

Company Registration No. 2007321 (England and Wales)

ARTIFAX SOFTWARE LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2002

Faulkner House
Victoria Street
St Albans
Herts
AL1 3SE



RAYNER ESSEX
CHARTERED ACCOUNTANTS

ARTIFAX SOFTWARE LIMITED

COMPANY INFORMATION

Directors

Mr T D Nathan

Ms N Kaye

Mr T Coleman

(Appointed 13 September 2001)

Mr B J Curthoys

(Appointed 13 September 2001)

Secretary

Ms N Kaye

Company number

2007321

Registered office

Faulkner House

Victoria Street

St Albans

Herts

AL1 3SE

Auditors

Rayner Essex

Faulkner House

Victoria Street

St Albans

Herts

AL1 3SE

ARTIFAX SOFTWARE LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 10

ARTIFAX SOFTWARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2002

The directors present their report and financial statements for the year ended 31 March 2002.

Principal activities

The principal activity of the company continued to be that of computer software developing and marketing.

Directors

The following directors have held office since 1 April 2001:

Mr T D Nathan

Ms N Kaye

Mr T Coleman (Appointed 13 September 2001)

Mr B J Curthoys (Appointed 13 September 2001)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary A shares of £ 1 each	
	31 March 2002	1 April 2001
Mr T D Nathan	50	50
Ms N Kaye	-	-
Mr T Coleman	-	-
Mr B J Curthoys	-	-

	Ordinary B shares of £ 1 each	
	31 March 2002	1 April 2001
Mr T D Nathan	-	-
Ms N Kaye	50	50
Mr T Coleman	-	-
Mr B J Curthoys	-	-

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Rayner Essex will be deemed to be reappointed for each succeeding financial year.

ARTIFAX SOFTWARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2002

Directors' responsibilities

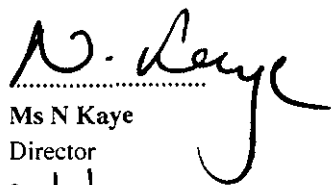
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board


.....
Ms N Kaye
Director
20/8/02

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARTIFAX SOFTWARE LIMITED

We have audited the financial statements of Artifax Software Limited on pages 4 to 10 for the year ended 31 March 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

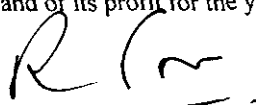
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Rayner Essex
Chartered Accountants and Registered Auditors

Faulkner House
Victoria Street
St Albans
Herts
AL1 3SE

Date: 22/8/02

ARTIFAX SOFTWARE LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2002**

	Notes	2002 £	2001 £
Turnover	2	776,535	554,960
Cost of sales		(52,168)	(24,309)
Gross profit		724,367	530,651
Administrative expenses		(669,814)	(497,936)
Operating profit	3	54,553	32,715
Other interest receivable and similar income		605	761
Profit on ordinary activities before taxation		55,158	33,476
Tax on profit on ordinary activities	4	(11,812)	(6,171)
Profit on ordinary activities after taxation		43,346	27,305
Dividends		(5,000)	(2,000)
Retained profit for the year	10	38,346	25,305

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

ARTIFAX SOFTWARE LIMITED

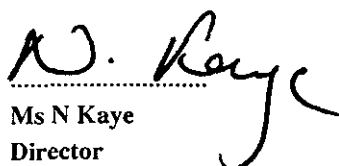
BALANCE SHEET

AS AT 31 MARCH 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	5		18,558		12,690
Current assets					
Debtors	6	182,873		116,242	
Cash at bank and in hand		66,420		84,376	
		<u>249,293</u>		<u>200,618</u>	
Creditors: amounts falling due within one year	7	<u>(154,651)</u>		<u>(139,250)</u>	
Net current assets			<u>94,642</u>		<u>61,368</u>
Total assets less current liabilities			<u>113,200</u>		<u>74,058</u>
Capital and reserves					
Called up share capital	9		100		100
Profit and loss account	10		113,100		73,958
Shareholders' funds - equity interests	11		<u>113,200</u>		<u>74,058</u>

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

The financial statements were approved by the Board on 20/8/02.....


 Ms N Kaye
 Director

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	3 years straight line
Fixtures, fittings & equipment	15% Reducing balance
Motor vehicles	25% Reducing balance

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Pensions

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

2 Turnover

In the year to 31 March 2002 11.06% (2001 - 20.95%) of the company's turnover was to markets outside the United Kingdom.

The geographical split of turnover was as follows:

Country

	2002 £	2001 £
United States of America	6.66	13.38
Europe	4.00	7.47
Australia	0.40	0.10
United Kingdom	88.94	79.05
	<u>100.00</u>	<u>100.00</u>

3 Operating profit

Operating profit is stated after charging:

	2002 £	2001 £
Depreciation of tangible assets	32,977	14,166
Operating lease rentals	13,500	13,500
Auditors' remuneration	3,750	-
Directors' emoluments	90,030	62,007
	<u>90,030</u>	<u>62,007</u>

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

4	Taxation	2002	2001
		£	£
	Domestic current year tax		
	U.K. corporation tax	11,812	6,171
		<u>11,812</u>	<u>6,171</u>
	Current tax charge		
		<u>11,812</u>	<u>6,171</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	55,158	33,476
		<u>55,158</u>	<u>33,476</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2001 : 20.00%)	11,032	6,695
		<u>11,032</u>	<u>6,695</u>
	Effects of:		
	Non deductible expenses	10,024	10,434
	Depreciation	31,977	14,165
	Capital allowances	(28,076)	(14,645)
	Other tax adjustments	(13,145)	(10,478)
		<u>780</u>	<u>(524)</u>
	Current tax charge	<u>11,812</u>	<u>6,171</u>
5	Tangible fixed assets		
			Plant and machinery etc
			£
	Cost		
	At 1 April 2001		69,567
	Additions		38,844
	Disposals		(1,899)
			<u>106,512</u>
	At 31 March 2002		
	Depreciation		
	At 1 April 2001		56,876
	On disposals		(1,899)
	Charge for the year		32,977
			<u>87,954</u>
	At 31 March 2002		
	Net book value		
	At 31 March 2002		18,558
			<u>18,558</u>
	At 31 March 2001		12,690
			<u>12,690</u>

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

6 Debtors	2002 £	2001 £
Trade debtors	182,574	115,619
Other debtors	299	623
	<u>182,873</u>	<u>116,242</u>

7 Creditors: amounts falling due within one year	2002 £	2001 £
Trade creditors	18,614	7,537
Taxation and social security	47,728	30,101
Other creditors	88,309	101,612
	<u>154,651</u>	<u>139,250</u>

8 Pension costs

The company operates defined contribution pension schemes for directors and employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the fund. The total contributions amounted to £26,513 (2001 - £27,507).

9 Share capital	2002 £	2001 £
Authorised		
50 Ordinary A shares of £ 1 each	50	50
50 Ordinary B shares of £ 1 each	50	50
	<u>100</u>	<u>100</u>
 Allotted, called up and fully paid		
50 Ordinary A shares of £ 1 each	50	50
50 Ordinary B shares of £ 1 each	50	50
	<u>100</u>	<u>100</u>

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2001	74,754
Retained profit for the year	38,346
Balance at 31 March 2002	<u>113,100</u>

11 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	43,346	27,305
Dividends	(5,000)	(2,000)
Net addition to shareholders' funds	<u>38,346</u>	<u>25,305</u>
Opening shareholders' funds	74,058	48,753
Closing shareholders' funds	<u>113,200</u>	<u>74,058</u>

12 Financial commitments

At 31 March 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2002	2001
	£	£
Expiry date:		
In over five years	<u>13,500</u>	<u>13,500</u>

13 Related party transactions

The ultimate controlling parties are Mr T D Nathan and Ms N Kaye, acting in concert.

The directors have provided a personal guarantee, limited to £40,000, to the company's bankers.