

REGISTERED NUMBER: 04340639 (England and Wales)

The Franklyn Group Limited

**Report of the Directors and
Financial Statements**

Year ended 30 June 2011

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

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The Franklyn Group Limited

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The Franklyn Group Limited

Company Information for the year ended 30 June 2011

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

Report of the Directors for the year ended 30 June 2011

The directors present their report with the financial statements of the company for the year ended 30 June 2011

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of care homes

REVIEW OF BUSINESS

The Directors are pleased to report that the Company has had a successful year. All three operating homes are showing an increase in turnover and profitability.

The bed occupancy in the homes is good despite well documented problems in the industry as a whole. We continue to maintain our homes to a high standard and this has helped maintain and attract residents. Bed occupancy is identified by the Directors as a key risk as fixed costs on the homes are very high.

The Franklyn Developments Limited which operates as DC Care Property Agents was sold three years ago. The income of the Company has suffered in the recession and the deferred consideration could not be paid. The Directors took the decision to re-purchase the Share Capital of the Company at 30 June 2011. The exceptional costs arising from this amount to £405,000.

We look forward to a profitable year in 2011/12.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2011.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2010 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 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 Franklyn Group Limited

Report of the Directors for the year ended 30 June 2011

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 company'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 company'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

30 November 2011

Report of the Independent Auditors to the Members of The Franklyn Group Limited

We have audited the financial statements of The Franklyn Group Limited for the year ended 30 June 2011 on pages six to nineteen. 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 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 financial statements 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 company's affairs as at 30 June 2011 and of its 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

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

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

30 November 2011

The Franklyn Group Limited

Profit and Loss Account for the year ended 30 June 2011

	Notes	2011 £	2010 £
TURNOVER		2,149,049	1,923,784
Cost of sales		<u>166,948</u>	<u>147,803</u>
GROSS PROFIT		1,982,101	1,775,981
Administrative expenses		<u>1,730,442</u>	<u>1,551,196</u>
		251,659	224,785
Other operating income		<u>-</u>	<u>1,119</u>
OPERATING PROFIT	3	251,659	225,904
Exceptional items	4	<u>400,050</u>	<u>-</u>
		(148,391)	225,904
Interest receivable and similar income		<u>129</u>	<u>518</u>
		(148,262)	226,422
Interest payable and similar charges	5	<u>62,987</u>	<u>67,090</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(211,249)	159,332
Tax on (loss)/profit on ordinary activities	6	<u>53,969</u>	<u>24,827</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(265,218)</u>	<u>134,505</u>

CONTINUING OPERATIONS

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

The notes form part of these financial statements

The Franklyn Group Limited

**Statement of Total Recognised Gains and Losses
for the year ended 30 June 2011**

	2011	2010
	£	£
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(265,218)	134,505
Revaluation of tangible fixed assets	<u>-</u>	<u>(311,894)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(265,218)</u>	<u>(177,389)</u>

The notes form part of these financial statements

The Franklyn Group Limited (Registered Number: 04340639)

**Balance Sheet
30 June 2011**

	Notes	2011 £	2010 £
FIXED ASSETS			
Intangible assets	7	15,417	25,417
Tangible assets	8	<u>5,974,063</u>	<u>5,979,433</u>
		5,989,480	6,004,850
CURRENT ASSETS			
Stocks	9	4,350	4,350
Debtors	10	760,939	1,030,887
Cash at bank and in hand		<u>18,467</u>	<u>18,815</u>
		783,756	1,054,052
CREDITORS			
Amounts falling due within one year	11	<u>342,948</u>	<u>325,777</u>
NET CURRENT ASSETS		<u>440,808</u>	<u>728,275</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,430,288	6,733,125
CREDITORS			
Amounts falling due after more than one year	12	<u>3,162,593</u>	<u>3,200,212</u>
NET ASSETS		<u><u>3,267,695</u></u>	<u><u>3,532,913</u></u>

The notes form part of these financial statements

The Franklyn Group Limited (Registered Number: 04340639)


Balance Sheet - continued
30 June 2011

	Notes	2011 £	£	2010 £	£
CAPITAL AND RESERVES					
Called up share capital	15		1,000		1,000
Revaluation reserve	16		1,830,768		1,830,768
Profit and loss account	16		<u>1,435,927</u>		<u>1,701,145</u>
SHAREHOLDERS' FUNDS	20		<u>3,267,695</u>		<u>3,532,913</u>

The financial statements were approved by the Board of Directors on 30 November 2011 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

Cash Flow Statement for the year ended 30 June 2011

	Notes	2011 £	2010 £
Net cash inflow from operating activities	1	289,582	438,473
Returns on investments and servicing of finance	2	(62,858)	(66,572)
Taxation		(28,045)	(24,362)
Capital expenditure	2	<u>(54,620)</u>	<u>(447,847)</u>
		144,059	(100,308)
Financing	2	<u>(144,407)</u>	<u>(82,629)</u>
Decrease in cash in the period		<u>(348)</u>	<u>(182,937)</u>
Reconciliation of net cash flow to movement in net debt	3		
Decrease in cash in the period		(348)	(182,937)
Cash outflow from decrease in debt		<u>144,407</u>	<u>82,629</u>
Change in net debt resulting from cash flows		<u>144,059</u>	<u>(100,308)</u>
Movement in net debt in the period		144,059	(100,308)
Net debt at 1 July		<u>(3,164,556)</u>	<u>(3,064,248)</u>
Net debt at 30 June		<u>(3,020,497)</u>	<u>(3,164,556)</u>

The notes form part of these financial statements

The Franklyn Group Limited

Notes to the Cash Flow Statement for the year ended 30 June 2011

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

	2011 £	2010 £
Operating profit	251,659	225,904
Depreciation charges	69,805	64,709
Loss on disposal of fixed assets	186	2,778
Write off related party balances	(400,050)	-
Decrease/(Increase) in debtors	269,947	(86,362)
Increase in creditors	98,035	231,444
Net cash inflow from operating activities	<u>289,582</u>	<u>438,473</u>

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

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	129	518
Interest paid	(62,987)	(67,090)
Net cash outflow for returns on investments and servicing of finance	<u>(62,858)</u>	<u>(66,572)</u>
Capital expenditure		
Purchase of tangible fixed assets	(59,120)	(460,507)
Sale of tangible fixed assets	4,500	12,660
Net cash outflow for capital expenditure	<u>(54,620)</u>	<u>(447,847)</u>
Financing		
Loan repayments in year	(144,407)	(82,629)
Net cash outflow from financing	<u>(144,407)</u>	<u>(82,629)</u>

The notes form part of these financial statements

The Franklyn Group Limited

Notes to the Cash Flow Statement for the year ended 30 June 2011

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1.7.10 £	Cash flow £	At 30.6.11 £
Net cash			
Cash at bank and in hand	<u>18,815</u>	<u>(348)</u>	<u>18,467</u>
	<u>18,815</u>	<u>(348)</u>	<u>18,467</u>
Debt			
Debts falling due within one year	(144,411)	(2,911)	(147,322)
Debts falling due after one year	<u>(3,038,960)</u>	<u>147,318</u>	<u>(2,891,642)</u>
	<u>(3,183,371)</u>	<u>144,407</u>	<u>(3,038,964)</u>
Total	<u>(3,164,556)</u>	<u>144,059</u>	<u>(3,020,497)</u>

The notes form part of these financial statements

The Franklyn Group Limited

Notes to the Financial Statements for the year ended 30 June 2011

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

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

Pensions

The company operates a defined contribution pension scheme Contributions payable for the year are charged in the profit and loss account

2 STAFF COSTS

	2011 £	2010 £
Wages and salaries	1,143,377	1,054,138
Social security costs	7,741	7,819
Other pension costs	4,004	4,004
	<u>1,155,122</u>	<u>1,065,961</u>

The Franklyn Group Limited

Notes to the Financial Statements - continued for the year ended 30 June 2011

2 STAFF COSTS - continued

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

	2011	2010
Management	4	4
Care home staff	<u>80</u>	<u>74</u>
	<u>84</u>	<u>78</u>

3 OPERATING PROFIT

The operating profit is stated after charging

	2011	2010
	£	£
Depreciation - owned assets	59,804	54,709
Loss on disposal of fixed assets	186	2,778
Goodwill amortisation	10,000	10,000
Auditors' remuneration	6,187	10,500
Auditor's remuneration - tax compliance	<u>480</u>	<u>600</u>
Directors' remuneration	66,800	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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4 EXCEPTIONAL ITEMS

On 31 July 2007 the company 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 15th 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 have subsequently re-acquired the share capital of The Franklyn (Developments) Limited. Consequently, it has been necessary to write off the remaining amount due from The Franklyn (Long Term Care) Limited in the sum of £400,050.

The Franklyn Group Limited

Notes to the Financial Statements - continued for the year ended 30 June 2011

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Bank interest	62,987	65,749
Interest on other loans	-	1,227
Interest on corporation tax	-	114
	<u>62,987</u>	<u>67,090</u>

6 TAXATION

Analysis of the tax charge

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

	2011 £	2010 £
Current tax		
UK corporation tax	50,751	24,827
Over/(under) provision in prior year	<u>3,218</u>	-
Tax on (loss)/profit on ordinary activities	<u>53,969</u>	<u>24,827</u>

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

	2011 £	2010 £
(Loss)/profit on ordinary activities before tax	<u>(211,249)</u>	<u>159,332</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010 - 28%)	(59,150)	44,613
Effects of		
Depreciation in excess of capital allowances	676	(13,798)
Disallowable items	111,061	787
Marginal relief	(1,836)	(6,775)
Over/under provision in prior periods	<u>3,218</u>	-
Current tax charge	<u>53,969</u>	<u>24,827</u>

The Franklyn Group Limited

Notes to the Financial Statements - continued for the year ended 30 June 2011

7 INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 July 2010	
and 30 June 2011	<u>100,000</u>
AMORTISATION	
At 1 July 2010	74,583
Amortisation for year	<u>10,000</u>
At 30 June 2011	<u>84,583</u>
NET BOOK VALUE	
At 30 June 2011	<u>15,417</u>
At 30 June 2010	<u>25,417</u>

8 TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 July 2010	5,902,698	35,706	96,084	1,594	6,036,082
Additions	34,143	24,677	-	300	59,120
Disposals	<u>-</u>	<u>-</u>	<u>(9,000)</u>	<u>-</u>	<u>(9,000)</u>
At 30 June 2011	<u>5,936,841</u>	<u>60,383</u>	<u>87,084</u>	<u>1,894</u>	<u>6,086,202</u>
DEPRECIATION					
At 1 July 2010	37,646	1,833	16,312	858	56,649
Charge for year	34,868	7,070	17,616	250	59,804
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(4,314)</u>	<u>-</u>	<u>(4,314)</u>
At 30 June 2011	<u>72,514</u>	<u>8,903</u>	<u>29,614</u>	<u>1,108</u>	<u>112,139</u>
NET BOOK VALUE					
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>
At 30 June 2010	<u>5,865,052</u>	<u>33,873</u>	<u>79,772</u>	<u>736</u>	<u>5,979,433</u>

The freehold properties were revalued during the year ended 30th June 2009 by the directors after taking advice from an independent, professional third party

The historical cost of the revalued assets is £4,324,626

9 STOCKS

	2011 £	2010 £
Stocks	<u>4,350</u>	<u>4,350</u>

The Franklyn Group Limited

Notes to the Financial Statements - continued for the year ended 30 June 2011

10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Trade debtors	29,250	92,811
Amounts owed by related undertakings	697,074	903,599
Prepayments and accrued income	34,615	34,477
	<u>760,939</u>	<u>1,030,887</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Bank loans and overdrafts (see note 13)	147,322	144,411
Trade creditors	92,143	100,723
Tax	50,751	24,827
Social security and other taxes	19,929	21,571
Other creditors	9,112	12,037
Accruals and deferred income	23,691	22,208
	<u>342,948</u>	<u>325,777</u>

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011	2010
	£	£
Bank loans (see note 13)	2,891,642	3,038,960
Directors loan account	270,951	161,252
	<u>3,162,593</u>	<u>3,200,212</u>

13 LOANS

An analysis of the maturity of loans is given below

	2011	2010
	£	£
Amounts falling due within one year or on demand		
Bank loans	<u>147,322</u>	<u>144,411</u>
Amounts falling due between one and two years		
Bank loans	<u>150,296</u>	<u>147,326</u>
Amounts falling due between two and five years		
Bank loans	<u>469,336</u>	<u>460,062</u>

Amounts falling due in more than five years

The Franklyn Group Limited

Notes to the Financial Statements - continued for the year ended 30 June 2011

13 LOANS - continued

	2011 £	2010 £
Amounts falling due in more than five years		
Repayable by instalments		
Bank loans	<u>2,272,010</u>	<u>2,431,572</u>

14 SECURED DEBTS

The following secured debts are included within creditors

	2011 £	2010 £
Bank loans	<u>3,038,964</u>	<u>3,183,371</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 companys freehold property Stobars Hall, Kirkby Hall, Cumbria, Kirkwood, 35 Moorfield Road, Ben Rhydding, The Gatehouse, 9 Manor Road, Harrogate

15 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2011	2010
Number	Class	Nominal value	£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

16 RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 July 2010	1,701,145	1,830,768	3,531,913
Deficit for the year	<u>(265,218)</u>		<u>(265,218)</u>
At 30 June 2011	<u>1,435,927</u>	<u>1,830,768</u>	<u>3,266,695</u>

17 CONTINGENT LIABILITIES

The company has given an unlimited guarantee date 16th November 2005 in respect of the borrowings of The Franklyn (Developments) Limited, a company related by common control

The Franklyn Group Limited

Notes to the Financial Statements - continued for the year ended 30 June 2011

18 RELATED PARTY DISCLOSURES

The company was under the control of the directors throughout the current and previous year

During the year the company paid accounting and administration fees in the sum of £28,674 to The Franklyn (Developments) Limited, a company related by common control

As at the Balance Sheet date, The Franklyn Group Limited was owed £697,074 by The Franklyn (Developments) Limited, a company related by common control

During the year the company has received loans from Mr R A Fleming in the sum of £111,700, a director and shareholder of the company. As at the Balance Sheet date the director was due £270,951

19 ULTIMATE CONTROLLING PARTY

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

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
(Loss)/Profit for the financial year	(265,218)	134,505
Other recognised gains and losses relating to the year (net)	-	(311,894)
Net reduction of shareholders' funds	(265,218)	(177,389)
Opening shareholders' funds	<u>3,532,913</u>	<u>3,710,302</u>
Closing shareholders' funds	<u>3,267,695</u>	<u>3,532,913</u>

This page does not form part of the statutory financial statements