

REPORT OF THE AUDITORS TO THE DIRECTORS OF
CATERPAC DISPOSABLES LIMITED
FOR THE YEAR ENDED 31ST OCTOBER 1995
PURSUANT TO PARAGRAPH 8, SCHEDULE 8 OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on Pages 2 to 5 together with the full financial statements of the company. The scope of our work for the purpose of this report was limited to confirming that the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Schedule 8 of that Act, and that the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the company is entitled to the exemptions as set out in the director's statement on page 2 and the abbreviated accounts have been properly prepared in accordance with Part 1 of Schedule 8 of the Companies Act 1985.

On 4th April 1996 we reported to the members on the full statutory accounts of CATERPAC DISPOSABLES LIMITED prepared under Section 226 of the Companies Act 1985 for the year ended 31st October 1995. Our report under Section 235 of the Companies Act 1985 was as follows:

AUDITORS REPORT TO THE MEMBERS OF CATERPAC DISPOSABLES LIMITED

We have audited the financial statements on pages 3 to 10 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described in the Directors report the Directors are responsible for the preparation of the 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.

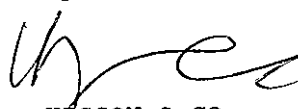
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 31st October 1995 and of its Profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

Dated: 4th April 1996

White House
Wollaton Street
Nottingham


HIGGS & CO.
CHARTERED ACCOUNTANTS AND
REGISTERED AUDITORS

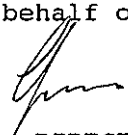


CATERPAC DISPOSABLES LIMITED
ABBREVIATED BALANCE SHEET AS AT 31ST OCTOBER 1995

	<u>1995</u> £	<u>1994</u> £
<u>FIXED ASSETS</u>		
Tangible Assets	73,635	78,455
<u>CURRENT ASSETS</u>		
Stock	77,767	66,702
Debtors	52,522	53,924
Cash at Bank and in Hand	54	135
	<hr/> 130,343	<hr/> 120,761
<u>CREDITORS</u>		
Amounts due within one year	<hr/> 114,273	<hr/> 130,266
<u>NET CURRENT ASSETS/(LIABILITIES)</u>	<hr/> 16,070	<hr/> (9,505)
TOTAL ASSETS LESS CURRENT LIABILITIES	<hr/> <hr/> £ 89,705	<hr/> <hr/> £ 68,950
<u>EQUITY SHARE CAPITAL AND RESERVES</u>		
Share Capital	10,000	10,000
Profit and Loss Account	79,705	58,950
	<hr/> £ 89,705	<hr/> £ 68,950

The Directors have taken advantage of the exemptions conferred by Sections 247-249 and Schedule 8 of 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.

Signed on behalf of the board of directors

 G M Dyer - DIRECTOR

Approved by the board on 4th April 1996

CATERPAC DISPOSABLES LIMITEDNOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31ST OCTOBER 19951. Accounting Policies

There have been no major changes in accounting policies during the year.

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention (as modified by the revaluation of certain fixed assets).

The Company has taken advantage of the exemption provided by Financial Reporting Standard 1 and has not prepared a Cash Flow Statement on the grounds that it is a small company.

Turnover

Turnover represents sales to outside customers at invoiced amount, less value added tax.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, over their expected useful lives. It is calculated at the following rates and bases:

Freehold Buildings	2% Straight Line
Fixtures, Fittings and Equipment	20% Reducing Balance
Motor Vehicles	25% Reducing Balance
Vending Machines	25% Reducing Balance

Stocks and Work in Progress

Stocks and Work in Progress are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis

Deferred Taxation

No provision is made for deferred Taxation in respect of material timing differences arising between the treatment of depreciation for taxation and accounting purposes, unless in the opinion of the Directors there is a probability that a liability or asset will crystallise in the foreseeable future.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised at the appropriate value at date of inception of each lease or contract.

The assets are depreciated over their expected useful lives.

The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

Payments made under operating leases are charged to the profit and loss account as they occur.

Pensions

The company operates a defined contribution pension scheme.

Contributions payable for the year are charged in the profit and loss account.

2. Fixed AssetsTangible Fixed AssetsCOST

£

At 1st November 1994	129,678
Additions in Year	1,184
Disposals in Year	(1,250)
At 31st October 1995	<u>129,612</u>

DEPRECIATION

At 1st November 1994	51,223
Write Off On Disposal	(312)
Charge for Year	<u>5,066</u>
At 31st October 1995	<u>55,977</u>

NET BOOK VALUE

At 31st October 1995	<u>73,635</u>
At 31st October 1994	<u>78,455</u>

3. Share Capital

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
<u>Ordinary Shares</u>		
Authorised	<u>10,000</u>	<u>10,000</u>
Allotted, Issued and Fully Paid	<u>10,000</u>	<u>10,000</u>

4. Creditors

Creditors include the following:

Amounts due within 1 Year

Bank Overdraft	21,526	30,293
Bank Loan	-	7,005
	<u>21,256</u>	<u>37,298</u>

The security for the borrowing is:

- 1) A mortgage on freehold property at 7 Warren Street, dated 13,1,84.
- 2) A mortgage on freehold property at 1108 London Road, dated 13,1,84.
- 3) A mortgage on freehold property at 1118 London Road, dated 26,8,85.
- 4) A joint and several guarantee for £10,000 given by G M and Mrs J M Dyer, dated 29,7,94.
- 5) A letter of set off covering the Business Call Account, dated 11,1,84.