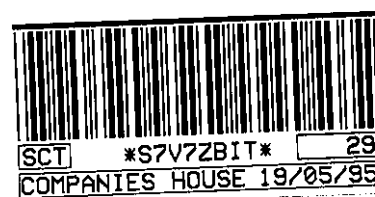


Company No. SC102278

HERIOT-WATT COMPUTER APPLICATION SERVICES LIMITED

FINANCIAL STATEMENTS

For the year ended 31st July 1994



HERIOT-WATT COMPUTER APPLICATION SERVICES LIMITED

Directors' Report

The directors submit their report and the financial statements of the company for the year ended 31st July 1994.

Review of the business

The company did not trade during the year and accordingly no profit and loss account has been prepared for the year.

Events since the year end

On 1st August 1994 the company increased its authorised share capital to 100,000 ordinary shares of £1 each and commenced trading on that date, its main activity being the provision of computer consultancy services. A loan of £15,000 was obtained from Heriot-Watt University towards the trading activities.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors and their interest

The directors of the company during the year were as follows:

	Ordinary shares	
	1994	1993
J R Small	-	-
P L Wilson	1	1

None of the directors had a beneficial interest in the shares of the company during the year.

Auditors

Messrs Chiene & Tait, CA are not seeking re-appointment and a resolution to appoint KPMG Peat Marwick as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD


D B Murray
Secretary

19th December 1994

NORMAN LESSELS C.B.E.
DAVID A F COLLIER
J MARTIN HALDANE
J GAVIN MORTON
MARTIN F SINCLAIR
RONALD M SINCLAIR
WILLIAM G R THOMSON

**AUDITORS' REPORT TO THE MEMBERS OF
HERIOT-WATT COMPUTER APPLICATION SERVICES LIMITED**

We have audited the financial statements on pages 3 to 4 which have been prepared on the basis of the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1 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 have 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st July 1994 and have been properly prepared in accordance with the Companies Act 1985. The company did not trade during the year

Chiene & Tait, CA

**CHIENE & TAIT, CA
Registered Auditors**

19 December 1994

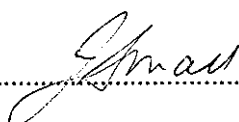
HERIOT-WATT COMPUTER APPLICATION SERVICES LIMITED

BALANCE SHEET

As at 31st July 1994

	Note	1994 £	1993 £
Current asset			
Debtors		2	2
		=====	=====
Capital and reserves			
Equity share capital	3	2	2
		=====	=====

Approved by the Board of Directors and signed on its behalf by:


.....
J Small Director


.....
Peter L Wilson Director

19th December 1994

The notes on page 4 form part of these accounts.

HERIOT-WATT COMPUTER APPLICATION SERVICES LIMITED

NOTES to the ACCOUNTS

At 31st July 1994

1. Accounting policy

Accounting convention

The balance sheet is prepared under the historical cost convention.

2. Trading and events since the year end.

The company did not trade during the year. Accordingly no profit and loss account nor statement of total recognised gains and losses have been prepared. On 1st August 1994 the company became VAT registered and commenced trading, its main activity being the provision of computer consultancy services. A loan of £15,000 was obtained from Heriot-Watt University towards the trading activities.

3. Equity share capital	Authorised		Allotted, called up and fully paid	
	1994 No.	1993 No.	1994 £	1993 £
Ordinary shares of £1 each	1,000	1,000	2	2
	=====	=====	=====	=====

On 1st August 1994 the company increased its authorised share capital to 100,000 ordinary shares of £1 each.

4. Parent body

The whole share capital of the company is owned by Heriot-Watt University.