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Realism Limited  
Directors Report  
For the Year Ended October 31st 2002

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Principle Activity and Review of Business

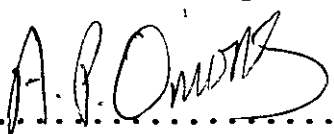
The principle activities of the Company were those of the production of software games and computer consultancy.

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	200	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 7th 2003 and signed on its behalf by:

  
.....  
Mr.A.Onions



Accountants Report to the Directors  
Year Ended October 31st 2002  
Realism Limited

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As described in the balance sheet you are responsible for the preparation of the accounts for the year ended October 31st 2002, 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 10th 2003

Realism Limited  
Profit and Loss Account  
For the Year Ended October 31st 2002

	2002 £	2001 £
Turnover	193,672	-
Administration Expenses	141,370	486
	-----	-----
Profit (Loss) on Ordinary Activities	52,302	(486)
Add: Investment Income	82	-
	-----	-----
Profit (Loss) on Ordinary Activities before Taxation	52,384	(486)
Taxation	7,427	-
	-----	-----
Retained Profit (Loss) for the year	44,957	(486)
Profit (Loss) Account brought forward	(4,011)	(3,525)
	-----	-----
Profit (Loss) Account carried forward	40,946	(4,011)
	=====	=====

Realism Limited  
Balance Sheet  
For the Year Ended October 31st 2002

	Notes	2002 £	2001 £
<u>FIXED ASSETS</u>			
Tangible Assets		6,434	1,175
		-----	-----
<u>CURRENT ASSETS</u>			
Debtors		2,815	-
Work-in-Progess		23,449	
Cash at Bank		31,860	44
		-----	---
		58,124	44
<u>CURRENT LIABILITIES</u>			
Amounts falling due within one year:			
Creditors		23,212	4,830
		-----	-----
<u>NET CURRENT ASSETS</u>		34,912	(4,786)
		-----	-----
<u>TOTAL ASSETS LESS LIABILITIES</u>		41,346	(3,611)
		=====	=====
 <u>CAPITAL AND RESERVES</u>			
Called up Share Capital		400	400
Profit and Loss Account		40,946	(4,011)
		-----	-----
		41,346	(3,611)
		=====	=====

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 2002

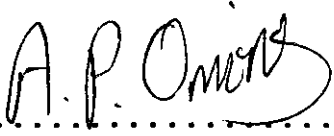
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The directors acknowledge their responsibilities for:

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 7th 2003 and are signed on their behalf by:

  
.....  
Mr. A. Onions

Realism Limited  
Notes to Financial Statements  
For the Year Ended October 31st 2002

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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	11,908
Additions	7,337
	-----
	19,245
	=====
Depreciation B/Fwd	10,733
Charge for the Year	2,078
Disposals	-
	-----
	12,811
	=====
Net Book Value at 31.10.02	6,434
	=====
Net Book Value at 31.10.01	1,175
	=====

3. Called up Share Capital

	<u>2002</u>	<u>2001</u>
	£	£
Authorised: 1,000 ordinary shares of £1 each	1000	1000
Issued: 400 ordinary shares of £1 each	400	400