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Report of the auditors to the directors of Ryearech Limited under paragraph 24 of Schedule 8 to the Companies Act 1985

We have examined the abbreviated financial statements on pages 2 to 4 together with the annual financial statements of Ryearech Limited for the year ended 30 June 1996. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the director's statement on page 2 and that the abbreviated financial statements have been properly prepared from the annual financial statements.

In our opinion the company is entitled to the exemptions conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 and the abbreviated financial statements have been properly prepared in accordance with that Schedule.

We reported as auditors of Ryearech Limited to the members on 24 April 1997 on the company's annual financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 30 June 1996, and our report was as follows:

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

As described on page 3 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 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 which we 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 at 30 June 1996 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.

Coopers & Lybrand



Chartered Accountants and Registered Auditors
Plymouth

24 April

1997



**Balance sheet
at 30 June 1996**

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets		<u>19,539</u>	<u>17,420</u>
Current assets			
Stocks and work in progress		341,710	191,903
Debtors (all due within one year)		48,294	30,003
Cash at bank and in hand		<u>48,731</u>	<u>47,762</u>
		438,735	269,668
Creditors: amounts falling due within one year		<u>338,725</u>	<u>190,299</u>
Net current assets		<u>100,010</u>	<u>79,369</u>
Total assets less current liabilities		<u>119,549</u>	<u>96,789</u>
Capital and reserves			
Called up share capital	2	100	100
Profit and loss account		<u>119,449</u>	<u>96,689</u>
		<u>119,549</u>	<u>96,789</u>

Advantage has been taken of the exemptions for small companies conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 on the grounds that, in the director's opinion, as it meets the conditions, the company is entitled to benefit from the exemptions as a small company.

In the preparation of the company's annual accounts, advantage has been taken of special exemptions applicable to small companies conferred by Part 1 of Schedule 8 to the Companies Act 1985, because, in the director's opinion, as it meets the conditions, the company is entitled to these exemptions as a small company.

Approved by the board on 22 April 1997.



P Creaven

Notes to the financial statements for the year ended 30 June 1996

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a reducing balance basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Motor vehicles	25
Fixtures and fittings	10
Plant and equipment	10

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Turnover on short term contracts is recognised once the contract is complete.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pensions

The company operates defined contribution schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge includes contributions payable by the company to the funds of £36,629. No amounts were outstanding at 30 June 1996.

2 Called up share capital

	1996 £	1995 £
Authorised		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

3 Directors' Loans

The balances during the period were as follows:

	P C Creaven £	A Mitchel £
At 1 July 1995	10,000	Nil
Highest overdrawn balance during the year	10,000	3,500
At 30 June 1996	10,000	3,500
	<u> </u>	<u> </u>