

AUDITOR'S REPORT TO PEAKFAST LIMITED
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985.

I have examined the abbreviated accounts on pages 3 to 4 together with the financial statements of Peakfast Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 March 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 my 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

I have carried out the procedures I 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 my 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 forming my opinion, I have considered the adequacy of the disclosures made in the financial statements concerning the inherent uncertainty as to the continuation and renewal of the company's bank overdraft facility. Should the bank overdraft facility not be renewed the company may not be able to continue in operational existence. In such circumstances the use of the going concern basis of preparation of the financial statements would not be appropriate. As a consequence, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities which might arise, and to reclassify fixed assets and long-term liabilities as current assets and liabilities. It is not possible to quantify these potential effects. Details of the circumstances relating to this inherent uncertainty are described in note 1. My opinion is not qualified in this respect.

In my 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 to that Act, in respect of the year ended 31 March 1995, and the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with that Schedule.

Other information

On 29 January 1996 I reported, as auditor of Peakfast Limited, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31 March 1995 and my audit report was as follows:

"I have audited the financial statements on pages 3 to 5 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditor

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of opinion

I conducted my 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.



PEAKFAST LIMITED
AUDITOR'S REPORT (CONTINUED)
YEAR ENDED 31 MARCH 1995

Basis of opinion (continued)

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.


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B. A Cawsey FCA
Chartered Accountant and Registered Auditor

Heronmead
Neston Road
Ness
South Wirral
L64 4AP

29 January 1996


PEAKFAST LIMITED
BALANCE SHEET
AS AT 31 MARCH 1995

	NOTES	1995 £	1995 £	1994 £	1994 £
CURRENT ASSETS					
Stock		654,331		654,331	
Debtors		1,732		1,732	
Cash at bank and in hand		4		4	
		<u>656,067</u>		<u>656,067</u>	
CREDITORS: amounts falling due within one year					
Bank loans and overdraft (secured)		552,085		552,085	
Trade creditors and accruals		19,105		19,105	
		<u>571,190</u>		<u>571,190</u>	
NET CURRENT ASSETS			84,877		84,877
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£84,877</u>		<u>£84,877</u>
CREDITORS: amounts falling due after one year					
Accruals			76,556		76,556
Directors loan account			11,861		11,861
CAPITAL AND RESERVES					
Called up share capital	2		100		100
Profit and loss account			(3,640)		(3,640)
			<u>£84,877</u>		<u>£84,877</u>

The directors have taken advantage of the exemptions conferred by Section A of 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 those exemptions as a small company.

In the preparation of the company's annual accounts, the directors have taken advantage of special exemptions applicable to small companies and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

Signed on behalf of
the board of directors


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Approved by the board: 29 January 1996

PEAKFAST LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 MARCH 1995

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1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention on the basis that the business is a going concern. This assumes the continued support of the directors and the company's bankers.

Turnover

Turnover represents net invoiced sale of goods, excluding VAT.

Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

2. CALLED UP SHARE CAPITAL

	1995	1994
Authorised		
100 ordinary 'A' shares of £1 each	100	100
999,900 ordinary 'B' shares of £1 each	999,900	999,900
	<u>£1,000,000</u>	<u>£1,000,000</u>
Allotted, called up and fully paid		
100 ordinary 'A' shares of £1 each	<u>£100</u>	<u>£100</u>

3 POST BALANCE SHEET EVENT

During October 1995 the directors and a third party offered to purchase the Bank's debt for £300,000. This offer has been accepted and the transaction is currently awaiting to be finalised.