

REPORT OF THE AUDITORS TO THE MEMBERS OF

SALTY YACHT (PRODUCTIONS) LIMITED

1448607.

We have audited the financial statements on pages 4 to 10 in accordance with auditing standards except that the scope of our work was limited by the matters referred to below.

There was no system of internal control that could not be overridden by management. However, we have adopted alternative audit procedures enabling us to confirm that the Company's transactions were properly recorded.

Subject to the foregoing, in our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 May 1990 and of its' profit for the year ended and have been properly prepared in accordance with the Companies Act 1985.



MINTY & CO
Chartered Accountants
Newport
Gwent

10 April 1991

(MODIFIED IN ACCORDANCE WITH THE PROVISIONS OF THE COMPANIES ACT 1985)

The Directors of the Company refer to Sections 247 - 249 of the Companies Act 1985 claiming the entitlement to deliver modified accounts on the grounds that the Company is classified as small in accordance with Schedule 8, Part 1, Paragraph 9 of the Act.

DIRECTORS

SALTY YACHT (PRODUCTIONS) LIMITED

NOTES TO THE MODIFIED ACCOUNTS FOR THE YEAR ENDED 31 MAY 1990

1. PRINCIPAL ACCOUNTING POLICIES

a) Depreciation

Depreciation is provided at the following annual rates in order to write off each asset over its' estimated useful life:-

Office Buildings	-	2%
Property Improvements	-	5%
Plant and Equipment	-	20%
Motor Vehicles	-	25%
Fixtures and Fittings	-	20%
Trailers	-	20%

b) Stocks

Stocks are valued at the lower of cost or net realisable value after making due allowance for obsolete and slow moving items.

- c) 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 all the Directors, there is reasonable probability that the liability will not arise in the foreseeable future.

2. AUTHORISED AND CALLED UP SHARE CAPITAL

The Authorised Share Capital of the Company is 1,000 Ordinary Shares.

Issued £1 Ordinary Shares: £500.