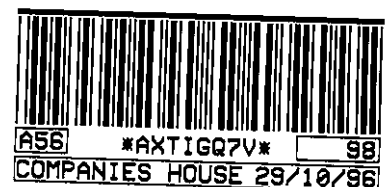


**FINCHWORTH LIMITED
T/A DINSDALE LODGE NURSING HOME
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995
REGISTERED NO. 2274708**



**G R WALKER & COMPANY
17 - 25 SCARBOROUGH STREET
HARTLEPOOL
TS24 7DA**

**AUDITORS' REPORT TO FINCHWORTH LIMITED T/A DINSDALE LODGE
NURSING HOME PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE
COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 3 to 6 together with the financial statements of Finchworth Limited T/A Dinsdale Lodge Nursing Home prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1995.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts 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 3 and whether the abbreviated accounts 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 accounts 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 Section 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 31 December 1995, and the abbreviated accounts on pages 3 to 6 have been properly prepared in accordance with that Schedule.

Other information

On*21 October*.....*1996*... we reported, as auditors of Finchworth Limited T/A Dinsdale Lodge Nursing Home, to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1995, and our report was as follows:

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1, 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 other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**AUDITORS' REPORT TO FINCHWORTH LIMITED T/A DINSDALE LODGE
NURSING HOME PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE
COMPANIES ACT 1985 (CONT)**

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

G R Walker & Company
.....

G R Walker & Company
Chartered Accountants and
Registered Auditors
Hartlepool

Date: *25 October 1996*

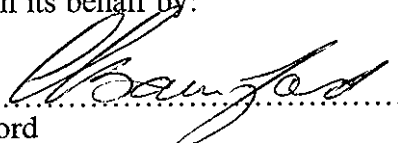
FINCHWORTH LIMITED
T/A DINSDALE LODGE NURSING HOME

ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 1995

	Note	1995 £	1994 £
Fixed assets	2		
Tangible assets		631338	636226
Current assets			
Stocks		340	759
Debtors		14983	20020
Cash at bank and in hand		37	6666
		<u>15360</u>	<u>27445</u>
Creditors	3		
Amounts falling due within one year		<u>(75299)</u>	<u>(66169)</u>
Net current liabilities		(59939)	(38724)
Total assets less current liabilities		<u>571399</u>	<u>597502</u>
Creditors	3		
Amounts falling due after more than one year		(426694)	(449780)
Provision for liabilities and charges		<u>(2395)</u>	<u>(2801)</u>
Net assets		<u><u>142310</u></u>	<u><u>144921</u></u>
Capital and reserves			
Called up share capital	4	100100	100100
Preference shareholders' reserve		22169	13669
Profit and loss account		20041	31152
Shareholders' funds (including non-equity interests)		<u><u>142310</u></u>	<u><u>144921</u></u>

In preparing these accounts the directors have taken advantage of the exemptions conferred by Section A of Part I of Schedule 8 to the Companies Act 1985 and Section A of Part III of Schedule 8 to the Companies Act 1985, and have done so on the basis that, in their opinion, the company satisfies the criteria for exemption as a small company.

The accounts were approved by the board of directors on 24. 10. 96 and are signed on its behalf by:



 A Bamford
 Director

The annexed notes form part of these abbreviated accounts.

FINCHWORTH LIMITED

T/A DINSDALE LODGE NURSING HOME

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995

1. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same financial statements.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

The effect of events in relation to the year ended 31 December 1995 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 December 1995 and of the results for the year ended on that date.

Depreciation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

Freehold buildings	- 1% per annum on cost
Fixtures and fittings	- 15% per annum on reducing balance

Stocks

Stocks have been valued at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the result for the accounting period as adjusted for disallowable items, and for timing differences arising from the recognition for tax purposes of certain items of income and expenditure in a different accounting period from that which they are recognised in the financial statements.

Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Cash flow statement

The company qualifies as a small company and advantage has therefore been taken of the exemption provided by the Financial Reporting Statement No 1 not to prepare a cash flow statement.

Capital instruments

Total shareholders' funds have been analysed between amounts attributable to equity interests and amounts attributable to non-equity interests. This analysis is shown in note 14 to the financial statements.

Finance costs attributable to non-equity interests represent arrears of cumulative preference share dividends for the financial year to which the cumulative preference shareholders would be entitled should their shares be redeemed by the company.

FINCHWORTH LIMITED
T/A DINSDALE LODGE NURSING HOME

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995 (CONT)

2. Fixed assets

	Tangible fixed assets £
Cost	
At 1 January 1995	678308
Additions	5959
Disposals	(2677)
At 31 December 1995	681590
Depreciation	
At 1 January 1995	42082
Charge for the year	9807
Disposals	(1637)
At 31 December 1995	50252
Net book value	
At 31 December 1995	631338
At 31 December 1994	636226

3. Creditors

Included in creditors are the following:

Amounts repayable by instalments some of which fall due after five years:

	1995 £	1994 £
Repayable within five years	175358	142038
Repayable after five years	176429	233191
	351787	375229

At 31 December 1995, liabilities amounting to £368308 were secured by company assets.

FINCHWORTH LIMITED
T/A DINSDALE LODGE NURSING HOME

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995 (CONT)

4. Share capital

	1995 £	1994 £
Authorised		
50000 ordinary shares of £1 each	50000	50000
150000 cumulative redeemable preference shares of £1 each	150000	150000
	<u>200000</u>	<u>200000</u>
 Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100
100000 cumulative redeemable preference shares of £1 each	100000	100000
	<u>100100</u>	<u>100100</u>

The company has an option to redeem the 8.5% cumulative redeemable preference shares and the earliest date of redemption is 25 May 1996. The amount payable on redemption is £1 per share plus a sum equal to any arrears or deficiency of the fixed cumulative dividend. Holders of these shares have no voting rights.

As at 31 December 1995, the arrears of fixed cumulative dividend amounted to £22169 (1994 : £13669). No dividend has been declared due to the level of profitability and the dividend arrears have been appropriated from the profit and loss account and transferred to the preference shareholders' reserve.