

FAIRWAY CARE LIMITED
ABBREVIATED FINANCIAL STATEMENTS

31ST DECEMBER 1996

Registered number: 2050550

PHILIP HARRISON
CHARTERED ACCOUNTANTS

Liverpool



FAIRWAY CARE LIMITED
ABBREVIATED FINANCIAL STATEMENTS
for the year ended 31st December 1996

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FAIRWAY CARE LIMITED**AUDITORS' REPORT ON ABBREVIATED FINANCIAL STATEMENTS****Auditors' report to
Fairway Care Limited
pursuant to paragraph 24 of Schedule 8
to the Companies Act 1985**

We have examined the abbreviated financial statements on pages 2 to 5 together with the financial statements of the company prepared under section 226 of the Companies Act 1985 for the year ended 31st December 1996.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 2 and whether the abbreviated financial statements have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated financial statements have been properly prepared from those financial statements. 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 under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 31st December 1996, and the abbreviated financial statements on pages 2 to 5 have been properly prepared in accordance with that Schedule.

Other information

On 30th April 1997 we reported, as auditors of the company, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31st December 1996, and our audit report was as follows:

'We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

continued

FAIRWAY CARE LIMITED

AUDITORS' REPORT ON ABBREVIATED FINANCIAL STATEMENTS
(continued)Auditors' report to
Fairway Care Limited
pursuant to paragraph 24 of Schedule 8
to the Companies Act 1985**Basis of opinion**

We conducted our audit in accordance with Auditing Standards 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 company'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 error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from disagreement about accounting treatment

The company's freehold property was revalued at £500,000 by the directors in November 1992 giving rise to a revaluation surplus of £188,339. No independent valuation was obtained. The property is currently included in the accounts at a net book value of £462,600. The property was independently valued in the current year at £375,000. In our opinion, provision should have been made to reflect the permanent diminution in the value of the property. If the diminution had been so reflected, the effect would be to decrease the profit before and after tax for the year by £87,600.

Except for the absence of this provision, in our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.'



Philip Harrison
Registered Auditors
Chartered Accountants

Liverpool
30th April 1997

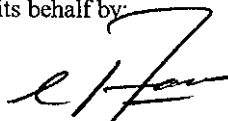
FAIRWAY CARE LIMITED
ABBREVIATED BALANCE SHEET
at 31st December 1996

	Note	1996		1995	
		£	£	£	£
Fixed assets					
Tangible assets	2		684,073		685,797
Current assets					
Debtors		65,221		32,428	
Cash at bank and in hand		10,006		942	
		<u>75,227</u>		<u>33,370</u>	
Creditors: amounts falling due within one year		<u>(216,494)</u>		<u>(247,543)</u>	
Net current liabilities			<u>(141,267)</u>		<u>(214,173)</u>
Total assets less current liabilities			<u>542,806</u>		<u>471,624</u>
Creditors: amounts falling due after more than one year	3		<u>(264,163)</u>		<u>(270,473)</u>
			<u>278,643</u>		<u>201,151</u>
Capital and reserves					
Called up equity share capital	4		100		100
Revaluation reserve			188,339		188,339
Profit and loss account			90,204		12,712
Total shareholders' funds			<u>278,643</u>		<u>201,151</u>

The directors have taken advantage of the exemptions conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a small company.

In the preparation of the company's annual financial statements, the directors have taken advantage of special exemptions applicable to small companies under Part I of Schedule 8 to the Companies Act 1985 on the grounds that, in their opinion, the company is entitled to those exemptions.

The abbreviated financial statements on pages 2 to 5 were approved by the board of directors on 30th April 1997 and signed on its behalf by:


 GH Faron
 Director

FAIRWAY CARE LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st December 1996

1 Accounting policies**Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules, except for freehold property which is included at valuation.

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 Section 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 land	No depreciation provided
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.

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 ABBREVIATED FINANCIAL STATEMENTS

31st December 1996

2 Fixed assets

Cost or valuation	Tangible fixed assets £
1st January 1996	820,882
Additions	35,337
Disposals	(27,483)
31st December 1996	<u>828,736</u>
Depreciation	
1st January 1996	135,084
Charge for year	33,062
Disposals	(23,483)
31st December 1996	<u>144,663</u>
Net book amount	
31st December 1996	<u>684,073</u>
1st January 1996	<u>685,797</u>

3 Creditors: amounts falling due
after more than one year

	1996 £	1995 £
Creditors include the following amounts:		
Amounts falling due after more than five years:		
Bank loans	<u>137,250</u>	<u>174,580</u>
Obligations under finance leases and hire purchase contracts:		
In the next year	6,849	1,859
In the second to fifth year	17,507	-
	<u>24,356</u>	<u>1,859</u>
Secured creditors		
Small company secured creditors	<u>324,909</u>	<u>329,062</u>

FAIRWAY CARE LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st December 1996

4 Called up equity share capital

	1996		1995	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Allotted called up and fully paid				
Ordinary shares of £1	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

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 was £1,505 and is shown in other creditors due within one year (1995 £77 shown in other debtors due within one year).

The maximum amount owed to the company throughout the year was £77, this balance being unsecured and interest free.

6 Ultimate parent undertaking

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