

REGISTERED NUMBER. 05814316 (England and Wales)

BIRTLEY HOUSE GROUP LIMITED
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2010

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BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)

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FOR THE YEAR ENDED 31 AUGUST 2010**

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BIRTLEY HOUSE GROUP LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2010

DIRECTORS	S R L Whalley C E Whalley F R A Whalley T S D Whalley
SECRETARY	N J Blake
REGISTERED OFFICE.	Birtley House Birtley Road Bramley Guildford Surrey GU5 0LB
REGISTERED NUMBER	05814316 (England and Wales)
AUDITORS	Wilkins Kennedy Statutory Auditor Chartered Accountants Gladstone House 77-79 High Street Egham Surrey TW20 9HY
BANKERS.	Lloyds TSB Bank PLC 1st Floor Navigation House Walnut Tree Close Guildford Surrey GU1 4TR
SOLICITORS:	Stevens & Bolton LLP The Billings Guildford Surrey GU1 4YD

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2010**

The directors present their report with the financial statements of the company and the group for the year ended 31 August 2010

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of management of a nursing home and close care apartments

REVIEW OF BUSINESS

The group's principal trading subsidiaries are involved in the management of a nursing home, Birtley House, and the development and management of close care apartments

The nursing home business continued to perform well in the year, producing income of £2,171,972 (2009 - £2,372,135) and a pre-tax profit of £31,405 (2009 - £34,089)

The new domiciliary care business was established during the year and received its first income of £323 late in the year. Due to high set up costs (particularly on recruitment and marketing expenditure) the business made a loss of £16,298

The company involved in the management of the close care apartments also traded successfully. Turnover was £985,546 (2009 - £572,477), which was enhanced by the sale of two apartments during the year (one in 2009) and the company generated a pre-tax profit of £242,689 (2009 - £272,033)

Birtley House Group Limited itself made sales of three apartments in the year, bringing revenue of £750,000 and direct cost of sales of £250,000. The gross profit for this business stream in the year was £500,000 (2009 - £Nil). This business stream has arisen as a result of a change in terms of the licences offered to residents in the West Wing apartments, and a resultant change in policy to treat these amounts as income (2009 - treated as returnable debentures within long-term liabilities)

Birtley House Group also incurred administrative expenses of £260,121 (2009 - £382,562) in connection with the management of the group and the Birtley House property. In addition, the company paid interest of £239,205 (2009 - £187,395) in respect of group bank borrowings. Investment income of £180,000 (2009 - £245,000) was received from other group companies. The company showed an overall pre-tax profit of £174,562 (2009 - loss of £345,279)

The Group showed a pre-tax profit for the year of £248,186 (2009 - loss of £270,488). The Group's Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) have increased dramatically to £677,473 (2009 - £100,047), the majority of the increase being due to additional apartment sales. After adjusting for the property transactions, this still reflects a significant improvement in the performance of the nursing home and close care management businesses.

The company continues to invest substantially in its property and facilities for the clients (residents) of its subsidiary businesses to maximise asset value and reinforce the quality and ambience of the property which has always been the unique selling point for the businesses. At the same time we have continued to review and drive down costs wherever efficiency savings are compatible with maintenance of the quality of service to which we aspire.

The key financial performance indicators used by the board in monitoring the performance of the business are occupancy rate and income generated by the nursing home and close care apartments, the valuation of the company's properties in relation to the level of bank borrowing, and the level of administrative and financing costs incurred.

The board is mindful of the potential impact of the current economic climate on its business and on the financial status of its customers and suppliers. The board considers that appropriate processes are in place to manage the company's relationships with all third parties to ensure the company's exposure to potential losses is minimised. Specific financial risks and how these are mitigated are discussed later in this report.

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2010**

DIVIDENDS

No dividends will be distributed for the year ended 31 August 2010

DIRECTORS

The directors shown below have held office during the whole of the period from 1 September 2009 to the date of this report

S R L Whalley
C E Whalley
F R A Whalley
T S D Whalley

FINANCIAL INSTRUMENTS

The group's significant financial instruments at the balance sheet date comprised bank loans and overdrafts, debentures and loans from group undertakings. Operations are financed by a mixture of retained profits, bank borrowings and long term loans. Long term loans are at fixed rates and are used to finance capital investment. Working capital requirements are met principally out of floating rate overdrafts and retained profits.

It is, and has been throughout the year under review, the group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the group's financial instruments are interest rate risk and liquidity risk.

Interest rate risk

The group has a policy to manage any exposure to interest rate fluctuations so as to finance its operations through retained profits. In support of this policy, the group has in place a fixed interest rate swap agreement with Lloyds Financial Markets effectively capping the interest payable.

Liquidity risk

The group's objectives are to maintain a balance between continuity of funding and the flexible use of funding by way of overdrafts, loans and similar financial arrangements. Short term flexibility is achieved by overdraft facilities.

Financial assets

The group have no financial assets other than short-term debtors and cash at bank.

Borrowing facilities

The group has no undrawn committed borrowing facilities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD


S R L Whalley - Director

Date 31/3/2011

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BIRTLEY HOUSE GROUP LIMITED

We have audited the financial statements of Birtley House Group Limited for the year ended 31 August 2010 on pages six to twenty seven. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page three, 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 group's and the parent 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 group's and of the parent company's affairs as at 31 August 2010 and of the group's profit for the year then ended,
- the group financial statements 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
BIRTLEY HOUSE GROUP 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Wilkins Kennedy

Mrs Michaela Izquierdo (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy
Statutory Auditor
Chartered Accountants
Gladstone House
77-79 High Street
Egham
Surrey
TW20 9HY

1 April 2011

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER: 05814316)

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2010**

	Notes	2010 £	2009 £
TURNOVER		3,926,219	2,756,711
Cost of sales		<u>(2,705,557)</u>	<u>(2,114,125)</u>
GROSS PROFIT		1,220,662	642,586
Administrative expenses		<u>(756,158)</u>	<u>(732,549)</u>
		464,504	(89,963)
Other operating income		<u>24,640</u>	<u>22,076</u>
OPERATING PROFIT/(LOSS)	3	489,144	(67,887)
Interest receivable and similar income		<u>2,337</u>	<u>1,407</u>
		491,481	(66,480)
Amounts written off investments	4	<u>-</u>	<u>(1,000)</u>
		491,481	(67,480)
Interest payable and similar charges	5	<u>(243,295)</u>	<u>(203,008)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		248,186	(270,488)
Tax on profit/(loss) on ordinary activities	6	<u>(21,873)</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		226,313	(270,488)
Minority interest - equity		<u>5,118</u>	<u>5,094</u>
RETAINED PROFIT/(DEFICIT) FOR THE FINANCIAL YEAR FOR THE GROUP		231,431	(265,394)

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year

The notes form part of these financial statements

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER. 05814316)

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 AUGUST 2010**

	2010 £	2009 £
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	231,431	(265,394)
Revaluation of properties	-	896,632
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>231,431</u>	<u>631,238</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 AUGUST 2010**

	2010 £	2009 £
REPORTED PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	248,186	(270,488)
Excess depreciation on revalued property	<u>74,735</u>	<u>14,505</u>
	<hr/>	<hr/>
HISTORICAL COST PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>322,921</u>	<u>(255,983)</u>
	<hr/>	<hr/>
HISTORICAL COST PROFIT/(LOSS) FOR THE YEAR RETAINED AFTER TAXATION AND MINORITY INTERESTS	<u>306,166</u>	<u>(250,889)</u>

The notes form part of these financial statements

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)

**CONSOLIDATED BALANCE SHEET
31 AUGUST 2010**

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible assets	8	8,455,264	8,599,371
Investments	9	-	-
		<u>8,455,264</u>	<u>8,599,371</u>
CURRENT ASSETS			
Stocks	10	3,500	3,500
Debtors	11	537,915	325,663
Cash at bank and in hand		84,584	580
		<u>625,999</u>	<u>329,743</u>
CREDITORS			
Amounts falling due within one year	12	(1,506,541)	(2,178,586)
NET CURRENT LIABILITIES		<u>(880,542)</u>	<u>(1,848,843)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,574,722</u>	<u>6,750,528</u>
CREDITORS			
Amounts falling due after more than one year	13	(5,851,068)	(5,253,388)
MINORITY INTERESTS	17	<u>206,866</u>	<u>211,984</u>
NET ASSETS		<u><u>1,516,788</u></u>	<u><u>1,285,156</u></u>

The notes form part of these financial statements

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)


CONSOLIDATED BALANCE SHEET - continued
31 AUGUST 2010

	Notes	2010 £	2009 £
CAPITAL AND RESERVES			
Called up share capital	18	2,300	2,198
Share premium	19	814,559	814,460
Revaluation reserve	19	1,354,973	1,392,615
Capital redemption reserve	19	998	998
Profit and loss account	19	(656,042)	(925,115)
SHAREHOLDERS' FUNDS	24	<u>1,516,788</u>	<u>1,285,156</u>

The financial statements were approved by the Board of Directors on
were signed on its behalf by

31/3/2011

and


S R L Whalley - Director


F R A Whalley - Director

The notes form part of these financial statements

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)

**COMPANY BALANCE SHEET
31 AUGUST 2010**

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible assets	8	7,255,353	7,362,686
Investments	9	398,149	398,149
		<u>7,653,502</u>	<u>7,760,835</u>
CURRENT ASSETS			
Debtors	11	559,839	589,955
Cash at bank and in hand		100	100
		<u>559,939</u>	<u>590,055</u>
CREDITORS			
Amounts falling due within one year	12	(1,026,997)	(2,001,861)
NET CURRENT LIABILITIES		<u>(467,058)</u>	<u>(1,411,806)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,186,444	6,349,029
CREDITORS			
Amounts falling due after more than one year	13	(5,725,854)	(5,105,122)
NET ASSETS		<u><u>1,460,590</u></u>	<u><u>1,243,907</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	2,300	2,198
Share premium	19	99	-
Revaluation reserve	19	1,354,973	1,392,615
Capital redemption reserve	19	998	998
Profit and loss account	19	102,220	(151,904)
SHAREHOLDERS' FUNDS	24	<u><u>1,460,590</u></u>	<u><u>1,243,907</u></u>

The financial statements were approved by the Board of Directors on
were signed on its behalf by

31/3/2011 and


S R L Whalley - Director


F R A Whalley - Director

The notes form part of these financial statements

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2010**

	Notes	2010 £	2009 £
Net cash inflow from operating activities	1	575,584	292,641
Returns on investments and servicing of finance	2	(240,958)	(201,601)
Capital expenditure	2	(44,221)	(178,311)
		290,405	(87,271)
Financing	2	443,664	6,143
Increase/(Decrease) in cash in the period		734,069	(81,128)
Reconciliation of net cash flow to movement in net debt	3		
Increase/(Decrease) in cash in the period		734,069	(81,128)
Cash inflow from increase in debt and lease financing		(451,360)	(387,587)
Change in net debt resulting from cash flows		282,709	(468,715)
New finance leases		-	(10,378)
Movement in net debt in the period		282,709	(479,093)
Net debt at 1 September		(6,856,987)	(6,377,894)
Net debt at 31 August		(6,574,278)	(6,856,987)

The notes form part of these financial statements

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)

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

1 RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010	2009
	£	£
Operating profit/(loss)	489,144	(67,887)
Depreciation charges	188,329	167,934
Profit on disposal of fixed assets	-	(314)
Increase in debtors	(212,252)	(278,120)
Increase in creditors	110,363	471,028
Net cash inflow from operating activities	<u>575,584</u>	<u>292,641</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2010	2009
	£	£
Returns on investments and servicing of finance		
Interest received	2,337	1,407
Interest paid	(239,207)	(198,809)
Interest element of hire purchase payments	(4,088)	(4,199)
Net cash outflow for returns on investments and servicing of finance	<u>(240,958)</u>	<u>(201,601)</u>
Capital expenditure		
Purchase of tangible fixed assets	(44,221)	(205,882)
Sale of tangible fixed assets	-	27,571
Net cash outflow for capital expenditure	<u>(44,221)</u>	<u>(178,311)</u>
Financing		
New loans in year	4,323,626	-
Loan repayments in year	(3,852,585)	-
Capital repayments in year	(19,682)	(28,228)
Amount introduced by directors	-	34,371
Amount withdrawn by directors	(7,896)	-
Share issue	201	-
Net cash inflow from financing	<u>443,664</u>	<u>6,143</u>

The notes form part of these financial statements

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)

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

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1.9 09 £	Cash flow £	At 31 8 10 £
Net cash			
Cash at bank and in hand	580	84,004	84,584
Bank overdrafts	(786,395)	650,065	(136,330)
	<u>(785,815)</u>	<u>734,069</u>	<u>(51,746)</u>
Debt			
Hire purchase	(38,618)	19,682	(18,936)
Debts falling due within one year	(948,315)	139,384	(808,931)
Debts falling due after one year	(5,084,239)	(610,426)	(5,694,665)
	<u>(6,071,172)</u>	<u>(451,360)</u>	<u>(6,522,532)</u>
Total	<u>(6,856,987)</u>	<u>282,709</u>	<u>(6,574,278)</u>

The notes form part of these financial statements

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

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Turnover for the group comprises revenue recognised from the sale of apartments, fees receivable from the operation of the company's care home, service charges for other services rendered during the year and other fees receivable from events and functions that have taken place during the year. All sales are recognised in the period to which they relate, and exclude value added tax.

The parent company has changed its accounting policy during the year, as previously the licence fees received on assignment of apartments had been held as returnable debentures within liabilities. Following an alteration to the legal contracts agreed with the resident on commencement of occupancy, the directors consider that recognition as income more accurately reflects the nature of the transaction and have treated such fees on this basis within the financial statements this year. Any sales completed under the old format of legal agreement have continued to be treated on a returnable debenture basis.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold property	- 2% on cost
Fixtures fittings and equip't	- 10% on cost
Plant and machinery	- 10% on cost
Close care development	- 10% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 10% on cost

No depreciation is provided on land or on investment properties.

Although non-depreciation of investment properties represents a departure from the Companies Act requirements concerning the depreciation of fixed assets, the directors believe that it is unnecessary to provide for depreciation of investment properties as they believe that the carrying value in the accounts closely reflects the realisable market value of the property, and any provision for depreciation would be immaterial. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER: 05814316)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2010**

1 ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised and held within fixed assets. Those assets held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful life or the lease term, whichever is the shorter.

The interest element of lease payments is charged to the profit and loss account over the period of the lease. The capital element of the future payments as at the balance sheet date is treated as a liability.

2 STAFF COSTS

	2010 £	2009 £
Wages and salaries	<u>1,676,706</u>	<u>1,721,078</u>

The average monthly number of employees during the year was as follows

	2010	2009
Administration	4	4
Activities	7	7
Garden	6	6
Housekeeping	11	11
Kitchen	7	7
Maintenance	2	2
Marketing	1	1
Nursing	37	38
Wardens	4	4
	<u>79</u>	<u>80</u>

3 OPERATING PROFIT/(LOSS)

The operating profit (2009 - operating loss) is stated after charging/(crediting)

	2010 £	2009 £
Depreciation - owned assets	188,329	167,934
Profit on disposal of fixed assets	-	(314)
Auditors' remuneration	12,350	11,000
Auditors' remuneration for non audit work	<u>3,651</u>	<u>11,402</u>
Directors' remuneration	148,081	152,761
Compensation to director for loss of office	<u>15,000</u>	<u>-</u>

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2010**

4 AMOUNTS WRITTEN OFF INVESTMENTS

	2010	2009
	£	£
Impairment of investments	<u>-</u>	<u>1,000</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Bank interest	-	11,341
Bank loan interest	233,054	187,468
Other interest charges	6,153	-
Leasing	4,088	4,199
	<u>243,295</u>	<u>203,008</u>

6 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2010	2009
	£	£
Current tax		
UK corporation tax	<u>21,873</u>	<u>-</u>
Tax on profit/(loss) on ordinary activities	<u>21,873</u>	<u>-</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2010	2009
	£	£
Profit/(loss) on ordinary activities before tax	<u>248,186</u>	<u>(270,488)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	69,492	(75,737)
Effects of		
Excess depreciation over capital allowances	24,223	(2,210)
Expenditure disallowed for taxation	9,997	60,744
Partnership losses not available for relief	5,732	5,706
Small profits relief	(4,483)	-
Relief against losses brought forward	(92,791)	(7,739)
Losses carried forward	-	19,236
Non-trade loan relationship debits carried forward	9,703	-
Current tax charge	<u>21,873</u>	<u>-</u>

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2010**

7 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £216,482 (2009 - £(269,058) loss)

8 TANGIBLE FIXED ASSETS

Group

	Freehold property £	Investment Property £	Fixtures fittings and equip't £	Plant and machinery £
COST OR VALUATION				
At 1 September 2009	7,835,000	236,620	349,477	442,602
Additions	-	-	18,797	17,199
At 31 August 2010	7,835,000	236,620	368,274	459,801
DEPRECIATION				
At 1 September 2009	20,000	-	48,937	229,146
Charge for year	109,607	-	35,504	33,865
At 31 August 2010	129,607	-	84,441	263,011
NET BOOK VALUE				
At 31 August 2010	7,705,393	236,620	283,833	196,790
At 31 August 2009	7,815,000	236,620	300,540	213,456
	Close care development £	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION				
At 1 September 2009	3,151	53,215	-	8,920,065
Additions	-	-	8,225	44,221
At 31 August 2010	3,151	53,215	8,225	8,964,286
DEPRECIATION				
At 1 September 2009	2,256	20,354	-	320,693
Charge for year	315	8,215	823	188,329
At 31 August 2010	2,571	28,569	823	509,022
NET BOOK VALUE				
At 31 August 2010	580	24,646	7,402	8,455,264
At 31 August 2009	895	32,861	-	8,599,372

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER: 05814316)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2010**

8 TANGIBLE FIXED ASSETS - continued

Group

Included in plant and machinery are items held on hire purchase contracts with cost of £62,194 (2009 - £62,194) and accumulated depreciation of £18,148 (2009 - £11,928). Included within motor vehicles above are items held on hire purchase contracts with a cost of £44,054 (2009 - £44,054) and accumulated depreciation of £23,273 (2009 - £16,346).

The freehold land and buildings and investment property were valued by the directors as at 31 August 2009 on an open market value basis. The directors consider that there has been no material movement in the value of properties since the last formal valuation, and consequently have not updated the valuation as at 31 August 2010. On a historical cost basis the properties would have been included at an original cost of £6,802,928 and aggregate depreciation of £294,758 (2009 - £222,793).

Cost or valuation at 31 August 2010 is represented by

	Freehold property £	Investment Property £	Fixtures fittings and equip't £	Plant and machinery £
Valuation in 2007	1,525,000	-	-	-
Valuation in 2008	200,000	(200,000)	-	-
Valuation in 2009	1,157,072	(413,380)	-	-
Cost	4,952,928	850,000	368,274	459,801
	<u>7,835,000</u>	<u>236,620</u>	<u>368,274</u>	<u>459,801</u>

	Close care development £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2007	-	-	-	1,525,000
Valuation in 2009	-	-	-	743,692
Cost	3,151	53,215	8,225	6,695,594
	<u>3,151</u>	<u>53,215</u>	<u>8,225</u>	<u>8,964,286</u>

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2010**

8 TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Investment Property £	Fixtures fittings and equip't £	Computer equipment £	Totals £
COST OR VALUATION					
At 1 September 2009	6,835,000	236,620	333,694	-	7,405,314
Additions	-	-	18,797	8,225	27,022
At 31 August 2010	6,835,000	236,620	352,491	8,225	7,432,336
DEPRECIATION					
At 1 September 2009	-	-	42,628	-	42,628
Charge for year	99,607	-	33,925	823	134,355
At 31 August 2010	99,607	-	76,553	823	176,983
NET BOOK VALUE					
At 31 August 2010	6,735,393	236,620	275,938	7,402	7,255,353
At 31 August 2009	6,835,000	236,620	291,066	-	7,362,686

The freehold land and buildings and investment property were valued by the directors as at 31 August 2009 on an open market value basis. The directors consider that there has been no material movement in the value of properties since the last formal valuation, and consequently have not updated the valuation as at 31 August 2010. On a historical cost basis the properties would have been included at an original cost of £5,802,928 and aggregate depreciation of £264,758 (2009 - £202,793).

Cost or valuation at 31 August 2010 is represented by

	Freehold property £	Investment Property £	Fixtures fittings and equip't £	Computer equipment £	Totals £
Valuation in 2007	525,000	-	-	-	525,000
Valuation in 2008	200,000	(200,000)	-	-	-
Valuation in 2009	1,157,072	(413,380)	-	-	743,692
Cost	4,952,928	850,000	352,491	8,225	6,163,644
	6,835,000	236,620	352,491	8,225	7,432,336

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2010**

9 FIXED ASSET INVESTMENTS

Company

**Shares in
group
undertakings
£**

COST

At 1 September 2009
and 31 August 2010

398,149

NET BOOK VALUE

At 31 August 2010

398,149

At 31 August 2009

398,149

The group or the company's investments at the balance sheet date in the share capital of companies include the following

Subsidiaries

Eyhurst Court Limited

Nature of business Management of a nursing home

	%
Class of shares	holding
Ordinary shares	100 00

	2010	2009
	£	£
Aggregate capital and reserves	64,538	33,133
Profit for the year	<u>31,405</u>	<u>34,089</u>

Birtley Mews Limited

Nature of business Management of close care apartments

	%
Class of shares	holding
Ordinary	100 00

	2010	2009
	£	£
Aggregate capital and reserves	9,209	10,312
Profit for the year	<u>178,897</u>	<u>195,812</u>

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER: 05814316)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2010**

9 FIXED ASSET INVESTMENTS - continued

Joint Venture

Birtley Brook Estates (Partnership)

Nature of business Property management

Class of shares	% holding	2010 £	2009 £
Partnership	75 00		
Aggregate capital and reserves		587,464	607,937
Loss for the year		(20,473)	(20,377)

10 STOCKS

	Group	
	2010 £	2009 £
Stocks	3,500	3,500

11 DEBTORS

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Amounts falling due within one year				
Trade debtors	25,594	70,917	-	-
Amounts owed by group undertakings	-	-	334,638	571,735
Amounts owed by participating interests	-	-	-	15,118
Other debtors	497,161	235,060	225,201	-
Prepayments and accrued income	15,156	19,682	-	3,102
	<u>537,911</u>	<u>325,659</u>	<u>559,839</u>	<u>589,955</u>
Amounts falling due after more than one year				
Called up share capital not paid	<u>4</u>	<u>4</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>537,915</u>	<u>325,663</u>	<u>559,839</u>	<u>589,955</u>

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2010**

12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans and overdrafts (see note 14)	945,261	1,734,710	620,619	1,469,789
Hire purchase contracts (see note 15)	18,722	21,887	2,884	3,459
Trade creditors	21,551	93,782	-	14,217
Amounts owed to group undertakings	-	-	340,536	469,917
Amounts owed to participating interests	-	-	1,471	-
Corporation tax	21,873	-	-	-
Other creditors	169,642	72,306	-	7,338
Directors' loan accounts	17,702	29,369	9,000	-
Accruals and deferred income	311,790	226,532	52,487	37,141
	<u>1,506,541</u>	<u>2,178,586</u>	<u>1,026,997</u>	<u>2,001,861</u>

13 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Debentures (see note 14)	2,890,000	2,550,000	2,890,000	2,550,000
Bank loans (see note 14)	2,804,665	2,534,239	2,804,665	2,534,239
Hire purchase contracts (see note 15)	214	16,731	-	2,883
Directors' loan accounts	156,189	152,418	31,189	18,000
	<u>5,851,068</u>	<u>5,253,388</u>	<u>5,725,854</u>	<u>5,105,122</u>

The debenture loans are interest free and repayable on demand, subject to the grant of a new debenture and a new licence by the company to a new resident on substantially the same terms as the debenture and for a loan amount at least equal to the debenture sum repaid. The average life of the licence and debenture loan is estimated by the directors' as between two and five years.

The bank loans are secured by the bank on the freehold property, together with a fixed and floating charge over the company's assets. One of the bank loans amounting to £197,000 (2009 - £475,000), shown as falling due within one year, was used to finance the building works on the West Wing which were completed in August 2008, and will be repaid in full following the sale of the West Wing apartments.

The debenture loans are secured by the company by way of floating charge over the company's assets.

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2010**

14 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts falling due within one year or on demand				
Bank overdrafts	136,330	786,395	136,330	801,490
Bank loans	808,931	948,315	484,289	668,299
	945,261	1,734,710	620,619	1,469,789
Amounts falling due between two and five years				
Debentures - 2-5 years	2,890,000	2,550,000	2,890,000	2,550,000
Bank loans - 2-5 years	1,149,156	1,149,156	1,149,156	1,149,156
	4,039,156	3,699,156	4,039,156	3,699,156
Amounts falling due in more than five years				
Repayable by instalments				
Bank loans due after 5 years	1,655,509	1,385,083	1,655,509	1,385,083

15 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	2010	2009
	£	£
Net obligations repayable		
Within one year	18,722	21,887
Between one and five years	214	16,731
	18,936	38,618

Company

	Hire purchase contracts	
	2010	2009
	£	£
Net obligations repayable		
Within one year	2,884	3,459
Between one and five years	-	2,883
	2,884	6,342

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2010**

15 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following operating lease payments are committed to be paid within one year

Group

	Other operating leases	
	2010	2009
	£	£
Expiring		
Within one year	7,238	-
Between one and five years	-	7,200
	<u>7,238</u>	<u>7,200</u>

16 SECURED DEBTS

The following secured debts are included within creditors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Debentures	2,890,000	2,550,000	2,890,000	2,550,000
Bank overdrafts	136,330	786,395	136,330	801,490
Bank loans	3,613,596	3,482,554	3,288,954	3,202,538
Hire purchase contracts	18,936	38,618	2,884	6,342
	<u>6,658,862</u>	<u>6,857,567</u>	<u>6,318,168</u>	<u>6,560,370</u>

Liabilities under hire purchase contracts are secured against the assets concerned

17 MINORITY INTERESTS

Minority interests relate to S R L Whalley, director of the company, who has a personal interest of 25% in the Birtley Brook Estates partnership

18 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2010	2009
Number	Class	Nominal value	£	£
1,100	Ordinary A	£1	1,100	1,099
1,200	Ordinary B	£1	1,200	1,099
			<u>2,300</u>	<u>2,198</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2010

18 CALLED UP SHARE CAPITAL - continued

Shares were issued during the year as follows

Cash at par

101 Ordinary B shares of £1 for £101

Cash at premium

1 Ordinary A share of £1 for £100

The A shares confer upon the holders the right to receive dividends and other distributions out of distributable profits or assets of the company as at 31 August 2008, but do not confer the right to any further participation in the profits or assets of the company

The B shares confer upon the holders the right to receive dividends and other distributions out of distributable profits or assets of the company accumulated since 1 September 2008 and all future profits or assets of the company

The holders of B shares are entitled to one vote per share held on all resolutions proposed. The holders of A shares are not entitled to vote on general matters, however they are entitled to one vote per share held on certain resolutions specifically provided in the articles of association. These resolutions cover amendments to the articles, amendments to rights attached to shares, the allotment or issue of shares and the declaration or payment of dividends on the A shares only

19 RESERVES

Group

	Profit and loss account £	Share premium £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 September 2009	(925,115)	814,460	1,392,615	998	1,282,958
Profit for the year	231,431				231,431
Cash share issue	-	99	-	-	99
Transfer between reserves	37,642	-	(37,642)	-	-
At 31 August 2010	<u>(656,042)</u>	<u>814,559</u>	<u>1,354,973</u>	<u>998</u>	<u>1,514,488</u>

Company

	Profit and loss account £	Share premium £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 September 2009	(151,904)	-	1,392,615	998	1,241,709
Profit for the year	216,482				216,482
Cash share issue	-	99	-	-	99
Transfer between reserves	37,642	-	(37,642)	-	-
At 31 August 2010	<u>102,220</u>	<u>99</u>	<u>1,354,973</u>	<u>998</u>	<u>1,458,290</u>

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER 05814316)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2010**

20 CONTINGENT LIABILITIES

Birtley Mews Limited has given security to Stevens & Bolton Trustees Limited over the Mews apartments disposed of to the value of the sums paid by the residents. The value of these sums at 31 August 2010 totalled £2,437,500 (2009 - £2,347,500). The security given to the Stevens & Bolton Trustees shall be in priority over any other security given by Birtley Mews Limited to its bankers.

Birtley House Group Limited has given security in the form of individually registered legal charges over the West Wing apartments sold, excluding amounts held as returnable debentures (within creditors due in more than one year). The potential additional liability to the company is limited to the lower of the sum paid by the existing resident and the sum obtained on resale, which at 31 August 2010 totalled £500,000 (2009 - £Nil). However, this is contingent upon the apartment concerned being resold and an equivalent payment received from the purchaser, otherwise no liability to the current resident will arise.

21 CAPITAL COMMITMENTS

	2010	2009
	£	£
Contracted but not provided for in the financial statements	-	13,246

Capital commitments above relate to contracted works to complete the redevelopment of the West Wing apartments.

22 TRANSACTIONS WITH DIRECTORS

At 31 August 2010 the company owed S R L Whalley, director of the company, amounts totalling £48,025 (2009 - £54,120). The loan carries interest accruing at a rate of 5% per annum until such time as the loan is repaid in full. In accordance with the set repayment schedule, £16,836 (2009 - £26,702) is expected to be paid within one year and is included within creditors falling due within one year. The balance of £31,189 (2009 - £27,418) is expected to be fully repaid within five years, and is included within creditors falling due after more than one year.

Also included within creditors falling due within one year at 31 August 2010 are amounts owed to T S D Whalley, director of the company, of £866 (2009 - £2,667). This loan carries no interest and has no set repayment terms, but is repayable immediately on demand and is expected to be settled within one year.

Also included within creditors falling due after more than one year at 31 August 2010 are amounts owed to C E Whalley, director of the company, of £125,000 (2009 - £125,000). This loan carries no interest and has no set repayment terms, but is not expected to be repaid within one year.

23 ULTIMATE CONTROLLING PARTY

The ultimate controlling parties are S R L Whalley and C E Whalley together, by virtue of their controlling interest in the share capital of the company.

BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER: 05814316)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2010**

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2010	2009
	£	£
Profit/(Loss) for the financial year	231,431	(265,394)
Other recognised gains and losses relating to the year (net)	-	896,632
Shares issued at par	101	-
Shares issued at premium	100	-
	<hr/>	<hr/>
Net addition to shareholders' funds	231,632	631,238
Opening shareholders' funds	1,285,156	653,918
	<hr/>	<hr/>
Closing shareholders' funds	1,516,788	1,285,156
	<hr/>	<hr/>

Company

	2010	2009
	£	£
Profit/(Loss) for the financial year	216,482	(269,058)
Other recognised gains and losses relating to the year (net)	-	896,632
Shares issued at par	101	-
Shares issued at premium	100	-
	<hr/>	<hr/>
Net addition to shareholders' funds	216,683	627,574
Opening shareholders' funds	1,243,907	616,333
	<hr/>	<hr/>
Closing shareholders' funds	1,460,590	1,243,907
	<hr/>	<hr/>