

AUDITORS' REPORT TO FOUR COUNTIES FORESTRY LIMITED
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 5 together with the financial statements of Four Counties Forestry Limited prepared under section 226 of the Companies Act 1985 for the year ended 30th June 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.

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

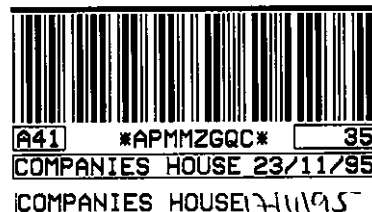
In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemption conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 31st March 1995 and the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with that schedule.

On 11th October 1995 we reported as auditors of Four Counties Forestry Limited to the members on the statutory financial statements prepared under section 226 of the Companies Act 1985 for the year ended 30th June 1995 and our audit report was as follows:

We have audited the financial statements on pages 4 to 11 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.



FOUR COUNTIES FORESTRY LIMITED

AUDITORS REPORT TO FOUR COUNTIES FORESTRY LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

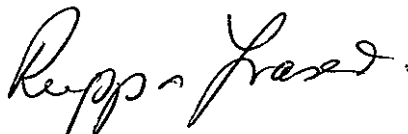
BASIS OF OPINION

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 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 30th June 1995 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



RUPP & FRASER
REGISTERED AUDITOR
AND CHARTERED ACCOUNTANTS
14 DEVON SQUARE
NEWTON ABBOT
DEVON

Date: 13th October 1995

FOUR COUNTIES FORESTRY LIMITED

ABBREVIATED BALANCE SHEET AS AT 30TH JUNE 1995

	<u>Notes</u>	<u>£</u>	<u>1995</u> <u>£</u>
FIXED ASSETS			
Tangible assets	(2)		125,120
			<u>125,120</u>
CURRENT ASSETS			
Stocks		3,805	
Debtors		26,191	
Cash at bank and in hand		553	
		<u>30,549</u>	
CREDITORS - amounts falling due within one year		<u>(94,969)</u>	
NET CURRENT LIABILITIES			<u>(64,420)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			60,700
CREDITORS- amounts falling due after more than one year	(3)		(41,228)
Provision for liabilities and charges			(376)
NET ASSETS			<u>£ 19,096</u>
CAPITAL AND RESERVES			
Called up share capital	(4)		2
Profit and loss account			19,094
SHAREHOLDERS' FUNDS			<u>£ 19,096</u>

In preparing these abbreviated financial statements the directors have taken advantage of the exemptions conferred by Part III of Schedule 8 to the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to the exemptions as a small company.

In preparing the company's annual financial statements the directors have taken advantage of special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to the exemptions as a small company.

.....
S. KILLICK
Director

Approved by the board on 12th October 1995.

The notes on pages 4 to 5 form part of these financial statements.

FOUR COUNTIES FORESTRY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1995

1. ACCOUNTING POLICIES

a) Basis of preparation of financial statements

The financial statements are 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 the grounds that it is a small company.

b) Turnover

This represents the invoiced amounts of goods sold and services provided, net of value added tax.

c) Depreciation of tangible assets

Provision is made for depreciation on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, over their expected useful lives on the following bases:

Freehold Buildings:	2 % on a straight line basis
Plant and Equipment:	15 % on a reducing balance basis
Office Equipment:	15 % on a reducing balance basis
Motor Vehicles:	25 % on a reducing balance basis
Leased Assets	evenly over the period of the lease

e) Stocks

Stocks are valued at the lower of cost and net realisable value, after making an allowance for obsolete and slow moving items. Cost is determined on a first in first out basis. The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads.

f) Deferred Taxation

Deferred taxation is provided using the liability method on all timing differences that are likely to be reversed in the foreseeable future.

g) Leasing and Hire Purchase

Assets obtained under finance leases and hire purchase contracts are capitalised in the financial statements and depreciated in accordance with note 1(c) above.

The interest element of rental obligations is charged to the Profit and Loss Account over the period of the contract and represents a constant proportion of the balance outstanding.

Rentals paid under operating leases are charged to the Profit and Loss Account as incurred.

FOUR COUNTIES FORESTRY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1995- continued

2. FIXED ASSETS

	<u>Tangible Assets</u>
	<u>£</u>
<u>COST</u>	
Additions	168,683
Disposals	(19,097)
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At 30th June 1995	149,586
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<u>DEPRECIATION</u>	
Charge for year	33,057
Disposals	(8,591)
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At 30th June 1995	24,466
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<u>NET BOOK VALUE:</u>	
At 30th June 1995	£ 125,120
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3. CREDITORS

Secured creditors comprise the following:

	<u>1995</u>
	<u>£</u>
Bank loans	13,829
Bank overdraft	7,922
Finance leases and hire purchase contracts	48,602
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	£ 70,353
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4. SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted, called up and fully paid</u>
	<u>£</u>	<u>1995</u>
		<u>£</u>
Ordinary shares of £1 each	100,000	2
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Two shares were issued on incorporation.