

Company Registration No 2007321 (England and Wales)

ARTIFAX SOFTWARE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007



Faulkner House
Victoria Street
St Albans
Herts
AL1 3SE

Rayner Essex
Chartered Accountants

ARTIFAX SOFTWARE LIMITED

COMPANY INFORMATION

Directors	Mr T Coleman	
	Ms N Kaye	(Appointed 6 November 2006)
	Mr T D Nathan	(Appointed 6 November 2006)
Secretary	Ms C Garman	
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 2007

The directors present their report and financial statements for the year ended 31 March 2007

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 2006

Mr T Coleman	
Artifax Group Limited	(Resigned 6 November 2006)
Mr W P Ward	(Resigned 11 September 2006)
Ms N Kaye	(Appointed 6 November 2006)
Mr T D Nathan	(Appointed 6 November 2006)
Mr N Webb	(Resigned 6 November 2006)

Directors' interests

As stated below the directors have no interests in the shares of the company, all shares are owned by Artifax Group Ltd

	Ordinary A shares of £ 1 each	
	31 March 2007	1 April 2006
Mr T Coleman	-	-
Ms N Kaye	-	-
Mr T D Nathan	-	-

	Ordinary B shares of £ 1 each	
	31 March 2007	1 April 2006
Mr T Coleman	-	-
Ms N Kaye	-	-
Mr T D Nathan	-	-

	Ordinary C shares of £ 1 each	
	31 March 2007	1 April 2006
Mr T Coleman	-	-
Ms N Kaye	-	-
Mr T D Nathan	-	-

	Ordinary D shares of £ 1 each	
	31 March 2007	1 April 2006
Mr T Coleman	-	-
Ms N Kaye	-	-
Mr T D Nathan	-	-

Auditors

Messrs Rayner Essex, Chartered Accountants, continue in office

ARTIFAX SOFTWARE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 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.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Anushka Gurneen

24/9/07

ARTIFAX SOFTWARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARTIFAX SOFTWARE LIMITED

We have audited the financial statements of Artifax Software Limited for the year ended 31 March 2007 set out on pages 5 to 12. These financial statements have been prepared under 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 auditors' 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 or 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

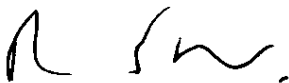
ARTIFAX SOFTWARE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF ARTIFAX SOFTWARE LIMITED

Opinion

In our opinion the financial statements

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended ,
- the information given in the directors' report is consistent with the financial statements, and
- have been properly prepared in accordance with the Companies Act 1985



Rayner Essex

26/9/07

Chartered Accountants
Registered Auditor

Faulkner House
Victoria Street
St Albans
Herts
AL1 3SE

ARTIFAX SOFTWARE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 £	2006 £
Turnover	2	1,265,285	1,311,323
Cost of sales		(115,034)	(64,230)
Gross profit		1,150,251	1,247,093
Administrative expenses		(1,140,686)	(1,203,407)
Operating profit	3	9,565	43,686
Write-off of inter-group balance		-	218,604
Profit on ordinary activities before interest		9,565	262,290
Other interest receivable and similar income	4	12,196	6,902
Interest payable and similar charges		-	(4,829)
Profit on ordinary activities before taxation		21,761	264,363
Tax on profit on ordinary activities	5	(6,914)	(9,676)
Profit for the year	11	14,847	254,687

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

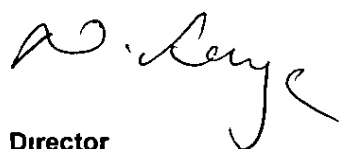
ARTIFAX SOFTWARE LIMITED

BALANCE SHEET AS AT 31 MARCH 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Tangible assets	6		14,804		17,630
Current assets					
Debtors	7	360,323		213,285	
Cash at bank and in hand		271,570		402,447	
		<u>631,893</u>		<u>615,732</u>	
Creditors: amounts falling due within one year	8	<u>(95,163)</u>		<u>(96,675)</u>	
Net current assets			<u>536,730</u>		<u>519,057</u>
Total assets less current liabilities			<u><u>551,534</u></u>		<u><u>536,687</u></u>
Capital and reserves					
Called up share capital	10		120		120
Share premium account	11		2,458		2,458
Profit and loss account	11		548,956		534,109
Shareholders' funds	12		<u><u>551,534</u></u>		<u><u>536,687</u></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 24/9/07



Director

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

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

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 company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable

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 2007

2 Turnover

The geographical split of turnover was as follows

Country	2007 %	2006 %
United States of America	6 00	2 50
Europe	6 40	2 90
Australasia	-	0 20
United Kingdom	87 60	94 40
	<u>100 00%</u>	<u>100 00%</u>

3 Operating profit

	2007 £	2006 £
Operating profit is stated after charging		
Depreciation of tangible assets	14,720	17,157
Loss on foreign exchange transactions	4,962	79
Operating lease rentals	17,000	15,542
Auditors' remuneration	8,000	5,000
Directors' emoluments	94,318	159,342

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2006 - 2)

4 Investment income

	2007 £	2006 £
Bank interest	<u>12,191</u>	<u>6,902</u>

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

5	Taxation	2007 £	2006 £
	Domestic current year tax		
	U K corporation tax	4,555	9,676
	Adjustment for prior years	2,359	-
	Current tax charge	<u>6,914</u>	<u>9,676</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>21,761</u>	<u>264,363</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2006 - 19.00%)	<u>4,135</u>	<u>50,229</u>
	Effects of		
	Non deductible expenses	127	-
	Depreciation add back	2,797	3,260
	Capital allowances	(2,504)	(2,278)
	Adjustments to previous periods	2,359	-
	Other tax adjustments	-	(41,535)
		<u>2,779</u>	<u>(40,553)</u>
	Current tax charge	<u>6,914</u>	<u>9,676</u>

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

6 Tangible fixed assets

	Computer and office equipment £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 April 2006	150,145	30,637	180,782
Additions	11,412	482	11,894
	<u>161,557</u>	<u>31,119</u>	<u>192,676</u>
At 31 March 2007			
Depreciation			
At 1 April 2006	147,708	15,444	163,152
Charge for the year	12,369	2,351	14,720
	<u>160,077</u>	<u>17,795</u>	<u>177,872</u>
At 31 March 2007			
Net book value			
At 31 March 2007	1,480	13,324	14,804
	<u>2,437</u>	<u>15,193</u>	<u>17,630</u>
At 31 March 2006			

7 Debtors	2007 £	2006 £
Trade debtors	354,412	212,931
Other debtors	5,911	354
	<u>360,323</u>	<u>213,285</u>

8 Creditors amounts falling due within one year	2007 £	2006 £
Trade creditors	18,479	17,951
Taxation and social security	68,684	70,414
Other creditors	8,000	8,310
	<u>95,163</u>	<u>96,675</u>

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

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.

	2007 £	2006 £
Contributions payable by the company for the year	42,277	39,430

10 Share capital

	2007 £	2006 £
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.

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

11 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 April 2006	2,458	534,109
Profit for the year	-	14,847
	<u>2,458</u>	<u>548,956</u>
Balance at 31 March 2007	<u>2,458</u>	<u>548,956</u>

12 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the financial year	14,847	254,687
Opening shareholders' funds	536,687	282,000
	<u>551,534</u>	<u>536,687</u>
Closing shareholders' funds	<u>551,534</u>	<u>536,687</u>

13 Financial commitments

At 31 March 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2008

	Land and buildings 2007 £	2006 £
Operating leases which expire Within one year	<u>17,000</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

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