

The following reproduces the text of the accountants' report made on the company's annual accounts, from which the abbreviated accounts set out on pages 2 to 5 have been prepared.

ACCOUNTANTS' REPORT TO THE MEMBERS**ON THE UNAUDITED ACCOUNTS OF EAST DORSET TRADING LIMITED****FOR THE YEAR ENDED 31ST DECEMBER 1995**

We report on the unaudited accounts for the year ended 31st December 1995 set out on pages 4 to 10.

Limitation of liability

Our responsibility for this report is only to the company. We accept no liability to any other party.

Respective responsibilities of directors and reporting accountants for the accounts

As described on page 2 the company's directors are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is our responsibility to report to you on the basis set out below.

Basis for our report

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants. We have compared the accounts with the accounting records kept by the company and with the requirements of the Companies Act 1985 and have made such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the limited assurance reported below.

Accountants' report

In our opinion the accounts on pages 4 to 10 are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985 and, having regard only to, and on the basis of, the information contained in those accounting records:

- the accounts have been drawn up in a manner consistent with Section 249C(6) of the Companies Act 1985 so far as applicable to the company, and
- the company satisfied the conditions specified in Section 249A(4) of the Act for exemption from an audit of the accounts for the year and did not, at any time within the year, fall within any of the categories of companies specified in Section 249B(1) as not being entitled to the exemption.

27th June 1996

3 Lorne Park Road
Bournemouth
BH1 1LD

Prince, Croft & Ball

Prince, Croft & Ball
Chartered Accountants
Reporting Accountants



EAST DORSET TRADING LIMITED
ABBREVIATED UNAUDITED BALANCE SHEET
AT 31ST DECEMBER 1995

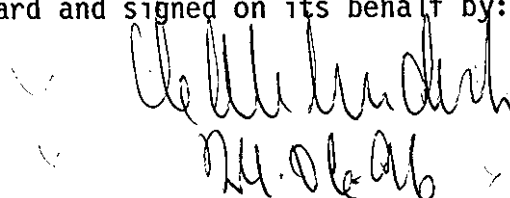
	£	1995 £	1994 £
FIXED ASSETS			
Intangible assets		7,657	11,486
Tangible assets		6,983	4,391
		<u>14,640</u>	<u>15,877</u>
CURRENT ASSETS			
Stocks	2,049		1,369
Debtors	34,905		39,721
Cash at bank and in hand	3,094		2,115
	<u>40,048</u>		<u>43,205</u>
CREDITORS - amounts falling due within one year	20,939		33,461
		<u>19,109</u>	<u>9,744</u>
NET CURRENT ASSETS		<u>33,749</u>	<u>25,621</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>33,749</u>	<u>25,621</u>
CREDITORS - amounts falling due after more than one year		129,000	89,000
Called up share capital		100	100
Profit and loss account		(95,351)	(63,479)
		<u>33,749</u>	<u>25,621</u>

In the directors' opinion the company was entitled under section 249A(2) of the Companies Act 1985 to exemption from the audit of its accounts for the year ended 31st December 1995. No notice from members requiring an audit has been deposited under section 249B(2) of the Companies Act 1985 in relation to its accounts for the financial year.

The directors are responsible for ensuring that the company keeps accounting records which comply with section 221 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each year in accordance with the requirements of section 226 of that Act and which otherwise comply with its requirements, so far as applicable to the company.

We have taken advantage of the exemptions conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 to deliver an abbreviated balance sheet and notes on the grounds that the company qualifies as small under Section 247 of that Act.

Approved by the board and signed on its behalf by:



C.A.V. Lerche-Lerchenberg
 Director

Date

The notes on pages 3 to 5 form part of these abbreviated unaudited accounts.

EAST DORSET TRADING LIMITED
NOTES TO THE ABBREVIATED UNAUDITED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1995

1. ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards and on the basis that the company can continue to operate as a going concern. The directors believe this to be appropriate as (1) the company's major creditors have postponed repayment of their interest free loans until 1st January 1998 at the earliest, (2) the company's forecasts indicate an improvement in financial performance in 1996 and (3) the shareholder has indicated her intention to provide sufficient financial support for the company to continue to trade until at least 1st January 1998.

If the company were unable to continue as a going concern, the accounts would have to be adjusted to write down assets to their recoverable amount, to provide for any additional losses or liabilities that might arise and to reclassify fixed assets and long term creditors as current assets and current liabilities.

b) DEPRECIATION OF INTANGIBLE ASSETS

Goodwill and intellectual property rights are written off evenly over their estimated economic useful lives of 5 years.

c) DEPRECIATION OF TANGIBLE ASSETS

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

Fixtures, fittings and equipment	- 15% per annum reducing balance
Computer equipment	- 33.3% per annum straight line

d) STOCK

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first in, first out basis.

e) DEFERRED TAXATION

Deferred taxation is accounted for using the liability method on all material timing differences to the extent that it is probable that liabilities or assets will crystallise in the foreseeable future. Advance corporation tax is carried forward to the extent that it is expected to be recovered. Timing differences are taxable items, allowances or reliefs which are given effect to in taxation periods different from those in which they have effect in the accounts.

f) TURNOVER

Turnover represents the amounts derived from the provision of goods and services falling within the company's ordinary activities, after deduction of trade discounts and value added tax, and excluding sales of fixed assets.

EAST DORSET TRADING LIMITED
NOTES TO THE ABBREVIATED UNAUDITED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1995

1. ACCOUNTING POLICIES (CONTINUED)

g) CASH FLOW STATEMENTS

As permitted by Financial Reporting Standard No.1 the company has not produced a cash flow statement on the grounds that it has satisfied the conditions exempting it as a small company.

2. INTANGIBLE FIXED ASSETS

	<u>Total</u> £
Cost:	
1st January 1995 and	
31st December 1995	24,362
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Amortisation:	
1st January 1995	12,876
Provision for year	3,829
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31st December 1995	16,705
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Net book value:	
31st December 1995	7,657
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31st December 1994	11,486
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EAST DORSET TRADING LIMITED
NOTES TO THE ABBREVIATED UNAUDITED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1995

3. TANGIBLE FIXED ASSETS

	<u>Total</u> £
Cost:	
1st January 1995	5,604
Additions	4,834
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31st December 1995	10,438
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Depreciation:	
1st January 1995	1,213
Provision for year	2,242
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31st December 1995	3,455
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Net book values:	
31st December 1995	6,983
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31st December 1994	4,391
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4. SHARE CAPITAL

	<u>1995</u> £	<u>1994</u> £
Authorised		
100 Ordinary shares of £1 each	100	100
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Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
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