

CDSM INTERACTIVE SOLUTIONS LIMITED  
ANNUAL REPORT  
AND FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 21<sup>ST</sup> DECEMBER 1999 TO 31<sup>ST</sup> DECEMBER 2000

3898047



**CDSM INTERACTIVE SOLUTIONS LIMITED**

<b>DIRECTORS</b>	:	D. P. L. Sivak M. A. Gilby Mrs C. D. Sivak
<b>SECRETARY</b>	:	M. A. Gilby
<b>REGISTERED OFFICE</b>	:	2nd Floor Grove House 3 Grove Place Swansea SA1 5DE
<b>REGISTERED NUMBER</b>	:	3898047

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**ANNUAL REPORT AND FINANCIAL STATEMENTS -**

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The following pages do not form part of the statutory financial statements:

<b>: 13-14</b>	Trading and profit and loss account
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**CDSM INTERACTIVE SOLUTIONS LIMITED**  
**REPORT OF THE DIRECTORS**

The directors present their annual report and financial statements for the period ended 31st December 2000. The company commenced to trade on 1st January 2000.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are obliged under company law to prepare financial statements for each financial period.

The directors are satisfied that these financial statements give a true and fair view of the state of affairs of the company as at 31st December 2000 and of the loss for the period then ended.

The financial statements have been prepared by the directors on the going concern basis, using suitable accounting policies, consistently applied, supported by reasonable and prudent judgements and estimates. Applicable accounting standards have been followed.

The directors are satisfied that adequate accounting records have been maintained in order to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**PRINCIPAL ACTIVITIES**

The principal activities of the company throughout the period were those of the creation of educational software.

**DIRECTORS AND THEIR INTERESTS**

The directors who served the company throughout the period together with their interests, including family interests, in the shares of the company at the beginning and end of the period were as follows:-

	<u>Ordinary Shares of £1 each</u>	
	<u>31st December</u>	<u>21st December</u>
	<u>2000</u>	<u>1999</u>
D. P. L. Sivak (appointed 21/12/99)	34	34
M. A. Gilby (appointed 21/12/99)	33	33
Mrs C. D. Sivak (appointed 1/11/00)	33	33

**AUDITORS**

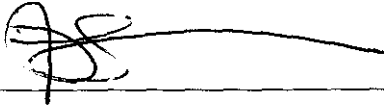
The directors have decided to take advantage of the provisions of Section 249A of the Companies Act 1985 and therefore an audit has not been carried out for the period under review.

**CDSM INTERACTIVE SOLUTIONS LIMITED**  
**REPORT OF THE DIRECTORS**

**SMALL COMPANIES RULES**

Advantage has been taken in the preparation of this report of the special exemptions applicable to small companies.

By Order of the Board

A handwritten signature in dark ink, appearing to be 'D. P. L. Sivak', written over a horizontal line.

D. P. L. Sivak : Director

Date : 4<sup>th</sup> July 2001

**ACCOUNTANTS' REPORT, ON THE UNAUDITED ACCOUNTS, TO THE DIRECTORS OF:**

**CDSM INTERACTIVE SOLUTIONS LIMITED**

As described on the balance sheet, you are responsible for the preparation of the accounts for the period ended 31st December 2000, set out on pages 4 to 12, and you consider that the company is exempt from an audit. As instructed, we have compiled these unaudited accounts, in order to assist you to fulfil your statutory responsibilities, from the accounting records, information and explanations supplied to us, and we report that they are in accordance therewith.

*Medina Lynch*

Medina Lynch  
Chartered Certified Accountants  
252 Cowbridge Road East  
Canton  
Cardiff  
CF5 1GZ

Date: *4th* July 2001

**CDSM INTERACTIVE SOLUTIONS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD FROM 21ST DECEMBER 1999 TO 31ST DECEMBER 2000**

	<u>NOTE</u>	<u>2000</u> £
<b>TURNOVER</b>	2	160,708
Cost of Sales		<u>94,338</u>
<b>GROSS PROFIT</b>		66,370
Net operating expenses	3	<u>108,062</u>
<b>OPERATING LOSS</b>	4	(41,692)
Profit on sale of properties		-
Provision for losses on operations to be discontinued		<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		(41,692)
Interest receivable and similar income		-
Interest payable and similar charges		<u>1,439</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(43,131)
Taxation	6	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>(43,131)</u>
<b>LOSS FOR THE FINANCIAL PERIOD</b>		(43,131)
Dividends on equity shares	7	<u>-</u>
<b>DEFICIT FOR THE FINANCIAL PERIOD</b>		<u>(43,131)</u>

There are no recognised gains and losses in the period other than the loss for the period.

The notes on pages 7 to 12 form part of these financial statements.

**CDSM INTERACTIVE SOLUTIONS LIMITED**  
**BALANCE SHEET AT 31ST DECEMBER 2000**

	<u>NOTE</u>	<u>2000</u>	
		£	£
<b>FIXED ASSETS</b>			
Intangible assets		-	
Tangible assets	9		23,341
Investments			-
			<u>23,341</u>
<b>CURRENT ASSETS</b>			
Stocks		-	
Debtors	10	1,886	
Cash at bank and in hand		-	
		<u>1,886</u>	
<b>CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	<u>61,778</u>	
<b>NET CURRENT LIABILITIES</b>			<u>59,892</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(36,551)
<b>CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	12		6,480
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			-
<b>NET LIABILITIES</b>			<u>(43,031)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital: Equity interests	8		100
Profit and loss account	8		<u>(43,131)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>(43,031)</u>

The directors confirm that:

- (a) For the period in question the company was entitled to exemption under sub-section (1) of Section 249A of the Companies Act, 1985.
- (b) No notice has been deposited under Section 249B (2) of the Companies Act, 1985 in relation to its accounts for the financial period.

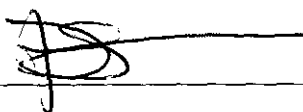
**CDSM INTERACTIVE SOLUTIONS LIMITED**  
**BALANCE SHEET AT 31ST DECEMBER 2000**

(c) They acknowledge their responsibility for :

- (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of Section 266 of the Companies Act 1985, and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.

In preparing these financial statements we have taken advantage of the special exemptions applicable to small companies conferred by Sections 246 and 247 of the Companies Act 1985 on the grounds that the company is entitled to those exemptions as a small company.

Approved by the board on 4<sup>th</sup> July 2001

  
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D. P. L. Sivak : Director

The notes on pages 7 to 12 form part of these financial statements.



**CDSM INTERACTIVE SOLUTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2000**

**1. ACCOUNTING POLICIES**

**(a) Accounting basis and standards**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold property, and in accordance with applicable accounting standards.

They incorporate the results of the principal activities of the company, which are described in the director's report and which are continuing.

The company has taken advantage of the exemption in FRS1 from the requirements to prepare a cash flow statement on the grounds that it is a small company.

**(b) Depreciation**

Depreciation on fixed assets is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value, of each asset over its estimated useful life as follows:-

Plant and Equipment	:	15% reducing value
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**(c) Stocks**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition. Including, where appropriate a proportion of overheads.

**(d) Turnover**

Turnover represents the value of sales net of value added tax.

**(e) Deferred taxation**

Deferred taxation is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate which it is estimated that the tax will be payable.

**(f) Leasing and hire purchase commitments**

Assets held under finance leases and hire purchase agreements are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligation is charged to profit and loss account over the period of the lease.

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

**(g) Pension scheme arrangements**

The defined contribution pension scheme is funded fully by payments from the company. The payments made are charged against profits in the period in which they are made.

**CDSM INTERACTIVE SOLUTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2000**

**2. TURNOVER**

The turnover and loss before taxation is attributable to the principal activities of the company which arose wholly in the United Kingdom and which are continuing.

<u>2000</u>
£
160,708
<u>160,708</u>

**3. NET OPERATING EXPENSES**

	<u>2000</u>
	£
Turnover	160,708
Cost of Sales	<u>94,338</u>
	66,370
Net operating expenses:	
Distribution costs	-
Administrative expenses	77,369
Other operating expenses	30,693
Other operating income	-
Operating loss	<u>(41,692)</u>

**4. OPERATING LOSS**

2000  
£

The operating loss is stated after charging:

Auditors' remuneration:

Audit	-
Accountancy	1,360

Depreciation:

Owned tangible fixed assets	4,118
Assets held under hire purchase contract	-

Operating lease rentals:

Plant and machinery	4,186
Others	<u>-</u>

**CDSM INTERACTIVE SOLUTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2000**

**5. DIRECTORS' EMOLUMENTS**

	<u>2000</u>
	<u>£</u>
Fees	-
Other emoluments	36,969
Pensions	5,249
	<u>42,218</u>

**6. TAXATION**

	<u>2000</u>
	<u>£</u>
Corporation tax based on the results for the period at the rate of 20%	-
	<u>-</u>

**7. DIVIDEND**

	<u>2000</u>
	<u>£</u>
Paid	-
Proposed	-
	<u>-</u>

**8. SHAREHOLDERS' FUNDS**

	<u>Called Up</u>	<u>Profit and</u>	<u>Total</u>
	<u>Share Capital</u>	<u>Loss Account</u>	
	<u>£</u>	<u>£</u>	<u>£</u>
Share issue	100	-	100
Transfer from profit and loss account	-	(43,131)	(43,131)
Balance at 31st December 2000	<u>100</u>	<u>(43,131)</u>	<u>(43,031)</u>
			<u>2000</u>
			<u>£</u>

The authorised share capital comprises:

Authorised:

1000 Ordinary shares of £1 each 1,000

Called up, allotted and fully paid:

100 Ordinary shares of £1 each 100

**CDSM INTERACTIVE SOLUTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2000**

**9. TANGIBLE ASSETS**

	<b><u>Plant &amp; Equipment</u></b>	<b><u>Total</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Cost		
Additions	27,459	27,459
Disposals	-	-
At 31st December 2000	<u>27,459</u>	<u>27,459</u>
Depreciation		
Disposals	-	-
Charge for the year	<u>4,118</u>	<u>4,118</u>
At December 2000	<u>4,118</u>	<u>4,118</u>
Net book value		
At 31st December 2000	<u>23,341</u>	<u>23,341</u>

**CDSM INTERACTIVE SOLUTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2000**

**10. DEBTORS**

**2000**  
£

Trade Debtors	-
Other Debtors	1,886
	<u>1,886</u>

All debts are receivable within one year

**11. CREDITORS : AMOUNTS FALLING DUE  
WITHIN ONE YEAR**

**2000**  
£

Bank loans and overdrafts	20,430
Trade creditors	1,056
Other creditors	37,712
Wales Small Loan Fund	2,580
Corporation tax	-
Proposed dividends	-
	<u>61,778</u>

**CDSM INTERACTIVE SOLUTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2000**

**12. CREDITORS: AMOUNTS FALLING DUE  
AFTER ONE YEAR**

	<b><u>2000</u></b>
	<b>£</b>
Bank loans and overdrafts	-
Obligations under hire purchase contracts	-
Wales Small Loan Fund	6,480
	<u>6,480</u>
Amounts wholly repayable by instalments after five years:	
Bank loans and overdrafts	<u>-</u>
Amounts repayable by instalments:	
Between one and two years	2,580
Between two and five years	3,900
	<u>6,480</u>

**13. FUTURE FINANCIAL COMMITMENTS**

Operating leases

At 31st December 2000 the company had annual commitments under operating leases as set out below.

	<b><u>2000</u></b>	
	<b><u>Land and Buildings</u></b>	<b><u>Others</u></b>
	<b>£</b>	<b>£</b>
Operating leases which expire:		
(a) Within one year	-	-
(b) In the second to fifth year	-	8,361
(c) After five years	-	-
	<u>-</u>	<u>8,361</u>

**14. TRANSACTIONS WITH DIRECTORS**

D.P.L. Sivak and M. A. Gilby, shareholders and directors, previously traded in partnership as CDSM Interactive Solutions. On 31<sup>st</sup> December 1999 CDSM Interactive Solutions sold, on an arms length basis, to the company plant and equipment valued at £19,081.