

REPORT OF THE AUDITORS TO EAST DORSET TRADING LIMITED**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 full accounts of East Dorset Trading Limited for the year ended 31st December 1994.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 of 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 accounts, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those accounts. 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 accounts.

Opinion

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 of that Act in respect of the year ended 31st December 1994 and the abbreviated accounts on pages 3 to 6 have been properly prepared in accordance with that Schedule.

Other information

On 23rd August 1995 we reported, as auditors of East Dorset Trading Limited, to the members on the accounts prepared under Section 226 of the Companies Act 1985 for the year ended 31st December 1994 and our audit report was as follows:-

'We have audited the accounts on pages 5 to 12 which have been prepared under the accounting policies set out on pages 7 and 8.



REPORT OF THE AUDITORS TO EAST DORSET TRADING LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985 (CONTINUED)

Respective responsibilities of directors and auditors

As described on page 3 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 the 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 31st December 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.'

23rd August 1995.

3 Lorne Park Road
Bournemouth
BH1 1LD




Prince, Croft & Ball
Chartered Accountants
Registered Auditor

EAST DORSET TRADING LIMITED
ABBREVIATED BALANCE SHEET
AT 31ST DECEMBER 1994

	£	<u>1994</u>	£	<u>1993</u>
				£
FIXED ASSETS				
Intangible assets			11,486	36,186
Tangible assets			4,391	2,867
Investments			-	100
			<u>15,877</u>	<u>39,153</u>
CURRENT ASSETS				
Stocks	1,369			2,217
Debtors	39,721			21,494
Cash at bank and in hand	2,115			4,487
				<u>28,198</u>
CREDITORS - amounts falling due within one year				
	33,461			<u>128,864</u>
NET CURRENT ASSETS (LIABILITIES)			9,744	(100,666)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>25,621</u>	<u>(61,513)</u>
CREDITORS - amounts falling due after more than one year			89,000	-
CAPITAL AND RESERVES				
Called up share capital	100			100
Profit and loss account - adverse balance	(63,479)			(61,613)
DEFICIENCY OF SHAREHOLDERS' FUNDS			(63,379)	(61,513)
			<u>25,621</u>	<u>(61,513)</u>

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:


 31 July 1995

Director N. Van Wylich

Date

The notes on pages 4 to 6 form part of these abbreviated accounts.

EAST DORSET TRADING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1994

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 the company's major creditors have postponed repayment of their interest free loans until 1st January 1997 at the earliest. Furthermore, the company's forecasts indicate that a profit will be reported in 1995 which can be sustained for the foreseeable future.

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

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 ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1994

1. ACCOUNTING POLICIES (CONTINUED)

g) FOREIGN EXCHANGE

Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising in the ordinary course of business are included in operating profit. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date.

h) 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 1994	45,233
Capital receipts	(20,871)
	<hr/>
31st December 1994	24,362
	<hr/>
Amortisation:	
1st January 1994	9,047
Provision for year	3,829
	<hr/>
31st December 1994	12,876
	<hr/>
Net book value:	
31st December 1994	11,486
	<hr/>
31st December 1993	36,186
	<hr/>

The above cost represents the net amount paid to the receivers appointed to the Tefcote group of companies in order to acquire the rights to the 'Tefcote System', less capital sums subsequently received as a result of acquiring those rights.

EAST DORSET TRADING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1994

3. TANGIBLE FIXED ASSETS

	<u>Total</u> £
Cost:	
1st January 1994	3,368
Additions	2,489
Disposals	(253)
	<u>5,604</u>
31st December 1994	
Depreciation:	
1st January 1994	501
Provision for year	775
Disposals	(63)
	<u>1,213</u>
31st December 1994	
Net book values:	
31st December 1994	<u>4,391</u>
31st December 1993	<u>2,867</u>

4. INVESTMENTS

	<u>1994</u> £	<u>1993</u> £
Investments in subsidiaries:		
Shares at cost	-	100
	<u>-</u>	<u>100</u>
Aggregate amount of capital and reserves at the end of the period	-	100
	<u>-</u>	<u>100</u>

The company's 100% holding in Tefcote Marine Applications Limited, comprising of 100 ordinary shares of £1 each, was transferred at a value of £1 to a director, M. Van Wylich-Muxoll, during the year.

5. SHARE CAPITAL

	<u>1994</u> £	<u>1993</u> £
Authorised		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>