

**The Franklyn Group Limited and its
subsidiary undertaking**

**Report of the Directors and
Consolidated Financial Statements**

Year ended 30 June 2012



Jolliffe Cork LLP
Chartered Accountants & Statutory Auditor
33 George Street
Wakefield
West Yorkshire
WF1 1LX

The Franklyn Group Limited and its subsidiary undertaking

**Contents of the Consolidated Financial Statements
for the year ended 30 June 2012**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Consolidated Profit and Loss Account	6
Consolidated Balance Sheet	8
Company Balance Sheet	10
Consolidated Cash Flow Statement	12
Notes to the Consolidated Cash Flow Statement	13
Notes to the Consolidated Financial Statements	15

The Franklyn Group Limited and its subsidiary undertaking

Company Information for the year ended 30 June 2012

DIRECTORS:

Mr R A Fleming
Mrs S A MacArthur

SECRETARY:

Mr R A Fleming

REGISTERED OFFICE

33 George Street
Wakefield
West Yorkshire
WF1 1LX

REGISTERED NUMBER:

04340639 (England and Wales)

AUDITORS:

Jolliffe Cork LLP
Chartered Accountants & Statutory Auditor
33 George Street
Wakefield
West Yorkshire
WF1 1LX

BANKERS:

Bank of Ireland
Level 10
Marsden Street
Manchester
Lancashire
M2 1HW

The Franklyn Group Limited and its subsidiary undertaking

Report of the Directors for the year ended 30 June 2012

The directors present their report with the financial statements of the company and the group for the year ended 30 June 2012

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of care homes, care home agents and property developers

REVIEW OF BUSINESS

The Directors are happy to report a successful year for the residential care business of The Franklyn Group Limited

Against a background of increased financial pressure and further compliance measures set upon the industry as a whole, the Group's homes have increased their revenue and profitability

Occupancy levels and operational efficiency remain the key to profitability, a pleasant, attractive and well maintained offer is essential to maintain occupancy at acceptable rates

The Company has continued its policy of rolling renewal of the fabric, equipment and services in its homes and whilst this requires a high level of investment, the benefits in respect of occupancy, resident and staff retention and profitability are clearly visible

Following the repurchase of the share capital of The Franklyn (Developments) Limited, that business has been restructured, costs reduced and whilst the ultimate outcome remains uncertain, the level of trading is improved with a widening recognition of the value of the company to the care sector

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2012

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2011 to the date of this report

Mr R A Fleming
Mrs S A MacArthur

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Franklyn Group Limited and its subsidiary undertaking

Report of the Directors for the year ended 30 June 2012

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

AUDITORS

The auditors, Jolliffe Cork LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD



Mr R A Fleming - Secretary

26 February 2013

Report of the Independent Auditors to the Members of The Franklyn Group Limited and its subsidiary undertaking

We have audited the financial statements of The Franklyn Group Limited and its subsidiary undertaking for the year ended 30 June 2012 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 two, 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'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. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. 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 group's and of the parent company's affairs as at 30 June 2012 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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 The Franklyn Group Limited and its subsidiary undertaking

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

Adam Perkin FCA (Senior Statutory Auditor)
for and on behalf of Jolliffe Cork LLP
Chartered Accountants & Statutory Auditor
33 George Street
Wakefield
West Yorkshire
WF1 1LX

26 February 2013

The Franklyn Group Limited and its subsidiary undertaking

Consolidated Profit and Loss Account for the year ended 30 June 2012

	Notes	2012 £	2011 £
TURNOVER			
Continuing operations		2,100,246	2,149,049
Acquisitions		<u>442,311</u>	<u>-</u>
		<u>2,542,557</u>	<u>2,149,049</u>
Cost of sales	2	<u>173,559</u>	<u>166,948</u>
GROSS PROFIT	2	2,368,998	1,982,101
Net operating expenses	2	<u>2,089,744</u>	<u>1,730,442</u>
OPERATING PROFIT	4	279,254	251,659
Continuing operations		307,014	251,659
Acquisitions		<u>(27,760)</u>	<u>-</u>
		<u>279,254</u>	<u>251,659</u>
Profit/(loss) on disposal of interest in subsidiary undertaking	5	50,000	(400,050)
Impairment of goodwill	5	<u>(732,395)</u>	<u>-</u>
		(403,141)	(148,391)
Interest receivable and similar income		<u>8</u>	<u>129</u>
		(403,133)	(148,262)
Interest payable and similar charges	6	<u>69,288</u>	<u>62,987</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(472,421)	(211,249)
Tax on loss on ordinary activities	7	<u>73,782</u>	<u>53,969</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(546,203)	(265,218)
Minority interest - equity		<u>(7,449)</u>	<u>-</u>
DEFICIT FOR THE FINANCIAL YEAR FOR THE GROUP		<u>(538,754)</u>	<u>(265,218)</u>

The notes form part of these financial statements

The Franklyn Group Limited and its subsidiary undertaking

**Consolidated Statement of Total Recognised Gains and Losses
for the year ended 30 June 2012**

	2012 £	2011 £
LOSS FOR THE FINANCIAL YEAR	(538,754)	(265,218)
Unrealised deficit on revaluation of properties	(366,727)	-
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(905,481)</u>	<u>(265,218)</u>

The notes form part of these financial statements

The Franklyn Group Limited and its subsidiary undertaking (Registered Number: 04340639)

Consolidated Balance Sheet
30 June 2012

		2012		2011	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	9		45,417		15,417
Tangible assets	10		5,679,656		5,974,063
Investments	11		-		-
			<u>5,725,073</u>		<u>5,989,480</u>
CURRENT ASSETS					
Stocks	12	5,419		4,350	
Debtors	13	106,392		760,939	
Cash at bank and in hand		<u>163,765</u>		<u>18,467</u>	
		275,576		783,756	
CREDITORS					
Amounts falling due within one year	14	<u>442,140</u>		<u>342,948</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(166,564)</u>		<u>440,808</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,558,509		6,430,288
CREDITORS					
Amounts falling due after more than one year	15		(2,991,419)		(3,162,593)
PROVISIONS FOR LIABILITIES	18		(12,325)		-
MINORITY INTERESTS	19		<u>7,449</u>		<u>-</u>
NET ASSETS			<u>2,562,214</u>		<u>3,267,695</u>

The notes form part of these financial statements

The Franklyn Group Limited and its subsidiary undertaking (Registered Number: 04340639)

Consolidated Balance Sheet - continued
30 June 2012

		2012	2011
	Notes	£	£
CAPITAL AND RESERVES			
Called up share capital	20	201,000	1,000
Revaluation reserve	21	1,464,041	1,830,768
Profit and loss account	21	<u>897,173</u>	<u>1,435,927</u>
SHAREHOLDERS' FUNDS	24	<u><u>2,562,214</u></u>	<u><u>3,267,695</u></u>

The financial statements were approved by the Board of Directors on 26 February 2013 and were signed on its behalf by



Mr R A Fleming - Director



Mrs S A MacArthur - Director

The notes form part of these financial statements

The Franklyn Group Limited and its subsidiary undertaking (Registered Number: 04340639)

**Company Balance Sheet
30 June 2012**

		2012		2011	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	9		5,417		15,417
Tangible assets	10		5,613,342		5,974,063
Investments	11		<u>40,000</u>		<u>-</u>
			5,658,759		5,989,480
CURRENT ASSETS					
Stocks	12	4,830		4,350	
Debtors	13	84,565		760,939	
Cash at bank and in hand		<u>101,301</u>		<u>18,467</u>	
		190,696		783,756	
CREDITORS					
Amounts falling due within one year	14	<u>362,115</u>		<u>342,948</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(171,419)</u>		<u>440,808</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,487,340		6,430,288
CREDITORS					
Amounts falling due after more than one year	15		(2,991,419)		(3,162,593)
PROVISIONS FOR LIABILITIES	18		<u>(12,325)</u>		<u>-</u>
NET ASSETS			<u>2,483,596</u>		<u>3,267,695</u>

The notes form part of these financial statements

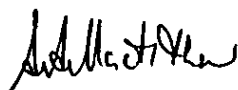
Company Balance Sheet - continued
30 June 2012

	Notes	2012 £	2011 £
CAPITAL AND RESERVES			
Called up share capital	20	201,000	1,000
Revaluation reserve	21	1,464,041	1,830,768
Profit and loss account	21	<u>818,555</u>	<u>1,435,927</u>
SHAREHOLDERS' FUNDS	24	<u><u>2,483,596</u></u>	<u><u>3,267,695</u></u>

The financial statements were approved by the Board of Directors on 26 February 2013 and were signed on its behalf by



Mr R A Fleming - Director



Mrs S A MacArthur - Director

The notes form part of these financial statements

The Franklyn Group Limited and its subsidiary undertaking

Consolidated Cash Flow Statement for the year ended 30 June 2012

		2012	2011
	Notes	£	£
Net cash inflow from operating activities	1	429,022	289,582
Returns on investments and servicing of finance	2	(69,280)	(62,858)
Taxation		(50,751)	(28,045)
Capital expenditure and financial investment	2	(166,712)	(54,620)
Acquisitions and disposals	2	<u>(50,000)</u>	<u>-</u>
		92,279	144,059
Financing	2	<u>53,019</u>	<u>(144,407)</u>
Increase/(decrease) in cash in the period		<u>145,298</u>	<u>(348)</u>
Reconciliation of net cash flow to movement in net debt	3		
Increase/(decrease) in cash in the period		145,298	(348)
Cash outflow from decrease in debt		<u>146,981</u>	<u>144,407</u>
Change in net debt resulting from cash flows		<u>292,279</u>	<u>144,059</u>
Movement in net debt in the period		292,279	144,059
Net debt at 1 July		<u>(3,020,497)</u>	<u>(3,164,556)</u>
Net debt at 30 June		<u>(2,728,218)</u>	<u>(3,020,497)</u>

The notes form part of these financial statements

The Franklyn Group Limited and its subsidiary undertaking

**Notes to the Consolidated Cash Flow Statement
for the year ended 30 June 2012**

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	279,254	251,659
Depreciation charges	100,878	69,805
Loss on disposal of fixed assets	13,514	186
Write off related party balances	50,000	(400,050)
Impairment of consolidated goodwill	(732,395)	-
Increase in stocks	(1,069)	-
Decrease in debtors	654,547	269,947
Increase in creditors	64,293	98,035
Net cash inflow from operating activities	<u>429,022</u>	<u>289,582</u>

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

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	8	129
Interest paid	(69,288)	(62,987)
Net cash outflow for returns on investments and servicing of finance	<u>(69,280)</u>	<u>(62,858)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(670,712)	(59,120)
Sale of tangible fixed assets	500,000	4,500
Sale of fixed asset investments	4,000	-
Net cash outflow for capital expenditure and financial investment	<u>(166,712)</u>	<u>(54,620)</u>
Acquisitions and disposals		
Investment in subsidiary	(50,000)	-
Net cash outflow for acquisitions and disposals	<u>(50,000)</u>	<u>-</u>
Financing		
Loan repayments in year	(146,981)	(144,407)
Share issue	200,000	-
Net cash inflow/(outflow) from financing	<u>53,019</u>	<u>(144,407)</u>

The notes form part of these financial statements

The Franklyn Group Limited and its subsidiary undertaking

**Notes to the Consolidated Cash Flow Statement
for the year ended 30 June 2012**

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 7.11 £	Cash flow £	At 30 6 12 £
Net cash			
Cash at bank and in hand	<u>18,467</u>	<u>145,298</u>	<u>163,765</u>
	<u>18,467</u>	<u>145,298</u>	<u>163,765</u>
Debt			
Debts falling due within one year	(147,322)	(2,967)	(150,289)
Debts falling due after one year	<u>(2,891,642)</u>	<u>149,948</u>	<u>(2,741,694)</u>
	<u>(3,038,964)</u>	<u>146,981</u>	<u>(2,891,983)</u>
Total	<u>(3,020,497)</u>	<u>292,279</u>	<u>(2,728,218)</u>

The notes form part of these financial statements

The Franklyn Group Limited and its subsidiary undertaking

Notes to the Consolidated Financial Statements for the year ended 30 June 2012

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

The turnover shown in the profit and loss account represents amounts invoiced during the year

Goodwill

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill - 10% straight line

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	- 1% on cost
Fixtures and fittings	- 15% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 15% on cost

Fixed assets are initially recorded at cost

No depreciation is provided on freehold land

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

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate

The Franklyn Group Limited and its subsidiary undertaking

**Notes to the Consolidated Financial Statements - continued
for the year ended 30 June 2012**

2 ANALYSIS OF OPERATIONS

	Continuing £	2012 Acquisitions £	Total £
Cost of sales	<u>173,559</u>	<u>-</u>	<u>173,559</u>
Gross profit	<u>1,926,687</u>	<u>442,311</u>	<u>2,368,998</u>
Net operating expenses			
Administrative expenses	1,625,173	470,071	2,095,244
Other operating income	<u>(5,500)</u>	<u>-</u>	<u>(5,500)</u>
	<u>1,619,673</u>	<u>470,071</u>	<u>2,089,744</u>

	Continuing £	2011 Acquisitions £	Total £
Cost of sales	<u>166,948</u>	<u>-</u>	<u>166,948</u>
Gross profit	<u>1,982,101</u>	<u>-</u>	<u>1,982,101</u>
Net operating expenses			
Administrative expenses	<u>1,730,442</u>	<u>-</u>	<u>1,730,442</u>

3 STAFF COSTS

	2012 £	2011 £
Wages and salaries	1,299,836	1,067,343
Social security costs	109,040	83,775
Other pension costs	<u>4,004</u>	<u>4,004</u>
	<u>1,412,880</u>	<u>1,155,122</u>

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

	2012	2011
Management	7	4
Care home staff	89	80
Administration	<u>6</u>	<u>-</u>
	<u>102</u>	<u>84</u>

The Franklyn Group Limited and its subsidiary undertaking

Notes to the Consolidated Financial Statements - continued for the year ended 30 June 2012

4 OPERATING PROFIT

The operating profit is stated after charging

	2012	2011
	£	£
Depreciation - owned assets	90,878	59,804
Loss on disposal of fixed assets	13,514	186
Goodwill amortisation	10,000	10,000
Auditors' remuneration	<u>6,300</u>	<u>5,250</u>
Directors' remuneration	77,607	66,800
Directors' pension contributions to money purchase schemes	<u>4,004</u>	<u>4,004</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>1</u>	<u>1</u>
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In addition to remuneration for the audit, the auditors have also levied the following fees

	2012	2011
	£	£
Tax advisory services	850	400
Other services	<u>568</u>	<u>234</u>
	<u>1,418</u>	<u>634</u>

The Franklyn Group Limited and its subsidiary undertaking

Notes to the Consolidated Financial Statements - continued for the year ended 30 June 2012

5 EXCEPTIONAL ITEMS

Profit/(loss) on sale of subsidiary undertaking

On 31 July 2007 the group agreed to sell the shares of its wholly owned subsidiary The Franklyn (Developments) Limited to The Franklyn (Long Term Care) Limited in the sum of £1,500,000. This amount was payable £250,000 upon completion and £1,250,000 as deferred consideration.

Subsequent to this agreement, the business of The Franklyn (Developments) Limited has suffered significantly in the current recession and consequently the directors of The Franklyn Group Limited have agreed to a reduction in the value of the deferred consideration in the sum of £850,000 and this was reflected in the 30 June 2009 financial statements.

On the 15 August 2011 the directors of The Franklyn Group Limited have agreed to a further reduction in the value of the deferred consideration in the sum of £400,000 and then re-acquired the share capital of The Franklyn (Developments) Limited. This transaction was accounted for in the financial statements for the year ended 30 June 2011 where it was deemed necessary to write off the remaining amount due from The Franklyn (Long Term Care) Limited in the sum of £400,050.

The directors consider the market value of The Franklyn (Developments) Limited at the point of acquisition to be £50,000 and it has therefore been necessary in these financial statements to put through a write back in that sum.

Impairment of goodwill on consolidation

The directors are of the opinion that the market value of the company is £50,000 and have therefore considered it appropriate to immediately impair the goodwill to that value.

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Bank interest	<u>69,288</u>	<u>62,987</u>

7 TAXATION

Analysis of the tax charge

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

	2012	2011
	£	£
Current tax		
UK corporation tax	61,457	50,751
Over/(under) provision in prior year	<u>-</u>	<u>3,218</u>
Total current tax	61,457	53,969
Deferred tax	<u>12,325</u>	<u>-</u>
Tax on loss on ordinary activities	<u>73,782</u>	<u>53,969</u>

The Franklyn Group Limited and its subsidiary undertaking

Notes to the Consolidated Financial Statements - continued for the year ended 30 June 2012

7 TAXATION - continued

Factors affecting the tax charge

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

	2012 £	2011 £
Loss on ordinary activities before tax	<u>(472,421)</u>	<u>(211,249)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2011 - 28%)	(122,829)	(59,150)
Effects of		
Expenses not deductible for tax purposes	3,704	111,061
Depreciation in excess of capital allowances	4,179	676
Adjustments to tax charge in respect of previous periods	-	3,218
Marginal relief	(200)	(1,836)
Losses carried forward	964	-
Change of rates	(1,784)	-
Impairment of consolidated goodwill	190,423	-
Exceptional item	<u>(13,000)</u>	<u>-</u>
Current tax charge	<u>61,457</u>	<u>53,969</u>

8 LOSS 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 loss for the financial year was £(617,372) (2011 - £(265,218)).

The Franklyn Group Limited and its subsidiary undertaking

**Notes to the Consolidated Financial Statements - continued
for the year ended 30 June 2012**

9 INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 July 2011	100,000
Additions	782,395
Disposals	(10,000)
Impairments	<u>(732,395)</u>
At 30 June 2012	<u>140,000</u>
AMORTISATION	
At 1 July 2011	84,583
Amortisation for year	<u>10,000</u>
At 30 June 2012	<u>94,583</u>
NET BOOK VALUE	
At 30 June 2012	<u>45,417</u>
At 30 June 2011	<u>15,417</u>
Company	Goodwill £
COST	
At 1 July 2011 and 30 June 2012	<u>100,000</u>
AMORTISATION	
At 1 July 2011	84,583
Amortisation for year	<u>10,000</u>
At 30 June 2012	<u>94,583</u>
NET BOOK VALUE	
At 30 June 2012	<u>5,417</u>
At 30 June 2011	<u>15,417</u>

The Franklyn Group Limited and its subsidiary undertaking

**Notes to the Consolidated Financial Statements - continued
for the year ended 30 June 2012**

10 TANGIBLE FIXED ASSETS

Group

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION					
At 1 July 2011	5,936,841	60,383	87,084	1,894	6,086,202
Additions	537,753	40,229	35,718	57,012	670,712
Disposals	(500,000)	(4,098)	-	(3,416)	(507,514)
Revaluations	<u>(474,594)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(474,594)</u>
At 30 June 2012	<u>5,500,000</u>	<u>96,514</u>	<u>122,802</u>	<u>55,490</u>	<u>5,774,806</u>
DEPRECIATION					
At 1 July 2011	72,514	8,903	29,614	1,108	112,139
Charge for year	35,353	17,311	20,804	17,410	90,878
Revaluation adjustments	<u>(107,867)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(107,867)</u>
At 30 June 2012	<u>-</u>	<u>26,214</u>	<u>50,418</u>	<u>18,518</u>	<u>95,150</u>
NET BOOK VALUE					
At 30 June 2012	<u>5,500,000</u>	<u>70,300</u>	<u>72,384</u>	<u>36,972</u>	<u>5,679,656</u>
At 30 June 2011	<u>5,864,327</u>	<u>51,480</u>	<u>57,470</u>	<u>786</u>	<u>5,974,063</u>

The freehold properties were revalued during the year ended 30th June 2012 by the directors after taking the appropriate professional advice

The historical cost of the revalued assets is £4,362,379 (2011 £4,324,626)

The Franklyn Group Limited and its subsidiary undertaking

**Notes to the Consolidated Financial Statements - continued
for the year ended 30 June 2012**

10 TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION					
At 1 July 2011	5,936,841	60,383	87,084	1,894	6,086,202
Additions	37,753	28,322	-	-	66,075
Revaluations	(474,594)	-	-	-	(474,594)
At 30 June 2012	<u>5,500,000</u>	<u>88,705</u>	<u>87,084</u>	<u>1,894</u>	<u>5,677,683</u>
DEPRECIATION					
At 1 July 2011	72,514	8,903	29,614	1,108	112,139
Charge for year	35,353	11,619	12,830	267	60,069
Revaluation adjustments	(107,867)	-	-	-	(107,867)
At 30 June 2012	<u>-</u>	<u>20,522</u>	<u>42,444</u>	<u>1,375</u>	<u>64,341</u>
NET BOOK VALUE					
At 30 June 2012	<u>5,500,000</u>	<u>68,183</u>	<u>44,640</u>	<u>519</u>	<u>5,613,342</u>
At 30 June 2011	<u>5,864,327</u>	<u>51,480</u>	<u>57,470</u>	<u>786</u>	<u>5,974,063</u>

The freehold properties were revalued during the year ended 30th June 2012 by the directors after taking the appropriate professional advice

The historical cost of the revalued assets is £4,362,379 (2011 £4,324,626)

11 FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
Additions	50,000
Disposals	(10,000)
At 30 June 2012	<u>40,000</u>
NET BOOK VALUE	
At 30 June 2012	<u>40,000</u>

The Franklyn Group Limited and its subsidiary undertaking

Notes to the Consolidated Financial Statements - continued for the year ended 30 June 2012

11 FIXED ASSET INVESTMENTS - continued

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

Subsidiary

The Franklyn (Developments) Limited

Nature of business Care Home agents and Property Developers

Class of shares	% holding
Ordinary	80 00

12 STOCKS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Stocks	<u>5,419</u>	<u>4,350</u>	<u>4,830</u>	<u>4,350</u>

13 DEBTORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	38,270	29,250	38,015	29,250
Amounts owed by group undertakings	-	-	100	-
Amounts owed by related undertakings	-	697,074	-	697,074
Prepayments and accrued income	<u>68,122</u>	<u>34,615</u>	<u>46,450</u>	<u>34,615</u>
	<u>106,392</u>	<u>760,939</u>	<u>84,565</u>	<u>760,939</u>

14 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts (see note 16)	150,289	147,322	150,289	147,322
Trade creditors	88,503	92,143	68,794	92,143
Tax	61,457	50,751	61,457	50,751
Social security and other taxes	45,714	19,929	25,846	19,929
VAT	31,387	-	-	-
Other creditors	13,727	9,112	12,937	9,112
Accruals and deferred income	<u>51,063</u>	<u>23,691</u>	<u>42,792</u>	<u>23,691</u>
	<u>442,140</u>	<u>342,948</u>	<u>362,115</u>	<u>342,948</u>

The Franklyn Group Limited and its subsidiary undertaking

Notes to the Consolidated Financial Statements - continued for the year ended 30 June 2012

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans (see note 16)	2,741,694	2,891,642	2,741,694	2,891,642
Directors loan account	<u>249,725</u>	<u>270,951</u>	<u>249,725</u>	<u>270,951</u>
	<u>2,991,419</u>	<u>3,162,593</u>	<u>2,991,419</u>	<u>3,162,593</u>

16 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Amounts falling due within one year or on demand				
Bank loans	<u>150,289</u>	<u>147,322</u>	<u>150,289</u>	<u>147,322</u>
Amounts falling due between one and two years				
Bank loans	<u>153,323</u>	<u>150,296</u>	<u>153,323</u>	<u>150,296</u>
Amounts falling due between two and five years				
Bank loans	<u>478,788</u>	<u>469,336</u>	<u>478,788</u>	<u>469,336</u>
Amounts falling due in more than five years				
Repayable by instalments				
Bank loans	<u>2,109,583</u>	<u>2,272,010</u>	<u>2,109,583</u>	<u>2,272,010</u>

17 SECURED DEBTS

The following secured debts are included within creditors

	Company	
	2012	2011
	£	£
Bank loans	<u>2,891,983</u>	<u>3,038,964</u>

Security is held by way of a cross guarantee from each of The Franklyn (Developments) Limited and The Franklyn (Long Term Care) Limited and a floating debenture dated 28 June 2002, in conjunction with a first legal charge over the the company's freehold property Stobars Hall, Kirkby Hall, Cumbria, Kirkwood, 35 Moorfield Road, Ben Rhydding, The Gatehouse, 9 Manor Road, Harrogate

The Franklyn Group Limited and its subsidiary undertaking

**Notes to the Consolidated Financial Statements - continued
for the year ended 30 June 2012**

18 PROVISIONS FOR LIABILITIES

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Deferred tax	<u>12,325</u>	<u>-</u>	<u>12,325</u>	<u>-</u>
Group				
				Deferred tax
				£
Accelerated capital allowances				<u>12,325</u>
Balance at 30 June 2012				<u>12,325</u>
Company				
				Deferred tax
				£
Accelerated capital allowances				<u>12,325</u>
Balance at 30 June 2012				<u>12,325</u>

19 MINORITY INTERESTS

	2012	2011
	£	£
At 1 July 2011	-	-
Minority share of (loss)/profit for period	<u>(7,449)</u>	<u>-</u>
At 30 June 2012	<u>(7,449)</u>	<u>-</u>

20 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2012	2011
Number	Class	Nominal value	£	£
201,000	Ordinary	£1	<u>201,000</u>	<u>1,000</u>

200,000 Ordinary shares of £1 were issued during the year for cash of £200,000

The Franklyn Group Limited and its subsidiary undertaking

Notes to the Consolidated Financial Statements - continued for the year ended 30 June 2012

21 RESERVES

Group

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 July 2011	1,435,927	1,830,768	3,266,695
Deficit for the year	(538,754)		(538,754)
Revaluation of fixed assets	-	(366,727)	(366,727)
At 30 June 2012	<u>897,173</u>	<u>1,464,041</u>	<u>2,361,214</u>

Company

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 July 2011	1,435,927	1,830,768	3,266,695
Deficit for the year	(617,372)		(617,372)
Revaluation of fixed assets	-	(366,727)	(366,727)
At 30 June 2012	<u>818,555</u>	<u>1,464,041</u>	<u>2,282,596</u>

22 RELATED PARTY DISCLOSURES

The group was under the control of the directors throughout the current year

During the year the group has received loans from Mr R A Fleming in the sum of £100,000, a director and shareholder of the company. As at the Balance Sheet date the director was due £249,725

On 14 September 2011 the group sold its freehold property for £500,000 to a business in which a director, Mr R A Fleming, is a partner. The property was then leased back to The Franklyn (Developments) Limited and during the year the company has paid rent in the sum of £28,426

23 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr Robert Fleming, a director and majority shareholder

The Franklyn Group Limited and its subsidiary undertaking

**Notes to the Consolidated Financial Statements - continued
for the year ended 30 June 2012**

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2012 £	2011 £
Loss for the financial year	(538,754)	(265,218)
Other recognised gains and losses relating to the year (net)	(366,727)	-
New share capital subscribed	<u>200,000</u>	<u>-</u>
Net reduction of shareholders' funds	(705,481)	(265,218)
Opening shareholders' funds	<u>3,267,695</u>	<u>3,532,913</u>
Closing shareholders' funds	<u>2,562,214</u>	<u>3,267,695</u>
 Company		
	2012 £	2011 £
Loss for the financial year	(617,372)	(265,218)
Other recognised gains and losses relating to the year (net)	(366,727)	-
New share capital subscribed	<u>200,000</u>	<u>-</u>
Net reduction of shareholders' funds	(784,099)	(265,218)
Opening shareholders' funds	<u>3,267,695</u>	<u>3,532,913</u>
Closing shareholders' funds	<u>2,483,596</u>	<u>3,267,695</u>