

Company Registration No. 2007321 (England and Wales)

ARTIFAX SOFTWARE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005



Faulkner House
Victoria Street
St Albans
Herts
AL1 3SE

Rayner Essex
Chartered Accountants

ARTIFAX SOFTWARE LIMITED

COMPANY INFORMATION

Directors

Mr T Coleman
Mr B J Curthoys
Artifax Group Limited
Mr W P Ward (Appointed 12 April 2005)
Mr N Webb

Secretary

Ms N Kaye

Company number

2007321

Registered office

Faulkner House
Victoria Street
St Albans
Hertfordshire
AL1 3SE

Auditors

Rayner Essex
Faulkner House
Victoria Street
St Albans
Herts
AL1 3SE

ARTIFAX SOFTWARE LIMITED

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ARTIFAX SOFTWARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005

The directors present their report and financial statements for the year ended 31 March 2005.

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 2004:

Mr T Coleman

Mr B J Curthoys

Artifax Group Limited

Mr W P Ward

(Appointed 12 April 2005)

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 2005	1 April 2004
Mr T Coleman	-	-
Mr B J Curthoys	-	-
Artifax Group Limited	63	63
Mr N Webb	-	-

	Ordinary B shares of £ 1 each	
	31 March 2005	1 April 2004
Mr T Coleman	-	-
Mr B J Curthoys	-	-
Artifax Group Limited	49	49
Mr N Webb	-	-

	Ordinary C shares of £ 1 each	
	31 March 2005	1 April 2004
Mr T Coleman	-	-
Mr B J Curthoys	-	-
Artifax Group Limited	2	2
Mr N Webb	-	-

	Ordinary D shares of £ 1 each	
	31 March 2005	1 April 2004
Mr T Coleman	-	-
Mr B J Curthoys	6	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 2005

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

14/10/05

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 11 for the year ended 31 March 2005. 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.

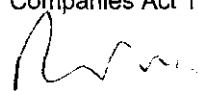
Basis of audit opinion

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 2005 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

17/10/05

Faulkner House
Victoria Street
St Albans
Herts
AL1 3SE

ARTIFAX SOFTWARE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 £	2004 £
Turnover	2	1,029,811	1,015,417
Cost of sales		(40,856)	(93,774)
Gross profit		<u>988,955</u>	<u>921,643</u>
Administrative expenses		(817,591)	(896,683)
Operating profit	3	<u>171,364</u>	<u>24,960</u>
Other interest receivable and similar income	4	458	418
Interest payable and similar charges		(8,795)	(5,195)
Profit on ordinary activities before taxation		<u>163,027</u>	<u>20,183</u>
Tax on profit on ordinary activities	5	(32,974)	(3,179)
Profit on ordinary activities after taxation		<u>130,053</u>	<u>17,004</u>
Dividends		-	(7,747)
Retained profit for the year	11	<u><u>130,053</u></u>	<u><u>9,257</u></u>

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.

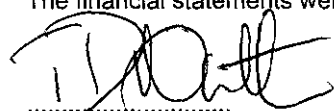
ARTIFAX SOFTWARE LIMITED

BALANCE SHEET AS AT 31 MARCH 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	6		23,024		20,674
Current assets					
Debtors	7	269,318		219,407	
Cash at bank and in hand		278,840		105,542	
		<u>548,158</u>		<u>324,949</u>	
Creditors: amounts falling due within one year	8	<u>(289,181)</u>		<u>(193,675)</u>	
Net current assets			258,977		131,274
Total assets less current liabilities			<u>282,001</u>		<u>151,948</u>
Capital and reserves					
Called up share capital	10		120		120
Share premium account	11		2,458		2,458
Profit and loss account	11		279,423		149,370
Shareholders' funds	12		<u>282,001</u>		<u>151,948</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 14/10/05



Director

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

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 2005

2 Turnover

The geographical split of turnover was as follows:

Country	2005 %	2004 %
United States of America	4.00	4.20
Europe	5.90	8.20
Australasia	0.90	0.60
United Kingdom	89.20	87.00
	<u>100.00%</u>	<u>100.00%</u>

3 Operating profit

	2005 £	2004 £
Operating profit is stated after charging:		
Depreciation of tangible assets	16,692	25,227
Loss on disposal of tangible assets	-	4,148
Loss on foreign exchange transactions	258	-
Operating lease rentals	9,000	1,125
Auditors' remuneration	5,000	5,000
Directors' emoluments	82,956	82,326
and after crediting:		
Profit on foreign exchange transactions	-	(2,706)

4 Investment income

	2005 £	2004 £
Bank interest	<u>458</u>	<u>418</u>

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

5	Taxation	2005	2004
		£	£
	Domestic current year tax		
	U.K. corporation tax	32,974	3,179
	Current tax charge	32,974	3,179
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	163,027	20,183
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 19.00%)	48,908	3,835
	Effects of:		
	Non deductible expenses	-	1,004
	Depreciation add back	5,008	4,793
	Capital allowances	(4,818)	(6,139)
	Other tax adjustments	(16,124)	(314)
		(15,934)	(656)
	Current tax charge	32,974	3,179
6	Tangible fixed assets		
		Computer and office equipment	Fixtures, fittings & equipment
		£	£
	Cost		
	At 1 April 2004	122,528	27,449
	Additions	17,142	1,900
	At 31 March 2005	139,670	29,349
	Depreciation		
	At 1 April 2004	120,531	8,772
	Charge for the year	13,605	3,087
	At 31 March 2005	134,136	11,859
	Net book value		
	At 31 March 2005	5,534	17,490
	At 31 March 2004	1,997	18,677

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

7 Debtors	2005	2004
	£	£
Trade debtors	220,354	208,685
Amounts owed by group undertakings and undertakings in which the company has a participating interest	48,964	-
Other debtors	-	10,722
	<u>269,318</u>	<u>219,407</u>

8 Creditors: amounts falling due within one year	2005	2004
	£	£
Trade creditors	12,467	18,620
Amounts owed to parent company	-	30,085
Taxation and social security	132,411	50,162
Other creditors	144,303	94,808
	<u>289,181</u>	<u>193,675</u>

9 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2005	2004
	£	£
Contributions payable by the company for the year	<u>47,910</u>	<u>42,704</u>

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

10 Share capital	2005 £	2004 £
Authorised		
749 Ordinary A shares of £1 each	749	749
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	200
	<u>1,000</u>	<u>1,000</u>
 Allotted, called up and fully paid		
63 Ordinary A shares of £1 each	63	63
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	6
	<u>120</u>	<u>120</u>

The shares rank pari passu in all respects.

11 Statement of movements on reserves	Share premium account £	Profit and loss account £
Balance at 1 April 2004	2,458	149,370
Retained profit for the year	-	130,053
Balance at 31 March 2005	<u>2,458</u>	<u>279,423</u>

12 Reconciliation of movements in shareholders' funds	2005 £	2004 £
Profit for the financial year	130,053	17,004
Dividends	-	(7,747)
	<u>130,053</u>	<u>9,257</u>
Proceeds from issue of shares	-	2,464
Net addition to shareholders' funds	130,053	11,721
Opening shareholders' funds	151,948	140,227
Closing shareholders' funds	<u>282,001</u>	<u>151,948</u>

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

13 Financial commitments

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2005	2004
	£	£
Expiry date:		
Within one year	13,500	13,500

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.

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.