

Accountants Report to the Directors
Year Ended October 31st 2003
Realism Limited 2422998

As described in the balance sheet you are responsible for the preparation of the accounts for the year ended October 31st 2003 set out on pages 4 to 6 and you consider that the company is exempt from an audit under Companies Act 1985. In accordance with your instructions we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.


G. Robinson & Co
Chartered Certified Accountants
Ludlow
June 22nd 2004



Realism Limited
Directors Report
For the Year Ended October 31st 2003

Principle Activity and Review of Business

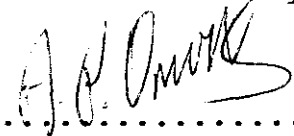
The principle activities of the Company were those of the production of software games and computer consultancy.

Directors

The directors who served during the year and their interest, in the ordinary shares at the beginning and end of the year were as follows:

	Beginning	End
Mr.A Onions	400	400

This report, having been prepared in accordance with the special provisions of Part V11 of the companies Act 1985 relating to small companies, was approved by the board on June 18th 2004 and signed on its behalf by:


.....
Mr.A.Onions

Realism Limited
Profit and Loss Account
For the Year Ended October 31st 2003

	2003 £	2002 £
Turnover	182,976	193,672
Administration Expenses	219,921	141,370
Profit (Loss) on Ordinary Activities	(36,945)	52,302
Add: Investment Income	516	82
Profit (Loss) on Ordinary Activities before Taxation	(36,429)	52,384
Taxation	-	7,427
Retained Profit (Loss) for the year	(36,429)	44,957
Profit (Loss) Account brought forward	40,946	(4,011)
Profit (Loss) Account carried forward	4,517	40,946

Realism Limited
Balance Sheet
For the Year Ended October 31st 2003

	Notes	2003 £	2002 £
<u>FIXED ASSETS</u>			
Tangible Assets		5,941	6,434
		-----	-----
<u>CURRENT ASSETS</u>			
Debtors		4,311	2,815
Work-in-Progess		-	23,449
Cash at Bank		596	31,860
		-----	-----
		4,907	58,124
<u>CURRENT LIABILITIES</u>			
Amounts falling due within one year:			
Creditors		5,931	23,212
		-----	-----
<u>NET CURRENT ASSETS</u>		(1,024)	34,912
		-----	-----
<u>TOTAL ASSETS LESS LIABILITIES</u>		4,917	41,346
		=====	=====

CAPITAL AND RESERVES

Called up Share Capital	400	400
Profit and Loss Account	4,517	40,946
	-----	-----
	4,917	41,346
	=====	=====

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the accounts for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

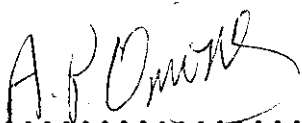
Realism Limited
Balance Sheet Continued
For the Year Ended October 31st 2003

The directors acknowledge their responsibilities for:

1. ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
2. preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on June 18th 2004 and are signed on their behalf by:


.....
Mr. A. Onions

Realism Limited
Notes to Financial Statements
For the Year Ended October 31st 2003

1. Accounting Policies

- (a) Historical Cost Convention
These Accounts have been prepared under the historical cost convention which does not take account of the effects of inflation.
- (b) Turnover
Turnover represents the net amount receivable for sales excluding value added tax.
- (c) Depreciation
The plant and equipment have been depreciated at 25% on a reducing Basis.
- (d) Stocks
Stocks and work in progress are stated at the lower of cost and estimated net realisable value.
- (e) Taxation
The company has a corporation tax liability.
- (f) The company has taken advantage of the exemption in Financial Reporting Standard No1 from producing a cash flow statement on the grounds that it is a small company.

2. Tangible Fixed Assets

	Plant and Equipment
Cost or Valuation	19,245
Additions	1,487

	20,732
	=====
Depreciation B/Fwd	12,811
Charge for the Year	1,980
Disposals	-

	14,791
	=====
Net Book Value at 31.10.03	5,941
	=====
Net Book Value at 31.10.02	6,434
	=====

3. Called up Share Capital

	<u>2003</u>	<u>2002</u>
	£	£
Authorised: 1,000 ordinary shares of £1 each	1000	1000
Issued: 400 ordinary shares of £1 each	400	400