

SC 142441

Report of the auditors to the directors of Datavault Northwest Limited

Pursuant to paragraph 8 of Schedule 8 of the Companies Act 1985

We have examined the abbreviated financial statements on pages 3 to 5 together with the full financial statements of Datavault Northwest Limited for the period ended 31 March 1995. The scope of our work for the purpose of this report was limited to confirming that the directors are entitled to deliver abbreviated financial statements and that the abbreviated financial statements have been properly prepared from the full financial statements.

In our opinion the company is entitled to the exemptions conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 and the abbreviated financial statements on pages 3 to 5 have been properly prepared in accordance with that Schedule.

On 21 August 1995 we reported as the auditors of Datavault Northwest Limited to the members on the full financial statements prepared under Section 226 of the Companies Act 1985 for the period ended 31 March 1995 and our audit report was as follows:

We have audited the financial statements on pages 5 to 12.

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.

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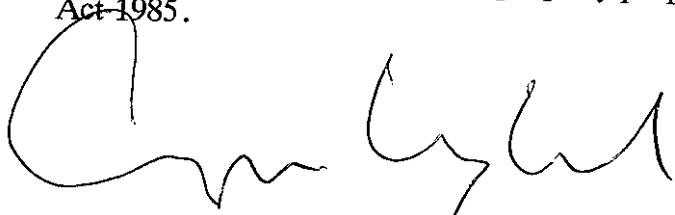
Datavault Northwest Limited

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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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1995 and of its loss and total recognised losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Glasgow

21 August 1995

Abbreviated balance sheet - 31 March 1995

	Notes	1995 £	1994 £
Fixed assets			
Tangible assets		-	101,086
		-	101,086
Current assets			
Debtors: amounts falling due after one year		13,517	19,990
Debtors: amounts falling due within one year		-	77,862
		13,517	97,852
Creditors: amounts falling due within one year		-	71,727
Net current assets		13,517	26,125
Total assets less current liabilities		13,517	127,211
Creditors: amounts falling due after more than one year	2	-	61,200
		13,517	66,011
Capital and reserves			
Called up share capital	3	150,000	150,000
Profit and loss account		(136,483)	(83,989)
Equity shareholders' funds		13,517	66,011

In preparing these abbreviated financial statements we have relied upon the exemptions for individual financial statements, conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 on the grounds that in the directors' opinion the company is entitled to the benefit of those exemptions, as a small company.



C G Stuart-Menteth
Director

21 August 1995

**Notes to the abbreviated financial statements
for the period ended 31 March 1995****1 Principal accounting policies**

A summary of the more important accounting policies is set out below.

Fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Motor vehicles	25%
Equipment	10%
Fixtures and fittings	20%
Computer Equipment	25%
Tenants improvements	written off over period of the lease

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied.

Deferred income

Deferred income represents turnover in advance and is credited to the profit and loss account in the period to which the invoice relates.

Deferred expenditure

Deferred expenditure represents contract expenditure in advance, and is debited to the profit and loss account in which the resultant income streams occur, in order to match the related income and expenditure.

Deferred taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life. Other grants are credited to the profit and loss account when received.

2 Creditors: amounts falling due after more than one year

	1995	1994
This includes:		
Shareholders Loans	-	61,200
	<u> </u>	<u> </u>

The loans are unsecured.

3 Called up share capital

	Ordinary shares of £1 each 1995	Ordinary shares of £1 each 1994
Authorised capital		
- Value	£150,000	£150,000
	<u> </u>	<u> </u>
- Number	150,000	150,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
- Value	£150,000	£150,000
	<u> </u>	<u> </u>
- Number	150,000	150,000
	<u> </u>	<u> </u>

4 Ultimate parent company

The directors consider that Datavault Limited, a company registered in Scotland is the ultimate parent company.