

COMPANY REGISTRATION NUMBER 4340639

**The Franklyn Group Limited and its
Subsidiary Undertakings**

Financial Statements

For

30 June 2006



JOLLIFFE CORK LLP
Chartered Accountants & Registered Auditors
33 George Street
Wakefield
WF1 1LX

The Franklyn Group Limited and its Subsidiary Undertakings

Financial Statements

Year Ended 30 June 2006

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The Franklyn Group Limited and its Subsidiary Undertakings

Officers and Professional Advisers

The Board of Directors

Mr R A Fleming
Mrs S A MacArthur
Mrs D L Taylor

Company Secretary

Mrs D L Taylor

Registered Office

33 George Street
Wakefield
WF1 1LX

Auditors

Jolliffe Cork LLP
Chartered Accountants
& Registered Auditors
33 George Street
Wakefield
WF1 1LX

Bankers

Bank of Ireland
36 Queen Street
London
EC4R 1HJ

Solicitors

Keeble Hawson
Protection House
16-17 East Parade
Leeds
LS1 2BR

The Franklyn Group Limited and its Subsidiary Undertakings

The Directors' Report

Year Ended 30 June 2006

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 30 June 2006

Principal Activities

The principal activity of the group during the year was that of Care Home Operators, Care Home Agents and Property Developers

The Directors and their Interests

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows

	Ordinary Shares of £1 each	
	At 30 June 2006	At 1 July 2005
Mr R A Fleming	750	750
Mrs S A MacArthur	50	50
Mrs D L Taylor	200	200

Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group at the end of the year and of the group's profit or loss for the year then ended

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 10 to 11, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement as to the disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

A resolution to re-appoint Jolliffe Cork LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

The Franklyn Group Limited and its Subsidiary Undertakings

The Directors' Report *(continued)*

Year Ended 30 June 2006

Small Company Provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Registered office:
33 George Street
Wakefield
WF11LX

Signed by order of the directors



Mrs D L Taylor
Company Secretary

Approved by the directors on 5 April 2007

The Franklyn Group Limited and its Subsidiary Undertakings

Independent Auditors' Report to the Shareholders of The Franklyn Group Limited and its Subsidiary Undertakings

Year Ended 30 June 2006

We have audited the financial statements of The Franklyn Group Limited and its Subsidiary Undertakings for the year ended 30 June 2006 on pages 6 to 16 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 10 to 11

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions available for Smaller Entities, in the circumstances set out in note 2 to the financial statements.

The Franklyn Group Limited and its Subsidiary Undertakings

Independent Auditors' Report to the Shareholders of The Franklyn Group Limited and its Subsidiary Undertakings (continued)

Year Ended 30 June 2006

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30th June 2006 and of its profit for the year then ended, have been properly prepared in accordance with the Companies Act 1985, and that the information given in the directors' report is consistent with the financial statements

33 George Street
Wakefield
WF1 1LX

5 April 2007

JOLLIFFE CORK LLP
Chartered Accountants
& Registered Auditors



The Franklyn Group Limited and its Subsidiary Undertakings

Group Profit and Loss Account

Year Ended 30 June 2006

	Note	2006 £	2005 £
Group Turnover		3,156,755	2,158,987
Cost of sales		<u>116,381</u>	<u>90,753</u>
Gross Profit		3,040,374	2,068,234
Administrative expenses		2,137,543	1,648,557
Other operating income		<u>(6,300)</u>	<u>(4,200)</u>
Operating Profit	4	909,131	423,877
Interest receivable		892	—
Interest payable and similar charges		<u>(237,855)</u>	<u>(209,156)</u>
Profit on Ordinary Activities Before Taxation		672,168	214,721
Tax on profit on ordinary activities	5	<u>145,693</u>	<u>13,976</u>
Retained Profit for the Financial Year	6	<u>526,475</u>	<u>200,745</u>

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account

The notes on pages 10 to 16 form part of these financial statements.

The Franklyn Group Limited and its Subsidiary Undertakings

Group Statement of Total Recognised Gains and Losses

Year Ended 30 June 2006

	2006	2005
	£	£
Profit for the financial year attributable to the shareholders of the parent company	526,475	200,745
Unrealised profit on revaluation of certain fixed assets	<u>4,006,878</u>	<u>—</u>
Total gains and losses recognised since the last annual report	<u>4,533,353</u>	<u>200,745</u>

The notes on pages 10 to 16 form part of these financial statements

The Franklyn Group Limited and its Subsidiary Undertakings

Group Balance Sheet


30 June 2006


	Note	2006 £	2005 £
Fixed Assets			
Intangible assets	7	65,417	75,417
Tangible assets	8	<u>9,850,786</u>	<u>4,936,450</u>
		9,916,203	5,011,867
Current Assets			
Stocks		178,897	163,241
Debtors	10	290,409	239,606
Cash at bank and in hand		<u>242,175</u>	<u>6,531</u>
		711,481	409,378
Creditors: Amounts Falling due Within One Year	11	<u>1,019,565</u>	<u>854,944</u>
Net Current Liabilities		(308,084)	(445,566)
Total Assets Less Current Liabilities		9,608,119	4,566,301
Creditors: Amounts Falling due after More than One Year	12	<u>3,752,654</u>	<u>3,244,188</u>
		<u>5,855,465</u>	<u>1,322,113</u>
Capital and Reserves			
Called-up equity share capital	13	1,000	1,000
Revaluation reserve	14	5,138,415	1,131,538
Profit and loss account	14	<u>716,050</u>	<u>189,575</u>
Shareholders' Funds		<u>5,855,465</u>	<u>1,322,113</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These financial statements were approved by the directors on the 5 April 2007 and are signed on their behalf by


Mr R A Fleming


Mrs S A MacArthur


Mrs D L Taylor

The notes on pages 10 to 16 form part of these financial statements

The Franklyn Group Limited and its Subsidiary Undertakings

Parent Company Balance Sheet


30 June 2006

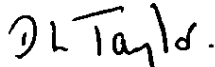
	Note	2006 £	2005 £
Fixed Assets			
Intangible assets	7	65,417	75,417
Tangible assets	8	8,890,830	4,849,323
Investments	9	2,000	2,000
		<u>8,958,247</u>	<u>4,926,740</u>
Current Assets			
Stocks		4,350	3,250
Debtors	10	371,290	660,103
Cash at bank and in hand		82,201	2,059
		<u>457,841</u>	<u>665,412</u>
Creditors: Amounts Falling due Within One Year	11	<u>749,574</u>	<u>797,026</u>
Net Current Liabilities		<u>(291,733)</u>	<u>(131,614)</u>
Total Assets Less Current Liabilities		<u>8,666,514</u>	<u>4,795,126</u>
Creditors: Amounts Falling due after More than One Year	12	<u>2,961,951</u>	<u>3,244,188</u>
		<u>5,704,563</u>	<u>1,550,938</u>
Capital and Reserves			
Called-up equity share capital	13	1,000	1,000
Revaluation reserve	14	5,138,415	1,131,538
Profit and loss account	14	565,148	418,400
Shareholders' Funds		<u>5,704,563</u>	<u>1,550,938</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These financial statements were approved by the directors on the 5 April 2007 and are signed on their behalf by


Mr R A Fleming


Mrs S A MacArthur


Mrs D L Taylor

The notes on pages 10 to 16 form part of these financial statements

The Franklyn Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 30 June 2006

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

The turnover shown in the group profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Amortisation

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:

10% per annum - straight line

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation 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:

Fixtures and fittings	15% per annum - straight line
Motor vehicles	25% per annum - reducing balance
Office equipment	15% per annum - straight line

The Franklyn Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 30 June 2006

1. Accounting Policies *(continued)*

Depreciation is not provided on land and buildings as the directors intend to carry out refurbishment and repairs as and when required in order to maintain the buildings in good condition

Stocks

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

Work in Progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Hire Purchase Agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the group profit and loss account on a straight line basis.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

2. Preparation of Financial Statements

In common with many other businesses of our size and nature we use our auditors to assist with the preparation of the financial statements.

3. Turnover

Overseas turnover amounted to Nil% (2005 - Nil%) of the total turnover for the year.

The Franklyn Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 30 June 2006

4. Operating Profit

Operating profit is stated after charging

	2006	2005
	£	£
Directors' emoluments	198,817	134,954
Staff pension contributions	5,360	4,012
Amortisation	10,000	10,000
Depreciation of owned fixed assets	60,057	46,605
Depreciation of assets held under hire purchase agreements	4,692	-
Loss on disposal of fixed assets	10,450	-
Auditors' fees	14,100	13,806
	<u>14,100</u>	<u>13,806</u>

5. Taxation on Ordinary Activities

	2006	2005
	£	£
Current tax		
UK Corporation tax based on the results for the year at 19% (2005 - 9%)	145,693	13,976
Total current tax	<u>145,693</u>	<u>13,976</u>

6. Profit Attributable to Members of the Parent Company

The profit dealt with in the accounts of the parent company was £146,748 (2005 - £94,546)

7. Intangible Fixed Assets

Group and company	Goodwill
	£
Cost	
At 1 July 2005 and 30 June 2006	<u>100,000</u>
Amortisation	
At 1 July 2005	24,583
Charge for the year	10,000
At 30 June 2006	<u>34,583</u>
Net Book Value	
At 30 June 2006	<u>65,417</u>
At 30 June 2005	<u>75,417</u>

The Franklyn Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 30 June 2006

8. Tangible Fixed Assets

Group	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Office Equipment £	Office Equipment £	Total £
Cost or Valuation						
At 1 Jul 2005	4,670,403	246,118	76,201	–	36,372	5,029,094
Additions	838,486	26,297	131,303	673	21,799	1,018,558
Disposals	–	(4,523)	(65,701)	–	–	(70,224)
Revaluation	4,006,878	–	–	–	–	4,006,878
At 30 Jun 2006	<u>9,515,767</u>	<u>267,892</u>	<u>141,803</u>	<u>673</u>	<u>58,171</u>	<u>9,984,306</u>
Depreciation						
At 1 Jul 2005	–	70,011	17,450	–	5,183	92,644
Charge for the year	–	36,449	21,925	84	6,291	64,749
On disposals	–	(810)	(23,063)	–	–	(23,873)
At 30 Jun 2006	<u>–</u>	<u>105,650</u>	<u>16,312</u>	<u>84</u>	<u>11,474</u>	<u>133,520</u>
Net Book Value						
At 30 Jun 2006	<u>9,515,767</u>	<u>162,242</u>	<u>125,491</u>	<u>589</u>	<u>46,697</u>	<u>9,850,786</u>
At 30 Jun 2005	<u>4,670,403</u>	<u>176,107</u>	<u>58,751</u>	–	<u>31,189</u>	<u>4,936,450</u>

Hire purchase agreements

Included within the net book value of £9,850,786 is £32,847 (2005 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £4,692 (2005 - £Nil).

The Franklyn Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 30 June 2006

8. Tangible Fixed Assets *(continued)*

Company	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Office Equipment £	Total £
Cost or Valuation					
At 1 July 2005	4,670,403	237,350	19,582	—	4,927,335
Additions	27,719	10,304	41,918	673	80,614
Disposals	—	—	(16,582)	—	(16,582)
Revaluation	4,006,878	—	—	—	4,006,878
At 30 June 2006	<u>8,705,000</u>	<u>247,654</u>	<u>44,918</u>	<u>673</u>	<u>8,998,245</u>
Depreciation					
At 1 July 2005	—	68,828	9,184	—	78,012
Charge for the year	—	34,145	4,336	84	38,565
On disposals	—	—	(9,162)	—	(9,162)
At 30 June 2006	<u>—</u>	<u>102,973</u>	<u>4,358</u>	<u>84</u>	<u>107,415</u>
Net Book Value					
At 30 June 2006	<u>8,705,000</u>	<u>144,681</u>	<u>40,560</u>	<u>589</u>	<u>8,890,830</u>
At 30 June 2005	<u>4,670,403</u>	<u>168,522</u>	<u>10,398</u>	<u>—</u>	<u>4,849,323</u>

9. Investments

Company	Total £
Cost	
At 1 July 2005 and 30 June 2006	<u>2,000</u>
Net Book Value	
At 30 June 2006	<u>2,000</u>
At 30 June 2005	<u>2,000</u>

The company owns 100% of the issued ordinary share capital of the following companies registered in England,

The Franklyn Developments Limited

The Franklyn (Long Term Care) Limited (Dormant)

The principal activity of The Franklyn Developments Limited is that of property developers and care home agents

The Franklyn Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 30 June 2006

10. Debtors

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	236,130	159,445	215,252	157,368
Amounts owed by group undertakings	—	—	131,308	466,124
Other debtors	15,000	15,000	15,000	15,000
Prepayments and accrued income	39,279	65,161	9,730	21,611
	<u>290,409</u>	<u>239,606</u>	<u>371,290</u>	<u>660,103</u>

11. Creditors: Amounts Falling due Within One Year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	387,549	373,287	364,260	373,287
Trade creditors	124,034	96,482	38,835	50,163
Amounts owed to group undertakings	—	—	47,643	38,028
Hire purchase agreements	9,328	—	—	—
Other creditors including taxation and social security				
Corporation tax	145,694	13,976	28,850	13,976
PAYE and social security	51,643	31,090	17,242	10,983
VAT	32,062	20,775	—	—
Accruals and deferred income	269,255	319,334	252,744	310,589
	<u>1,019,565</u>	<u>854,944</u>	<u>749,574</u>	<u>797,026</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	<u>387,549</u>	<u>373,287</u>	<u>364,260</u>	<u>373,287</u>

12. Creditors: Amounts Falling due after More than One Year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	2,678,931	1,954,477	1,902,220	1,954,477
Hire purchase agreements	13,992	—	—	—
Other creditors	1,059,731	1,289,711	1,059,731	1,289,711
	<u>3,752,654</u>	<u>3,244,188</u>	<u>2,961,951</u>	<u>3,244,188</u>

The Franklyn Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 30 June 2006

12. Creditors: Amounts Falling due after More than One Year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	<u>2,678,931</u>	<u>1,954,477</u>	<u>1,902,220</u>	<u>1,954,477</u>

13. Share Capital

Authorised share capital:

	2006	2005
	£	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Ordinary shares of £1 each				

14. Reserves

Group	Revaluation reserve	Profit and loss account
	£	£
Balance brought forward	1,131,538	189,575
Retained profit for the year	—	526,475
Other gains and losses		
Revaluation of fixed assets	<u>4,006,877</u>	<u>—</u>
Balance carried forward	<u>5,138,415</u>	<u>716,050</u>
Company	Revaluation reserve	Profit and loss account
	£	£
Balance brought forward	1,131,538	418,400
Retained profit for the year	—	146,748
Other gains and losses		
Revaluation of fixed assets	<u>4,006,877</u>	<u>—</u>
Balance carried forward	<u>5,138,415</u>	<u>565,148</u>