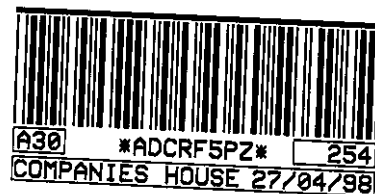


HIGHWAY (BURNLEY) LIMITED

FINANCIAL STATEMENTS

30 NOVEMBER 1997

Registered number: 2693859



LANGLEY STUTTARD & CO

REGISTERED AUDITOR

Lancashire

HIGHWAY (BURNLEY) LIMITED

FINANCIAL STATEMENTS

for the year ended 30 November 1997

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The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
Schedule to the detailed trading and profit and loss account	Appendix 2

HIGHWAY (BURNLEY) LIMITED**COMPANY INFORMATION****30 November 1997**

INCORPORATED	In England on 5 March 1992
NUMBER	2693859
CHAIRMAN	Mr B J Christopher
OTHER DIRECTORS	Mrs B R Christopher
SECRETARY	Mr B J Christopher
REGISTERED OFFICE	11 Acres Brook Road Higham Burnley Lancashire BB12 9BY
BANKERS	Midland Bank 12 Manchester Road Burnley Lancashire
AUDITORS	Langley Stuttard & Co Registered Auditors Chartered Accountants 66 Bank Parade Burnley Lancashire BB11 1EE

HIGHWAY (BURNLEY) LIMITED

DIRECTORS' REPORT

30 November 1997

The directors present their report and the audited financial statements for the year ended 30 November 1997.

Principal activity

The principal activity of the company is that of the supply of care facilities to the mentally disadvantaged.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	30 November 1997 Ordinary shares	1 December 1996 Ordinary shares
Mr B J Christopher	-	-
Mrs B R Christopher	-	-

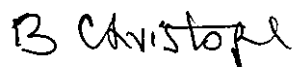
Auditors

Langley Stuttard & Co have agreed to offer themselves for re-appointment as auditors of the company.

Small company exemptions

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

On behalf of the board



Mr B J Christopher
Director

11 Acres Brook Road
Higham
Burnley
Lancashire BB12 9BY

28 February 1998

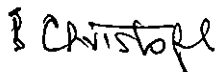
HIGHWAY (BURNLEY) LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



Mr B J Christopher
Director

28 February 1998

HIGHWAY (BURNLEY) LIMITED**AUDITORS' REPORT****Auditors' report to the members of****Highway (Burnley) Limited**

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention 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.

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Langley Stuttard & Co
Registered Auditor
Chartered Accountants

66 Bank Parade
Burnley
Lancashire

23 April 1998

HIGHWAY (BURNLEY) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 30 November 1997

	Note	1997 £	1996 £
Turnover	2	176,030	96,110
Net operating expenses			
Administrative expenses		(151,446)	(86,798)
Other operating income		63	-
Operating profit	3	24,647	9,312
Interest payable	5	(8,490)	(1,282)
Profit on ordinary activities before taxation		16,157	8,030
Taxation		(3,142)	(1,818)
Profit on ordinary activities after taxation		13,015	6,212
Dividends	6	(18,000)	(7,200)
Retained loss for the year	12	(4,985)	(988)

Movements in reserves are shown in note 12.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1997 or 1996 other than the loss for the year.

HIGHWAY (BURNLEY) LIMITED

BALANCE SHEET

at 30 November 1997

	Note	1997		1996	
		£	£	£	£
Fixed assets					
Tangible assets	7		86,482		45,590
Current assets					
Debtors	8	34,162		11,792	
Cash at bank and in hand		<u>36</u>		<u>3</u>	
		34,198		11,795	
Creditors: amounts falling due within one year	9	<u>(89,867)</u>		<u>(43,484)</u>	
Net current liabilities			<u>(55,669)</u>		<u>(31,689)</u>
Total assets less current liabilities			30,813		13,901
Creditors: amounts falling due after more than one year	10		<u>(32,942)</u>		<u>(11,045)</u>
			<u>(2,129)</u>		<u>2,856</u>
Capital and reserves					
Called up share capital	11		2		2
Profit and loss account	12		<u>(2,131)</u>		<u>2,854</u>
Total shareholders' funds	13		<u>(2,129)</u>		<u>2,856</u>

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 5 to 12 were approved by the board of directors on 28 February 1998 and signed on its behalf by:

B Christopher

Mr B J Christopher
Chairman

HIGHWAY (BURNLEY) LIMITED
NOTES ON FINANCIAL STATEMENTS

30 November 1997

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on grounds that it is a small company.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

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:

Plant and machinery	25% straight line
Motor vehicles	25% 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.

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.

Pensions

Defined contribution scheme

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

2 Turnover

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK. (1996 nil)

HIGHWAY (BURNLEY) LIMITED
NOTES ON FINANCIAL STATEMENTS

30 November 1997

3	Operating profit	1997	1996
		£	£
	Operating profit is stated after crediting		
	Interest receivable	63	-
	Profit on sale of assets	-	26
		<u> </u>	<u> </u>
	and after charging		
	Auditors' remuneration	530	505
	Loss on sale of assets	2,115	-
		<u> </u>	<u> </u>
	Depreciation of tangible fixed assets (note 7)		
	owned assets	966	1,197
	leased assets	18,257	4,805
		<u> </u>	<u> </u>
		19,223	6,002
		<u> </u>	<u> </u>
	The total amount charged against profits in respect of finance leases and hire purchase contracts is	<u>23,287</u>	<u>6,079</u>
	(of which part is shown as depreciation and the balance is shown as interest payable in note 5)		
4	Directors	1997	1996
		£	£
	Directors' emoluments	<u>28,553</u>	<u>4,240</u>
	Defined contribution pension scheme		
	The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £14,777 (1996 £4,966). Contributions totalling £0 (1996 £0) were payable to the fund at 30 November 1997 and are included in creditors.		
5	Interest payable	1997	1996
		£	£
	Finance lease and hire purchase contracts	5,030	1,274
	Other interest payable	3,460	8
		<u> </u>	<u> </u>
		8,490	1,282
		<u> </u>	<u> </u>
6	Dividends	1997	1996
		£	£
	Interim dividends on £1 ordinary	<u>18,000</u>	<u>7,200</u>

HIGHWAY (BURNLEY) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 November 1997

7 Tangible fixed assets

Cost	Motor Vehicles £	Plant and Machinery £	Total £
1 December 1996	49,066	2,086	51,152
Additions	82,087	250	82,337
Disposals	(28,631)	-	(28,631)
30 November 1997	<u>102,522</u>	<u>2,336</u>	<u>104,858</u>
Depreciation			
1 December 1996	5,385	177	5,562
Charge for year	18,682	541	19,223
Disposals	(6,409)	-	(6,409)
30 November 1997	<u>17,658</u>	<u>718</u>	<u>18,376</u>
Net book amount			
30 November 1997	<u>84,864</u>	<u>1,618</u>	<u>86,482</u>
1 December 1996	<u>43,681</u>	<u>1,909</u>	<u>45,590</u>

The net book value of assets included above which are subject to hire purchase agreements and finance leases

	1997 £	1996 £
Motor Vehicles	<u>84,864</u>	<u>41,975</u>

8 Debtors

	1997 £	1996 £
Amounts falling due within one year		
Trade debtors	3,633	1,246
Amounts owed by group undertakings and undertakings in which the company has a participating interest	18,331	-
Other debtors	<u>12,198</u>	<u>10,546</u>
	<u>34,162</u>	<u>11,792</u>

HIGHWAY (BURNLEY) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 November 1997

9	Creditors: amounts falling due within one year	1997 £	1996 £
	Bank overdrafts	29,328	4,593
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	-	4,700
	Corporation tax	3,234	3,052
	Other taxation and social security	3,737	7,378
	Other creditors	27,519	13,935
	Obligations under finance lease and hire purchase contracts (see note 15)	26,049	9,826
		<u>89,867</u>	<u>43,484</u>
	The aggregate amount of secured creditors included in the above figures	<u>55,377</u>	<u>9,826</u>
10	Creditors: amounts falling due after more than one year	1997 £	1996 £
	Obligations under finance lease and hire purchase contracts (see note 15)	32,942	11,045
		<u>32,942</u>	<u>11,045</u>
	The aggregate amount of secured creditors included in the above figures	<u>32,942</u>	<u>11,045</u>
11	Reconciliation of movements in shareholders' funds	1997 £	1996 £
	Profit for the financial year	13,015	6,212
	Dividends	<u>(18,000)</u>	<u>(7,200)</u>
	Net subtraction from shareholders' funds	(4,985)	(988)
	Opening shareholders' funds	<u>2,856</u>	<u>3,844</u>
	Closing shareholders' funds	<u>(2,129)</u>	<u>2,856</u>

HIGHWAY (BURNLEY) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 November 1997

12 Called up share capital

	1997		1996	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted called up and fully paid				
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

13 Profit and loss account

	1997 £
1 December 1996	2,854
Retained loss for the year	<u>(4,985)</u>
30 November 1997	<u>(2,131)</u>

14 Ultimate parent undertaking

The company's ultimate parent undertaking at the balance sheet date was Cranley Limited, a company incorporated in England.

15 Obligations under finance leases and hire purchase contracts

	1997 £	1996 £
The maturity of these amounts is as follows:		
Amounts payable		
Within one year	31,682	10,794
Within two to five years	37,064	11,142
	<u>68,746</u>	<u>21,936</u>
Less finance charges for future periods	9,755	1,065
	<u>58,991</u>	<u>20,871</u>
These can be analysed as follows:		
Due within one year	26,049	9,826
Due after one year	32,942	11,045
	<u>58,991</u>	<u>20,871</u>

HIGHWAY (BURNLEY) LIMITED
NOTES ON FINANCIAL STATEMENTS

30 November 1997

16 Related parties

The company entered into the following transactions
on a normal trading basis

	1997	1996
	£	£
Sales		
PC Systems (Burnley) Limited - Fellow subsidiary	-	106
Pennine Leisure - Associate of director B.J. Christopher	1,000	1,000
Purchases		
PC Systems (Burnley) Limited - Fellow subsidiary	145	47