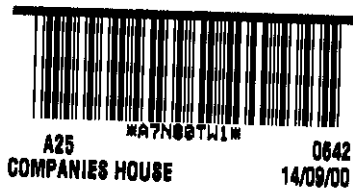


FAIRWAY CARE LIMITED

ABBREVIATED FINANCIAL STATEMENTS

31ST DECEMBER 1999

Registered number: 2050550



Cobham Murphy

REGISTERED AUDITOR

Liverpool

FAIRWAY CARE LIMITED

ABBREVIATED FINANCIAL STATEMENTS

For the Year Ended 31st December 1999

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FAIRWAY CARE LIMITED**Auditors' Report to
Fairway Care Limited
Under Section 247B of the Companies Act 1985**

We have examined the abbreviated financial statements set out on pages 2 to 5, together with the financial statements of the company for the year ended 31st December 1999 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of Directors and Auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

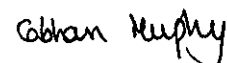
Basis of Opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion, the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages 2 to 5 are properly prepared in accordance with those provisions.

Liverpool
19th May 2000



Cobham Murphy
Registered Auditor

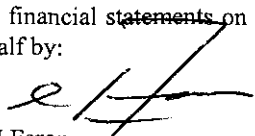
FAIRWAY CARE LIMITED
ABBREVIATED BALANCE SHEET

As at 31st December 1999

		1999		1998	
	Note	£	£	£	£
Fixed Assets					
Tangible Assets	6		127,700		153,326
Current Assets					
Debtors	7	370,322		354,841	
Cash at Bank and in Hand		37,624		72,772	
		407,946		427,613	
Creditors: Amounts Falling Due within One Year	8	(184,840)		(231,605)	
Net Current Assets (Liabilities)			223,106		196,008
Total Assets less Current Liabilities			350,806		349,334
Creditors: Amounts Falling Due after more than One Year	9		(70,020)		(26,420)
			280,786		322,914
Capital and Reserves					
Called up Equity Share Capital	11		100		100
Profit and Loss Account	12		280,686		322,814
Total Shareholders' Funds	10		280,786		322,914

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 2 to 5 were approved by the Board of Directors on 19th May 2000 and signed on its behalf by:


G H Faron

Director

FAIRWAY CARE LIMITED

NOTES ON THE ABBREVIATED FINANCIAL STATEMENTS

31st December 1999

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Sections 246 to 247 of the Companies Act 1985 for small companies.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold Buildings	2% straight line
Property Improvements	10% straight line
Plant and Machinery	15% reducing balance
Motor Vehicles	20% straight line

Leases and Hire Purchase Contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Pension Contributions – Defined Contribution Scheme

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Deferred Taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax.

FAIRWAY CARE LIMITED

NOTES ON THE ABBREVIATED FINANCIAL STATEMENTS

31st December 1999

2 Tangible Fixed Assets

	Tangible Fixed Assets
Cost	£
1st January 1999	304,615
Additions	11,710
Disposals	(17,595)
31st December 1999	298,730
 Depreciation	
1st January 1999	151,289
Charge for year	31,958
Disposals	(12,217)
31st December 1999	171,030
 Net book Amount	
1st January 1999	153,326
31st December 1999	127,700

3 **Creditors:** amounts falling due within one year and after more than one year include the following:

	1999	1998
	£	£
Amounts Falling Due after more than Five Years	56,486	2,293
 Secured Creditors		
Small Company Secured Creditors	24,680	112,007

FAIRWAY CARE LIMITED

NOTES ON THE ABBREVIATED FINANCIAL STATEMENTS

31st December 1999

4 Called up Equity Share Capital

	5		999	
	Number of Shares	£	Number of Shares	£
Authorised				
Ordinary Shares of £1	100	100	100	100
Allotted, Called up and Fully Paid				
Ordinary Shares of £1	100	100	100	100

5 Directors' Interests and Loans

The directors operate a current account to which all transactions of a private nature are charged. The balance at the year end owed by the Company was £1,888 and is shown in other creditors due within one year (1998: £1,738). The maximum amount owed to the company throughout the year was £21,954, this balance being unsecured and interest free.

6 Ultimate Parent Undertaking

The ultimate parent company is Merseycare Link Limited, a company incorporated in England.

7 Related Party Transactions

Expenses include a charge of £162,000 (1998: £162,000) in respect of rent payable on nursing homes leased to the company by Mergold Limited, a company in the Merseycare Link Limited group of companies.

The amounts owed to the Company (owed by the Company) with other members of the Group were:

	1999	1998
	£	£
Mergold Limited (fellow subsidiary)	349,799	342,329
Merseycare Link Limited (parent company)	(54,797)	203

Expenses include a charge for boiler maintenance of £16,300 by TSI Ltd, a company in which G Faron had a material interest. The transactions were conducted on normal commercial terms.