

DOVESTONE ESTATES LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2009**

Company Registration No 777567 (England and Wales)



Alan Cooper Saunders Angel

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

DOVESTONE ESTATES LIMITED

COMPANY INFORMATION

Directors

S Segal
R Segal
H Segal

Secretary

R Segal

Company number

777567

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

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DOVESTONE ESTATES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2009

The directors present their report and financial statements for the year ended 31 August 2009

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 £844.

Full results for the year are set out on page 6.

The Directors consider the profit achieved on ordinary activities before taxation of £9,945, to be particularly satisfactory given the environment within which the company operates and risks to the company's market share from new competition. The directors are confident in improving the company's profitability in the ensuing year. Currently the nursing home has 51 registered beds, of which 46 are available for occupation. The other 5 beds are in shared rooms which are no longer desirable, as residents require single room occupation only. Based on a maximum capacity of 46 registered beds, the company traded at near full capacity throughout the year, averaging a 97% occupancy rate. The directors will endeavour to control costs and maintain the occupancy rate in the ensuing year, to improve the company's position.

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 in August 2010 when the company's lenders are due to consider renewing the loan facilities for a further agreed period in the absence of any material default. Assurances have been received from the bank that it would be their intention to renew the facility. 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 £19,595 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, has been incorporated in these financial statements. The directors do not consider a revaluation adjustment to be necessary in respect of the company's second freehold property at Tregoney, Dodds Way, Reigate, Surrey RH2 0JT. The directors consider that the balance sheet value for freehold land and buildings is not materially different from the market value.

Post balance sheet events

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 2009.

DOVESTONE ESTATES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2009

Future developments

The directors plan to extend the existing Wray Common Nursing Home. In addition it is proposed to improve and upgrade a number of existing rooms by enlarging such rooms and adding on-suite facilities. Planning permission has been obtained for the proposed works and the Directors plan to commence in July or August 2010. The redevelopment is expected to cost in the region of £750,000 and financed by a secured bank loan. It is expected that the redevelopment will increase the registered bed capacity to 55, in single occupancy rooms.

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 £21,163 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 bankers are currently satisfied with the company's financial performance and future intentions and the directors do not think there is any risk of the loan facilities being withdrawn.

Directors

The following directors have held office since 1 September 2008

Mr S Segal
Mrs R Segal
Mr H Segal

DOVESTONE ESTATES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2009

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements 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 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 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 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 company 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 auditors

The directors of the company who held office at the date of approval of this annual report confirm that

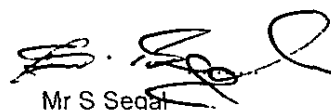
(a) so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and

(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

The auditors, Alan Cooper Saunders Angel, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the board



Mr S Segal
Director

MAY 23 2010

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 2009 set out on pages 6 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 section 495 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 - 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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.

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

DOVESTONE ESTATES LIMITED

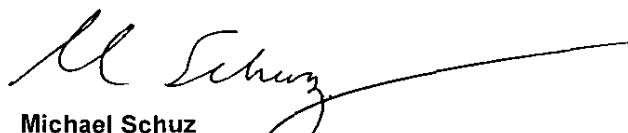
INDEPENDENT AUDITORS' REPORT (CONTINUED)

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
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime



Michael Schuz
(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

Date 24/05/2010

DOVESTONE ESTATES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2009

| | Notes | 2009 £ | 2008 £ |
|--|-----------|----------------|-----------------|
| Turnover | | 1,636,339 | 1,671,828 |
| Cost of sales | | (1,025,139) | (1,018,527) |
| Gross profit | | 611,200 | 653,301 |
| Administrative expenses | | (533,024) | (603,111) |
| Other operating income | | 47,267 | 38,967 |
| Operating profit | 3 | 125,443 | 89,157 |
| Other interest receivable and similar income | | 93 | 14 |
| Interest payable and similar charges | 4 | (115,591) | (153,800) |
| Profit/(loss) on ordinary activities before taxation | | 9,945 | (64,629) |
| Tax on profit/(loss) on ordinary activities | 5 | (9,101) | 6,147 |
| Profit/(loss) on ordinary activities after taxation | | 844 | (58,482) |
| Transfer from revaluation reserve | | 18,751 | 18,753 |
| Profit/(loss) on ordinary activities after taxation being profit for the financial year | 14 | 19,595 | (39,729) |

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

DOVESTONE ESTATES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 AUGUST 2009

| | Notes | 2009 £ | 2008 £ |
|--|-------|----------------|-----------------|
| Profit/(loss) for the financial year | | 844 | (58,482) |
| Unrealised surplus on revaluation of properties | | 288,432 | - |
| Total recognised gains and losses relating to the year | | <u>289,276</u> | <u>(58,482)</u> |

Note of historical cost profits and losses

| | 2009 £ | 2008 £ |
|--|---------------|-----------------|
| Reported profit/(loss) on ordinary activities before taxation | 9,945 | (64,629) |
| Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount | <u>18,751</u> | <u>18,753</u> |
| Historical cost profit/(loss) on ordinary activities before taxation | <u>28,696</u> | <u>(45,876)</u> |
| Historical cost profit/(loss) for the year retained after taxation, extraordinary items and dividends | <u>19,595</u> | <u>(39,729)</u> |

DOVESTONE ESTATES LIMITED


BALANCE SHEET

AS AT 31 AUGUST 2009

Company registration No 0777567

| | Notes | 2009 £ | £ | 2008 £ | £ |
|--|-------|------------------|------------------|------------------|------------------|
| Fixed assets | | | | | |
| Intangible assets | 6 | | 1 | | 1 |
| Tangible assets | 7 | | 5,113,439 | | 4,867,112 |
| | | | <u>5,113,440</u> | | <u>4,867,113</u> |
| Current assets | | | | | |
| Stocks | 8 | 9,150 | | 9,125 | |
| Debtors | 9 | 112,466 | | 77,244 | |
| Cash at bank and in hand | | 194,621 | | 178,388 | |
| | | <u>316,237</u> | | <u>264,757</u> | |
| Creditors, amounts falling due within one year | 10 | (213,226) | | (202,056) | |
| Net current assets | | | <u>103,011</u> | | <u>62,701</u> |
| Total assets less current liabilities | | | <u>5,216,451</u> | | <u>4,929,814</u> |
| Creditors' amounts falling due after more than one year | 11 | (2,116,342) | | (2,117,484) | |
| Provisions for liabilities and charges | 12 | (2,506) | | (4,003) | |
| | | | <u>3,097,603</u> | | <u>2,808,327</u> |
| Capital and reserves | | | | | |
| Called up share capital | 13 | 4,100 | | 4,100 | |
| Revaluation reserve | 14 | 3,180,572 | | 2,910,891 | |
| Profit and loss account | 14 | (87,069) | | (106,664) | |
| Shareholders' funds - equity interests | 15 | <u>3,097,603</u> | | <u>2,808,327</u> | |

The financial statements were approved by the Board on MAY 23 2010 and signed on its behalf


Mr S Segal
Director

DOVESTONE ESTATES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2009

| | £ | 2009 £ | £ | 2008 £ |
|--|-----------|-----------|-----------|-----------|
| Net cash inflow from operating activities | | 167,672 | | 263,480 |
| Returns on investments and servicing of finance | | | | |
| Interest received | 93 | | 14 | |
| Interest paid | (125,031) | | (145,138) | |
| Net cash outflow for returns on investments and servicing of finance | | (124,938) | | (145,124) |
| Taxation | | | | |
| Tax refund received | | 4,243 | | - |
| Tax paid | | - | | (19,983) |
| Payments to acquire tangible assets | (24,337) | | (735,883) | |
| Net cash (outflow)/inflow for capital expenditure | | (24,337) | | (735,883) |
| Net cash inflow/(outflow) before management of liquid resources and financing | | 22,640 | | (637,510) |
| Financing | | | | |
| New long term bank loan | - | | 700,000 | |
| Capital element of hire purchase contracts | (6,407) | | (6,407) | |
| Net cash inflow/(outflow) from financing | | (6,407) | | 693,593 |
| Increase in cash in the year | | 16,233 | | 56,083 |

DOVESTONE ESTATES LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2009

| 1 Reconciliation of operating profit to net cash inflow from operating activities | | 2009 | 2008 |
|---|--|----------------|----------------|
| | | £ | £ |
| Operating profit | | 125,443 | 89,157 |
| Depreciation of tangible assets | | 70,818 | 80,440 |
| (Increase)/decrease in stocks | | (25) | 25 |
| (Increase)/decrease in debtors | | (40,164) | 134,591 |
| Increase/(decrease) in creditors within one year | | 11,600 | (40,733) |
| Net cash inflow from operating activities | | 167,672 | 263,480 |

| 2 Analysis of net debt | 1 September 2008 | Cash flow | Other non-cash changes | 31 August 2009 |
|----------------------------------|--------------------|---------------|------------------------|--------------------|
| | £ | £ | £ | £ |
| Net cash | | | | |
| Cash at bank and in hand | 178,388 | 16,233 | - | 194,621 |
| Debt | | | | |
| Finance leases | (7,549) | 6,407 | - | (1,143) |
| Debts falling due after one year | (2,116,342) | - | - | (2,116,342) |
| | (2,123,891) | 6,407 | - | (2,117,485) |
| Net debt | (1,945,503) | 22,640 | - | (1,922,864) |

| 3 Reconciliation of net cash flow to movement in net debt | 2009 | 2008 |
|---|--------------------|--------------------|
| | £ | £ |
| Increase in cash in the year | 16,233 | 56,083 |
| New long term bank loan | - | (700,000) |
| Cash paid in repaying hire purchase agreements and debt finance | 6,407 | 6,407 |
| Movement in net debt in the year | 22,639 | (637,510) |
| Opening net debt | (1,945,503) | (1,307,993) |
| Closing net debt | (1,922,864) | (1,945,503) |

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2009

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 FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

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 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

2009

2008

£

£

Operating profit is stated after charging

Depreciation of tangible assets

- owned by the company

66,546

74,745

- held under finance leases and hire purchase

4,272

5,695

Other operating lease rentals

1,713

16,234

Auditors' remuneration

5,346

5,296

4 Interest payable

2009

2008

£

£

Included in interest payable are the following amounts

Interest on bank loans and overdrafts

114,893

153,102

Hire purchase interest

698

698

115,591

153,800

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

| 5 | Taxation | 2009 £ | 2008 £ |
|---|---|-----------|-----------------------|
| | Domestic current year tax | | |
| | U K corporation tax | 10,598 | - |
| | Adjustment for prior years | - | (4,243) |
| | Current tax charge | 10,598 | (4,243) |
| | Deferred tax | | |
| | Deferred tax charge current year | (1,497) | (1,904) |
| | | 9,101 | (6,147) |
| | Factors affecting the tax charge for the year | | |
| | Profit/(loss) on ordinary activities before taxation | 9,945 | (64,629) |
| | Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2008 - 0.00%) | 2,088 | - |
| | Effects of | | |
| | Non deductible expenses | 29 | - |
| | Depreciation add back | 14,872 | - |
| | Capital allowances | (6,391) | - |
| | Adjustments to tax charge in respect of previous periods | - | (4,243) |
| | Current tax charge | 10,598 | (4,243) |
| 6 | Intangible fixed assets | | Goodwill £ |
| | Cost | | |
| | At 1 September 2008 & at 31 August 2009 | | 200,000 |
| | Amortisation | | |
| | At 1 September 2008 & at 31 August 2009 | | 199,999 |
| | Net book value | | |
| | At 31 August 2009 | | 1 |
| | At 31 August 2008 | | 1 |

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

7 Tangible fixed assets

| | Land and buildings Freehold £ | Fixtures, fittings & equipment £ | Motor vehicles £ | Total £ |
|--------------------------|--|---|------------------------|------------|
| Cost or valuation | | | | |
| At 1 September 2008 | 4,814,440 | 537,833 | 30,218 | 5,382,491 |
| Additions | 20,643 | 8,070 | - | 28,713 |
| Revaluation | 175,306 | - | - | 175,306 |
| At 31 August 2009 | 5,010,389 | 545,903 | 30,218 | 5,586,510 |
| Depreciation | | | | |
| At 1 September 2008 | 89,477 | 412,682 | 13,220 | 515,379 |
| Revaluation | (113,126) | - | - | (113,126) |
| Charge for the year | 33,262 | 33,306 | 4,250 | 70,818 |
| At 31 August 2009 | 9,613 | 445,988 | 17,470 | 473,071 |
| Net book value | | | | |
| At 31 August 2009 | 5,000,776 | 99,915 | 12,748 | 5,113,439 |
| At 31 August 2008 | 4,724,962 | 125,152 | 16,998 | 4,867,112 |

Included in freehold land and buildings at 31 August 2009 is land at valuation of £1,604,861 (cost £583,780) 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 directors do not consider a revaluation adjustment to be necessary in respect of the company's second freehold property at Tregoney, Dodds Way, Reigate, Surrey RH2 0JT, whose net book value at 31 August 2009 amounts to £700,776. The directors are not aware of any material change in value to both properties since the date of valuations.

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

7 Tangible fixed assets (continued)

Comparable historical cost for the land and buildings included at valuation:

| | £ |
|-----------------------------------|-----------|
| Cost | |
| At 1 September 2008 | 2,014,311 |
| Additions | 20,643 |
| | <hr/> |
| At 31 August 2009 | 2,034,954 |
| | <hr/> |
| Depreciation based on cost | |
| At 1 September 2008 | 180,251 |
| Charge for the year | 14,511 |
| | <hr/> |
| At 31 August 2009 | 194,762 |
| | <hr/> |
| Net book value | |
| At 31 August 2009 | 1,840,192 |
| | <hr/> |
| At 31 August 2008 | 1,834,060 |
| | <hr/> |

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 2009 | 66 | 12,748 | 12,814 |
| | <hr/> | <hr/> | <hr/> |
| At 31 August 2008 | 88 | 16,998 | 17,086 |
| | <hr/> | <hr/> | <hr/> |
| Depreciation charge for the year | | | |
| At 31 August 2009 | 22 | 4,250 | 4,272 |
| | <hr/> | <hr/> | <hr/> |
| At 31 August 2008 | 29 | 5,666 | 5,695 |
| | <hr/> | <hr/> | <hr/> |

| 8 Stocks | 2009 £ | 2008 £ |
|-------------------------------|-----------|-----------|
| Raw materials and consumables | 9,150 | 9,125 |
| | <hr/> | <hr/> |

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

| 9 Debtors | 2009 £ | 2008 £ |
|--------------------------------|----------------|---------------|
| Trade debtors | 67,938 | 28,653 |
| Corporation tax | - | 4,243 |
| Other debtors | 30,254 | 27,815 |
| Prepayments and accrued income | 14,274 | 16,533 |
| | <u>112,466</u> | <u>77,244</u> |

Included within other debtors is a balance due from Everycare (East Surrey) Limited, a connected company, amounting to £30,138 (2008 £27,000), which is repayable by 31 August 2010

| 10 Creditors: amounts falling due within one year | 2009 £ | 2008 £ |
|---|----------------|----------------|
| Net obligations under hire purchase contracts | 1,143 | 6,407 |
| Trade creditors | 52,168 | 69,567 |
| Corporation Tax | 10,598 | - |
| Other taxation and social security costs | 27,024 | 29,119 |
| Other creditors | 65,888 | 64,493 |
| Accruals and deferred income | 56,405 | 32,470 |
| | <u>213,226</u> | <u>202,056</u> |

The hire purchase contracts are secured on the assets concerned

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

| 11 Creditors, amounts falling due after more than one year | 2009 £ | 2008 £ |
|--|------------------|------------------|
| Bank loans | 2,116,342 | 2,116,342 |
| Net obligations under hire purchase contracts | - | 1,142 |
| | <u>2,116,342</u> | <u>2,117,484</u> |
| Analysis of loans | | |
| Wholly repayable within five years | 2,116,342 | 2,116,342 |
| | <u>2,116,342</u> | <u>2,116,342</u> |
| Loan maturity analysis | | |
| In more than two years but not more than five years | 2,116,342 | 2,116,342 |
| | <u>2,116,342</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. Interest is charged at 2.50% above the Bank's base rate, subject to a minimum aggregate rate of 5% per annum. Included in bank loans is an amount estimated at £2,116,342 (2008: £2,116,342) which represents the bank loans repayable within five years.

The bank facilities are renewable each year on 31 August. 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 ongoing rolling basis.

The facility was renewed in August 2009 and the directors see no reason why the bank should not renew the facility in August 2010 for an 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, to reflect the true substance of the transaction, the directors consider it appropriate to disclose the bank loans as being wholly repayable within five years.

| | | |
|--|--------------|--------------|
| Net obligations under hire purchase contracts | | |
| Repayable within one year | 1,143 | 6,407 |
| Repayable between one and five years | - | 1,142 |
| | <u>1,143</u> | <u>7,549</u> |
| | 1,143 | 7,549 |
| Included in liabilities falling due within one year | (1,143) | (6,407) |
| | <u>-</u> | <u>1,142</u> |

The hire purchase contracts are secured on the assets concerned.

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

12 Provisions for liabilities and charges

| | Deferred tax liability £ |
|-----------------------------|--------------------------------|
| Balance at 1 September 2008 | 4,003 |
| Profit and loss account | (1,497) |
| | <u>2,506</u> |
| Balance at 31 August 2009 | <u>2,506</u> |

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

| | 2009 £ | 2008 £ |
|--------------------------------|--------------|--------------|
| Accelerated capital allowances | <u>2,506</u> | <u>4,003</u> |

13 Share capital

| | 2009 £ | 2008 £ |
|--|--------------|--------------|
| 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 2008 | 2,910,891 | (106,664) |
| Retained profit for the year | - | 19,595 |
| Transfer from revaluation reserve to profit and loss account | (18,751) | - |
| Revaluation movement during the year | <u>288,432</u> | <u>-</u> |
| Balance at 31 August 2009 | <u>3,180,572</u> | <u>(87,069)</u> |

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

| 15 Reconciliation of movements in shareholders' funds | 2009 £ | 2008 £ |
|---|-----------|-----------|
| Profit/(Loss) for the financial year | 844 | (58,482) |
| Other recognised gains and losses | 288,432 | - |
| Net addition to/(depletion in) shareholders' funds | 289,276 | (58,482) |
| Opening shareholders' funds | 2,808,327 | 2,866,809 |
| Closing shareholders' funds | 3,097,603 | 2,808,327 |

16 Financial commitments

At 31 August 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 August 2010

| | 2009 £ | 2008 £ |
|---|-----------|-----------|
| Operating leases which expire Between two and five years | 7,245 | 17,005 |

17 Post balance sheet events

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 2009

| 18 Directors' emoluments | 2009 £ | 2008 £ |
|--|-----------|-----------|
| Emoluments for qualifying services | 217,263 | 254,114 |
| Pensions to former directors | 10,000 | 10,000 |
| | 227,263 | 264,114 |
| Emoluments disclosed above include the following amounts paid to the highest paid director | | |
| Emoluments for qualifying services | 82,370 | 95,828 |

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

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 2009, £30,138 (2008 £27,000) 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 transactions.

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

| | 2009 Number | 2008 Number |
|-------------------------------|----------------|----------------|
| Office, management and nurses | 66 | 69 |

Employment costs

| | 2009 £ | 2008 £ |
|-----------------------|-----------|-----------|
| Wages and salaries | 1,052,400 | 1,088,985 |
| Social security costs | 94,306 | 97,614 |
| Other pension costs | 10,000 | 10,000 |
| | 1,156,706 | 1,196,599 |

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% (2008 89%) of the issued share capital in the company.