REGISTERED NUMBER. 4161518 (England and Wales)

Report of the Director and

Unaudited Financial Statements for the Year Ended 30 September 2006

for

Madog Nursing Home Limited

DUNN AND ELLIS
Chartered Accountants
7/9 High Street
Porthmadog
Gwynedd
LL49 9LR

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Madog Nursing Home Limited

Company Information
for the Year Ended 30 September 2006

DIRECTOR:	Mrs J V Jones
SECRETARY:	A Paynter
REGISTERED OFFICE:	Garth Road Porthmadog Gwynedd LL49 9BN
REGISTERED NUMBER:	4161518 (England and Wales)
ACCOUNTANTS:	DUNN AND ELLIS Chartered Accountants 7/9 High Street Porthmadog Gwynedd LL49 9LR
BANKERS:	Bank of Wales One Kingsway Cardiff CF10 3YB

Madog Nursing Home Limited

Report of the Director
for the Year Ended 30 September 2006

The director presents her report with the financial statements of the company for the year ended 30 September 2006

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of the provision of retirement nursing home facilities

DIRECTOR
Mrs J V Jones was the sole director during the year under review

The director holding office at 30 September 2006 did not hold any beneficial interest in the issued share capital of the company at 1 October 2005 or 30 September 2006

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

ON BEHALF OF THE BOARD.

J V Jones

Mrs J V Jones - Director

Date 27 11 07

Madog Nursing Home Limited

Profit and Loss Account
for the Year Ended 30 September 2006

	Notes	30.9.06	30 9 05
		£	£
TURNOVER		914,197	953,129
Cost of sales		62,499	79,681
GROSS PROFIT		851,698	873,448
Administrative expenses		742,099	652,388
		109,599	221,060
Other operating income		13	63
OPERATING PROFIT	2	109,612	221,123
Interest payable and similar charges		33,761	37 149
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		75,851	183,974
Tax on profit on ordinary activities	3	17,832	31,885
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		58,019	152 089
Retained profit/(deficit) brought forward		59,069	(81,020)
		117,088	71,069
Dividends	4	(12,000)	(12,000)
RETAINED PROFIT CARRIED FORWARD		£105,088	£59,069

The notes form part of these financial statements

Madog Nursing Home Limited

Balance Sheet
30 September 2006

	Notes	30.9.06 £	30.9.06 £	30 9 05 £	30 9 05 £
FIXED ASSETS.					
Tangible assets	5		**827,713**		859,549
CURRENT ASSETS:					
Stocks		**5,500**		1,000	
Debtors	6	**155,689**		130,951	
Cash in hand		**340**		85	
		161,529		132,036	
CREDITORS: Amounts falling due within one year	7	**517,442**		527 284	
NET CURRENT LIABILITIES:			**(355,913)**		(395,248)
TOTAL ASSETS LESS CURRENT LIABILITIES:			**471,800**		464,301
CREDITORS: Amounts falling due after more than one year	8		**(255,128)**		(292,707)
PROVISIONS FOR LIABILITIES:	10		**(2,395)**		(3,336)
			£214,277		£168,258
CAPITAL AND RESERVES:					
Called up share capital	11		**49,999**		49 999
Other reserves	12		**59,190**		59,190
Profit and loss account			**105,088**		59,069
SHAREHOLDERS' FUNDS:			**£214,277**		£168,258

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 30 September 2006

The members have not required the company to obtain an audit of its financial statements for the year ended 30 September 2006 in accordance with Section 249B(2) of the Companies Act 1985

The director acknowledges her responsibilities for

(a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and

(b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements so far as applicable to the company

The notes form part of these financial statements

Madog Nursing Home Limited

Balance Sheet
30 September 2006

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

The financial statements were approved by the director on November 27th 2007 and were signed by

Mrs J V Jones - Director

The notes form part of these financial statements

Madog Nursing Home Limited

Notes to the Financial Statements
for the Year Ended 30 September 2006

1 ACCOUNTING POLICIES

Going concern
The accounts have been prepared on the going concern basis of accounting At the balance sheet date the company had net current liabilities of £355,913 (2005-£395,248) The major creditors are the bank and an associated company Continued profitability will ensure that the company operates within the facilities provided by the bank The associated company, which is in liquidation, undertook the development of the nursing home The directors have disputed the amount owing to this company Settlement of this dispute will require additional finance to be raised

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

Turnover
Turnover represents net invoiced sales of goods, excluding value added tax

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Land and buildings	- 2% on cost
Plant and machinery etc	- 15% on cost

Stocks
Stock is 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

2 OPERATING PROFIT

The operating profit is stated after charging

	30.9.06	30 9 05
	£	£
Depreciation - owned assets	33,600	33,600
Director's emoluments and other benefits etc	35,280	36 208

3 **TAXATION**

Analysis of the tax charge
The tax charge on the profit on ordinary activities for the year was as follows

	30.9.06	30 9 05
	£	£
Current tax		
UK corporation tax	18,773	32,207
Deferred taxation	(941)	(322)
Tax on profit on ordinary activities	17,832	31,885

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

	30 9.06	30 9 05
	£	£
Profit on ordinary activities before tax	75,851	183 974
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2005 - 19%)	14,412	34,955
Effects of		
Reversing timing differences	4,361	3,931
Losses brought forward	-	(6,679)
Current tax charge	18,773	32 207

4 **DIVIDENDS**

	30.9.06	30 9 05
	£	£
Interim - share type 1	12,000	12,000

5 TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery etc	Totals
	£	£	£
COST OR VALUATION:			
At 1 October 2005	875,544	118,405	993,949
Additions	-	1,764	1,764
At 30 September 2006	875,544	120,169	995,713
DEPRECIATION:			
At 1 October 2005	72,000	62,400	134,400
Charge for year	18,000	15,600	33,600
At 30 September 2006	90,000	78,000	168,000
NET BOOK VALUE:			
At 30 September 2006	785,544	42,169	827,713
At 30 September 2005	803,544	56,005	859,549

On 21 March, 2001 Blue Lake Construction Ltd, an associated company transferred the property known as Madoc Hospital to the Madog Nursing Home Ltd Prior to and subsequent to the transfer Blue Lake Construction Ltd carried out work on the property Madog Nursing Home Ltd agreed to pay for this work The property was valued by Pritchards at £550,000 as at 31st December, 2001 This valuation was adopted for a deed of rectification dated 24 April, 2002 between Madog Nursing Home Ltd and Blue Lake Construction Ltd The deed states that in consideration of the sum of £550,000 the property is transferred to Madog Nursing Home Ltd who shall become the sole beneficial owner Subsequent to the purchase, building work of £238,544 was undertaken by Blue Lake Construction Ltd The building work was considered unsatisfactory and this sum remains unpaid In 2004 Blue Lake Construction into liquidation The directors are contesting this sum with the Liquidators of Blue Lake Construction As yet no settlement has been reached The directors have adjusted the value of the building to £810,544

Cost or valuation at 30 September 2006 is represented by

	Land and buildings	Plant and machinery etc	Totals
	£	£	£
Valuation in 2001	550,000	-	550,000
Cost	325,544	120,169	445,713
	875,544	120,169	995,713

Madog Nursing Home Limited

Notes to the Financial Statements
for the Year Ended 30 September 2006

6 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.9.06	30 9 05
	£	£
Trade debtors	54,300	65,733
Prepayments	1,453	1 467
Debtors	99,936	63,751
	155,689	130,951

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.9.06	30 9 05
	£	£
Bank loans and overdrafts	193,518	212,737
Trade creditors	20,496	16,791
Blue Lake Construction Ltd	238,544	238,544
Other creditors	206	108
Social security & other taxes	18,163	16 125
Taxation	45,980	32 207
Accrued expenses	535	10,772
	517,442	527 284

8 CREDITORS. AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30 9 06	30 9 05
	£	£
Bank of Scotland loan	255,128	292 707

9 SECURED DEBTS

The following secured debts are included within creditors

	30.9.06	30 9 05
	£	£
Bank overdrafts	151,018	170,237
Bank loans	42,500	42,500
Loan repayable after 12 months	255,128	292 707
	448,646	505 444

The bank overdraft and bank loan are secured by a first legal mortgage over the freehold nursing home known as Madog Nursing Home Limited and a mortgage debenture providing a fixed and floating charge over the company's assets together with a fixed charge over book debts The bank also hold a second debenture The company has an overdraft facility of £170 000 The loan is repayable in equal monthly instalments of £4,317 for completion on 31 October, 2013

10 PROVISIONS FOR LIABILITIES

	30.9.06	30 9 05
	£	£
Deferred taxation	2,395	3,336

	Deferred tax
	£
Balance at 1 October 2005	3,336
Timing differences	(941)
Balance at 30 September 2006	2,395

11 CALLED UP SHARE CAPITAL

Authorised

Number	Class	Nominal value	30.9.06	30 9 05
			£	£
1 000,000	Ordinary shares	1	1,000,000	1 000,000

Allotted, issued and fully paid

Number	Class	Nominal value	30.9 06	30 9 05
			£	£
49,999	Ordinary shares	1	49,999	49,999

12 OTHER RESERVES

	30.9.06	30 9 05
	£	£
Brought forward	59,190	59 190

13 RELATED PARTY DISCLOSURES

Related parties are the directors and shareholders The directors have no related party transactions other than directors remuneration The shareholder, who is not a director, has provided funds for the company The maximum balance outstanding during the year was £99,936 (2005- £63 679 debit) The ultimate control of the company is vested in the major shareholder Mr S D McKinley

Report of the Accountants to the Director of
Madog Nursing Home Limited

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 30 September 2006 set out on pages three to ten and you consider that the company is exempt from an audit

In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us

DUNN AND ELLIS
Chartered Accountants
7/9 High Street
Porthmadog
Gwynedd
LL49 9LR

Date 28 November 2007

This page does not form part of the statutory financial statements