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BAXERS DOZEN INNS LIMITED

SPECIAL AUDIT REPORT IN COMPLIANCE

WITH SCHEDULE 8, PARAGRAPH 10 OF THE COMPANIES ACT 1985

FOR THE YEAR ENDED 31ST DECEMBER 1986

The accounts set out on pages 1 to 3 have been prepared on the basis of the modifications available to small companies under Schedule 8 of the Companies Act 1985.

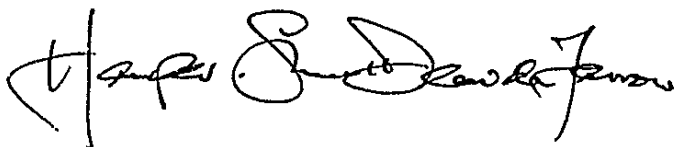
In our opinion, the company is entitled to the modifications available to a small company for the year ended 31st December 1986 and the accounts have been properly prepared in accordance with Schedule 8 of the Companies Act 1985.

We reproduce below our audit report to the members of the company on the full accounts (not appended hereto) for the year ended 31st December 1986.

We have audited the accounts set out on pages 3 to 10 in accordance with approved auditing standards.

In common with many businesses of similar size and organisation the company's system of control is dependent upon the close involvement of the Directors (who are major shareholders). Where independent confirmation of the completeness of the accounting records was therefore not available we have accepted assurances from the Directors that all the company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion, the accounts which have been prepared under the historical cost convention give a true and fair view of the state of the company's affairs at 31st December 1986 and of the result and source and application of funds for the year then ended and comply with the Companies Act 1985.



Chartered Accountants
7, The Close, Norwich

16th March 1987

BAKERS DOZEN INNS LIMITED

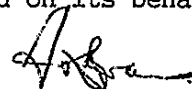
BALANCE SHEET

31ST DECEMBER 1986

	£	£
<u>Fixed Assets</u>		
Tangible Assets		75,353
<u>Current Assets</u>		
Stocks	25,823	
Debtors	6,113	
Cash at Bank and in Hand	14,254	
	<u>46,190</u>	
<u>Creditors</u> (Amounts falling due within one year)	<u>110,564</u>	
<u>Net Current Liabilities</u>		<u>(64,374)</u>
<u>Total Assets less Current Liabilities</u>		<u>10,979</u>
<u>Capital and Reserves</u>		
Share Capital (note 2)		13
Profit and Loss Account		<u>10,966</u>
		<u>10,979</u>

We have relied on the exemptions for individual accounts available under the Companies Act 1985 and have done so on the basis that the company is entitled to the benefit of those exemptions as a small company.

Approved by the Board on 16th March 1987
and signed on its behalf by:


D. Baker

X D. BAKER)
 Directors
X MRS. J. BAKER)

BAKERS DOZEN INNS LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1986

1. Statement of Accounting Policies

a) Basis of Accounts

The accounts for the year have been prepared under the historical cost convention.

b) Turnover

Turnover represents sales for the year net of returns and excludes taxes levied on sales.

c) Fixed Assets

Depreciation is charged in the accounts on the net cost of assets at the rates set out below, which are calculated to write off assets over their expected useful lives.

Office Conversion - 20% on cost
Fixtures, Fittings, Plant and Equipment - 20% on cost
Motor Vehicles - 25% on reducing balance

d) Stocks

Stock is valued at the lower of cost and net realisable value.

2. Share Capital

Authorised: 100,000 Ordinary Shares of £1 each

£
100,000

Issued and Fully Paid: 13 Ordinary Shares of £1 each

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