

Quadrant Video Systems Limited

Report of the auditors to the members of Quadrant Video Systems Limited

We have audited the financial statements on pages 5 to 15.

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.

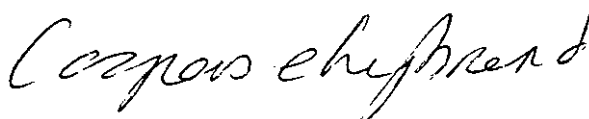
Going concern

In forming our opinion, we have noted the cross guarantees relating to the company and Group borrowings and have considered the disclosures made in note 1 to the financial statements. This note outlines the plans of Quadrant Group Plc, the company's ultimate holding company, to ensure that the group has adequate funds for its future operations, and the uncertainty related thereto.

The financial statements have been prepared on a going concern basis and the validity of this depends on the successful implementation of Quadrant Group's plans to secure future funding. The financial statements do not include any adjustments that would be necessary should the going concern basis be inappropriate. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 29 February 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants and Registered Auditors
Nottingham

7 August 1996

