

FAIRWAY CARE LIMITED

ABBREVIATED FINANCIAL STATEMENTS

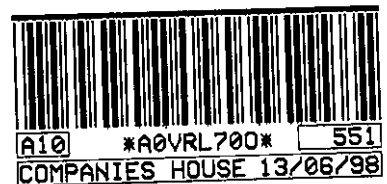
31ST DECEMBER 1997

Registered number: 2050550

COBHAM MURPHY

REGISTERED AUDITOR

Liverpool



FAIRWAY CARE LIMITED

ABBREVIATED FINANCIAL STATEMENTS

for the year ended 31st December 1997

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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 1997 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
18th May 1998

Cobham Murphy
Cobham Murphy
Registered Auditor

FAIRWAY CARE LIMITED
ABBREVIATED BALANCE SHEET
at 31st December 1997

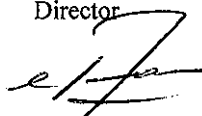
	Note	1997		1996	
		£	£	£	£
Fixed Assets					
Tangible Assets	2		167,274		684,073
Current Assets					
Debtors		360,552		65,221	
Cash at Bank and in Hand		52,952		10,006	
		413,504		75,227	
Creditors: Amounts Falling Due within One Year		(219,567)		(216,494)	
Net Current Assets (Liabilities)			193,937		(141,267)
Total Assets less Current Liabilities			361,211		542,806
Creditors: Amounts Falling Due after more than One Year	3		(28,141)		(264,163)
			333,070		278,643
Capital and Reserves					
Called up Equity Share Capital	4		100		100
Revaluation Reserve			-		188,339
Profit and Loss Account			332,970		90,204
Total Shareholders' Funds			333,070		278,643

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 18th May 1998 and signed on its behalf by:

GH Faron

Director



FAIRWAY CARE LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st December 1997

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 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 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 1997

2 Tangible Fixed Assets

	Tangible Fixed Assets £
Cost or valuation	
1st January 1997	828,736
Additions	46,743
Disposals	(581,473)
31st December 1997	294,006
Depreciation	
1st January 1997	144,663
Charge for year	34,307
Disposals	(52,238)
31st December 1997	126,732
Net book amount	
31st December 1997	167,274
1st January 1997	684,073

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

	1997	1996
	£	£
Amounts Falling Due after more than Five Years	-	137,250
Secured Creditors		
Small Company Secured Creditors	124,310	324,909

FAIRWAY CARE LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st December 1997

4 Called up Equity Share Capital

	1997		1996	
	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 £698 and is shown in other creditors due within one year (1996: £77 shown in other debtors due within one year). The maximum amount owed to the company throughout the year was £3,658, 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 £127,496 (1996: £110,408) 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.

During the year, the company sold the freehold properties at Oxton House and 48 New Chester Road, New Ferry to Mergold Limited for £498,425 and £80,431 respectively.

No independent valuation was obtained for the transfer, the properties being transferred at their book values. Oxton House was revalued in the accounts of Fairway Care Limited 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 was independently valued in the year to 31st December 1996 at £375,000.

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

	1997 £	1996 £
Mergold Limited (fellow subsidiary)	326,209	9,149
Infotech Concepts Limited (fellow subsidiary)	29,183	-
Merseycare Link Limited (parent company)	203	203