

INTERACTIVE SOFTWARE LIMITED

Report and Financial Statements

31 December 2000

**Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham B3 2BN
United Kingdom**



REPORT AND FINANCIAL STATEMENTS 2000

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7
Additional information	12

REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T Leek
A-M Cleary
LL Chick

SECRETARY

T Leek

REGISTERED OFFICE

36 George Road
Edgbaston
Birmingham
B15 1PL

BANKERS

Lloyds TSB Bank plc
22a Great Hampton Street
Birmingham
B18 6AH

AUDITORS

Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham B3 2BN
United Kingdom

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITY

This continues to be that of computer consultancy.

REVIEW OF THE BUSINESS

The directors are pleased to report an increase in turnover and believe that the company is well placed to achieve further growth in the current year.

RESULTS AND DIVIDENDS

Details of the results for the year are set out in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend for the year and the retained profit for the year of £4,372 (1999: £23,782) will be transferred to reserves.

FIXED ASSETS

Changes in tangible fixed assets during the year are as set out in note 6 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year, together with their interests in the share capital of the company, were as follows:

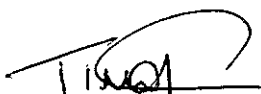
	Ordinary shares of £1 each	
	At end of year	At beginning of year
T Leek	60	60
S Leek (resigned 6 April 2001)	40	40
A-M Cleary	-	-

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

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



T Leek
Secretary

9 August 2001.

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 as at the end of the financial year 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; and
- 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 the company's system of internal controls 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

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2000

	Note	2000 £	1999 £
TURNOVER	1	910,298	459,165
Cost of sales		(168,486)	(85,518)
Gross profit		741,812	373,647
Administrative expenses		(742,497)	(301,893)
OPERATING (LOSS)/PROFIT	2	(685)	71,754
Investment income and interest receivable		6,085	5,265
		5,400	77,019
Tax on profit on ordinary activities	4	(1,028)	(17,237)
PROFIT FOR THE FINANCIAL YEAR		4,372	59,782
Dividends	5	-	(36,000)
Profit for the financial year		4,372	23,782
Retained profit brought forward		183,361	159,579
Retained profit carried forward		187,733	183,361

All activities derive from continuing operations.

There are no recognised gains and losses for the current and preceding financial year other than as stated in the profit and loss account.

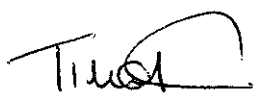
BALANCE SHEET
31 December 2000

	Note	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible assets	6		36,012		39,283
CURRENT ASSETS					
Stocks for resale		-		9,957	
Debtors	7	288,406		134,158	
Cash at bank and in hand		156,574		135,931	
			<u>444,980</u>	<u>280,046</u>	
CREDITORS: amounts falling due within one year	8	<u>(291,146)</u>		<u>(133,883)</u>	
NET CURRENT ASSETS			<u>153,834</u>		<u>146,163</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			189,846		185,446
CREDITORS: amounts falling due after more than one year	9		<u>(2,013)</u>		<u>(1,985)</u>
			<u>187,833</u>		<u>183,461</u>
CAPITAL AND RESERVES					
Called up share capital	10		100		100
Profit and loss account			<u>187,733</u>		<u>183,361</u>
TOTAL SHAREHOLDERS' FUNDS	11		<u>187,833</u>		<u>183,461</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

9 August 2001



T Leek

Director

NOTES TO THE ACCOUNTS
Year ended 31 December 2000**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

The turnover and pre-tax profit, which arises in the United Kingdom, is attributable to the company's principal activity.

Fixed assets and depreciation

Tangible fixed assets are stated at cost, less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less their estimated residual value, over their expected useful lives at the following rates:

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

Stocks

Resale stocks are stated at the lower of cost and net realisable value.

Operating lease commitments

Rental costs under operating leases, are charged to profit and loss in equal annual amounts over the period of the lease.

Pension costs

Contributions are charged to the profit and loss account in the period to which they are paid.

Deferred taxation

Deferred taxation is provided on timing differences arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, being calculated at the rate at which it is expected that tax will arise.

2. OPERATING (LOSS)/PROFIT

	2000 £	1999 £
This is after charging:		
Depreciation – owned assets	15,484	14,965
Rentals under operating leases	28,485	28,485
Auditors' remuneration	1,000	950

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000 £	1999 £
Directors' remuneration		
Emoluments	146,749	92,914
Pension contributions	9,996	9,984
	<u>156,745</u>	<u>102,898</u>

	2000 No	1999 No
Average number of persons employed		
Administrative	<u>21</u>	<u>7</u>

	2000 £	1999 £
Staff costs during the year (including directors)		
Wages and salaries	384,404	153,716
Social security costs	39,529	16,090
Pension costs	9,996	9,984
	<u>433,929</u>	<u>179,790</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
Current year:		
Corporation tax at 20% (1999: 20%) on the taxable profit for the year	1,107	17,000
Transfer to/(from) deferred taxation	28	(94)
	<u>1,135</u>	<u>16,906</u>
Prior year:		
Corporation tax	(107)	331
	<u>1,028</u>	<u>17,237</u>

5. DIVIDENDS

	2000 £	1999 £
Ordinary shares		
Interim paid - £nil (1999: £200) per ordinary share	-	20,000
Final proposed - £nil (1999: £160) per ordinary share	-	16,000
	<u>-</u>	<u>36,000</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2000**6. TANGIBLE FIXED ASSETS**

	Office Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost				
At 1 January 2000	9,075	53,916	13,350	76,341
Additions during year	3,453	8,078	3,500	15,031
Disposals during year	(150)	-	(5,750)	(5,900)
At 31 December 2000	12,378	61,994	11,100	85,472
Accumulated depreciation				
At 1 January 2000	7,600	23,748	5,710	37,058
Charge for the year	985	12,399	2,100	15,484
Disposals during year	(73)	-	(3,009)	(3,082)
At 31 December 2000	8,512	36,147	4,801	49,460
Net book value				
At 31 December 2000	3,866	25,847	6,299	36,012
At 31 December 1999	1,475	30,168	7,640	39,283

7. DEBTORS

	2000 £	1999 £
Trade debtors	273,576	106,762
Other debtors	5,050	2,296
Taxes and social security	-	16,028
Prepayments and accrued interest	9,780	9,072
	<u>288,406</u>	<u>134,158</u>

All amounts are payable within one year.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Trade creditors	34,459	16,847
Directors' current accounts	15,429	9,371
Corporation tax	1,107	17,000
Taxes and social security	83,994	10,312
Accruals and deferred income	156,157	64,353
Proposed dividends (see note 5)	-	16,000
	<u>291,146</u>	<u>133,883</u>

Directors' current accounts are unsecured, interest free with no fixed date for repayment.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

9. PROVISIONS FOR LIABILITIES AND CHARGES

	2000 £	1999 £
Deferred taxation		
At 1 January 2000	1,985	2,079
Transferred from/(to) profit and loss account	28	(94)
	<u>2,013</u>	<u>1,985</u>
At 31 December 2000	<u>2,013</u>	<u>1,985</u>
	Provided 2000 £	Provided 1999 £
Deferred tax is calculated at 20% (1999: 20%) on the excess of capital allowances over depreciation	<u>2,013</u>	<u>1,985</u>

10. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised		
100 ordinary shares of £1.00 each	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
100 ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit attributable to members of the company	4,372	59,782
Dividends	-	(36,000)
	<u>4,372</u>	<u>23,782</u>
Net addition to shareholders' funds	4,372	23,782
Opening shareholders' funds	183,461	159,679
	<u>187,833</u>	<u>183,461</u>
Closing shareholders' funds	<u>187,833</u>	<u>183,461</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

12. FINANCIAL COMMITMENTS

At 31 December 2000 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 2000 £	Land and buildings 1999 £	Other 2000 £	Other 1999 £
More than one year and less than five years	<u>23,000</u>	<u>23,000</u>	<u>10,666</u>	<u>5,485</u>

13. PENSION SCHEME

The company contributes to individual pension plans for the benefit of certain employees. The assets of each scheme are held separately from those of the company in independently administered funds. The pension cost charge represents the contributions payable by the company to the funds and amounted to £9,996 (1999: £9,984).