

**Interactive Software Limited**  
**Abbreviated Accounts**  
**For the Year Ended**  
**31 December 2005**



**HAINES WATTS**  
Chartered Accountants & Registered Auditors  
Sterling House  
71 Francis Road  
Edgbaston  
Birmingham  
B16 8SP

# Interactive Software Limited

## Independent Auditor's Report to the Company

### PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

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We have examined the abbreviated accounts on pages 2 to 5, together with the financial statements of the company for the year ended 31 December 2005 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our audit work, for this report, or for the opinions we have formed.

#### **Respective Responsibilities of the Directors and the Auditor**

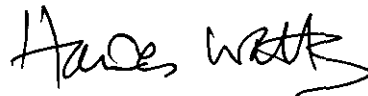
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and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

#### **Basis of Opinion**

We have carried out the procedures we consider 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 did 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 Act, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.



HAINES WATTS  
Chartered Accountants  
& Registered Auditors

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30<sup>th</sup> October 2006

# Interactive Software Limited

## Abbreviated Balance Sheet

31 December 2005

		2005		2004 (restated)	
	Note	£	£	£	£
<b>Fixed Assets</b>	<b>2</b>				
Tangible assets			56,763		67,564
<b>Current Assets</b>					
Debtors		113,748		353,682	
Cash at bank and in hand		466,786		199,773	
		<u>580,534</u>		<u>553,455</u>	
<b>Creditors: Amounts Falling due Within One Year</b>	<b>3</b>	<u>326,458</u>		<u>361,990</u>	
<b>Net Current Assets</b>			<u>254,076</u>		<u>191,465</u>
<b>Total Assets Less Current Liabilities</b>			<u>310,839</u>		<u>259,029</u>
<b>Provisions for Liabilities and Charges</b>			<u>3,775</u>		<u>1,044</u>
			<u>307,064</u>		<u>257,985</u>
<b>Capital and Reserves</b>					
Called-up equity share capital	5		60		60
Other reserves			40		40
Profit and loss account			306,964		257,885
<b>Shareholders' Funds</b>			<u>307,064</u>		<u>257,985</u>

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 24.12.2006 and are signed on their behalf by:



T Leek  
Director

The notes on pages 3 to 5 form part of these abbreviated accounts.

# Interactive Software Limited

## Notes to the Abbreviated Accounts

Year Ended 31 December 2005

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### 1. Accounting Policies

#### Basis of Accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

#### Changes in Accounting Policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

-Financial Reporting Standard for Smaller Entities (effective January 2005).

The adoption of FRSSE 2005 has resulted in a change in the accounting treatment of proposed equity dividends. In accordance with the requirements of FRS21, if the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

#### Cash Flow Statement

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

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax, less amounts invoiced for work in advance.

#### Fixed Assets

All fixed assets are initially recorded at cost.

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor Vehicles	- 25% reducing balance
Computer Equipment	- 20% straight line

#### Hire Purchase Agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

#### Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

# Interactive Software Limited

## Notes to the Abbreviated Accounts

Year Ended 31 December 2005

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### 1. Accounting Policies *(continued)*

#### **Pension Costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

#### **Deferred Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Financial Instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# Interactive Software Limited

## Notes to the Abbreviated Accounts

Year Ended 31 December 2005

### 2. Fixed Assets

	Tangible Assets £
<b>Cost</b>	
At 1 January 2005	206,826
Additions	12,372
Disposals	(9,300)
<b>At 31 December 2005</b>	<u>209,898</u>
<b>Depreciation</b>	
At 1 January 2005	139,262
Charge for year	19,741
On disposals	(5,868)
<b>At 31 December 2005</b>	<u>153,135</u>
<b>Net Book Value</b>	
<b>At 31 December 2005</b>	<u>56,763</u>
At 31 December 2004	<u>67,564</u>

### 3. Creditors: Amounts Falling due Within One Year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2005	2004 (restated)
	£	£
Hire Purchase	-	<u>15,912</u>

### 4. Transactions With the Directors

During the year the company sold one of its vehicles to T Leek, a director of the company. The amount charged was £5,500, being the market value at the time of purchase.

### 5. Share Capital

**Authorised share capital:**

	2005	2004 (restated)
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**Allotted, called up and fully paid:**

	2005		2004
	No	£	No
Ordinary shares of £1 each	<u>60</u>	<u>60</u>	<u>60</u>