

1... LIMITED

ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 1997

Company Number: 3071231



1... LIMITED

ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 1997

CONTENTS

PAGE

Auditors' Report	2-3
Accounting Policies	4-5
Abbreviated Balance Sheet	6
Notes to the Abbreviated accounts	7-8

AUDITORS' REPORT TO 1... LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1995

We have examined the abbreviated accounts on pages 4 to 8 together with the full financial statements of 1... Limited prepared under Section 226 of the Companies Act 1985 for the year ended 30 September 1997.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and 246(6) of the Act to the Registrar of Companies and whether the accounts delivered are properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 8 are properly prepared in accordance with those provisions.

OTHER INFORMATION

On *3rd June 1998* we reported as auditors of 1... Limited, to the members on the financial statements prepared under S.226 of the Companies Act 1985 for the year ended 30 September 1997 and our audit report was as follows:

"We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the company's 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 financial statements and to report our opinion to you.

cont/d.

AUDITORS' REPORT TO 1... LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1995 (Continued)

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. However, the evidence available to us was limited because the company was not subject to an audit for the period ended 30 September 1996 and no audit opinion was formed on the opening balances for the current year or on the comparative figures. Any adjustment to the opening balances would have a consequential effect on the loss for the year to 30 September 1997. 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 considered the adequacy of the disclosures made on page 6 of the accounts concerning the future funding of the company. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

QUALIFIED OPINION ARISING FROM LIMITATION IN AUDIT SCOPE

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 1997 and, except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the opening balance sheet, give a true and fair view of its loss for the year then ended. However, in view of the fact that the position at 30 September 1996 was also unaudited we are unable to form an opinion as to whether the corresponding amounts in the profit and loss account are in fact comparable as required by paragraph 4(2) of Schedule 4 to the Companies Act 1985."

Imray & Co

IMRAY & CO.

Chartered Accountants and
Registered Auditor

Cambridge

30. June 1998

1... LIMITED

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared on the historical cost basis of accounting and in accordance with applicable accounting standards. The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from producing a cash flow statement on the grounds that it is a small company.

During the period under review, the company has met its working capital requirements as a result of funds received from shareholders. No sales have been made and the funds are being used to develop the company's products.

Subsequent to the year end, development work has continued and cash has been received from Government grants awarded to the company. Additionally, it is expected that the shareholders will commit funds as may be necessary to complete the development process. As a result, the directors anticipate that sufficient funds will become available to meet the company's commitments and believe it is appropriate to prepare the accounts on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future.

If the company were unable to continue in operational existence for the foreseeable future adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, and to provide for further liabilities that might arise, and to classify fixed assets as current assets.

TURNOVER

Turnover represents the amounts invoiced by the company, excluding value added tax.

RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off as it is incurred.

GOVERNMENT GRANTS

Grants received are disclosed in the profit and loss account and matched against the relevant expenditure on research and development.

1... LIMITED

ACCOUNTING POLICIES (Continued)

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided on a straight line basis in order to write off each asset over its estimated useful life which is considered to be three years.

DEFERRED TAXATION

Deferred taxation is provided using the liability method. Provision is made at current rates for taxation deferred in respect of all material timing differences.

1... LIMITED

ABBREVIATED BALANCE SHEET AT 30 SEPTEMBER 1997

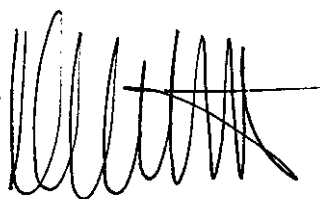
	<u>Note</u>	<u>1997</u>	<u>1996</u>
		£	£
TANGIBLE FIXED ASSETS	1	<u>2,081</u>	<u>4,186</u>
CURRENT ASSETS			
Debtors		13,779	4,681
Cash at bank and in hand		<u>53,278</u>	<u>19,927</u>
		67,057	24,608
CURRENT LIABILITIES			
CREDITORS: Amounts falling due within one year		<u>14,625</u>	<u>-</u>
NET CURRENT ASSETS		<u>52,432</u>	<u>24,608</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		£ <u>54,513</u>	£ <u>28,794</u>
CAPITAL AND RESERVES			
Called-up share capital	2	1,125	954
Share premium account		137,245	40,836
Profit and loss account		<u>(83,857)</u>	<u>(12,996)</u>
SHAREHOLDERS' FUNDS - equity interests		£ <u>54,513</u>	£ <u>28,794</u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

A. HOOLEY

28/5/98

Director



D.A. GILLETT

1... LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997

1. TANGIBLE FIXED ASSETS

	<u>Total</u>
	£
COST	
At 1 October 1996	7,479
Additions	<u>583</u>
At 30 September 1997	<u>8,062</u>
DEPRECIATION	
At 1 October 1996	3,293
Charged	<u>2,688</u>
At 30 September 1997	<u>5,981</u>
NET BOOK VALUE	
At 30 September 1997	<u>£2,081</u>
At 30 September 1996	<u>£4,186</u>

2. CALLED-UP SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
Authorised:		
20,000 Ordinary Shares of 10p each (1996: 1,000 shares of £1 each)	<u>£2,000</u>	<u>£1,000</u>
Allotted, called-up and fully paid:		
11,251 Ordinary Shares of 10p each (1996: 954 shares of £1 each)	<u>£1,125</u>	<u>£ 954</u>
1,711 new shares were issued during the year to provide additional working capital.		

3. TRANSACTIONS WITH RELATED PARTIES

- (a) The company occupies premises owned by Dr. Hooley and Dr. Tilbrook and paid sums amounting to £2,194 (1996: £1,162) in respect of its occupancy. At the end of the year £660 (1996: £Nil) was owed by the company.
- (b) In addition, purchases of engineering services amounting to £14,892 (1996: £24,229) were made from Dr. Hooley, trading as Cambridge Computer Advisers. No balance was outstanding at the end of the year (1996: £Nil).

1... LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 1997 (Continued)

3. TRANSACTIONS WITH RELATED PARTIES (Continued)

- (c) All Intellectual Property relating to digital loud speakers has been assigned by the previous owner, Dr. A. Hooley, to 1... IPR Limited.

1... IPR Limited has licensed these Rights to 1... Limited.
(1... IPR Limited is controlled by the same shareholders as 1... Limited).