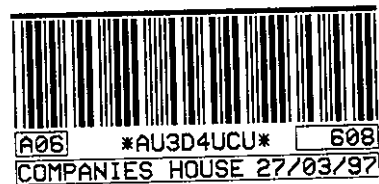


GIROSCOPE LIMITED

Abbreviated Accounts for the year ended

30th November 1996



Auditors' Report to Giroscope Limited

pursuant to paragraph 24 of Schedule 8 of the Companies Act 1985

We have examined the abbreviated accounts together with the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 30th November 1996.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on the balance sheet and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purposes of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 30th November 1996, and the abbreviated accounts have been properly prepared in accordance with that Schedule.

Other information

As auditors of the company, we reported to the members on 14th March 1997 on the company's financial statements prepared under section 226 of the Companies Act 1985 for the year ended 30th November 1996, and our audit report was as follows:-

'We have audited the accounts set out on pages 4 to 8 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, 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 the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and report our opinion to you.

Auditors' Report to Giroscope Limited
pursuant to paragraph 24 of Schedule 8 to the Companies Act 1985
(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.

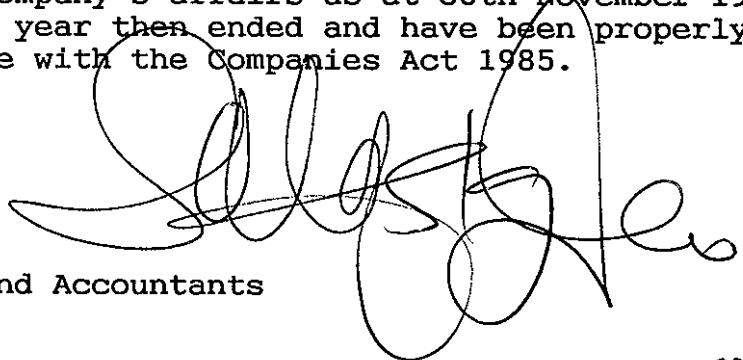
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or 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 as at 30th November 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Sadofsky & Co.
Registered Auditors and Accountants
Princes House
Wright Street
Hull. HU2 8HX



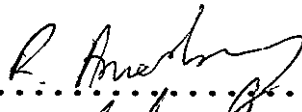
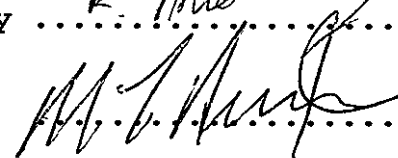
Date 14th March 1997.

Balance Sheet
as at 30th November 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
<u>Fixed Assets</u>			
Tangible Assets	2	357,108	364,161
<u>Current Assets</u>			
Debtors	3,800	4,590	
Cash and Bank Balances	23,067	396	
	<u>26,867</u>	<u>4,986</u>	
<u>Creditors: Amounts due within one year</u>	<u>65,324</u>	<u>43,389</u>	
Net current liabilities		(38,457)	(38,403)
Total assets less current liabilities		318,651	325,758
<u>Creditors: Amounts due after more than one year</u>		<u>177,025</u>	<u>188,707</u>
		<u>£ 141,626</u>	<u>£ 137,051</u>
<u>Capital and Reserves</u>			
Profit and Loss Account		102,009	97,434
Revaluation Reserve		39,617	39,617
		<u>£ 141,626</u>	<u>£ 137,051</u>

Advantage is taken of the exemptions conferred by Section A, Part III, of Schedule 8 of the Companies Act 1985. In preparing these accounts we have relied on sections 246 and 247 on the grounds that the company is entitled to the benefit of those sections as a small company.

These accounts were approved by the board on 13/3/97

R. Amesbury		}	
M. Newman		}	
		}	<u>Directors</u>

Notes to the Accounts

for the year ended 30th November 1996

1 Accounting Policies

- a. The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and in accordance with all applicable Accounting Standards.
- b. Depreciation is provided on tangible assets at rates estimated to write off the relevant assets over their expected useful lives. The rates per annum are:-

Freehold Property	2% on cost
Fixtures and Equipment	15-20% of net book value

- c. Deferred taxation is provided, at the current rate of corporation tax, on the excess of capital allowances claimed on fixed assets over the cumulative charge for depreciation in the accounts, to the extent that it is probable that a liability will crystallise in the foreseeable future.

2 Fixed Assets

<u>Tangible Assets</u>	Freehold Property	Fixtures and Equipment	Total
<u>Cost:</u>			
At 1st December 1995	393,102	10,759	403,861
Additions	879	-	879
At 30th November 1996	£ 393,981	10,759	404,740
<u>Depreciation:</u>			
At 1st December 1995	33,092	6,608	39,700
Charge for the year	7,178	754	7,932
At 30th November 1996	£ 40,270	7,362	47,632
<u>Net Book Value:</u>			
At 30th November 1996	£ 353,711	3,397	357,108
At 30th November 1995	£ 360,010	4,151	364,161

3 Share Capital

The company is limited by Guarantee and therefore does not have a Share Capital. In the event of the Company being wound up the contribution of each member is limited to £1.

4 Secured Liabilities

The bank loans and overdraft totalling £198,666 (1995: £210,782) are secured by a debenture giving a fixed and floating charge over the assets of the company including an equitable charge over most properties and a legal mortgage over the remaining.

Notes to the Accounts

for the year ended 30th November 1996

5 National Lotteries Charities Board Funding

The Giroscope organisation acknowledges funding from the National Lotteries Charities Board for the Giroscope development project.

The amount of £22,779 included in creditors is to be treated as a restricted fund account and can only be utilised in accordance with the terms of the letter of offer received from the National Lotteries Charities Board.