

DOVESTONE ESTATES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

Company Registration No. 00777567 (England and Wales)

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

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DOVESTONE ESTATES LIMITED

COMPANY INFORMATION

Directors	Mr S Segal Mrs R Segal Mr H Segal
Secretary	Mrs D M Messulam
Company number	00777567
Registered office	Kenton House 666 Kenton Road Harrow Middlesex HA3 9QN
Auditor	Alan Cooper Saunders Angel Kenton House 666 Kenton Road Harrow, Middlesex HA3 9QN

DOVESTONE ESTATES LIMITED

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DOVESTONE ESTATES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The directors present the strategic report for the year ended 31 August 2016.

Principal activities and fair 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 £248,288. The directors have reviewed the performance of the company during the year and are satisfied that it is in line with expectations.

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;

- Quality of care, the health and wellbeing of the residents
- Occupancy rates
- Fee levels
- Earnings before interest, taxation, depreciation and amortisation.
- Margin
- Staff and agency cost and
- Ratings by the Care Quality Commission.

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 in the area.

Last year, the company completed further extension and redevelopment work on six rooms to the existing Wray Common Nursing Home. Since the work was completed, in April 2015, Wray Common Nursing Home has been operating at near full capacity. As a result, the Directors report a 21.5% increase in turnover over the previous year. The building work was necessary to improve and modernise the facilities, by adding en-suite 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. The Directors are confident in maintaining the company's turnover in the ensuing years.

The nursing home is currently registered for 52 beds and operates to this capacity, utilising all rooms in single occupancy.

The program of extension, refurbishment and modernisation in recent years has enhanced the environment and ambience of the nursing home, which when coupled with the long history and reputation that the nursing home has established, will hopefully strengthen its position in the market place for many years to come.

Overall in 2016, based on a maximum available capacity of 52 registered beds, the company traded at near full capacity throughout the year, averaging a 96% occupancy rate.

The earnings before interest, taxation and depreciation amounted to £483,186. 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 years. The company's strategy is one of growth, within their capabilities, through possible further modernisation of the Wray Common Nursing Home and existing facilities, as detailed in future developments below.

DOVESTONE ESTATES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Investment in the business

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.

Principal risks and uncertainties

The company's key risk areas centre around the quality of care, health and safety, government and local authority funding, the employment and retention of staff, together with resident retention and competition from both national and local care home owners. Further details of these risks and how they are managed are given above under fair review of and investment in the business. The directors have reviewed the performance of the company during the year and are satisfied that it is in line with expectations.

In addition the company is exposed to loan and interest rate risk on its borrowings with the bank.

Details of the company's financial risk is included in Note 16 to the financial statements.

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 bank is currently satisfied with the company's financial performance and the directors do not think there is any risk of facilities being withdrawn.

The company seeks to operate within its agreed loan facility with the bank. All sales are to UK customers and all suppliers are UK based, thus helping to reduce risks associated with trade debtors and creditors.

Future development and performance

The directors anticipate the business environment will remain competitive. They believe that the company is in a good position albeit with reliance on loan facilities, and the risks that have been identified are being well managed.

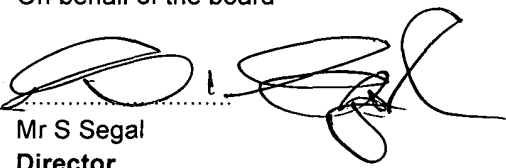
The directors have continued their plans to refurbish and redevelop and modernise the existing nursing home by converting existing rooms to add en-suite facilities and state of the art fixtures, fittings and equipment. This together with further careful investment in the nursing home, as well as, continued review of the state of the market and competitors, has led to the directors being confident in the company's ability to maintain and build on its position in the market place.

The directors expect the external commercial environment to remain competitive but stable in 2017.

Financial instruments

The company has a normal level of exposure to price, credit and cash flow risks arising from trading activities. The company does not enter into any formally designed hedging arrangements in respect of risks relating to trade debtors or creditors, all services are supplied in the UK and conducted in Sterling. Thus helping to minimise exposure to such risks, including exchange rate volatility. In addition, the company maintains healthy cash reserves.

On behalf of the board



Mr S Segal
Director

11/05/17

DOVESTONE ESTATES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The directors present their report and the audited financial statements for the year ended 31 August 2016.

Principal place of business

Dovestone Estates Limited is a company incorporated and domiciled in England and has its registered office at Kenton House, 666 Kenton road, Harrow, Middlesex, HA3 9QN.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S Segal
Mrs R Segal
Mr H Segal

Results and dividends

The results for the year and the state of affairs of the company for the year are set out in the financial statements on pages 7 to 27.

The directors do not recommend a final dividend. It is proposed that the retained profit for the year of £248,288 be transferred to the reserves.

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 and the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Market value of land and buildings

The Nursing Home at Wray Common Road, Reigate, Surrey, RH2 0ND was revalued at 31 August 2014. The directors consider that the balance sheet value for freehold land and buildings is not materially different from the true market value.

Post reporting date 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 2016.

Auditor

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.

DOVESTONE ESTATES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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 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 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 auditor

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

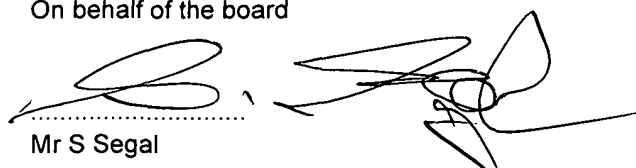
(a) so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and

(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.

Strategic Report

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of financial instruments and future developments. In addition, review of the business and description of the principal risks and uncertainties are included in the strategic report.

On behalf of the board



Mr S Segal
Director
11/05/17

DOVESTONE ESTATES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DOVESTONE ESTATES LIMITED

We have audited the financial statements of Dovestone Estates Limited for the year ended 31 August 2016 set out on pages 7 to 27. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board (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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material 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 2016 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

DOVESTONE ESTATES LIMITED

INDEPENDENT AUDITOR'S 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 FCCA
(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

15/05/2017

DOVESTONE ESTATES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2016

		2016	2015
	Notes	£	as restated £
Turnover	3	2,378,764	1,956,998
Cost of sales		(1,393,355)	(1,246,583)
Gross profit		985,409	710,415
Administrative expenses		(605,475)	(618,121)
Operating profit	4	379,934	92,294
Interest receivable and similar income		1,035	606
Interest payable and similar charges	7	(61,708)	(62,354)
Profit on ordinary activities before taxation		319,261	30,546
Taxation	8	(70,973)	(13,222)
Profit on ordinary activities after taxation and profit for the financial year		248,288	17,324
Other comprehensive income			
Transfer arising from the revaluation of land and buildings		(19,214)	(19,214)
Deferred taxation arising from revaluation of land and buildings		17,000	48,000
Total comprehensive income for the year		246,074	46,110

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

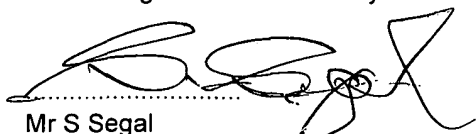
DOVESTONE ESTATES LIMITED

STATEMENT OF FINANCIAL POSITION

AT 31 AUGUST 2016

		2016		2015 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	9		1		1
Tangible assets	10		5,207,288		5,282,637
			<u>5,207,289</u>		<u>5,282,638</u>
Current assets					
Stocks	12	11,000		9,750	
Debtors	13	183,130		132,888	
Cash at bank and in hand		340,525		141,490	
		<u>534,655</u>		<u>284,128</u>	
Creditors: amounts falling due within one year	14	(452,383)		(359,361)	
Net current assets/(liabilities)			<u>82,272</u>		<u>(75,233)</u>
Total assets less current liabilities			<u>5,289,561</u>		<u>5,207,405</u>
Creditors: amounts falling due after more than one year	15		(1,646,464)		(1,808,506)
Provisions for liabilities	17		(167,326)		(188,416)
Net assets			<u><u>3,475,771</u></u>		<u><u>3,210,483</u></u>
Capital and reserves					
Called up share capital	21	4,100		4,100	
Revaluation reserve		3,196,871		3,199,084	
Profit and loss reserves		274,800		7,299	
Total equity			<u><u>3,475,771</u></u>		<u><u>3,210,483</u></u>

The financial statements were approved by the board of directors and authorised for issue on 11/05/17 and are signed on its behalf by:


 Mr S Segal
 Director

Company Registration No. 00777567

DOVESTONE ESTATES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
As restated for the period ended 31 August 2015:					
Balance at 1 September 2014		4,100	3,380,298	(29,241)	3,355,157
Deferred taxation arising from revaluation of land and buildings		-	(210,000)	-	(210,000)
		4,100	3,170,298	(29,241)	3,145,157
Year ended 31 August 2015:					
Profit for the year		-	-	17,324	17,324
Other comprehensive income:					
Transfer from revaluation reserve		-	(19,214)	-	(19,214)
Deferred tax arising from revaluation of land and buildings		-	48,000	-	48,000
Total comprehensive income for the year		-	28,786	17,324	46,110
Transfer from revaluation reserve		-	-	19,214	19,214
Balance at 31 August 2015		4,100	3,199,084	7,299	3,210,483
Year ended 31 August 2016:					
Profit for the year		-	-	248,288	248,288
Other comprehensive income:					
Transfer from revaluation reserve		-	(19,214)	-	(19,214)
Deferred tax arising from revaluation of land and buildings		-	17,000	-	17,000
Total comprehensive income for the year		-	(2,214)	248,288	246,074
Transfer from revaluation reserve		-	-	19,214	19,214
Balance at 31 August 2016		4,100	3,196,871	274,800	3,475,771

DOVESTONE ESTATES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	26	433,018		257,075	
Interest paid		(76,121)		(80,793)	
Income taxes paid		(1,599)		(39,217)	
Net cash inflow from operating activities		355,298		137,065	
Investing activities					
Purchase of tangible fixed assets		(26,867)		(192,242)	
Proceeds on disposal of tangible fixed assets		-		770	
Interest received		1,035		606	
Net cash used in investing activities		(25,832)		(190,866)	
Financing activities					
Repayment of bank loans		(130,431)		(125,758)	
Net cash used in financing activities		(130,431)		(125,758)	
Net increase/(decrease) in cash and cash equivalents					
		199,035		(179,559)	
Cash and cash equivalents at beginning of year		141,490		321,049	
Cash and cash equivalents at end of year		340,525		141,490	

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

Company information

Dovestone Estates Limited is a private company limited by shares incorporated in England and Wales. The registered office is Kenton House, 666 Kenton Road, Harrow, Middlesex, HA3 9QN.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, as modified to include the revaluation of freehold land and buildings and in accordance with applicable accounting standards. The principal accounting policies adopted are set out below.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

These financial statements have been prepared in compliance with FRS102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

These financial statements for the year ended 31 August 2016 are the first financial statements of Dovestone Estates Limited prepared in accordance with FRS 102. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 27.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Review of the business and description of the principal risks and uncertainties are included in the strategic report.

1.2 Revenue recognition

Turnover is the amount derived from ordinary activities, and is measured at the fair value of the consideration received or receivable from goods and services supplied by the company during the year. Turnover is stated net of sales returns, rebates and discounts.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

1.3 Intangible fixed assets - goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated on a straight line basis over the directors' best estimate of its useful economic life of 20 years and is taken to the profit and loss account.

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Any tangible assets carried at revalued amounts are recorded at their fair value at the date of the valuation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations, especially to land and buildings are carried out regularly so that the carrying amounts do not materially differ from using fair value at the date of the statement of financial position.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, (revaluation reserve), except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

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 economic life, on the following bases:

Freehold buildings	1% per annum, straight line basis on depreciable amount
Fixtures, fittings & equipment	25% on written down value
Motor vehicles	25% on written down value

Freehold land is not depreciated.

Assets held under finance leases are depreciated in the same manner as owned assets.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

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 reflect 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, and refurbishments thereto as and when necessary.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, and comprise mainly of raw materials and consumables used in the nursing home.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its net realisable value is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade and other debtors

Trade and other debtors that are receivable within one year and do not constitute a financing transaction are recorded at the undiscounted amount expected to be received, net of impairment. Those that are receivable after more than one year or constitute a financing transaction are recorded initially at fair value less transaction costs and subsequently at amortised cost, net of impairment.

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Unless the effect of discounting would be immaterial, in which case they are stated at cost.

Other financial liabilities

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

1.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, in the period they are incurred.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

The company operates a defined contribution pension scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable. These contributions are invested separately from the company's assets.

1.14 Leases

Assets that are held by the company under leases which transfer to the Company substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Company are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's policy on borrowing costs (see the accounting policy above). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.15 Estimation uncertainty - valuation of land and buildings

As described in note 10 to the financial statements, land and buildings are stated at fair value based on the valuation performed by an independent professional valuer Savills Commercial Limited, Chartered Surveyors and valuers with recent experience in the location and category of property valued. The valuer used observable market prices adjusted as necessary for any difference in the future, location or condition of the nursing home. Valuations are reviewed by the directors on an annual basis.

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.16 Related parties

For the purposes of these financial statements, a party is considered to be related to the Company if:

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the Company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the Company;
- (ii) the Company and the party are subject to common control;
- (iii) the party is an associate of the Company or a joint venture in which the Company is a venturer;
- (iv) the party is a member of key management personnel of the Company or the Company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Company or of any entity that is a related party of the Company.
- (vii) the party, or any member of a group of which it is part, provides key management personnel services to the company or its parent.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

The whole of the company's turnover from continuing operations arose 100% in the United Kingdom and is attributable to the principal activities of the company, being the provision of residential and nursing care for the elderly, disabled, the young physically handicapped and the terminally ill.

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Rendering of Services	2,378,764	1,956,998
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	1,035	606
	<u> </u>	<u> </u>

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	6,000	5,880
Depreciation of owned tangible fixed assets	102,217	115,532
(Profit)/loss on disposal of tangible fixed assets	-	80
Cost of stocks recognised as an expense	106,896	96,694
Operating lease charges - plant and equipment	4,925	4,673
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Office, management and nurses	69	73
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,401,339	1,275,448
Social security costs	109,857	99,400
Pension costs	6,180	5,536
	<u> </u>	<u> </u>
	1,517,376	1,380,384
	<u> </u>	<u> </u>

6 Directors' remuneration

	2016 £	2015 £
Emoluments for qualifying services (including benefits in kind)	216,355	218,460
Company pension contributions to defined contribution schemes	-	30
	<u> </u>	<u> </u>
	216,355	218,490
	<u> </u>	<u> </u>

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

Remuneration for qualifying services	79,053	79,463
	<u> </u>	<u> </u>

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7 Interest payable and similar charges

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	61,708	62,354

8 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	75,063	1,599
Deferred tax		
Origination and reversal of timing differences	(4,090)	11,623
Total income tax recognised in profit or loss	70,973	13,222

The tax assessed for the period is higher than the standard rate of corporation in the UK. The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before taxation	319,261	30,546
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	63,852	6,109
Tax effect of expenses that are not deductible in determining taxable profit	40	40
Depreciation add back	20,443	23,106
Capital Allowances	(9,272)	(27,672)
Loss on sale of tangible assets	-	16
Deferred tax adjustment	(4,090)	11,623
Taxation for the year	70,973	13,222

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2016 £	2015 £
Deferred tax arising on:		
Revaluation of property	(17,000)	(48,000)

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

9 Intangible fixed assets

	Goodwill £
Cost	
At 1 September 2015 and 31 August 2016	200,000
Amortisation and impairment	
At 1 September 2015 and 31 August 2016	199,999
Carrying amount	
At 31 August 2016	1
At 31 August 2015	1

10 Tangible fixed assets

	Freehold buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 September 2015	5,077,656	1,066,682	32,945	6,177,283
Additions	-	26,867	-	26,867
At 31 August 2016	5,077,656	1,093,549	32,945	6,204,150
Depreciation and impairment				
At 1 September 2015	35,404	844,828	14,413	894,645
Depreciation charged in the year	35,404	62,180	4,633	102,217
At 31 August 2016	70,808	907,008	19,046	996,862
Carrying amount				
At 31 August 2016	5,006,848	186,541	13,899	5,207,288
At 31 August 2015	5,042,252	221,853	18,532	5,282,637

Included in freehold land and buildings at 31 August 2016 is land valued at £1,537,302 (cost : £354,080) which is not depreciated.

The Nursing Home at Wray Common Road, Reigate, Surrey, RH2 0ND was revalued to £5,000,000 on 31 August 2014 by the directors, on the basis of open market value for existing use as a fully equipped and operational entity. The directors are not aware of any material change in value since the date of the valuation. The last independent valuation was carried out in June 2012 by Savills Commercial Limited, a firm of independent surveyors and valuers, who valued the nursing home at £4,835,000 on the same basis as the directors. The carrying value at 31 August 2016 of £5,006,848 (2015: £5,042,252) includes capitalised improvements undertaken to the nursing home, since the date of the last valuation of 31 August 2014.

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

10 Tangible fixed assets (Continued)

If revalued Freehold land and buildings were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2016 £	2015 £
Cost	1,973,095	1,973,095
Accumulated depreciation	(288,126)	(271,936)
Carrying value	<u>1,684,969</u>	<u>1,701,159</u>

11 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Trade debtors	136,946	99,037
Other debtors	2,025	3,262
Cash at bank and in hand	<u>340,525</u>	<u>141,490</u>
Debt instruments measured at amortised cost	<u>479,497</u>	<u>243,789</u>
Carrying amount of financial liabilities		
Bank loans	1,781,845	1,912,276
Trade creditors	64,917	53,231
Other creditors	86,221	80,933
Accruals and deferred income	<u>59,526</u>	<u>64,633</u>
Measured at amortised cost	<u>1,992,509</u>	<u>2,111,073</u>

12 Stocks

	2016 £	2015 £
Finished goods and goods for resale	<u>11,000</u>	<u>9,750</u>

The cost of stocks recognised as an expense in the year amounted to £106,896 (2015: £96,694).

13 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	136,947	99,037
Other debtors	2,025	3,262
Prepayments and accrued income	<u>44,158</u>	<u>30,589</u>
	<u>183,130</u>	<u>132,888</u>

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

14 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans	16	135,381	130,471
Trade creditors		64,917	53,231
Corporation tax		75,063	1,599
Other taxation and social security		31,275	28,494
Other creditors		86,221	80,933
Accruals and deferred income	19	59,526	64,633
		<u>452,383</u>	<u>359,361</u>

15 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Bank loans	16	1,646,464	1,781,805
Deferred income	19	-	26,701
		<u>1,646,464</u>	<u>1,808,506</u>

16 Borrowings

	2016 £	2015 £
Current:		
Bank loans - secured	135,381	130,471
Non-current:		
Bank loans - secured	1,646,464	1,781,805
	<u>1,781,845</u>	<u>1,912,276</u>
Carrying amount repayable:		
Wholly repayable within five years	729,810	703,340
Not wholly repayable within five years	1,052,035	1,208,936
	<u>1,781,845</u>	<u>1,912,276</u>

The bank loan is secured by a first fixed legal charge over the company's freehold land and buildings, which have a carrying value of £5,006,848 (2015: £5,042,252). In addition a cross guarantee and debenture has been pledged by and between the company and Everycare (East Surrey) Limited, a related party.

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Borrowings

(Continued)

The loan is repayable in annual instalments, plus interest at annual rate of 3.2% above the Bank's base rate, yielding a pay rate of 3.45% as at 31 August 2016. Included in bank loans as at 31 August 2016 is £1,781,845 (2015: £1,912,276) which represents the bank loan repayable over 15 years (commenced July 2012). The directors consider that the carrying amount of the bank loan approximates to its fair value.

17 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	18	167,326	188,416
		<u>167,326</u>	<u>188,416</u>

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated Capital Allowances	22,326	26,416
Property Revaluations	145,000	162,000
	<u>167,326</u>	<u>188,416</u>
Movements in the year:		2016 £
Liability at 1 September 2015		188,416
Credit to profit or loss		(4,090)
Credit to other comprehensive income		(17,000)
Liability at 31 August 2016		<u>167,326</u>

Deferred tax of £18,236 is expected to reverse in the next year as accelerated capital allowances reduce.

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

19 Deferred income

	2016 £	2015 £
Other deferred income	-	26,701

The company received an incentive payment of £89,003 from Barclays Bank P.L.C, the company's bankers, in addition to the £2,200,000 bank loan drawdown in July 2012. This amount or part thereof is repayable to the bank, if the company defaults on its obligations or if it repays the loan in full or in part within 5 years from the date of drawdown. An amount of £13,351 has been amortised through the profit and loss account during the year, and which has been matched against loan interest paid. The final unamortised balance as at 31 August 2016 amounting to £13,350 has been disclosed as part of creditors falling due within one year, under accruals and deferred income.

20 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	6,180	5,536

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. Contributions totalling £2,264 (2015: £2,238) were payable to the scheme at the end of the year and are included in creditors.

21 Called up share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
4,100 Ordinary shares of £1 each	4,100	4,100

22 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	4,925	4,925
Between two and five years	19,699	19,699
In over five years	6,566	11,491
	<u>31,190</u>	<u>36,115</u>

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

23 Events after the reporting date

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 2016.

24 Directors' transactions

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 shareholders in Everycare (East Surrey) Limited, a company incorporated in England which provides home care and nursing services. At 31 August 2016, £2,025 (2015: £3,262) was owed by Everycare (East Surrey) Limited to the company. The balance arose under normal commercial trading terms.

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

25 Controlling party

The company is under the control of Mr. S. Segal and his wife Mrs. R. Segal (Directors) by virtue of their the joint ownership of 89% (2015: 89%) of the issued share capital in the company.

26 Cash generated from operations

	2016 £	2015 £
Profit for the year before tax	319,261	30,546
Adjustments for:		
Finance costs	61,708	62,354
Investment income	(1,035)	(606)
(Gain)/loss on disposal of tangible fixed assets	-	80
Depreciation	102,217	115,532
Movements in working capital:		
(Increase) in stocks	(1,250)	(250)
(Increase)/decrease in debtors	(50,242)	13,316
Increase in creditors	2,359	36,103
Cash generated from operations	433,018	257,075

27 Reconciliations on adoption of FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 was 1 September 2015. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 August 2015 and the total equity as at 1 September 2015 and 31 August 2015 between UK GAAP as previously reported and under FRS 102 in these financial statements.

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

27 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of equity

	1 September 2014 £	31 August 2015 £
Equity as reported under previous UK GAAP and under FRS 102	3,355,157	3,372,483
Adjustments to prior year (note 28)	-	(162,000)
As restated under FRS 102	<u>3,355,157</u>	<u>3,210,483</u>

Reconciliation of profit for the financial period

	2015 £
Profit as reported under previous UK GAAP and under FRS 102	36,538
Adjustments to prior year (note 28)	(19,214)
As restated under FRS 102	<u>17,324</u>

Notes to reconciliations on adoption of FRS 102

Deferred Taxation

The company has accounted for deferred taxation on transition as follows:

(a) Revaluation of land and buildings - Under previous UK GAAP the company was not required to provide for taxation on revaluations, unless the company had entered into a binding sale agreement and recognised the gain or loss expected to arise.

Under FRS102 deferred taxation is provided on the temporary difference arising from the revaluation. A deferred tax charge of £162,000 arose on transition to FRS 102.

(b) Other deferred taxation effects reflect the tax effect of the accelerated capital allowances.

Transfer from revaluation reserve

Under previous UK GAAP, the difference between the depreciation charge based on the historical cost and re-valued amount was passed through the profit and loss account. Under FRS 102 the difference is required to be disclosed under comprehensive income. A transfer of £19,214 to comprehensive income arose on transition to FRS 102.

The changes to the balance sheet and profit and loss account arising from the above are shown as a prior period adjustment (note 28).

DOVESTONE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

28 Prior period adjustment

Changes to the balance sheet

Balances as restated before FRS 102 transition adjustments:	At 31 August 2015		
	As previously reported	Adjustment	As restated
	£	£	£
Provisions for liabilities			
Deferred tax	(26,416)	(162,000)	(188,416)
	<u> </u>	<u> </u>	<u> </u>
Capital and reserves			
Revaluation reserve	3,361,084	(162,000)	3,199,084
	<u> </u>	<u> </u>	<u> </u>

Changes to the profit and loss account

Balances as restated before FRS 102 transition adjustments:	Period ended 31 August 2015		
	As previously reported	Adjustment	As restated
	£	£	£
Transfer from revaluation reserve	19,214	(19,214)	-
	<u> </u>	<u> </u>	<u> </u>
Profit for the financial period	36,538	(19,214)	17,324
	<u> </u>	<u> </u>	<u> </u>