3,003,782</u>		<u>3,146,614</u>

The Financial Statements were approved by the board on 7th August 2012 and signed on its behalf


Mr S Segal
Director

Company Registration No 00777567

DOVESTONE ESTATES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2011

	£	2011 £	£	2010 £
Net cash inflow from operating activities		248,063		198,328
Returns on investments and servicing of finance				
Interest paid	(138,912)		(105,998)	
Net cash outflow for returns on investments and servicing of finance		(138,912)		(105,998)
Taxation				
Tax paid		(21,125)		(10,598)
Capital expenditure				
Payments to acquire tangible assets	(579,495)		(99,691)	
Receipts from sales of tangible assets	626,716		2,750	
Net cash (outflow)/inflow for capital expenditure		47,221		(96,940)
Net cash inflow/(outflow) before management of liquid resources and financing		135,247		(15,208)
Financing				
New long term bank loan	444,744		-	
Repayment of long term bank loan	(626,716)		-	
Capital element of hire purchase contracts	-		(1,143)	
Net cash outflow from financing		(181,972)		(1,143)
Decrease in cash in the year		(46,725)		(16,351)

DOVESTONE ESTATES LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2011

1 Reconciliation of operating profit to net cash inflow from operating activities		2011	2010
		£	£
Operating profit		33,176	177,400
Depreciation of tangible assets		112,714	68,388
Loss on Sale of fixed assets		-	9,998
Decrease/(increase) in stocks		250	(100)
Decrease/(increase) in debtors		70,550	(47,223)
Increase/(decrease) in creditors within one year		31,373	(10,135)
Net cash inflow from operating activities		248,063	198,328

2 Analysis of net debt	1 September 2010	Cash flow	Other non-cash changes	31 August 2011
	£	£	£	£
Net cash				
Cash at bank and in hand	178,270	(46,725)	-	131,545
Debt				
Debts falling due after one year	(2,116,342)	181,972	-	(1,934,370)
	(2,116,342)	181,972	-	(1,934,370)
Net debt	(1,938,072)	135,247	-	(1,802,825)

3 Reconciliation of net cash flow to movement in net debt	2011	2010
	£	£
Decrease in cash in the year	(46,725)	(16,351)
New long term bank loan	(444,744)	-
Repayment of long term bank loan	626,716	-
Cash paid in repaying hire purchase agreements and debt finance	-	1,143
Movement in net debt in the year	135,247	(15,208)
Opening net debt	(1,938,072)	(1,922,864)
Closing net debt	(1,802,825)	(1,938,072)

DOVESTONE ESTATES LIMITED

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

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

1.1 Basis of preparation of financial statements

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. It is amortised to the profit and loss account over a period of twenty years, which is the directors' best estimate of its useful economic life.

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 of fixed assets less their estimated residual value over their expected useful life, on the following basis:

Freehold buildings	1% per annum, straight line basis
Improvements	1% per annum, straight line basis
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.

The net book value of the company's freehold buildings reflects the high quality nature of these assets and the company's practice is to maintain these assets in a continual state of sound repair and to make improvements thereto as and when necessary.

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 stock.

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

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.

2 Turnover

The company's turnover from continuing operations arose wholly in the United Kingdom and is attributable to the company's principal activities.

3 Operating profit

	2011 £	2010 £
Operating profit is stated after charging		
Depreciation of tangible assets		
- owned by the company	112,714	68,388
Loss/(Profit) on sale of fixed assets	-	9,998
Other operating lease rentals	7,631	7,518
Auditors' remuneration	5,428	5,282
Exceptional item	68,907	-

The exceptional item of £68,907 is in respect of a loss sustained by the company following the sale of its freehold property at Tregoney, Doods Way, Reigate, Surrey, RH2 0JT on the 26 July 2011.

4 Interest payable

	2011 £	2010 £
Included in interest payable are the following amounts		
Interest on bank loans and overdrafts	114,944	105,998
Hire purchase interest	-	116
	114,944	106,114

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

5	Taxation	2011	2010
		£	£
	U K corporation tax	-	21,125
	Adjustment for prior years	(21,125)	-
	Total current tax	(21,125)	21,125
	Deferred tax		
	Deferred tax charge current year	13,282	1,153
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(150,675)	71,286
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2010 - 21.00%)	-	14,970
	Effects of		
	Non deductible expenses	-	29
	Depreciation add back	-	14,361
	Capital allowances	-	(10,335)
	Loss on disposal of fixed assets	-	2,100
	Adjustments to tax charge in respect of previous periods	(21,125)	-
		(21,125)	6,155
	Current tax charge for the year	(21,125)	21,125
6	Intangible fixed assets		Goodwill
			£
	Cost		
	At 1 September 2010 & at 31 August 2011		200,000
	Amortisation		
	At 1 September 2010 & at 31 August 2011		199,999
	Net book value		
	At 31 August 2011		1
	At 31 August 2010		1

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

7 Tangible fixed assets

	Land and buildings Freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 September 2010	5,070,701	558,161	22,745	5,651,607
Additions	378,365	215,280	-	593,645
Disposals	(710,389)	(365)	-	(710,754)
At 31 August 2011	4,738,677	773,076	22,745	5,534,498
Depreciation				
At 1 September 2010	44,271	474,031	5,686	523,988
On disposals	(14,420)	(211)	-	(14,631)
Charge for the year	33,635	74,814	4,265	112,714
At 31 August 2011	63,486	548,634	9,951	622,071
Net book value				
At 31 August 2011	4,675,191	224,442	12,794	4,912,427
At 31 August 2010	5,026,429	84,131	17,059	5,127,619

Included in freehold land and buildings at 31 August 2011 is land valued at £1,375,161 (cost £354,080) which is not depreciated

The nursing home at Wray Common Road, Reigate, Surrey RH2 0ND was revalued to £4,300,000 on 31 August 2009 by the directors on the basis of open market valuation for existing use as a fully equipped and operational entity

The last full valuation was undertaken in March 2006 by Savills Commercial Limited, a firm of independent surveyors and valuers, who valued the nursing home then at £4,100,000 on a similar basis as the directors

The directors do not consider a revaluation adjustment to be necessary for the year ended 31 August 2011 in respect of the nursing home

Included in the total net book value of fixtures, fittings and equipment is £Nil (2010 £66) in respect of assets held under finance leases or hire purchase contracts. Depreciation for the year on these assets was £Nil (2010 £22)

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

7 Tangible fixed assets (continued)

Comparable historical cost for the land and buildings included at valuation

£

Cost

At 1 September 2010	2,095,266
Additions	378,365
Disposals	(710,389)
At 31 August 2011	1,763,242

Depreciation based on cost

At 1 September 2010	209,877
Charge for the year	14,092
Disposals	(14,419)
At 31 August 2011	209,550

Net book value

At 31 August 2011	1,553,692
At 31 August 2010	1,885,389

8 Stocks

	2011	2010
	£	£

Raw materials and consumables	9,000	9,250
-------------------------------	-------	-------

9 Debtors

	2011	2010
	£	£

Trade debtors	29,516	80,001
Corporation tax	21,125	-
Other debtors	30,454	30,138
Prepayments and accrued income	53,993	49,434
	135,088	159,573

Included within other debtors is a balance due from Everycare (East Surrey) Limited, a connected company, amounting to £29,954 (2010 £30,138), which is repayable by 31 August 2012

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

10 Creditors, amounts falling due within one year	2011 £	2010 £
Trade creditors	73,942	47,574
Corporation Tax	-	21,125
Other taxation and social security costs	27,945	27,849
Other creditors	71,252	68,797
Accruals and deferred income	59,829	42,753
	<u>232,968</u>	<u>208,098</u>

11 Creditors amounts falling due after more than one year	2011 £	2010 £
Bank loans	<u>1,934,370</u>	<u>2,116,342</u>
Analysis of loans		
Wholly repayable within five years	<u>1,934,370</u>	<u>2,116,342</u>
	<u>1,934,370</u>	<u>2,116,342</u>
Loan maturity analysis		
In more than one year but not more than two years	1,934,369	-
In more than two years but not more than five years	-	2,116,342
	<u>1,934,369</u>	<u>2,116,342</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. In addition a joint and several guarantee has been given by two directors, guaranteeing all of the company's obligations under the loan facility, limited to the sum of £650,000.

Interest is charged at 4.50% above the Bank's base rate, subject to a minimum aggregate rate of 5% per annum for the existing loans and 5% above the Bank's base rate, subject to a minimum aggregate rate of 5.5% for the new loan advanced during the year for the extension and redevelopment of the nursing home. Included in bank loans is an amount estimated at £1,934,369 (2010: £2,116,342) which represents the bank loans repayable within five years.

The bank facilities were renewed on 25 January 2011 until the 31 December 2012.

It is not the Directors' intention to repay any amount of the loans within twelve months of the balance sheet date, unless they negotiate new loans with other lenders, under new terms, which will include capital repayment and a longer repayment period. As the loans are currently on an interest only facility, on this basis, to reflect the true substance of the transaction, the directors consider it appropriate to disclose the bank loans as being wholly repayable within two years.

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

12 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 September 2010	3,659
Profit and loss account	13,282
	<u>16,941</u>
Balance at 31 August 2011	<u>16,941</u>

No provision has been made for deferred tax in the region of £225,000 arising on the revaluation of freehold land and buildings. This expected amount may become payable in the event of the property being sold, but there are no plans to sell it in the foreseeable future.

The deferred tax liability is made up as follows:

	2011 £	2010 £
Accelerated capital allowances	<u>16,941</u>	<u>3,659</u>

13 Share capital

	2011 £	2010 £
Allotted, called up and fully paid 4,100 Ordinary shares of £1 each	<u>4,100</u>	<u>4,100</u>

14 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 September 2010	3,161,029	(18,515)
Retained loss for the year	-	(123,290)
Transfer from revaluation reserve to profit and loss account	<u>(19,542)</u>	<u>-</u>
Balance at 31 August 2011	<u>3,141,487</u>	<u>(141,805)</u>

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

15 Reconciliation of movements in shareholders' funds	2011 £	2010 £
(Loss)/Profit for the financial year	(142,832)	49,008
Opening shareholders' funds	3,146,614	3,097,606
Closing shareholders' funds	<u>3,003,782</u>	<u>3,146,614</u>

16 Financial commitments

At 31 August 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 August 2012

	2011 £	2010 £
Operating leases which expire Between two and five years	<u>7,493</u>	<u>7,403</u>

17 Post balance sheet events

On 27 July 2012 the directors negotiated new loan facilities with Barclay's Bank P L C to refinance the existing loans with Investec bank P L C, which at 31 August 2011 stood at £1,934,370. The new facility amounts to £2,200,000, and repayable over 15 years. The new loan is secured by a first fixed legal charge over the company's freehold land and buildings, plus a cross guarantee and debenture by and between the company and Everycare (East Surrey) Limited, a related party.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial year ended 31 August 2011.

18 Directors' remuneration	2011 £	2010 £
Emoluments for qualifying services	217,267	209,612
Pensions to former directors	-	8,333
	<u>217,267</u>	<u>217,945</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director

Emoluments for qualifying services	<u>78,135</u>	<u>75,513</u>
------------------------------------	---------------	---------------

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

19 Transactions with directors

A limited personal guarantee to the extent of £35,000 has been given by Mr S Segal in favour of Barclays Bank Plc, to secure banking facilities for the company including Banking Automated Clearing System (BACS) payments and other direct debit arrangements

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 2011, £29,954 (2010 £30,138) was owed by Everycare (East Surrey) Limited to the company in respect of management services provided to Everycare (East Surrey) Limited. The balance arose under normal commercial trading terms.

A joint and several guarantee has been given by Mr S Segal and Mrs R Segal in favour of Investec Bank Plc, guaranteeing all of the company's obligations under the loan facility, limited to the sum of £650,000.

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

20 Employees

Number of employees

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

	2011 Number	2010 Number
Office, management and nurses	67	64

Employment costs

	2011 £	2010 £
Wages and salaries	1,107,224	1,091,034
Social security costs	95,668	96,533
Other pension costs	-	8,333
	1,202,892	1,195,900

21 Related party transactions

The company is under the control of Mr S Segal and his wife Mrs R Segal (Directors') by virtue of their joint ownership of 89% (2010 89%) of the issued share capital in the company.

DOVESTONE ESTATES LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2011

DOVESTONE ESTATES LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2011

	2011	2010
£	£	£
Turnover		
Sales	1,659,309	1,734,093
Cost of sales		
Opening stock	9,250	9,150
Purchases	105,776	98,858
Wages incl NIC costs	979,719	974,504
	<u>1,094,745</u>	<u>1,082,512</u>
Closing stock	(9,000)	(9,250)
	<u>(1,085,745)</u>	<u>(1,073,262)</u>
Gross profit	573,564	660,831
Administrative expenses	(567,180)	(510,138)
	<u>6,384</u>	<u>150,693</u>
Other operating income		
Net rent receivable	(3,208)	(3,293)
Management fees	30,000	30,000
	<u>26,792</u>	<u>26,707</u>
Operating profit	33,176	177,400
Exceptional items		
Loss on sale of freehold property	68,907	-
	<u>(68,907)</u>	<u>-</u>
Interest payable		
Bank interest on loans	114,944	105,998
Hire purchase interest	-	116
	<u>(114,944)</u>	<u>(106,114)</u>
(Loss)/profit before taxation	<u>(150,675)</u>	<u>71,286</u>

DOVESTONE ESTATES LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 AUGUST 2011

	2011 £	2010 £
Administrative expenses		
Directors' remuneration	197,167	188,000
Employer's N I contributions	26,006	25,063
Former directors' pension	-	8,333
Training	6,127	5,635
Rent re operating leases	7,631	7,518
Rates	7,998	8,027
Insurance	7,090	6,850
Light and heat	25,611	18,765
Repairs and renewals	32,814	34,253
Laundry and cleaning	45,128	41,224
Printing, postage and stationery	3,697	3,091
Advertising	14,782	13,767
Telephone	2,693	2,551
Motor vehicle expenses	9,613	9,718
Legal and professional fees	15,332	4,078
Book keeping	6,501	6,141
Accountancy	10,500	9,994
Audit fees	5,428	5,282
Bank charges	1,849	4,009
Bad and doubtful debts	85	-
Health authority registration fees	5,719	5,841
General expenses	22,695	23,612
Depreciation Motor vehicles	4,265	5,686
Depreciation Freehold property	33,635	34,659
Depreciation Fixtures, fittings and equipment	74,814	28,043
Loss/(profit) on sale of fixed assets	-	9,998
	<u>567,180</u>	<u>510,138</u>