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INTES INTERNATIONAL (UK) LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2001



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Company No. SC181192

INTES INTERNATIONAL (UK) LIMITED

COMPANY INFORMATION

Directors	R.B. Shepherd A.E. Blatter
Secretary	R.B. Shepherd
Registered Office	384 Lanark Road Edinburgh EH13 0LX
Accountants	Banks Richardson Scott & Co. 1a Torphichen Street Edinburgh EH3 8HX
Bankers	Clydesdale Bank plc Sighthill Branch 12 Bankhead Avenue Edinburgh EH11 4HD

INTES INTERNATIONAL (UK) LIMITED

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INTES INTERNATIONAL (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2001

The directors present their report together with the financial statements for the year to 31st December 2001.

Principal Activities

The company's principal activity continued to be that of publishing children's books.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	1/1/01	31/12/01
R.B. Shepherd	1	1
A.E. Blatter	1	1

Small Company Exemptions

The directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and was approved by the board on 25th October 2002, and signed on its behalf by

R.B. Shepherd

Company Secretary

**ACCOUNTANTS' REPORT TO THE DIRECTORS
ON THE UNAUDITED FINANCIAL STATEMENTS OF
INTES INTERNATIONAL (UK) LIMITED**

As described on the balance sheet, you are responsible for the preparation of the financial statements for the year ended 31st December 2001, set out on pages 3 to 8, and you consider that the company is exempt from an audit under Section 249A of the Companies Act 1985. In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

A handwritten signature in black ink, appearing to read 'Banks Richardson Scott & Co.', is written over a horizontal line.

**Banks Richardson Scott & Co.
Accountants
1a Torphichen Street
Edinburgh
EH3 8HX**

25th October 2002

INTES INTERNATIONAL (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2001

	Notes	2001 £	2000 £
Turnover	2		
Cost of sales		<u>12,945</u>	<u>21,546</u>
Administrative Expenses		<u>9,649</u>	<u>12,511</u>
Operating Profit	3	3,296	9,035
Tax on Profit on Ordinary Activities	4	<u>223</u>	<u>-</u>
Profit for the Financial Year		3,073	9,035
Retained Losses Brought Forward		<u>(1,340)</u>	<u>(10,375)</u>
Retained Profits/(Losses) Carried Forward		<u>1,733</u>	<u>(1,340)</u>

All amounts relate to continuing activities.

There were no recognised gains or losses for 2001 or 2000 other than those included in the profit and loss account.

INTES INTERNATIONAL (UK) LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2001

	NOTES	£	2001 £	2000 £
Fixed Assets				
Tangible Assets	5		-	<u>318</u>
Current Assets				
Stock	6	11,051		6,806
Debtors	7	5,311		6,516
Cash at bank		<u>1,093</u>		<u>1,370</u>
		<u>17,455</u>		<u>14,692</u>
Creditors: Amounts Falling Due Within One Year	8	<u>15,720</u>		<u>16,348</u>
Net Current Assets/(Liabilities)			<u>1,735</u>	<u>(1,656)</u>
Total Assets Less Current Liabilities			<u>1,735</u>	<u>(1,338)</u>
Capital & Reserves				
Called up Share Capital	9		2	2
Profit and Loss Account			<u>1,733</u>	<u>(1,340)</u>
Shareholder's Funds			<u>1,735</u>	<u>(1,338)</u>

INTES INTERNATIONAL (UK) LIMITED

BALANCE SHEET (Continued) AS AT 31ST DECEMBER 2001

The directors are of the opinion that the company is entitled to exemption from audit conferred by sub-section 1 of Section 249A of the Companies Act 1985 for the year ended 31st December 2001.

The directors confirm that no member or members have requested an audit pursuant to sub-section 2 of Section 249B of the Companies Act 1985.

The directors confirm that they are responsible for:

Ensuring that the company keeps accountancy records which comply with Section 221 of the Companies Act 1985.

And preparing financial statements which give a true and fair view of the state of the affairs of the company as at the end of the financial period and of its results for the period in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 to small companies.

These financial statements were approved by the board on 25h October 2002 and signed on its behalf by

R B Shepherd

Director

The notes on pages 6 to 8 form part of these financial statements

INTES INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST DECEMBER 2001

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention.

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

Turnover is the total amount receivable by the company for work done.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by the straight line method over their expected useful lives. The rates and periods generally applicable are:

Computer equipment	25%
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Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is based on estimated selling price, less any further costs of realisation.

2. Turnover

The turnover was derived from the company's principal activity which was carried out both in the UK and abroad.

3. Operating Profit

	2001 £	2000 £
<i>The operating profit is arrived at after charging:</i>		
Depreciation of owned assets	<u>318</u>	<u>318</u>

INTES INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) YEAR ENDED 31ST DECEMBER 2001

4. Taxation

	2001 £	2000 £
Based on the profit for the year		
UK corporation tax at 10%	<u>223</u>	<u>-</u>

5. Tangible Fixed Assets

	Computer Equipment £
Cost	
As at 1st January 2001	<u>1,272</u>
Depreciation	
As at 1st January 2001	954
Charge for the year	<u>318</u>
	<u>1,272</u>
Net Book Value	
As at 31st December 2001	<u>-</u>
As at 31st December 2000	<u>318</u>

6. Stocks

	2001 £	2000 £
Stock represents the value at cost of finished books	<u>11,051</u>	<u>6,806</u>

7. Debtors

	2001 £	2000 £
Trade debtors	5,118	6,315
VAT recoverable	<u>193</u>	<u>201</u>
	<u>5,311</u>	<u>6,516</u>

INTES INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) YEAR ENDED 31ST DECEMBER 2001

8. Creditors: Amounts Falling Due Within One Year

	2001 £	2000 £
Accruals	2,031	1,621
Corporation tax	223	-
Directors' loans	<u>13,466</u>	<u>14,727</u>
	<u>15,720</u>	<u>16,348</u>

9. Share Capital Authorised

	2001 £	2000 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>