

DOVESTONE ESTATES LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2010**

Company Registration No 00777567 (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

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 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Statement of total recognised gains and losses and note of historical cost profits and losses	7
Balance sheet	8
Cash flow statement	9
Notes to Cash flow statement	10
Notes to the financial statements	11 - 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 2010

The directors present their report and the audited financial statements for the year ended 31 August 2010

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 £49,008. The directors are satisfied with the result for the year and are confident of continued profitability.

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

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 profit achieved on ordinary activities before taxation of £71,286, to be particularly satisfactory given the environment within which the company operates and risks to the company's market share from new competition. The earnings before interest, taxation, depreciation and amortisation amounted to £255,786. The directors are confident in improving the company's profitability in the ensuing year. Currently the nursing home has 51 registered beds, of which 47 are available for occupation. The other 4 beds are in shared rooms which are no longer desirable, as residents require single room occupation only. Based on a maximum capacity of 47 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.

The company's strategy is one of continued growth, within their capabilities, through extension of the Wray Common Nursing Home and existing facilities and acquisitions of nursing homes, should suitable investment opportunities arise.

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 January 2012 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 £49,008 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.

DOVESTONE ESTATES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2010

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 2010 in respect of the nursing home and 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 2010.

Future developments

As disclosed in 2009, the directors have decided to go ahead with their plans to extend the existing Wray Common Nursing Home. In addition a number of existing rooms will be improved and upgraded, by enlarging such rooms and adding on-suite facilities. Planning permission has been obtained and work commenced on the extension and improvements in January 2011. The redevelopment is expected to cost in the region of £650,000 and financed by a secured bank loan. It is expected that the redevelopment will increase the registered bed capacity to 52, in single occupancy rooms.

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 £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 2009:

Mr S Segal
Mrs R Segal
Mr H Segal

DOVESTONE ESTATES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2010

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.

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

MAY 20. 2011

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 2010 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 2010 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



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

Date 23 May 2011

DOVESTONE ESTATES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2010

	Notes	2010 £	2009 £
Turnover		1,734,093	1,636,339
Cost of sales		(1,073,262)	(1,025,139)
Gross profit		660,831	611,200
Administrative expenses		(510,138)	(533,024)
Other operating income		26,707	47,267
Operating profit	3	177,400	125,443
Other interest receivable and similar income		-	93
Interest payable and similar charges	4	(106,114)	(115,591)
Profit on ordinary activities before taxation		71,286	9,945
Tax on profit on ordinary activities	5	(22,278)	(9,101)
Profit on ordinary activities after taxation		49,008	844
Transfer from revaluation reserve		19,544	18,751
Profit on ordinary activities after taxation being profit for the financial year	14	68,552	19,595

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 2010

	Notes	2010 £	2009 £
Profit for the financial year		49,008	844
Unrealised (deficit)/surplus on revaluation of properties		-	288,432
Total recognised gains and losses relating to the year		<u>49,008</u>	<u>289,276</u>

Note of historical cost profits and losses

	2010 £	2009 £
Reported profit on ordinary activities before taxation	71,286	9,945
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>19,544</u>	<u>18,751</u>
Historical cost profit on ordinary activities before taxation	<u>90,830</u>	<u>28,696</u>
Historical cost profit for the year retained after taxation, extraordinary items and dividends	<u>68,552</u>	<u>19,595</u>

DOVESTONE ESTATES LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2010

	Notes	2010 £	£	2009 £	£
Fixed assets					
Intangible assets	6		1		1
Tangible assets	7		5,127,619		5,113,439
			<u>5,127,620</u>		<u>5,113,440</u>
Current assets					
Stocks	8	9,250		9,150	
Debtors	9	159,573		112,466	
Cash at bank and in hand		178,270		194,621	
		<u>347,093</u>		<u>316,237</u>	
Creditors amounts falling due within one year	10	<u>(208,099)</u>		<u>(213,224)</u>	
Net current assets			<u>138,994</u>		<u>103,013</u>
Total assets less current liabilities			<u>5,266,614</u>		<u>5,216,453</u>
Creditors amounts falling due after more than one year	11		(2,116,342)		(2,116,342)
Provisions for liabilities	12		<u>(3,659)</u>		<u>(2,506)</u>
			<u>3,146,613</u>		<u>3,097,605</u>
Capital and reserves					
Called up share capital	13		4,100		4,100
Revaluation reserve	14		3,161,029		3,180,573
Profit and loss account	14		<u>(18,516)</u>		<u>(87,068)</u>
Shareholders' funds	15		<u>3,146,613</u>		<u>3,097,605</u>

The Financial Statements were approved by the board on 20/5/11 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 2010

	£	2010 £	£	2009 £
Net cash inflow from operating activities		198,328		167,672
Returns on investments and servicing of finance				
Interest received	-		93	
Interest paid	(105,998)		(125,031)	
Net cash outflow for returns on investments and servicing of finance		(105,998)		(124,938)
Taxation				
Tax refund received		-		4,243
Tax paid		(10,598)		-
Capital expenditure				
Payments to acquire tangible assets	(99,691)		(24,337)	
Receipts from sales of tangible assets	2,750		-	
Net cash (outflow)/inflow for capital expenditure		(96,940)		(24,337)
Net cash inflow/(outflow) before management of liquid resources and financing		(15,208)		22,640
Financing				
Capital element of hire purchase contracts	(1,143)		(6,407)	
Net cash inflow from financing		(1,143)		(6,407)
Increase in cash in the year		(16,351)		16,233

DOVESTONE ESTATES LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2010

1	Reconciliation of operating profit to net cash inflow from operating activities		2010	2009
			£	£
	Operating profit		177,400	125,443
	Depreciation of tangible assets		68,388	70,818
	Loss on Sale of fixed assets		9,998	-
	Increase in stocks		(100)	(25)
	Increase in debtors		(47,223)	(40,164)
	(Decrease)/Increase in creditors within one year		(10,135)	11,600
	Net cash inflow from operating activities		198,328	167,672

2	Analysis of net debt	1 September 2009	Cash flow	Other non-cash changes	31 August 2010
		£	£	£	£
	Net cash				
	Cash at bank and in hand	194,621	(16,351)	-	178,270
	Debt				
	Finance leases	(1,143)	1,143	-	-
	Debts falling due after one year	(2,116,342)	-	-	(2,116,342)
		(2,117,485)	1,143	-	(2,116,342)
	Net debt	(1,922,864)	(15,208)	-	(1,938,072)

3	Reconciliation of net cash flow to movement in net debt	2010	2009
		£	£
	(Decrease)/increase in cash in the year	(16,351)	16,233
	Cash paid in repaying hire purchase agreements and debt finance	1,143	6,407
	Movement in net debt in the year	(15,208)	22,639
	Opening net debt	(1,922,864)	(1,945,503)
	Closing net debt	(1,938,072)	(1,922,864)

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2010

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 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 to £1 by equal annual instalments through 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 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

The net book value of the company's freehold buildings reflects the high quality nature of these assets and the company's practice 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 2010

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

2010

2009

£

£

Operating profit is stated after charging

Depreciation of tangible assets

- owned by the company

68,388

66,546

- held under finance leases and hire purchase

-

4,272

Loss/(Profit) on sale of fixed assets

9,998

-

Other operating lease rentals

7,518

1,713

Auditors' remuneration

5,282

5,346

4 Interest payable

2010

2009

£

£

Included in interest payable are the following amounts

Interest on bank loans and overdrafts

105,998

114,893

Hire purchase interest

116

698

106,114

115,591

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2010

5	Taxation	2010 £	2009 £
	Domestic current year tax		
	U K corporation tax	21,125	10,598
	Total current tax	21,125	10,598
	Deferred tax		
	Deferred tax charge current year	1,153	(1,497)
		22,278	9,101
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	71,286	9,945
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2009 - 21.00%)	14,970	2,088
	Effects of		
	Non deductible expenses	29	29
	Depreciation add back	14,361	14,872
	Capital allowances	(10,335)	(6,391)
	Loss on disposal of fixed assets	2,100	-
		6,155	8,510
	Current tax charge for the year	21,125	10,598
6	Intangible fixed assets		Goodwill £
	Cost		
	At 1 September 2009 & at 31 August 2010		200,000
	Amortisation		
	At 1 September 2009 & at 31 August 2010		199,999
	Net book value		
	At 31 August 2010		1
	At 31 August 2009		1

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2010

7 Tangible fixed assets

	Land and buildings Freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 September 2009	5,010,389	545,904	30,218	5,586,511
Additions	60,312	12,258	22,745	95,315
Disposals	-	-	(30,218)	(30,218)
At 31 August 2010	5,070,701	558,162	22,745	5,651,608
Depreciation				
At 1 September 2009	9,613	445,988	17,470	473,071
On disposals	-	-	(17,470)	(17,470)
Charge for the year	34,659	28,043	5,686	68,388
At 31 August 2010	44,272	474,031	5,686	523,989
Net book value				
At 31 August 2010	5,026,429	84,131	17,059	5,127,619
At 31 August 2009	5,000,776	99,915	12,748	5,113,439

Included in freehold land and buildings at 31 August 2010 is land valued at £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 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 2010 in respect of the nursing home and the company's second freehold property at Tregoney, Dodds Way, Reigate, Surrey RH2 0JT, whose net book value at 31 August 2010 amounts to £695,969. The directors are not aware of any material change in value to both properties since the date of the valuations

Included in the total net book value of fixtures, fittings and equipment is £50 (2009 £66) in respect of assets held under finance leases or hire purchase contracts. Depreciation for the year on these assets was £16 (2009 £22)

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2010

7 Tangible fixed assets (continued)

Comparable historical cost for the land and buildings included at valuation

	£
Cost	
At 1 September 2009	2,034,954
Additions	60,312
	<hr/>
At 31 August 2010	2,095,266
	<hr/>
Depreciation based on cost	
At 1 September 2009	194,762
Charge for the year	15,115
	<hr/>
At 31 August 2010	209,877
	<hr/>
Net book value	
At 31 August 2010	1,885,389
	<hr/>
At 31 August 2009	1,840,192
	<hr/>

8 Stocks	2010 £	2009 £
Raw materials and consumables	9,250	9,150
	<hr/>	<hr/>

9 Debtors	2010 £	2009 £
Trade debtors	80,001	67,938
Other debtors	30,138	30,254
Prepayments and accrued income	49,434	14,274
	<hr/>	<hr/>
	159,573	112,466
	<hr/>	<hr/>

Included within other debtors is a balance due from Everycare (East Surrey) Limited, a connected company, amounting to £30,138 (2009 £30,138), which is repayable by 31 August 2011

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2010

10 Creditors amounts falling due within one year	2010 £	2009 £
Net obligations under hire purchase contracts	-	1,143
Trade creditors	47,574	52,168
Corporation Tax	21,125	10,598
Other taxation and social security costs	27,849	27,024
Other creditors	68,797	65,888
Accruals and deferred income	42,754	56,403
	<u>208,099</u>	<u>213,224</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 2010

11 Creditors amounts falling due after more than one year	2010 £	2009 £
Bank loans	2,116,342	2,116,342
Analysis of loans		
Wholly repayable within five years	2,116,342	2,116,342
	2,116,342	2,116,342
Loan maturity analysis		
In more than two years but not more than five years	2,116,342	2,116,342

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 4.50% 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 (2009: £2,116,342) which represents the bank loans repayable within five years.

The bank facilities were renewed on 25 January 2011 until the 30 December 2012. 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 directors see no reason why the bank should not renew the facility on 30 December 2012 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
	-	1,143
	-	1,143
Included in liabilities falling due within one year	-	(1,143)
	-	-

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 2010

12 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 September 2009	2,506
Profit and loss account	1,153
	<u>3,659</u>
Balance at 31 August 2010	<u>3,659</u>

No provision has been made for deferred tax in the region of £350,000 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

	2010 £	2009 £
Accelerated capital allowances	<u>3,659</u>	<u>2,506</u>

13 Share capital

	2010 £	2009 £
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 2009	3,180,573	(87,068)
Retained profit for the year	-	68,552
Transfer from revaluation reserve to profit and loss account	<u>(19,544)</u>	<u>-</u>
Balance at 31 August 2010	<u>3,161,029</u>	<u>(18,516)</u>

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2010

15 Reconciliation of movements in shareholders' funds	2010 £	2009 £
Profit for the financial year	49,008	844
Other recognised gains and losses	-	288,432
Net addition to shareholders' funds	49,008	289,276
Opening shareholders' funds	3,097,605	2,808,329
Closing shareholders' funds	3,146,613	3,097,605

16 Financial commitments

At 31 August 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 August 2011

	2010 £	2009 £
Operating leases which expire Between two and five years	7,403	7,245

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' remuneration	2010 £	2009 £
Emoluments for qualifying services	209,612	217,263
Pensions to former directors	8,333	10,000
	217,945	227,263

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

Emoluments for qualifying services	75,513	82,370
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DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2010

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 2010, £30,138 (2009 £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.

During the year, the company sold a Volvo 580SE LUX motor vehicle to Mr S Segal, at a considered market value of £2,750.

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

	2010 Number	2009 Number
Office, management and nurses	64	66

Employment costs

	2010 £	2009 £
Wages and salaries	1,091,034	1,052,400
Social security costs	96,533	94,306
Other pension costs	8,333	10,000
	<u>1,195,900</u>	<u>1,156,706</u>

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% (2009 89%) of the issued share capital in the company.