

Company Registration No. 2007321 (England and Wales)

ARTIFAX SOFTWARE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

**Faulkner House
Victoria Street
St Albans
Hertfordshire
AL1 3SE**



**Rayner Essex
Chartered Accountants**

ARTIFAX SOFTWARE LIMITED

COMPANY INFORMATION

Directors	Mr T Coleman Mr B J Curthoys Artifax Group Limited Mr N Webb
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 Hertfordshire AL1 3SE

ARTIFAX SOFTWARE LIMITED

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ARTIFAX SOFTWARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2004

The directors present their report and financial statements for the year ended 31 March 2004.

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 2003:

Mr T Coleman
Mr B J Curthoys
Artifax Group Limited
Mr N Webb

Directors' interests

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

	Ordinary A shares of £ 1 each	
	31 March 2004	1 April 2003
Mr T Coleman	-	-
Mr B J Curthoys	-	-
Artifax Group Limited	63	49
Mr N Webb	-	-

	Ordinary B shares of £ 1 each	
	31 March 2004	1 April 2003
Mr T Coleman	-	-
Mr B J Curthoys	-	-
Artifax Group Limited	49	49
Mr N Webb	-	-

	Ordinary C shares of £ 1 each	
	31 March 2004	1 April 2003
Mr T Coleman	-	-
Mr B J Curthoys	-	-
Artifax Group Limited	2	2
Mr N Webb	-	-

	Ordinary D shares of £ 1 each	
	31 March 2004	1 April 2003
Mr T Coleman	-	-
Mr B J Curthoys	6	-
Artifax Group Limited	-	-
Mr N Webb	-	-

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 2004

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



Artifax Group Limited

Director

28 September 2004

ARTIFAX SOFTWARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARTIFAX SOFTWARE LIMITED

We have audited the financial statements of Artifax Software Limited on pages 4 to 12 for the year ended 31 March 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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.

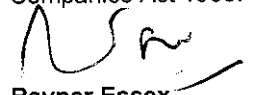
Basis of audit opinion

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 2004 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
Registered Auditor

1 October 2004

Faulkner House
Victoria Street
St Albans
Hertfordshire
AL1 3SE

ARTIFAX SOFTWARE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

	Notes	2004 £	2003 £
Turnover	2	1,015,417	1,068,192
Cost of sales		(93,774)	(154,669)
Gross profit		921,643	913,523
Administrative expenses		(896,683)	(872,833)
Operating profit	3	24,960	40,690
Other interest receivable and similar income	4	418	192
Interest payable and similar charges		(5,195)	(6,593)
Profit on ordinary activities before taxation		20,183	34,289
Tax on profit on ordinary activities	5	(3,179)	(3,262)
Profit on ordinary activities after taxation		17,004	31,027
Dividends		(7,747)	(4,000)
Retained profit for the year	11	9,257	27,027

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.

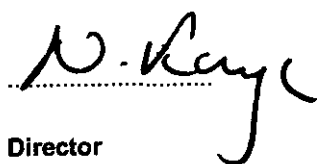
ARTIFAX SOFTWARE LIMITED

BALANCE SHEET AS AT 31 MARCH 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	6		20,674		32,651
Current assets					
Debtors	7	219,407		226,341	
Cash at bank and in hand		105,542		75,426	
					
		324,949		301,767	
Creditors: amounts falling due within one year	8	(193,675)		(194,191)	
					
Net current assets			131,274		107,576
					
Total assets less current liabilities			151,948		140,227
					
Capital and reserves					
Called up share capital	10		120		100
Share premium account	11		2,458		-
Profit and loss account	11		149,370		140,127
					
Shareholders' funds	12		151,948		140,227
					

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 28 September 2004


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Director

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

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:

Computer and office equipment	100% and 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 pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.6 Deferred taxation

The accounting policy in respect of deferred tax reflects the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. A deferred tax asset is only recognised if the asset is recoverable in the short term.

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 2004

2 Turnover

The geographical split of turnover was as follows:

Country	2004 %	2003 %
United States of America	4.20	5.60
Europe	8.20	10.00
Australasia	0.60	-
United Kingdom	87.00	84.40
	<u>100.00%</u>	<u>100.00%</u>

3 Operating profit

	2004 £	2003 £
Operating profit is stated after charging:		
Depreciation of tangible assets	25,227	24,828
Loss on disposal of tangible assets	4,148	-
Loss on foreign exchange transactions	-	1,818
Operating lease rentals	1,125	13,500
Auditors' remuneration	5,000	3,750
Directors' emoluments	82,326	122,952
and after crediting:		
Profit on disposal of tangible assets	-	(1,200)
Profit on foreign exchange transactions	(2,706)	-
	<u></u>	<u></u>

4 Investment income

	2004 £	2003 £
Bank interest	418	192
	<u></u>	<u></u>

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

5	Taxation	2004 £	2003 £
	Domestic current year tax		
	U.K. corporation tax	3,179	3,262
	Current tax charge	<u>3,179</u>	<u>3,262</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	20,183	34,289
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2003: 19.00%)	<u>3,835</u>	<u>6,515</u>
	Effects of:		
	Non deductible expenses	1,004	1,253
	Depreciation add back	4,793	4,489
	Capital allowances	(6,139)	(6,526)
	Other tax adjustments	(314)	(2,469)
		<u>(656)</u>	<u>(3,253)</u>
	Current tax charge	<u>3,179</u>	<u>3,262</u>

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

6 Tangible fixed assets

	Computer and office equipment £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2003	102,222	25,357	16,264	143,843
Additions	20,306	2,092	-	22,398
Disposals	-	-	(16,264)	(16,264)
At 31 March 2004	122,528	27,449	-	149,977
Depreciation				
At 1 April 2003	98,600	5,476	7,116	111,192
On disposals	-	-	(7,116)	(7,116)
Charge for the year	21,931	3,296	-	25,227
At 31 March 2004	120,531	8,772	-	129,303
Net book value				
At 31 March 2004	1,997	18,677	-	20,674
At 31 March 2003	3,622	19,881	9,148	32,651

7 Debtors

	2004 £	2003 £
Trade debtors	208,685	189,113
Other debtors	10,722	37,228
	219,407	226,341

8 Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	18,620	37,077
Amounts owed to group undertakings and undertakings in which the company has a participating interest	30,085	4,000
Taxation and social security	50,162	40,390
Other creditors	94,808	112,724
	193,675	194,191

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

9 Pension costs

Defined contribution

During the year the company operated two defined contribution pension schemes. The first scheme was operated until July 2003. In that period the contributions paid by the company amounted to £6,068. Contributions paid to the second scheme, which commenced in August 2003, amounted to £36,636. 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 funds.

	2004 £	2003 £
Contributions payable by the company for the year	42,704	27,643

10 Share capital

Authorised

	2004 £	2003 £
749 Ordinary A shares of £1 each	749	49
49 Ordinary B shares of £1 each	49	49
2 Ordinary C shares of £1 each	2	2
200 Ordinary D shares of £1 each	200	-
	1,000	100

Allotted, called up and fully paid

63 Ordinary A shares of £1 each	63	49
49 Ordinary B shares of £1 each	49	49
2 Ordinary C shares of £1 each	2	2
6 Ordinary D shares of £1 each	6	-
	120	100

On 12 February 2004, the share capital of the company was increased to £1,000 by the creation of 700 new Ordinary A shares of £1 each and 200 new Ordinary D shares of £1 each.
On the same day, 14 Ordinary A shares of £1 each and 6 Ordinary shares of £1 each were allotted as a bonus issue.

The shares rank pari passu in all respects.

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

11 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 April 2003	-	140,127
Retained profit for the year	-	9,257
Bonus issue of shares	-	(14)
Premium on shares issued during the year	2,458	-
Balance at 31 March 2004	<u>2,458</u>	<u>149,370</u>

12 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	17,004	31,027
Dividends	(7,747)	(4,000)
	<u>9,257</u>	<u>27,027</u>
Proceeds from issue of shares	2,464	-
	<u>11,721</u>	<u>27,027</u>
Net addition to shareholders' funds	140,227	113,200
Opening shareholders' funds	<u>151,948</u>	<u>140,227</u>
Closing shareholders' funds	<u>151,948</u>	<u>140,227</u>

13 Financial commitments

At 31 March 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2004 £	2003 £
Expiry date: Within one year	<u>13,500</u>	<u>13,500</u>

14 Control

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

The company's immediate and ultimate parent undertaking is Artifax Group Limited, a company incorporated in England and Wales.

Artifax Group Limited prepares group financial statements and copies can be obtained from Rayner Essex, Faulkner House, Victoria Street, St Albans, Herts AL1 3SE.

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

15 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.