

CHARLES RIVER UK LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1996

REGISTERED NUMBER 950184



CHARLES RIVER UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996

The directors present their annual report and the audited consolidated financial statements of Charles River UK Limited ("the company") and subsidiaries ("the group") for the year ended 31 December 1996.

RESULTS FOR THE YEAR AND DIVIDEND

The group made a profit for the year after taxation of £953,000 (1995: £692,000) which was transferred to group reserves.

The directors do not recommend the payment of a dividend (1995: £nil).

REVIEW OF THE BUSINESS

The principal activity of the company is the breeding and sale of rodent type animals mainly for use in pharmaceutical and medical research.

The company has two trading subsidiaries, Charles River Endosafe Limited and Shamrock (Great Britain) Limited. The principal activity of Charles River Endosafe Limited is the sale of lysate and associated glassware. Shamrock (Great Britain) Limited was acquired on 31 July 1996. Its principal activity is the purchase and sale of non-human primates for research purposes.

A non trading subsidiary, Trekdeal Limited was acquired on 31 July 1996.

The subsidiary Charles River Biotechnical Services Limited did not trade during the year.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were as follows:

HL Foster (USA)
GH Hawkes
AR Smith

At 31 December 1996 HL Foster held 31,436 shares (31 December 1995: 31,436 shares) in the ultimate parent company, Bausch and Lomb Inc.

None of the other directors held any beneficial interest during the year in the shares of any group company.

CHARITABLE DONATIONS

During the year the company contributed £1,147 (1995: £572) to charities.

CHARLES RIVER UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996

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 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the 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 1985. 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.

AUDITORS

Price Waterhouse have indicated their willingness to continue as auditors of the company and a resolution proposing their reappointment will be put forth at the Annual General Meeting.

By Order of the Board



GH Hawkes
Secretary

28 July 1997

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF CHARLES RIVER UK LIMITED

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2 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 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1996 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

28 July 1997

CHARLES RIVER UK LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	Year ended 31 December 1996 £'000	Year ended 31 December 1995 £'000
TURNOVER (Note 1 (9) and 2 (a))		
Continuing operations		
- comparable	5,277	4,486
- acquisitions	<u>1,230</u>	<u>-</u>
	6,507	4,486
Cost of sales (Note 2 (b))	<u>(4,262)</u>	<u>(2,803)</u>
GROSS PROFIT	2,245	1,683
Distribution costs	(93)	(48)
Administrative expenses	<u>(874)</u>	<u>(920)</u>
OPERATING PROFIT		
Continuing operations		
- comparable	1,102	715
- acquisitions	<u>176</u>	<u>-</u>
	1,278	715
Profit on disposal of property in continuing operations	<u>-</u>	<u>77</u>
PROFIT BEFORE INTEREST AND TAXATION	1,278	792
Interest receivable and similar income (Note 3)	<u>100</u>	<u>150</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 4)	1,378	942
Taxation (Note 6)	<u>(425)</u>	<u>(250)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED TO RESERVES (Note 7 and 18)	<u>953</u>	<u>692</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than those shown in the above profit and loss account.

The results as disclosed in the profit and loss account are not materially different from the results as calculated on an unmodified historical cost basis.

CHARLES RIVER UK LIMITED

BALANCE SHEETS AS AT 31 DECEMBER 1996 AND 31 DECEMBER 1995

	1996 £'000	Group 1995 £'000	1996 £'000	Company 1995 £'000
FIXED ASSETS				
Tangible assets (Note 8)	2,514	2,300	2,044	2,140
Investments (Note 9)	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>
	2,514	2,300	2,144	2,140
CURRENT ASSETS				
Stocks (Note 10)	992	920	671	700
Debtors (Note 11)	1,539	718	1,889	889
Cash at bank and in hand	<u>2,394</u>	<u>1,603</u>	<u>1,852</u>	<u>1,466</u>
	4,925	3,241	4,412	3,055
CREDITORS - Amounts falling due within one year (Note 12)	<u>(2,137)</u>	<u>(1,388)</u>	<u>(1,006)</u>	<u>(790)</u>
NET CURRENT ASSETS	<u>2,788</u>	<u>1,853</u>	<u>3,406</u>	<u>2,265</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	5,302	4,153	5,550	4,405
PROVISIONS FOR LIABILITIES AND CHARGES (Note 13)	<u>(370)</u>	<u>(528)</u>	<u>(243)</u>	<u>(243)</u>
	<u>4,932</u>	<u>3,625</u>	<u>5,307</u>	<u>4,162</u>
CAPITAL AND RESERVES				
Called up share capital (Note 14)	89	89	89	89
Goodwill elimination reserve (Note 18)	(415)	(415)	-	-
Capital reserve	354	-	-	-
Profit and loss account (Note 18)	<u>4,904</u>	<u>3,951</u>	<u>5,218</u>	<u>4,073</u>
	<u>4,932</u>	<u>3,625</u>	<u>5,307</u>	<u>4,162</u>

APPROVED BY THE BOARD ON
28 July 1997

A R Smith
DIRECTOR



The accompanying notes to the accounts form an integral part of this balance sheet.

CHARLES RIVER UK LIMITED

**GROUP CASH FLOW STATEMENT FOR THE YEAR
ENDED 31 DECEMBER 1996**

	<u>1996</u> £'000	<u>1995</u> £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES (Note 19 (a))	1,057	757
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Interest received	<u>100</u>	<u>150</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>100</u>	<u>150</u>
	1,157	907
TAXATION		
UK Corporation tax paid	(319)	(269)
INVESTMENT ACTIVITIES		
Purchase of tangible fixed assets	(257)	(641)
Sale of tangible fixed assets	8	80
Payments received in respect of promissory note	67	568
Acquisitions (Note 19c)	<u>135</u>	<u>-</u>
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES	<u>(47)</u>	<u>7</u>
NET CASH INFLOW BEFORE FINANCING	791	645
FINANCING	<u>-</u>	<u>-</u>
INCREASE IN CASH AND CASH EQUIVALENTS (Note 19(b))	<u><u>791</u></u>	<u><u>645</u></u>

CHARLES RIVER UK LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996

1 ACCOUNTING POLICIES

(1) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Basis of consolidation

The consolidated financial statements comprise the financial accounts of the company and its subsidiary undertakings at 31 December 1996.

(3) Goodwill

Purchased goodwill is written off against reserves in the year of acquisition.

(4) Tangible fixed assets

Fixed assets are shown at original historical cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of fixed assets on a straight-line basis over their estimated useful lives as follows:

Freehold buildings and improvements	10 - 30 years
Plant and machinery	4 - 15 years
Motor vehicles	2 - 5 years

(5) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and an appropriate proportion of overheads.

Net realisable value represents the estimated selling price, less selling costs.

(6) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation, which arises primarily on timing differences between capital allowances and book depreciation, is provided for in full at the rate of corporation tax ruling at the dates at which the timing differences are expected to crystallise (the liability method).

(7) Foreign currency

Normal trading activities denominated in foreign currencies are recorded in sterling at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are retranslated using the closing rate. Any gain or loss arising from a movement in rates is reported as an exchange gain or loss in the profit and loss account.

CHARLES RIVER UK LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(8) Pension costs

The company operates a defined contribution pension scheme. The charge against profit is the amount of contribution payable to the pension scheme in respect of the accounting period.

Shamrock (Great Britain) Limited operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

(9) Turnover

Turnover represents invoiced sales net of Value Added Tax, discounts and credit notes. The billing of freight is included separately as other operating income and is offset against administrative expenses.

2 SEGMENT INFORMATION

- (a) Turnover on continuing operations relates primarily to the breeding and sale of rodent type animals and the sale of lysate and associated glassware. Turnover on acquisitions relates to the sale of non human primates for research purposes. Turnover is split by geographic region as follows:

	Year ended 31 December 1996 £'000	Year ended 31 December 1995 £'000
United Kingdom	5,286	3,808
Europe and rest of the world	<u>1,221</u>	<u>678</u>
	<u>6,507</u>	<u>4,486</u>

Continuing operations refers to the activities of Charles River UK Limited and Charles River Endosafe Limited. Acquisitions refers to the activities of Shamrock (Great Britain) Limited.

- (b) Cost of sales and operating expenses can be analysed as follows:

	Year ended 31 December 1996			Year ended 31 December 1995
	Continuing £'000	Acquisitions £'000	Total £'000	Total £'000
Cost of sales	3,359	903	4,262	2,803
Gross profit	1,918	327	2,245	1,683
Net operating expenses:				
Distribution costs	65	28	93	48
Administrative expenses	<u>660</u>	<u>214</u>	<u>874</u>	<u>920</u>
	<u>725</u>	<u>242</u>	<u>967</u>	<u>968</u>

All operations are based in the United Kingdom.

CHARLES RIVER UK LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 1996 £'000	Year ended 31 December 1995 £'000
Bank interest receivable	83	58
Interest receivable on promissory note (pre-acquisition)	<u>17</u>	<u>92</u>
	<u>100</u>	<u>150</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	Year ended 31 December 1996 £'000	Year ended 31 December 1995 £'000
Depreciation arising on owned assets	350	215
Auditors' remuneration including expenses	27	20
Staff costs (Note 5)	1,871	1,424
Release of provision held against promissory note (Note 11)	<u>523</u>	<u>94</u>

Auditors' remuneration above includes £10,000 in respect of the parent company.

5 STAFF COSTS

	Year ended 31 December 1996 £'000	Year ended 31 December 1995 £'000
Wages and salaries	1,588	1,212
Social security costs	145	99
Other pension costs	<u>138</u>	<u>113</u>
	<u>1,871</u>	<u>1,424</u>

The average weekly number of persons employed by the Company and its subsidiaries during the year were as follows:

	Year ended 31 December 1996 £'000	Year ended 31 December 1995 £'000
Production	71	59
Distribution, sales and administration	<u>31</u>	<u>29</u>
	<u>102</u>	<u>88</u>

CHARLES RIVER UK LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

5 STAFF COSTS (CONTINUED)

Directors' remuneration:

The employee costs shown above include the following remuneration in respect of directors of the Company. No directors received any emoluments through the subsidiary undertakings.

	Year ended 31 December 1996 £'000	Year ended 31 December 1995 £'000
Directors' emoluments (excluding pension contributions)	146	147
Pension contributions	<u>45</u>	<u>33</u>
Total emoluments	<u>191</u>	<u>180</u>
Emoluments of the highest paid director (excluding pension contributions)	<u>83</u>	<u>85</u>

The Chairman received no emoluments for services during the year (1995 : £nil).

The number of other directors receiving emoluments (excluding pension contributions) fell within the following bands:

	Year ended 31 December 1996 £'000	Year ended 31 December 1995 £'000
£60,001 - £65,000	<u>1</u>	<u>1</u>

6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and comprises:

	Year ended 31 December 1996 £'000	Year ended 31 December 1995 £'000
Corporation tax at 33% (1995 - 33%)	425	242
Deferred taxation	<u>-</u>	<u>8</u>
	<u>425</u>	<u>250</u>

7 PROFIT ATTRIBUTABLE TO CHARLES RIVER UK LIMITED

As permitted by Section 230 (1) (b) of the Companies Act 1985 the company has not presented its own profit and loss account. Of the profit attributable to the members of Charles River UK Limited and its subsidiaries, a profit of £1,145,000 (1995: £814,000) is dealt with in the accounts of the parent company.

CHARLES RIVER UK LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

8

TANGIBLE FIXED ASSETS

GROUP

	Freehold land and buildings £'000	Leasehold improvements £'000	Motor vehicles £'000	Plant and machinery £'000	Total £'000
Cost					
As at 31 December 1995	2,155	14	108	2,369	4,646
Additions	114	-	28	115	257
Disposals	-	-	(84)	(28)	(112)
Acquisitions	<u>278</u>	<u>-</u>	<u>27</u>	<u>356</u>	<u>661</u>
As at 31 December 1996	<u>2,547</u>	<u>14</u>	<u>79</u>	<u>2,812</u>	<u>5,452</u>
Accumulated depreciation					
As at 31 December 1995	760	2	91	1,493	2,346
Charge for year	90	12	8	240	350
Disposals	-	-	(76)	(28)	(104)
Acquisitions	<u>97</u>	<u>-</u>	<u>17</u>	<u>232</u>	<u>346</u>
As at 31 December 1996	<u>947</u>	<u>14</u>	<u>40</u>	<u>1,937</u>	<u>2,938</u>
Net book value					
As at 31 December 1996	<u>1,600</u>	<u>-</u>	<u>39</u>	<u>875</u>	<u>2,514</u>
As at 31 December 1995	<u>1,395</u>	<u>12</u>	<u>17</u>	<u>876</u>	<u>2,300</u>

COMPANY

	Freehold land and buildings £'000	Motor vehicles £'000	Plant and machinery £'000	Total £'000
Cost				
As at 31 December 1995	2,155	93	2,216	4,464
Additions	22	-	105	127
Disposals	<u>-</u>	<u>(68)</u>	<u>(27)</u>	<u>(95)</u>
As at 31 December 1996	<u>2,177</u>	<u>25</u>	<u>2,294</u>	<u>4,496</u>
Accumulated depreciation				
As at 31 December 1995	760	89	1,475	2,324
Charge for year	85	4	134	223
Disposals	<u>-</u>	<u>(68)</u>	<u>(27)</u>	<u>(95)</u>
As at 31 December 1996	<u>845</u>	<u>25</u>	<u>1,582</u>	<u>2,452</u>
Net book value				
As at 31 December 1996	<u>1,332</u>	<u>-</u>	<u>712</u>	<u>2,044</u>
As at 31 December 1995	<u>1,395</u>	<u>4</u>	<u>741</u>	<u>2,140</u>

CHARLES RIVER UK LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

9 INVESTMENTS

Charles River UK Limited owns 100% of the ordinary share capital of the following subsidiary undertakings. The companies are registered in England and their principal activities are carried out in the country of registration.

Principal activities

Shamrock (Great Britain) Limited	Trading in sub-human primates
Charles River Endosafe Limited	Sale of lysate and associated glassware
Charles River Biotechnical Services Limited	Non-trading
Trekdeal Limited	Non-trading

Shamrock (Great Britain) Limited and Trekdeal Limited were acquired during the year (Note 20).

The cost of shares held in Charles River Endosafe Limited is £100,000 (31 December 1995: £1,000). On 29 February 1996 99,000 shares were allotted to Charles River UK Limited for a consideration of £1 each.

The cost of investment in the other group companies above is £nil.

10 STOCKS

	GROUP		COMPANY	
	31 December 1996 £'000	31 December 1995 £'000	31 December 1996 £'000	31 December 1995 £'000
Raw materials and consumables	410	449	199	230
Livestock	<u>582</u>	<u>471</u>	<u>472</u>	<u>470</u>
	<u>992</u>	<u>920</u>	<u>671</u>	<u>700</u>

11 DEBTORS

	GROUP		COMPANY	
	31 December 1996 £'000	31 December 1995 £'000	31 December 1996 £'000	31 December 1995 £'000
Trade debtors	1,287	518	438	384
Due from group	90	33	1,350	414
Other debtors	40	40	-	-
Prepayments and income	122	85	101	49
Promissory note (see below)	<u>-</u>	<u>42</u>	<u>-</u>	<u>42</u>
	<u>1,539</u>	<u>718</u>	<u>1,889</u>	<u>889</u>

Amounts due from group undertakings at 31 December 1996 include £497,500 in respect of the promissory note receivable from Shamrock (Great Britain) Limited.

A provision of £522,500 was retained against this receivable of £564,500 at 31 December 1995. This amount has been released during the year (Note 4). The promissory note was issued to the company in 1994 as evidence of a pre-existing debt due to the company and has now been repaid (Note 21).

CHARLES RIVER UK LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

12 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	GROUP		COMPANY	
	31 December 1996 £'000	31 December 1995 £'000	31 December 1996 £'000	31 December 1995 £'000
Trade creditors	418	187	111	120
Amounts owed to group undertakings	387	431	96	49
UK corporation tax payable	577	283	425	283
VAT payable	134	75	95	75
Taxation and social security	40	26	29	20
Accruals and deferred income	423	257	250	243
Deferred consideration	<u>158</u>	<u>129</u>	<u>-</u>	<u>-</u>
	<u>2,137</u>	<u>1,388</u>	<u>1,006</u>	<u>790</u>

All creditors are unsecured repayable otherwise than by instalments within five years.

The deferred consideration is in connection with the purchase of assets from Atlas Bioscan Limited by Charles River Endosafe Limited in the prior year.

13 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation has been provided in full and is attributable to:

	GROUP		COMPANY	
	31 December 1996 £'000	31 December 1995 £'000	31 December 1996 £'000	31 December 1995 £'000
Excess of capital allowances over book depreciation of fixed assets	<u>243</u>	<u>243</u>	<u>243</u>	<u>243</u>

£127,000 (1995: £285,000) has been provided in Charles River Endosafe Limited reflecting further deferred consideration payable in connection with the prior year acquisition of assets from Atlas Bioscan Limited. This is payable in May 1998.

14 SHARE CAPITAL

	Authorised		Allotted called up and fully paid	
	31 December 1996 £'000	31 December 1995 £'000	31 December 1996 £'000	31 December 1995 £'000
Ordinary shares of £1 each	<u>90</u>	<u>90</u>	<u>89</u>	<u>89</u>

CHARLES RIVER UK LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

15 PENSION SCHEME

The group operates two separate pension schemes:

Charles River UK Limited

The company operates a defined contribution pension scheme to which contributions are made based on an agreed proportion of scheme members' total earnings. The pension cost charge for the period was £128,000 (1995: £113,000).

Shamrock (Great Britain) Limited

Shamrock (Great Britain) Limited operates a pension scheme which provides benefits based on final pensionable pay. The assets are held separately from those of the company, being invested in a Managed Fund Policy issued by Commercial Union Pensions.

The latest actuarial valuation was at 1 July 1995, using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the return on investments, rates of increase in salary and the cost of purchasing pension annuities. It was assumed at 1 July 1995 that the long term investment returns would be 8% per annum, that salary increases would be 6.5% per annum and that pension annuities would be purchased on the basis of 8% interest.

The contributions to the scheme are determined by the qualified actuary and charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives within the company. The total pension cost for the year was £10,000 (1995: £39,000).

The market value of the assets of the scheme at the valuation date was £546,000. The actual value of these assets was 127% of the actuarial value of the accrued liabilities.

16 CAPITAL COMMITMENTS AND GUARANTEES

The group has given guarantees to HM Custom & Excise amounting to £120,000 (31 December 1995: £60,000).

17 COMMITMENTS UNDER OPERATING LEASES FOR FINANCIAL YEAR TO 31 DECEMBER 1996

	31 December 1996 £'000	31 December 1995 £'000
Lease expiring		
- within one year	2	5
- between one and five years	<u>173</u>	<u>107</u>
	<u>175</u>	<u>112</u>

CHARLES RIVER UK LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

18 MOVEMENT IN SHAREHOLDERS FUNDS

GROUP	Share capital £'000	Goodwill elimination reserve £'000	Capital reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 1996	89	(415)	-	3,951	3,625
Capital reserve arising on acquisition during the year	-	-	354	-	354
Retained profit for the year	-	-	-	953	953
At 31 December 1996	<u>89</u>	<u>(415)</u>	<u>354</u>	<u>4,904</u>	<u>4,932</u>
COMPANY					
At 1 January 1996	89	-	-	4,073	4,162
Retained profit for the year	-	-	-	1,145	1,145
At 31 December 1996	<u>89</u>	<u>-</u>	<u>-</u>	<u>5,218</u>	<u>5,307</u>

The capital reserve relates to the acquisition of the entire share capital of Shamrock (Great Britain) Limited and Trekdeal Limited (Note 20).

19 (a) NET CASH INFLOW FROM OPERATING ACTIVITIES

	1996 £'000	1995 £'000
Operating profit	1,278	715
Depreciation charge	350	215
Profit on disposal of fixed assets	(3)	-
Decrease/(Increase) in stocks	152	(223)
(Increase) in debtors	(556)	(147)
(Decrease)/Increase in creditors	<u>(164)</u>	<u>197</u>
Net cash inflow from operating activities	<u>1,057</u>	<u>757</u>

(b) Analysis of movements in cash and cash equivalents

	1996 £'000	1995 £'000	Movement £'000
Cash at bank and in hand	<u>2,394</u>	<u>1,603</u>	<u>791</u>

(c) Analysis of the net inflow of cash and cash equivalents in respect of the purchase of subsidiary undertakings.

	1996 £'000
Current year acquisitions:	
Cash consideration	-
Cash acquired	264
Deferred payment in respect of prior year acquisition	<u>(129)</u>
	<u>135</u>

CHARLES RIVER UK LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

20 ACQUISITIONS

On 31 July 1996 Charles River UK Limited acquired the entire share capital of Shamrock (Great Britain) Limited and Trekdeal Limited. The entire purchase consideration in respect of these acquisitions was borne by Charles River Laboratories Inc, Charles River UK Limited's immediate parent undertaking. Net assets acquired were £354,000 and this amount has been credited to a capital reserve. No fair value adjustments have been made.

Net assets acquired are analysed as follows:

	£'000
Fixed assets	315
Stocks	224
Debtors	665
Cash at bank and in hand	264
Creditors due within one year	(750)
Long term liabilities	<u>(364)</u>
	<u>354</u>

21 POST BALANCE SHEET EVENTS

On 16 April 1997 Shamrock (Great Britain) Limited repaid in full the promissory note balance owed to Charles River UK Limited of £497,500 (Note 11).

On 17 April 1997 a further 497,500 ordinary shares in Shamrock (Great Britain) Limited were allotted to Charles River UK Limited for consideration of £1 each.

22 RELATED PARTIES

The company is a subsidiary of Charles River Laboratories Inc, a company incorporated in the USA.

Charles River UK Limited is the smallest group of which the company is a member and for which group financial statements are prepared. The ultimate parent company is Bausch and Lomb Inc, a company incorporated in the USA. Bausch and Lomb Inc is the largest group of which the company is a member and for which group financial statements are prepared. Copies of the respective group financial statements can be obtained from

Bausch and Lomb Inc.
One Lincoln First Square
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