

Company Registration No: 1124015

GREENACRE GROUP PLC

Report and Financial Statements

31 December 1997



DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 1997.

ACTIVITIES

With effect from 1 January 1997 the company's investments in subsidiaries were transferred to its immediate parent company and all other assets and liabilities of the company were transferred to fellow subsidiary, Care First Care Homes Limited. The company became dormant from that date.

DIVIDENDS

The Directors do not recommend the payment of a dividend.

DIRECTORS AND DIRECTORS' INTERESTS

The following were Directors of the Company during the period:


J P Davies	(appointed 27 January 1998)
M Ellerby	(appointed 27 January 1998)
G Smith	(appointed 27 January 1998)
A D Walford	(appointed 27 January 1998)
G B Wainwright	(appointed 15 December 1997, resigned 7 January 1998)
Dr C B Patel	(resigned 26 September 1997)
A G Heywood	(resigned 7 January 1998)
H D Anstead	(resigned 21 March 1997)
K G Bradshaw	
R J Reid	(resigned 7 January 1998)

The Directors' beneficial interests in the shares of its parent company, Care First Group plc, at the beginning and end of the period are disclosed in the directors' report of that company. There are no notifiable interests in the ultimate parent company.

AUDITORS

In accordance with the provisions of section 250 of the Companies Act 1985, the company being since 31 December 1997 a dormant company within the meaning of said section, Section 384(1) of the Companies Act 1985 shall not apply and accordingly no auditors shall be appointed for the year ending 31 December 1998.

Approved by the Board of Directors
and signed on behalf of the Board



A D Walford

Director

12 March 1998

Registered Office
Care First House
Whitechapel Way
Priorslee
Telford TF2 9SP

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 as at the end of the financial year 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a 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. 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.

Approved by the Board of Directors
and signed on behalf of the Board



M Ellerby

Director

12 March 1998

AUDITORS' REPORT TO THE MEMBERS OF

GREENACRE GROUP PLC

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

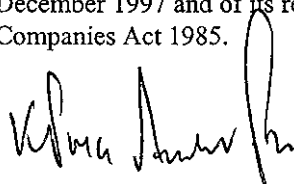
Basis of opinion

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 other irregularity or error. 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 31 December 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc

Chartered Accountants

Registered Auditor

12 March 1998

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1997

	Note	1997 £	11 month period ended 31 December 1996 £
TURNOVER	1	----	80,365
Administrative expenses - recurring		----	(335,037)
- exceptional	3	----	(494,546)
		----	(829,583)
OPERATING LOSS		----	(749,218)
Interest receivable	4	----	3,571
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	----	(745,647)
Tax credit on (loss)/profit on ordinary activities	6	----	149,303
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED TO RESERVES	12	----	(596,344)

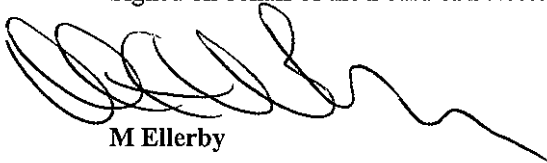
There are no recognised gains or losses for the current financial period and the preceding financial year other than as stated in the profit and loss account.

BALANCE SHEET
31 December 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Tangible assets	7	----	471,892
Investments	8	----	12,483,417
		<u>----</u>	<u>12,955,309</u>
CURRENT ASSETS			
Debtors	9	11,488,919	290,092
CREDITORS: amounts falling due within one year	10	----	(1,756,482)
NET CURRENT ASSETS/ (LIABILITIES)		<u>11,488,919</u>	<u>(1,466,390)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,488,919</u>	<u>11,488,919</u>
NET ASSETS		<u>11,488,919</u>	<u>11,488,919</u>
CAPITAL AND RESERVES			
Called up share capital	11	1,759,280	1,759,280
Share premium account	12	7,121,719	7,121,719
Revaluation reserve	12	110,507	110,507
Merger reserve	12	1,768,134	1,768,134
Profit and loss account	12	729,279	729,279
EQUITY SHAREHOLDERS' FUNDS	13	<u>11,488,919</u>	<u>11,488,919</u>

These financial statements were approved by the Board of Directors on 12 March 1998.

Signed on behalf of the Board of Directors


M Ellerby
Director

NOTES TO THE ACCOUNTS

Year ended 31 December 1997

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents amounts receivable in the ordinary course of business for services provided after deducting value added tax and arises wholly in the UK. The Directors consider the business of the Company to fall within one class.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Long leasehold property	2%
Fixtures, fittings and equipment	10% to 15%

Investments

Investments in subsidiary companies are stated at cost less provision for any permanent diminution in value.

Taxation

Advance corporation tax is written off to the extent that it is not offset against relevant tax liabilities or its recovery against taxable profits is not anticipated by the end of the following year. Deferred taxation is provided only where there is reasonable probability that a liability will arise in the foreseeable future.

Pension commitments

The Company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The contributions to the scheme are based on a percentage of earnings and are charged to the profit and loss account.

Cash flow statement

The cash flows for the Company are included in the consolidated cash flows of the Group included in the financial statements of Care First Group plc and therefore the Company has taken advantage of the exemption granted in Financial Reporting Statement 1 (Revised 1996) to subsidiary companies and has not prepared a cash flow statement.

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1997	11 month period ended 31 December 1996
	£	£
Directors' emoluments:		
Fees	----	9,773
Salary	----	86,076
Compensation for loss of office	----	140,955
Pension contributions	----	10,607
	----	247,411
	=====	=====
Remuneration of the Chairman and highest paid Director	----	188,720
	=====	=====
Scale of other Directors' remuneration excluding pension contributions:	1997	1996
	No.	No.
£ 0 - £ 5,000	----	9
£ 10,001 - £ 15,000	----	-
£ 35,001 - £ 40,000	----	1
£ 55,001 - £ 60,000	----	-
	=====	=====
	1997	1996
	£	£
Employee costs during the period:		
Wages and salaries	----	288,321
Social security costs	----	35,477
Other pension costs	----	13,434
	----	337,232
	=====	=====
Average number of persons employed	No.	No.
Administration	----	5
	=====	=====

3. EXCEPTIONAL ITEMS

	1997	11 month period ended 31 December 1996
	£	£
Costs incurred in respect of the acquisition by Court Cavendish Group Plc:		
Office closure	----	104,638
Legal and professional costs	----	248,953
Directors' compensation for loss of office	----	140,955
	----	494,546
	=====	=====

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

4. INTEREST RECEIVABLE

	1997	11 month period ended 31 December 1996
	£	£
Bank interest	-----	3,571
	=====	=====

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997	11 month period ended 31 December 1996
	£	£
(Loss) on ordinary activities before taxation is		
after charging:		
Depreciation	----	17,437

Auditors' remuneration for the period was borne by another group company.

6. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	1997	11 month period ended 31 December 1996
	£	£
Group relief receivable	----	147,000
Deferred tax	----	2,303
	=====	=====
	----	149,303

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

7. TANGIBLE FIXED ASSETS

	Long leasehold land and buildings £	Plant and machinery £	Total £
Cost:			
1 January 1997	485,270	21,020	506,290
Transfer to fellow subsidiary	(485,270)	(21,020)	(506,290)
31 December 1997	----	----	----
Accumulated depreciation:			
1 January 1997	19,681	14,717	34,398
Transfer to fellow subsidiary	(19,681)	(14,717)	(34,398)
31 December 1997	----	----	----
Net book value:			
31 December 1997	----	----	----
31 December 1996	465,589	6,303	471,892

8. INVESTMENTS HELD AS FIXED ASSETS

The Company's investment in subsidiary companies is represented as follows:

	£
Net book value as at 1 January 1997	12,483,417
Transferred to fellow subsidiary	(12,483,417)
31 December 1997	-----

On 1 January 1997 the company transferred at book value all of its fixed asset investments to Care First Group plc, its immediate parent company.

9. DEBTORS

	1997 £	1996 £
Amounts due from fellow subsidiary undertakings	11,488,919	147,000
Corporation tax recoverable	----	69,134
Prepayments and accrued income	----	73,958
	11,488,919	290,092

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Bank overdraft	----	1,626
Trade creditors	----	5,637
Amounts owed to fellow subsidiary undertakings	----	1,705,792
Other creditors including taxation and social security	----	877
Accruals and deferred income	----	42,550
	<u>----</u>	<u>1,756,482</u>

11. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised:		
198,735,050 ordinary shares of 1p each	1,987,351	1,987,351
10,624,375 3.75% convertible redeemable preference shares of 70p each	<u>7,437,062</u>	<u>7,437,062</u>
	<u>9,424,413</u>	<u>9,424,413</u>
Allotted and fully paid:		
175,928,057 ordinary shares of 1p each	<u>1,759,280</u>	<u>1,759,280</u>

12. RESERVES

	Share premium £	Revaluation reserve £	Profit and loss account £	Merger reserve £
Balance at 1 January 1997 and 31 December 1997	<u>7,121,719</u>	<u>110,507</u>	<u>729,279</u>	<u>1,768,134</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 1997

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	11 month period ended 31 December 1996 £
(Loss) for the period	-	(596,344)
Receipts from share options exercised	-	47,500
Net (reduction) to shareholders' funds	-	(548,844)
Opening shareholders' funds	11,488,919	12,037,763
Closing shareholders' funds	11,488,919	11,488,919

14. ULTIMATE PARENT COMPANY

The ultimate parent company is The British United Provident Association Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the financial statements of the ultimate parent company are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.