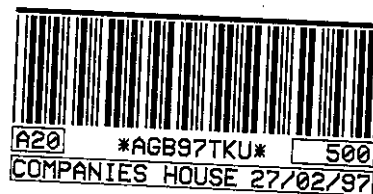


VALES COMMUNITY BUSINESS LIMITED

ABBREVIATED FINANCIAL ACCOUNTS

FOR THE YEAR ENDED 30th APRIL 1996

COMPANY REGISTRATION NUMBER 2491685



AUDITORS REPORT TO THE DIRECTORS OF

VALES COMMUNITY BUSINESS LIMITED **FOR THE YEAR ENDED 30 APRIL 1996**

In our opinion, the Directors are entitled under Sections 246 to 249 of the Companies Act 1985 to deliver abbreviated accounts in respect of the year ended 30 April 1996, and the abbreviated accounts have been properly prepared in accordance with Schedule 8 of that Act. We are not required to express an audit opinion on the truth and fairness of these abbreviated accounts.

We reported, as Auditors of the Company, to the members on 4th November 1996 on the Company's accounts prepared under Section 227 of the Companies Act 1985 for the year ended 30 April 1996, and our audit opinion was as follows:-

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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 report our opinion to you.

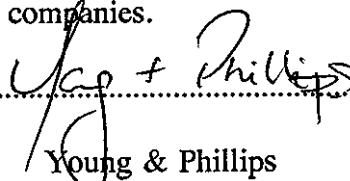
Basis of Opinion

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 made by the directors in the preparation of the financial statements, and 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 by other irregularity or error. In forming our opinion we also evaluated the overall accuracy 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 financial affairs at the 30th April 1996, and of its excess of income over expenditure for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.


.....
Young & Phillips
Chartered Accountants
Registered Auditors

77 Bute Street
Treorchy
Rhondda
Mid Glam
CF42 6AH

4th November 1996

The accompanying notes are an integral part of these financial statements

VALES COMMUNITY BUSINESS LIMITED

FOR THE YEAR ENDED 30th APRIL 1996

NOTES TO THE ABBREVIATED ACCOUNTS

1. Accounting Policies

Basis of Accounting

The financial statements are prepared under the historical cost convention.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the Company and trade discounts, together with grants received from funding bodies.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis.

| | |
|--------------------|----------------------------|
| Equipment | 25% reducing balance basis |
| Computer equipment | 25% reducing balance basis |
| Vehicle | 25% reducing balance basis |

Stocks

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

2. Tangible Fixed Assets

| | Total £ | Vehicle £ | Computer £ | Equipment £ |
|-----------------|--------------|--------------|---------------|----------------|
| Cost | | | | |
| At 1st May 1995 | 11,028 | 1,100 | 4,896 | 5,032 |
| Additions | 25,925 | - | 4,602 | 21,323 |
| Disposal | 5,036 | - | 3,346 | 1,690 |
| | <hr/> 31,917 | <hr/> 1,100 | <hr/> 6,152 | <hr/> 24,665 |
| Depreciation | | | | |
| At 1st May 1995 | 3,423 | 275 | 1,733 | 1,415 |
| Charge for year | 4,481 | 206 | 1,523 | 2,752 |
| Disposal | 1,259 | - | 837 | 422 |
| | <hr/> 6,645 | <hr/> 481 | <hr/> 2,419 | <hr/> 3,745 |
| Net Book Value | | | | |
| 30th April 1996 | <hr/> 25,272 | <hr/> 619 | <hr/> 3,733 | <hr/> 20,920 |
| 30th April 1995 | <hr/> 7,605 | <hr/> 825 | <hr/> 3,163 | <hr/> 3,617 |

VALES COMMUNITY BUSINESS LIMITED

FOR THE YEAR ENDED 30th APRIL 1996

NOTES TO THE ABBREVIATED ACCOUNTS

(continued)

3. Debtors and Prepayments

The total debtor figure of £4,634 is all due within one year.

4. Creditors

| | <u>1996</u> | <u>1995</u> |
|--------------------------------------|---------------|--------------|
| Amounts falling due within one year: | | |
| Trade creditors | 17,853 | 970 |
| Social Security and other taxes | 17,640 | 3,658 |
| Accruals | 1,380 | 735 |
| | <u>36,873</u> | <u>5,363</u> |

5. Stocks

| | | |
|---------------|--------------|-----------|
| Raw materials | <u>7,038</u> | <u>80</u> |
|---------------|--------------|-----------|

6. Contingent Liabilities

There were no contingent liabilities known to the Directors at the balance sheet date.

7. Capital Commitments

There were no commitments for capital expenditure other than those provided in the accounts.