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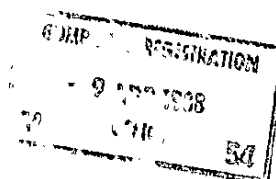
DYSTLEGH GRANGE LIMITED

ACCOUNTS FOR YEAR ENDED

28 FEBRUARY 1987

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DYSTLECH GRANGE LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 28 FEBRUARY 1987

The Directors submit their Report and Accounts for the year ended 28th February 1987.

Results and Dividends

The Net Loss for the year, after Taxation, amounted to £4,698 which was all attributable to the Company's principal activity. The Directors approved the payment of a dividend for the year at the rate of £186.50 (net) per share to Mr B A Robinson which was paid on 25th February 1987. The other Directors, however, waived their rights to a dividend on their shares.

Review of the Business

The Company's principal activity continued to be the provision of a nursing home for elderly persons. The premises were extended considerably during the year and the capacity of the business increased accordingly.

Market Value of Land and Buildings

The Directors consider that the market value of the Freehold Property is considerably higher than its book value.

Fixed Assets

The changes in Fixed Assets during the year are summarised in the notes to the Accounts.

Directors and their interests

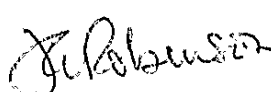
The Directors who have served throughout the year together with their interests in the Company's share capital were as follows:-

	<u>At beginning and end of year</u>
B A Robinson	28
J E Robinson	24
P A D Robinson	24
M C Robinson	24

Auditors

The Auditor Mr M W Dale, Chartered Accountant, will not be seeking reappointment. A resolution proposing Messrs A Allen and Sons, Chartered Accountants, as Auditors will be put to the Annual General Meeting.

By Order of the Board

J.E. ROBINSON 

Secretary

18 March 1988

REPORT OF THE AUDITOR

TO THE MEMBERS OF DYSTLEGH GRANGE LIMITED

I have audited the Accounts set out, in accordance with approved Auditing Standards, having regard to the matters referred to in the following paragraphs.

In common with many businesses of similar size and organisation, the Company's system of control is dependent upon the close involvement of the Directors, who are major shareholders. Where independent confirmation of the completeness of the accounting records was therefore not available, I have accepted assurances from the Directors that all the Company's transactions have been reflected correctly in the records.

The Company has not complied with Companies Act 1985 in its failure to depreciate buildings. However I agree with this treatment which has been used on a consistent basis.

Subject to the above, in my opinion the Accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the Company's affairs at 28th February 1987 and its Loss and source and application of funds for the year ended on that date, and comply with the Companies Act 1985.

I also confirm that in my opinion the information contained in the Directors' Report is consistent with the Accounts.

10 Hillfort Close  
Dorchester  
Dorset  
DT1 2QT

*m Dale*

18 March 1988.

Chartered Accountant

DYSTLEGH GRANGE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 FEBRUARY 1987

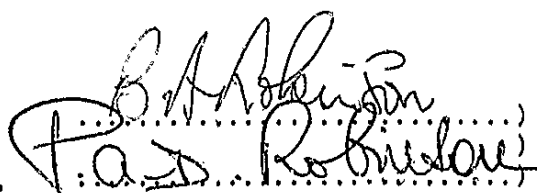
		<u>Year to 28/2/87</u>	<u>Year to 28/2/86</u>
	<u>Notes</u>		
Turnover	2	£155,773	£144,519
Change in Stocks		-	-
Purchases of Food		21,139	19,802
		<hr/>	<hr/>
		£134,634	£124,717
Staff Costs	3	£90,038	£81,002
Depreciation	8	8,221	7,201
Other Operating Charges	4	25,683	22,118
		<hr/>	<hr/>
		123,942	110,321
<u>Operating Profit</u>		<hr/>	<hr/>
		£10,692	£14,396
Interest Payable	5	16,140	11,352
		<hr/>	<hr/>
<u>(Loss)/Profit on Ordinary Activities before Taxation</u>		<hr/>	<hr/>
		(5,448)	3,044
Taxation	6	(750)	1,900
		<hr/>	<hr/>
<u>(Loss)/Profit on Ordinary Activities after Taxation</u>		<hr/>	<hr/>
		(£4,698)	£1,144
Dividend paid (net)	7	5,222	-
		<hr/>	<hr/>
<u>(Loss)/Profit for the Financial Year</u>		<hr/>	<hr/>
		(9,920)	1,144
<u>Retained Profit Brought Forward</u>		<hr/>	<hr/>
		48,101	46,957
<u>Retained Profit Carried Forward</u>		<hr/>	<hr/>
		£38,181	£48,101

The attached Notes form part of these Accounts

DYSTLEGH GRANGE LIMITED

BALANCE SHEET AS AT 28 FEBRUARY 1967

			<u>28/2/87</u>	<u>28/2/86</u>
	<u>Notes</u>			
<u>Fixed Assets</u>				
Tangible Assets	8		£299,866	£169,226
<u>Current Assets</u>				
Stocks		£300		£300
Debtors	9	2,827		4,644
Cash in Hand		24		42
		£3,151		£4,986
<u>Creditors</u>				
Amounts falling due within one year	10	120,491		103,449
<u>Net Current (Liabilities)</u>			(117,340)	(98,463)
<u>Total Assets Less Current Liabilities</u>			£182,526	£70,763
<u>Creditors</u>				
Amounts falling due after more than one year	11		144,245	20,662
<u>Provision for Liabilities and Charges</u>				
Taxation	6		-	1,900
			£38,281	£48,201
<u>Capital and Reserves</u>				
Called up Share Capital	13		£100	£100
Profit and Loss Account			38,181	48,101
			£38,281	£48,201

 Directors

The attached Notes form part of these Accounts

DYSTLECH GRANGE LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 28 FEBRUARY 1987

	<u>Year to 28/2/87</u>	<u>Year to 28/2/86</u>
<u>Source of Funds</u>		
(Loss)/Profit on Ordinary activities before Taxation	(£5,448)	£3,044
Adjustment for items not involving the movement of funds -		
Depreciation	8,221	7,201
<u>Total Generated From Operations</u>	<u>£2,773</u>	<u>£10,245</u>
<u>Funds from Other Sources</u>		
Mortgage Advances less Repayments	173,645	-
	<u>£176,418</u>	<u>£10,245</u>
<u>Application of Funds</u>		
Purchase of Tangible Fixed Assets	£138,861	£3,547
Bank Loan Repayments	36,474	10,582
Reduction in obligations under Hire Purchase Contracts	2,157	4,460
Corporation Tax paid	4,194	902
Interest on overdue Corporation Tax	63	-
Dividend paid (net)	5,222	-
	<u>186,971</u>	<u>19,491</u>
	<u>(£10,553)</u>	<u>(£9,264)</u>
<u>Increases/Decreases in Working Capital</u>		
Stocks	-	-
Debtors	(1,817)	2,993
Fees received in advance	(2,727)	(1,049)
Creditors	(6,983)	(9,559)
	<u>(£11,527)</u>	<u>(£7,615)</u>
Movement in net liquid funds -		
Cash in Hand	(18)	(96)
Bank Overdraft	992	(1,553)
	<u>974</u>	<u>(1,649)</u>
	<u>(£10,553)</u>	<u>(£9,264)</u>

The attached Notes form part of these Accounts

DYSTLECH GRANGE LIMITED

NOTES TO THE ACCOUNTS AT 28 FEBRUARY 1987

1. Accounting Policies

(a) Basis of Accounting

The Accounts have been prepared under the historical cost convention.

(b) Turnover

Turnover represents the amounts charged to residents for the provision of accommodation and services during the year.

(c) Depreciation

Depreciation is provided on all tangible fixed assets, other than Freehold Land and Buildings, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:-

Fixtures, Fittings and Equipment	-	over 10 years
Motor Vehicles	-	over 5 years

Freehold Property has not been depreciated as the Directors are of the opinion that its market value is considerably in excess of the book value and to this extent SSAP12 has not been complied with.

(d) Stocks

Stock has been valued at the lower of cost or net realisable value.

(e) Deferred Taxation

Deferred Taxation is provided by the liability method on timing differences between the treatment of certain assets for Accounts purposes and their treatment for tax purposes, but only to the extent that tax is liable to be payable by the Company.

2. Turnover

The Turnover and operating profit is attributable to the one principal activity of the Company.

3. Staff Costs

	<u>1987</u>	<u>1986</u>
Directors Remuneration	£29,484	£30,051
Directors Pension Contributions	8,728	7,916
Wages	47,130	38,724
Social Security Costs	4,696	4,311
	<hr/>	<hr/>
	£90,038	£81,002
	<hr/>	<hr/>

The average number of employees during the year

Directors	4	4
Other Staff	25	19
	<hr/>	<hr/>
	29	23
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS AT 28 FEBRUARY 1987

	<u>1987</u>	<u>1986</u>
4. <u>Other Operating Charges</u>		
These include -		
Legal Charges	£2,836	-
Auditor's Remuneration	<u>1,500</u>	<u>1,400</u>
5. <u>Interest Payable</u>		
Mortgage Loans	£10,405	-
Bank Loan and Overdraft	4,848	10,068
Hire Purchase Interest	712	1,048
Credit Charges	<u>175</u>	<u>236</u>
	<u>£16,140</u>	<u>£11,352</u>
6. <u>Tax on Profit on Ordinary Activities</u>		
(a) Based on the Profit for the Year:		
Corporation Tax at 30%	(£813)	£1,900
Interest on Overdue Corporation Tax	<u>63</u>	<u>-</u>
	<u>(£750)</u>	<u>£1,900</u>

(b) Deferred Taxation

The Directors consider that no reserve is required in respect of Corporation Tax deferred by timing differences between the treatment of certain assets for accounts purposes and their treatment for tax purposes as this is unlikely to become payable in the foreseeable future. The contingent liability in respect of Corporation Tax deferred by these timing differences is £4,850.

7. Dividend

A net dividend at the rate of £186.50 per share was paid to the Chairman £5,222 but the three other Directors/Shareholders waived their rights to a dividend.

8. Tangible Fixed Assets

	<u>Freehold Property</u>	<u>Fixtures and Fittings Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
Cost at 1st March 1986	£138,174	£35,191	£18,410	£191,775
Additions	128,660	10,201	-	138,861
Cost at 28th February 1987	<u>£266,834</u>	<u>£45,392</u>	<u>£18,410</u>	<u>£330,636</u>
Depreciation at 1st March 1986		£13,953	£8,596	£22,549
Depreciation for the Year		<u>4,539</u>	<u>3,682</u>	<u>8,221</u>
Depreciation at 28th February 1987		<u>£18,492</u>	<u>£12,278</u>	<u>£30,770</u>
Net Book Value at 28th February 1987	<u>£266,834</u>	<u>£26,900</u>	<u>£6,132</u>	<u>£299,866</u>
Net Book Value at 28th February 1986	<u>£138,173</u>	<u>£21,238</u>	<u>£9,815</u>	<u>£169,226</u>



DYSTLEGH GRANGE LIMITEDNOTES TO THE ACCOUNTS AT 28 FEBRUARY 1987

	<u>1987</u>	<u>1986</u>
9. <u>Debtors</u>		
Trade Debtors	2,537	4,368
Prepayments	290	276
	<u>£2,827</u>	<u>£4,644</u>

	<u>1987</u>	<u>1986</u>
10. <u>Creditors</u> ; Amounts falling due within one year -		
Trade Creditors	£15,115	£3,409
Social Security and other taxes	3,164	2,349
Corporation Tax payable	6,237	11,245
Accruals	2,090	2,552
Fees received in advance	17,524	14,797
Other creditors -		
Directors Loan and Current Accounts	28,338	31,513
Current instalments due on Bank Loan	-	18,090
Bank Overdraft (see below)	16,585	17,577
Hire Purchase Creditors	2,038	1,917
Current instalments due on Mortgage Loans (see 12b)	29,400	-
	<u>£120,491</u>	<u>£103,449</u>

The Bank Overdraft is secured on the Company's Freehold Property.

11. <u>Creditors</u> : Amounts falling due after more than one year -		
Bank Loan (Note 12a)	-	£18,384
Hire Purchase Creditors	-	2,278
Mortgage Loans - net of interest (Note 12b)	144,245	-
	<u>£144,245</u>	<u>£20,662</u>

12. Loans

(a) The bank loan was repaid during the year and replaced with mortgage loans.

(b) Mortgage Loans

Two loans of £140,000 (September 1986) and £35,000 (February 1987) were taken up during the year. Both are repayable over 15 years by monthly instalments of £1,960 and £490 respectively including interest. This is calculated monthly at 3½% above Bank base rate. Both loans are secured by a Legal Charge on the Company's Freehold Property;

The current year's instalments including Interest, amount to £29,400.

Future instalments payable in - 2 to 5 years amount to £117,600  
6 to 10 years amount to 147,000  
11 to 15 years amount to 135,240

13. Share Capital

Authorised, Issued and Fully Paid

100 Ordinary Shares of £1 each	<u>£100</u>	<u>£100</u>
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