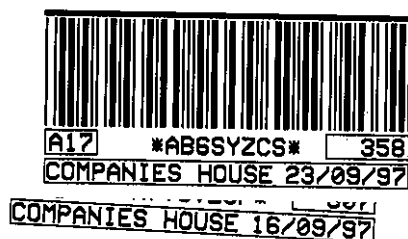


Company no. 2007321

ARTIFAX SOFTWARE LIMITED
(FORMERLY ARTIFAX COMPUTER SOFTWARE LIMITED)

ACCOUNTS

YEAR ENDED 31 MARCH 1997



Faulkner House
Victoria Street
St Albans
Herts. AL1 3SE

RAYNER ESSEX
CHARTERED ACCOUNTANTS

ARTIFAX SOFTWARE LIMITED

(FORMERLY ARTIFAX COMPUTER SOFTWARE LIMITED)

FINANCIAL ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1997

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3. Profit and loss account
4. Balance sheet
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ARTIFAX SOFTWARE LIMITED

(FORMERLY ARTIFAX COMPUTER SOFTWARE LIMITED)

REPORT OF THE DIRECTORS

The Directors submit their report and accounts for the year ended 31 March 1997.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company's principal activity of management administration and consultancy continued throughout the year.

Both the level of business and the year end financial position were satisfactory and the Directors expect that the present level of activity will continue for the foreseeable future.

On 17th February 1997 the Company changed its name from Artifax Computer Software Limited to Artifax Software Limited.

RESULTS AND DIVIDENDS

The results for the year and the financial position at the end of the year are set out in the attached accounts.

The Directors do not recommend the payment of a dividend.

FIXED ASSETS

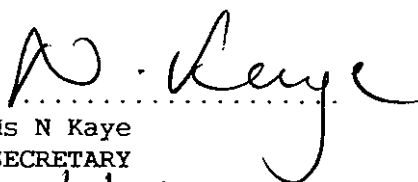
The movements in fixed assets during the year are set out in note 7 to the accounts.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company during the year and their beneficial interests in the issued share capital of the Company at the beginning and end of the year were as follows:-

	At 31 March 1997 Ordinary Shares	At 1 April 1996 Ordinary Shares
T D Nathan Esq	50	50
Ms N Kaye	50	50

BY ORDER OF THE BOARD



 Ms N Kaye
 SECRETARY

29/8/97

ACCOUNTANT'S REPORT TO THE SHAREHOLDERS ON THE

UNAUDITED ACCOUNTS OF ARTIFAX SOFTWARE LIMITED

We report on the accounts for the year ended 31 March 1997 set out on pages 3 to 8.

Respective responsibilities of the directors and reporting accountants

As described on page 4 the Company's directors are responsible for the preparation of the accounts, and they consider that the Company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the Company as we considered necessary for the purpose of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the accounts are in agreement with the accounting records kept by the Company under Section 221 of the Companies Act 1985.
- (b) having regard only to, and on the basis of the information, contained in those accounting records:
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - (ii) the Company satisfied the conditions for exemption from an audit of the accounts for the year specified in Section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1).

Faulkner House
Victoria Street
St Albans
Herts AL1 3SE

29/8/97



RAYNER ESSEX
CHARTERED ACCOUNTANTS

ARTIFAX SOFTWARE LIMITED

(FORMERLY ARTIFAX COMPUTER SOFTWARE LIMITED)

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997 £	1996 £
Turnover	2	105,483	78,465
Cost of sales		(3,833)	(3,136)
GROSS PROFIT		101,650	75,329
Administrative expenses		(111,490)	(78,991)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(9,840)	(3,662)
Taxation	6	-	47
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(9,840)	(3,615)
Retained profit brought forward		1,102	4,717
ACCUMULATED (LOSS)/RETAINED PROFIT CARRIED FORWARD		£ (8,738)	£ 1,102

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than those recognised in the profit and loss account.

CONTINUING ACTIVITIES

None of the Company's activities were acquired or discontinued during the above two financial years.

The notes on pages 5 to 8 form part of these accounts.

ARTIFAX SOFTWARE LIMITED

(FORMERLY ARTIFAX COMPUTER SOFTWARE LIMITED)

BALANCE SHEET AT 31 MARCH 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	7	19,723	14,391
CURRENT ASSETS			
Debtors	8	16,609	20,586
Cash at bank and in hand		45	-
		16,654	20,586
CREDITORS - amounts falling due within one year	9	(45,015)	(33,775)
NET CURRENT LIABILITIES		(28,361)	(13,189)
TOTAL ASSETS LESS CURRENT LIABILITIES		£ (8,638)	£ 1,202
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit and loss account		(8,738)	1,102
EQUITY SHAREHOLDERS FUNDS	11	£ (8,638)	£ 1,202

DIRECTORS STATEMENT

The Directors have taken advantage of the exemptions conferred by Section 249A(1) not to have these accounts audited and confirm that no notice has been deposited under Section 249B(2) of the Companies Act 1985.

The Directors acknowledge their responsibility for ensuring that:-

- (1) The Company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
- (2) The accounts give a true and fair view of the state of affairs of the Company as at 31 March 1997 and of its loss for the year then ended in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts so far as applicable to the Company.

Approved by the directors

on 29/3/97

T D Nathan Esq

) DIRECTORS

Ms N Kaye

The notes on pages 5 to 8 form part of these accounts.

ARTIFAX SOFTWARE LIMITED

(FORMERLY ARTIFAX COMPUTER SOFTWARE LIMITED)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1997

1. ACCOUNTING POLICIES

a) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

b) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset systematically over its expected useful life as follows :

Improvements to property	10% straight line basis
Equipment	over three years

c) Deferred taxation

Deferred taxation is provided on the liability method on all short-term timing differences except where, in the opinion of the Directors, a liability is unlikely to arise. Provision is also made for long term timing differences where those differences are expected to reverse in the foreseeable future.

d) Implementation of FRS 1

The Company has taken advantage of the exemptions in FRS 1 in that it qualifies as a small company and does not have to publish a cash flow statement.

e) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. All exchange differences are charged or credited to the profit and loss account.

2. TURNOVER

Turnover represents the invoiced amount of goods and services provided net of value added tax. A geographical analysis of turnover is as follows.

	1997 £	1996 £
United Kingdom	62,990	43,898
Europe	19,361	16,320
United States of America	17,095	16,547
Asia	2,500	-
Australia	950	1,700
South Africa	2,587	-
	<u>105,483</u>	<u>78,465</u>

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated:

	1997 £	1996 £
After charging:		
Depreciation	<u>6,082</u>	<u>4,110</u>

ARTIFAX SOFTWARE LIMITED

(FORMERLY ARTIFAX COMPUTER SOFTWARE LIMITED)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1997

4. STAFF COSTS

(Excluding Directors' remuneration)

	1997 £	1996 £
Wages and salaries	19,690	14,244
Social security costs	2,976	1,423
	<u>£ 22,666</u>	<u>£ 15,667</u>

The average weekly number of employees during the year was 3 (1996 - 3), made up as follows:

Administration	<u>3</u>	<u>3</u>
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5. DIRECTORS REMUNERATION

	1997	1996
Directors' remuneration	<u>£ 10,001</u>	<u>£ -</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997	1996
Overprovided in previous years	<u>£ -</u>	<u>£ (47)</u>

ARTIFAX SOFTWARE LIMITED

(FORMERLY ARTIFAX COMPUTER SOFTWARE LIMITED)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1997

7. TANGIBLE ASSETS

COST	Office Improvement £	Equipment £	Total £
At 1 April 1996	8,390	21,809	30,199
Additions	-	11,414	11,414
At 31 March 1997	8,390	33,223	41,613
DEPRECIATION			
At 1 April 1996	5,385	10,423	15,808
Charge for the period	839	5,243	6,082
At 31 March 1997	6,224	15,666	21,890
NET BOOK VALUE			
At 31 March 1997	£ 2,166	£ 17,557	£ 19,723
At 31 March 1996	£ 3,005	£ 11,386	£ 14,391

8. DEBTORS

	1997 £	1996 £
Trade debtors	13,344	18,231
Other debtors	2,329	900
Prepayments	936	1,455
	£ 16,609	£ 20,586

9. CREDITORS DUE WITHIN ONE YEAR

	1997 £	1996 £
Bank loans and overdrafts	2,136	76
Loans from directors (a)	34,035	22,528
Trade creditors	4,331	6,133
Taxation and social security	1,271	3,006
Accruals	1,200	1,200
Other creditors	2,042	832
	£ 45,015	£ 33,775

(a) Loans from Directors.

The loans from Directors are interest accruing at market rates.
There is no fixed date for repayment.

ARTIFAX SOFTWARE LIMITED

(FORMERLY ARTIFAX COMPUTER SOFTWARE LIMITED)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1997

10. SHARE CAPITAL

	1997 £	1996 £
Authorised		
Ordinary shares of £1 each	£ 100	£ 100
	<u> </u>	<u> </u>
Allotted, issued and fully paid		
Ordinary shares of £1 each	£ 100	£ 100
	<u> </u>	<u> </u>

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	1997	1996
Loss per accounts	(9,841)	(3,615)
Opening shareholders funds	1,202	4,817
	<u> </u>	<u> </u>
Closing shareholders funds	£ (8,639)	£ 1,202
	<u> </u>	<u> </u>

12. DEFERRED TAXATION

No provision for deferred taxation has been made as, in the opinion of the Directors, a liability is unlikely to arise.