

**The Franklyn Group Limited**

**Report of the Directors and  
Financial Statements**

**Year ended 30 June 2009**

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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for the year ended 30 June 2009**

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**The Franklyn Group Limited**

**Company Information  
for the year ended 30 June 2009**

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**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 2009**

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The directors present their report with the financial statements of the company for the year ended 30 June 2009

### **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 an operating profit of £248,954 against £323,539 for 2008

All divisions produced an operating profit although Stobars Hall was a small loss after interest

Unfortunately asset values have declined substantially and a reduction in the amount of deferred proceeds for The Franklyn (Developments) Limited has had to be negotiated due to a severe down turn in the agency market

The three homes continue to produce a return and *while there is continuing pressure on margins* we expect a profitable year in 2009/10

The directors consider that the key financial performance indicators are those that communicate the financial performance of the company as a whole, these being turnover, gross profit and return on capital employed

### **DIVIDENDS**

No dividends will be distributed for the year ended 30 June 2009

### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 July 2008 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

### **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

# **The Franklyn Group Limited**

## **- Report of the Directors for the year ended 30 June 2009**

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### **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

10 March 2010

## **Report of the Independent Auditors to the Shareholders of The Franklyn Group Limited**

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We have audited the financial statements of The Franklyn Group Limited for the year ended 30 June 2009 on pages five to eighteen. 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 Sections 495 and 496 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2009 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.

### **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

10 March 2010

# The Franklyn Group Limited

## Profit and Loss Account for the year ended 30 June 2009

	Notes	2009 £	2008 £
<b>TURNOVER</b>		<b>1,916,670</b>	<b>1,839,555</b>
Cost of sales		<u>139,839</u>	<u>144,832</u>
<b>GROSS PROFIT</b>		<b>1,776,831</b>	<b>1,694,723</b>
Administrative expenses		<u>1,535,758</u>	<u>1,371,184</u>
		<b>241,073</b>	<b>323,539</b>
Other operating income		<u>7,881</u>	<u>6,420</u>
<b>OPERATING PROFIT</b>	3	<b>248,954</b>	<b>329,959</b>
Exceptional items	4	<u>(850,000)</u>	<u>1,499,000</u>
		<b>(601,046)</b>	<b>1,828,959</b>
Interest receivable and similar income		<u>5,005</u>	<u>33</u>
		<b>(596,041)</b>	<b>1,828,992</b>
Interest payable and similar charges	5	<u>128,404</u>	<u>210,654</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(724,445)</b>	<b>1,618,338</b>
Tax on (loss)/profit on ordinary activities	6	<u>20,587</u>	<u>36,949</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<b><u>(745,032)</u></b>	<b><u>1,581,389</u></b>

### 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 2009**

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	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	<b>(745,032)</b>	<b>1,581,389</b>
Revaluation of tangible fixed assets	<u><b>(2,995,753)</b></u>	<u><b>-</b></u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u><b>(3,740,785)</b></u>	<u><b>1,581,389</b></u>

The notes form part of these financial statements



**The Franklyn Group Limited (Registered Number: 04340639)**

**Balance Sheet**  
**30 June 2009**

	Notes	2009 £	2008 £
<b>FIXED ASSETS</b>			
Intangible assets	7	35,417	45,417
Tangible assets	8	<u>5,900,967</u>	<u>8,887,310</u>
		5,936,384	8,932,727
<b>CURRENT ASSETS</b>			
Stocks	9	4,350	4,350
Debtors	10	944,525	1,379,878
Cash at bank and in hand		<u>205,907</u>	<u>284,534</u>
		1,154,782	1,668,762
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>197,784</u>	<u>268,524</u>
<b>NET CURRENT ASSETS</b>		<u>956,998</u>	<u>1,400,238</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,893,382	10,332,965
<b>CREDITORS</b>			
Amounts falling due after more than one year	12	(3,183,080)	(2,877,111)
<b>PROVISIONS FOR LIABILITIES</b>	15	<u>-</u>	<u>(4,767)</u>
<b>NET ASSETS</b>		<u><u>3,710,302</u></u>	<u><u>7,451,087</u></u>

The notes form part of these financial statements

**The Franklyn Group Limited (Registered Number: 04340639)**

**Balance Sheet - continued**  
**30 June 2009**

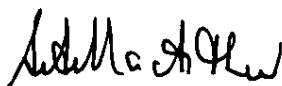
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	Notes	2009 £	£	2008 £	£
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		1,000		1,000
Revaluation reserve	17		2,142,662		5,138,415
Profit and loss account	17		<u>1,566,640</u>		<u>2,311,672</u>
<b>SHAREHOLDERS' FUNDS</b>	20		<u>3,710,302</u>		<u>7,451,087</u>

The financial statements were approved by the Board of Directors on 10 March 2010 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 2009

	Notes	2009 £	2008 £
Net cash (outflow)/inflow from operating activities	1	(950,439)	415,083
Returns on investments and servicing of finance	2	(123,399)	(210,621)
Taxation		(35,649)	(43,740)
Capital expenditure and financial investment	2	<u>(60,945)</u>	<u>(26,828)</u>
		(1,170,432)	133,894
Financing	2	<u>1,100,772</u>	<u>(46,197)</u>
(Decrease)/Increase in cash in the period		<u>(69,660)</u>	<u>87,697</u>
Reconciliation of net cash flow to movement in net debt	3		
(Decrease)/Increase in cash in the period		(69,660)	87,697
Cash (inflow)/outflow from (increase)/decrease in debt		<u>(1,100,772)</u>	<u>46,197</u>
Change in net debt resulting from cash flows		<u>(1,170,432)</u>	<u>133,894</u>
Movement in net debt in the period		(1,170,432)	133,894
Net debt at 1 July		<u>(1,893,816)</u>	<u>(2,027,710)</u>
Net debt at 30 June		<u>(3,064,248)</u>	<u>(1,893,816)</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 2009

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

	2009	2008
	£	£
Operating profit	248,954	329,959
Depreciation charges	61,527	57,547
Loss on disposal of fixed assets	8	-
Sale of investment in subsidiary	-	1,500,000
Write down of investment	(850,000)	-
Decrease/(Increase) in debtors	435,353	(1,032,558)
Decrease in creditors	(846,281)	(439,865)
Net cash (outflow)/inflow from operating activities	<u>(950,439)</u>	<u>415,083</u>

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

	2009	2008
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	5,005	33
Interest paid	(128,404)	(210,654)
Net cash outflow for returns on investments and servicing of finance	<u>(123,399)</u>	<u>(210,621)</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(61,445)	(28,828)
Sale of tangible fixed assets	500	-
Sale of fixed asset investments	-	2,000
Net cash outflow for capital expenditure and financial investment	<u>(60,945)</u>	<u>(26,828)</u>
<b>Financing</b>		
New loans in year	2,758,027	-
Loan repayments in year	(1,657,255)	(46,197)
Net cash inflow/(outflow) from financing	<u>1,100,772</u>	<u>(46,197)</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 2009

### 3 ANALYSIS OF CHANGES IN NET DEBT

	At 1.7.08 £	Cash flow £	At 30.6.09 £
Net cash			
Cash at bank and in hand	284,534	(78,627)	205,907
Bank overdraft	<u>(13,122)</u>	<u>8,967</u>	<u>(4,155)</u>
	<u>271,412</u>	<u>(69,660)</u>	<u>201,752</u>
Debt			
Debts falling due within one year	(62,368)	(20,552)	(82,920)
Debts falling due after one year	<u>(2,102,860)</u>	<u>(1,080,220)</u>	<u>(3,183,080)</u>
	<u>(2,165,228)</u>	<u>(1,100,772)</u>	<u>(3,266,000)</u>
Total	<u>(1,893,816)</u>	<u>(1,170,432)</u>	<u>(3,064,248)</u>

The notes form part of these financial statements

# The Franklyn Group Limited

## Notes to the Financial Statements for the year ended 30 June 2009

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### 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

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

#### 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

#### Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

#### 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

	2009	2008
	£	£
Wages and salaries	1,052,682	974,901
Social security costs	7,297	7,512
Other pension costs	3,711	8,793
	<u>1,063,690</u>	<u>991,206</u>

# The Franklyn Group Limited

## Notes to the Financial Statements - continued for the year ended 30 June 2009

### 2 STAFF COSTS - continued

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

	2009	2008
Management	1	1
Care home staff	<u>77</u>	<u>74</u>
	<u>78</u>	<u>75</u>

### 3 OPERATING PROFIT

The operating profit is stated after charging

	2009 £	2008 £
Hire of plant and machinery	-	477
Depreciation - owned assets	51,527	47,547
Loss on disposal of fixed assets	8	-
Goodwill amortisation	10,000	10,000
Auditors' remuneration	<u>10,575</u>	<u>(2,555)</u>

Directors' remuneration	<u>75,164</u>	<u>72,381</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.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Bank interest	104,071	150,735
Interest on other loans	<u>24,333</u>	<u>59,919</u>
	<u>128,404</u>	<u>210,654</u>

**Notes to the Financial Statements - continued  
for the year ended 30 June 2009**

**6 TAXATION**

**Analysis of the tax charge**

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

	2009 £	2008 £
Current tax		
UK corporation tax	24,362	34,657
Over/(under) provision in prior year	<u>992</u>	<u>(2,475)</u>
Total current tax	25,354	32,182
Deferred tax	<u>(4,767)</u>	<u>4,767</u>
Tax on (loss)/profit on ordinary activities	<u><u>20,587</u></u>	<u><u>36,949</u></u>

UK corporation tax has been charged at 21% (2008 - 21%)

**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

	2009 £	2008 £
(Loss)/profit on ordinary activities before tax	<u>(724,445)</u>	<u>1,618,338</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2008 - 21%)	(152,133)	339,851
Effects of		
Depreciation in excess of capital allowances	(1,097)	2,116
Disallowable items	177,592	(307,310)
Over/(under) provision in prior year	<u>992</u>	<u>(2,475)</u>
Current tax charge	<u><u>25,354</u></u>	<u><u>32,182</u></u>



# The Franklyn Group Limited

## Notes to the Financial Statements - continued for the year ended 30 June 2009

### 7 INTANGIBLE FIXED ASSETS

Goodwill  
£

#### COST

At 1 July 2008  
and 30 June 2009 100,000

#### AMORTISATION

At 1 July 2008 54,583  
Amortisation for year 10,000

At 30 June 2009 64,583

#### NET BOOK VALUE

At 30 June 2009 35,417

At 30 June 2008 45,417

### 8 TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>					
At 1 July 2008	8,737,429	301,438	44,918	1,464	9,085,249
Additions	2,465	31,050	27,800	130	61,445
Disposals	-	-	(3,000)	-	(3,000)
Revaluations	(3,214,307)	-	-	-	(3,214,307)
Reclassification/transfer	332,488	(332,488)	-	-	-
At 30 June 2009	<u>5,858,075</u>	<u>-</u>	<u>69,718</u>	<u>1,594</u>	<u>5,929,387</u>
<b>DEPRECIATION</b>					
At 1 July 2008	-	176,265	21,289	385	197,939
Charge for year	-	42,289	9,004	234	51,527
Eliminated on disposal	-	-	(2,492)	-	(2,492)
Revaluation adjustments	(218,554)	-	-	-	(218,554)
Reclassification/transfer	218,554	(218,554)	-	-	-
At 30 June 2009	<u>-</u>	<u>-</u>	<u>27,801</u>	<u>619</u>	<u>28,420</u>
<b>NET BOOK VALUE</b>					
At 30 June 2009	<u>5,858,075</u>	<u>-</u>	<u>41,917</u>	<u>975</u>	<u>5,900,967</u>
At 30 June 2008	<u>8,737,429</u>	<u>125,173</u>	<u>23,629</u>	<u>1,079</u>	<u>8,887,310</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 £3,933,966

**The Franklyn Group Limited**

**Notes to the Financial Statements - continued  
for the year ended 30 June 2009**

<b>9</b>	<b>STOCKS</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Stocks	<u>4,350</u>	<u>4,350</u>
<b>10</b>	<b>DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Trade debtors	108,521	106,323
	Amounts owed by related undertakings	798,445	1,253,852
	Other debtors	3,392	6,513
	Prepayments and accrued income	<u>34,167</u>	<u>13,190</u>
		<u>944,525</u>	<u>1,379,878</u>
<b>11</b>	<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Bank loans and overdrafts (see note 13)	87,075	75,490
	Trade creditors	41,235	31,949
	Amounts owed to group undertakings	-	1,000
	Tax	24,362	34,657
	Social security and other taxes	19,366	17,936
	Other creditors	9,052	16,173
	Accruals and deferred income	<u>16,694</u>	<u>91,319</u>
		<u>197,784</u>	<u>268,524</u>
<b>12</b>	<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Bank loans (see note 13)	3,183,080	2,102,860
	Other creditors	<u>-</u>	<u>774,251</u>
		<u>3,183,080</u>	<u>2,877,111</u>
<b>13</b>	<b>LOANS</b>		
	An analysis of the maturity of loans is given below		
		<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Amounts falling due within one year or on demand		
	Bank overdrafts	4,155	13,122
	Bank loans	<u>82,920</u>	<u>62,368</u>
		<u>87,075</u>	<u>75,490</u>

**The Franklyn Group Limited**

**Notes to the Financial Statements - continued  
for the year ended 30 June 2009**

**13 LOANS - continued**

	2009 £	2008 £
Amounts falling due between one and two years		
Bank loans	<u>144,417</u>	<u>62,368</u>
Amounts falling due between two and five years		
Bank loans	<u>450,978</u>	<u>187,105</u>
Amounts falling due in more than five years		
Repayable by instalments		
Bank loans	<u>2,587,685</u>	<u>1,853,387</u>

**14 SECURED DEBTS**

The following secured debts are included within creditors

	2009 £	2008 £
Bank overdrafts	4,155	13,122
Bank loans	<u>3,266,000</u>	<u>2,165,228</u>
	<u>3,270,155</u>	<u>2,178,350</u>

Security is held by way of a cross guarantee from each of The Franklyn (Developments) Limited and The Franklyn (Long Term Care) Limited

Also, 1st legal charge over the the companys freehold property

**15 PROVISIONS FOR LIABILITIES**

	2009 £	2008 £
Deferred tax	<u>-</u>	<u>4,767</u>
		<b>Deferred tax</b>
		<b>£</b>
Balance at 1 July 2008		4,767
Deferred tax provision		
capital allowances		<u>(4,767)</u>
Balance at 30 June 2009		<u>-</u>

**The Franklyn Group Limited**

**Notes to the Financial Statements - continued  
for the year ended 30 June 2009**

**16 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid Number	Class	Nominal value £1	2009 £ <u>1,000</u>	2008 £ <u>1,000</u>
1,000	Ordinary			

**17 RESERVES**

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 July 2008	2,311,672	5,138,415	7,450,087
Deficit for the year	(745,032)		(745,032)
Revaluation of fixed assets	-	(2,995,753)	(2,995,753)
At 30 June 2009	<u>1,566,640</u>	<u>2,142,662</u>	<u>3,709,302</u>

**18 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

**19 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 £42,543 to The Franklyn (Developments) Limited, a company related by common control

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, a company under common ownership and control, 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.

**20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2009 £	2008 £
(Loss)/Profit for the financial year	(745,032)	1,581,389
Other recognised gains and losses relating to the year (net)	<u>(2,995,753)</u>	-
Net (reduction)/addition to shareholders' funds	<u>(3,740,785)</u>	1,581,389
Opening shareholders' funds	<u>7,451,087</u>	<u>5,869,698</u>
Closing shareholders' funds	<u>3,710,302</u>	<u>7,451,087</u>