

INTERACTIVE SOFTWARE LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2001

Company No. 2769701



INTERACTIVE SOFTWARE LIMITED

COMPANY INFORMATION

Directors	T Leek L L Chick
Secretary	T Leek
Company number	2769701
Registered office	36 George Road Edgbaston Birmingham B15 1PL
Auditors	BKR Haines Watts Sterling House 71 Francis Road Edgbaston Birmingham B16 8SP
Bankers	Lloyds TSB Bank plc 22a Great Hampton Street Birmingham B18 6AH

INTERACTIVE SOFTWARE LIMITED

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INTERACTIVE SOFTWARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001

The directors present their report and the audited accounts for the company for the year ended 31st December 2001.

Principal activities

The company's principal activity during the year was that of computer consultancy.

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

Name of director	Share type	At 31st December 2001	At 1st January 2001
T Leek	Ordinary	60	60
S Leek (resigned 6 April 2001)	Ordinary		40

A-M Cleary (resigned 30 September 2001)

L L Chick

On 1 May 2001 Miss L L Chick was appointed as a director.

Acquisition of own shares

During the year, Interactive Software Limited purchased 40 of its ordinary shares of £1 each at a total cost of £180,000 from S Leek, a director, who resigned in the year. This represents 40% of the issued ordinary share capital at 31st December 2000.

Statement of directors' responsibilities

Company law requires the directors to prepare accounts 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 for that year. In preparing those accounts 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 accounts 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 enable them to ensure that the accounts 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.

INTERACTIVE SOFTWARE LIMITED

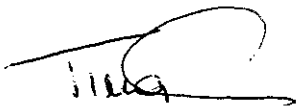
DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001

Small company exemptions

This report has been prepared in accordance with the special provisions relating to small companies within part VII of the Companies Act 1985.

By order of the Board



T Leek, Secretary

Date: 03-04-2002

36 George Road
Edgbaston
Birmingham
B15 1PL

AUDITORS' REPORT TO THE SHAREHOLDERS OF INTERACTIVE SOFTWARE LIMITED

We have audited the accounts on pages 4 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BKR Haines Watts
Chartered Accountants and Registered Auditors
Sterling House
71 Francis Road
Edgbaston
Birmingham
B16 8SP

Date: 10th April 2002

INTERACTIVE SOFTWARE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2001

	Notes	2001 £	2000 £
Turnover	2	1,158,769	910,298
Cost of sales		(103,118)	(168,486)
Gross profit		1,055,651	741,812
Administrative expenses		(953,325)	(742,497)
Operating profit/loss	3	102,326	(685)
Interest receivable		4,041	6,085
Profit on ordinary activities before taxation		106,367	5,400
Tax on profit on ordinary activities	5	(1,817)	(1,028)
Profit for the financial year	13	104,550	4,372

INTERACTIVE SOFTWARE LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2001

	Notes	£	2001 £	£	2000 £
Fixed assets					
Tangible assets	6		33,273		36,012
			<u>33,273</u>		<u>36,012</u>
Current assets					
Debtors	7	361,682		288,406	
Cash at bank and in hand		40,373		156,574	
		<u>402,055</u>		<u>444,980</u>	
Creditors: amounts falling due within one year	8	<u>(319,900)</u>		<u>(291,146)</u>	
Net current assets			<u>82,155</u>		<u>153,834</u>
Total assets less current liabilities			<u>115,428</u>		<u>189,846</u>
Provisions for liabilities and charges					
Deferred taxation	9		(3,045)		(2,013)
			<u>112,383</u>		<u>187,833</u>
Capital and reserves					
Share capital	10		60		100
Capital redemption reserve	13		40		-
Profit and loss account	13		<u>112,283</u>		<u>187,733</u>
Shareholders' funds			<u>112,383</u>		<u>187,833</u>

The accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective March 2000)

These accounts were approved by the board on 3rd April 2002 and signed on its behalf by:


T Leek
Director

INTERACTIVE SOFTWARE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Tangible fixed assets and depreciation

Depreciation has been provided at the following rates in order to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, with the exception of freehold land:

Office Equipment	20% reducing balance
Motor vehicles	25% reducing balance
Computer equipment	20% straight line

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Contribution to pension funds

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2 Turnover

The percentage of turnover attributable to overseas markets was 16% (2000: -%).

3 Operating profit

<i>The operating profit is stated after charging or crediting:</i>	2001	2000
	£	£
Depreciation of tangible fixed assets:		
-owned assets	8,545	15,484
Loss on disposal of fixed assets	1,485	1,793
Operating leases	10,869	10,381
Pension contributions	6,252	9,996
Auditors' remuneration	2,125	1,000

INTERACTIVE SOFTWARE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

4 Directors' remuneration

	2001	2000
	£	£
Aggregate emoluments	189,137	156,745

5 Taxation

	2001	2000
	£	£
Based on the profit for the year:		
UK corporation tax at 20% (2000: 20%)	710	1,028
Deferred tax charge	1,032	-
	1,742	1,028
Prior periods		
UK corporation tax	75	-
	1,817	1,028

6 Tangible fixed assets

	Plant and machinery	Motor vehicles	Computer equipment	Total
	£	£	£	£
Cost				
At 1st January 2001	12,378	11,100	61,995	85,473
Additions	3,903	-	8,391	12,294
Disposals	-	(3,550)	(4,782)	(8,332)
At 31st December 2001	16,281	7,550	65,604	89,435
Depreciation				
At 1st January 2001	8,512	4,801	36,148	49,461
Charge for the year	1,554	909	6,082	8,545
Disposals	-	(888)	(956)	(1,844)
At 31st December 2001	10,066	4,822	41,274	56,162
Net book value				
At 31st December 2001	6,215	2,728	24,330	33,273
At 31st December 2000	3,866	6,299	25,847	36,012

7 Debtors

	2001	2000
	£	£
Trade debtors	350,680	273,576
Other debtors	11,002	14,830
	361,682	288,406

INTERACTIVE SOFTWARE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

8	Creditors: amounts falling due within one year	2001	2000
		£	£
	Trade creditors	16,711	34,459
	Other creditors	303,189	241,258
	Directors' loans	-	15,429
		<u>319,900</u>	<u>291,146</u>

'Other creditors' include £68,235 (2000: £80,501) in respect of taxation and social security.

9 Deferred taxation

The movements in deferred taxation during the current and previous years are as follows:

	2001	2000
	£	£
At 1st January 2001	2,013	-
Movement in the year	1,032	2,013
At 31st December 2001	<u>3,045</u>	<u>2,013</u>

10	Share capital	2001	2000
		£	£
	Authorised		
	100 Ordinary shares of £1.00 each	100	100
		<u>100</u>	<u>100</u>
	Allotted		
	60 Allotted, called up and fully paid ordinary shares of £1.00 each	60	100
		<u>60</u>	<u>100</u>

11 Pension scheme

The company operates a defined contribution pension scheme for the benefit of some employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £6,252 (2000: £9,996).

INTERACTIVE SOFTWARE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

12 Operating lease commitments

At 31st December 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	2001	Other
	2000	
	£	£
Operating leases which expire:		
Between two and five years	30,759	33,666
	30,759	33,666

13 Reserves

	Capital redemption reserve	Profit and loss account
	£	£
At 1st January 2000	-	183,361
Profit for the year	-	4,372
At 1st January 2001	-	187,733
Profit for the year	-	104,550
Repurchase of ordinary shares	-	(180,000)
Repurchase of ordinary shares	40	-
At 31st December 2001	40	112,283

14 Related parties

The ultimate controlling party is T Leek, a director.