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REPORT OF THE AUDITORS TO THE DIRECTORS OF RICHARD KERR LIMITED

UNDER PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2, 3 and 4, together with the full statutory accounts of the company. The scope of our work for the purpose of this report was limited to confirming the opinion as set out in the following paragraph.

In our opinion the company is entitled to the exemptions as set out in the directors' statement on page 2 and the abbreviated accounts have been properly prepared in accordance with Part III of Schedule 8 to the Companies Act 1985.

On 15 October 1997 we reported to the shareholders on the statutory accounts of the company for the period 1 July 1995 to 31 December 1996 prepared under Section 226 of the Companies Act 1985 as modified by the exemptions provided by Part I of Schedule 8. Our report under Section 235 of the Companies Act 1985 was as follows:

We have audited the accounts on pages 4 to 8.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

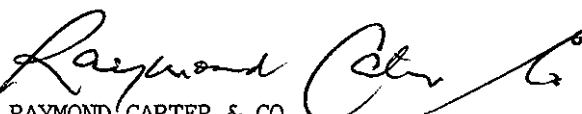
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

  
RAYMOND CARTER & CO  
Chartered Accountants  
and Registered Auditors  
South Croydon  
Surrey

16 October 1997



RICHARD KERR LIMITED

ABBREVIATED BALANCE SHEET AT 31 DECEMBER 1996

	<u>1996</u>	<u>1995</u>
Fixed assets		
Intangible assets	—	—
Tangible assets	12,264	4,372
Investments	—	—
	<u>12,264</u>	<u>4,372</u>
Current assets		
Stocks	23,768	24,758
Debtors	7,304	12,595
Cash at bank and in hand	<u>211,274</u>	<u>7,962</u>
	242,346	45,315
Creditors		
Amounts falling due within one year	<u>98,803</u>	<u>28,822</u>
Net current assets	<u>143,543</u>	<u>16,493</u>
Total assets less current liabilities	155,807	20,865
Creditors		
Amounts falling due after more than one year	758	3,672
Provision for liabilities and charges	—	—
Accruals and deferred income	<u>—</u>	<u>—</u>
	<u>£155,049</u>	<u>£17,193</u>
Capital and reserves		
Called up share capital	250	250
Share premium account	—	—
Revaluation reserve	—	—
Profit and loss account	<u>154,799</u>	<u>16,943</u>
	<u>£155,049</u>	<u>£17,193</u>

In preparing these abbreviated accounts

- We have relied upon the exemptions for individual accounts under Sections 246 and 247 of the Companies Act 1985.
- We have done so on the grounds that the company is entitled to the benefit of those exemptions as a small company.

Approved by the directors on 15 October 1997

  
CHRISTOPHER KERR

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JOAN KERR

Directors

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The notes on page 3 and 4 form part of these abbreviated accounts.

RICHARD KERR LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS AT 31 DECEMBER 1996

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1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Leasehold land and buildings	-	over the lease term
Plant and equipment	-	at 25% on written down value
Motor vehicles	-	at 25% on written down value

Stocks

Stocks are stated at the lower of cost and net realisable value.

2. Share capital

	<u>Authorised</u>	<u>Allotted, called up and fully paid</u>
Ordinary shares of £1 each	£250	£250

There have been no changes during the period.

3. Transactions with directors

Nil

4. Auditors remuneration

£3,500 (1995 £2,600)

## 5. Exceptional item

Following the decision in the High Court which found in favour of Leightons, Opticians, the company made a claim for the repayment of overpaid VAT on sight tests and dispensing fees.

The company was entitled to a repayment of £104,364 plus interest of £44,234 and these amounts have been taken to credit in these accounts.

## 6. Tangible fixed assets

	<u>Land and Buildings</u>	<u>Plant and Equipment</u>	<u>Total</u>
Cost or valuation			
At 1 July 1995	11,115	36,314	47,429
Additions	—	15,250	15,250
Surplus on revaluation	—	—	—
Disposals	—	—	—
At 31 December 1996	11,115	51,564	62,679
Depreciation			
At 1 July 1995	11,114	31,943	43,057
Provided during the period	—	7,358	7,358
Surplus on revaluation	—	—	—
Disposals	—	—	—
At 31 December 1996	11,114	39,301	50,415
Net book value at 31 December 1996	£ 1	£12,263	£12,264
Net book value at 30 June 1995	£ 1	£ 4,371	£ 4,372