

Company Registration No. 02007321 (England and Wales)

ARTIFAX SOFTWARE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

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

**Rayner Essex LLP
Chartered Accountants**

TUESDAY



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18/10/2011

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COMPANIES HOUSE

ARTIFAX SOFTWARE LIMITED

COMPANY INFORMATION

Directors
Mr T Coleman
Ms C Garman
Ms N Kaye
Mr T D Nathan

Secretary
Ms C Garman

Company number
02007321

Registered office
Faulkner House
Victoria Street
St Albans
Herts
AL1 3SE

Auditors
Rayner Essex LLP
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 2011

The directors present their report and financial statements for the year ended 31 March 2011

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 2010

Mr T Coleman
Ms C Garman
Ms N Kaye
Mr T D Nathan

Charitable donations	2011 £	2010 £
During the year the company made the following payments		
Charitable donations	<u>4,932</u>	<u>3,931</u>

Auditors

In accordance with the company's articles, a resolution proposing that Rayner Essex LLP be reappointed as auditors of the company will be put at a General Meeting

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

ARTIFAX SOFTWARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all 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 relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

Christine Garman

Ms C Garman

Director

7/9/11

ARTIFAX SOFTWARE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ARTIFAX SOFTWARE LIMITED

We have audited the financial statements of Artifax Software Limited for the year ended 31 March 2011 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ARTIFAX SOFTWARE LIMITED

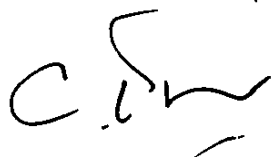
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ARTIFAX SOFTWARE LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime



Mr Charles Essex FCA (Senior Statutory Auditor)
for and on behalf of Rayner Essex LLP

8/9/11

Chartered Accountants
Statutory Auditor

Faulkner House
Victoria Street
St Albans
Herts
AL1 3SE

ARTIFAX SOFTWARE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Turnover	2	1,690,552	1,734,621
Cost of sales		(123,544)	(217,093)
Gross profit		1,567,008	1,517,528
Administrative expenses		(1,456,977)	(1,335,805)
Operating profit	3	110,031	181,723
Other interest receivable and similar income	4	35	2,560
Profit on ordinary activities before taxation		110,066	184,283
Tax on profit on ordinary activities	5	(30,602)	(37,333)
Profit for the year	13	79,464	146,950

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 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	7		44,210		52,669
Current assets					
Debtors	8	426,952		498,601	
Cash at bank and in hand		342,127		217,468	
		<u>769,079</u>		<u>716,069</u>	
Creditors: amounts falling due within one year	9	<u>(229,112)</u>		<u>(195,370)</u>	
Net current assets			539,967		520,699
Total assets less current liabilities			584,177		573,368
Provisions for liabilities	10		<u>(6,345)</u>		-
			<u>577,832</u>		<u>573,368</u>
Capital and reserves					
Called up share capital	12		120		120
Share premium account	13		2,458		2,458
Profit and loss account	13		575,254		570,790
Shareholders' funds	14		<u>577,832</u>		<u>573,368</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

Approved by the Board and authorised for issue on 7/9/11

Christine Garman

Ms C Garman
Director

Company Registration No. 02007321

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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. In prior years commissions paid to distributors of the company's products have been included in Cost of Sales as part of Direct Costs. The Directors have re-considered this treatment and feel that a more accurate presentation is given by deducting the commissions from the sales they relate to. This revised treatment has no effect on the Gross Profit or Net profit figures of the company. Accordingly the 2010 figures have not been restated.

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:

Land and buildings Leasehold	10 years straight line
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.

2 Turnover

In the year to 31 March 2011 30.00% (2010 - 15.00%) of the company's turnover was to markets outside the United Kingdom.

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

3	Operating profit	2011	2010
		£	£
	Operating profit is stated after charging		
	Depreciation of tangible assets	16,050	27,934
	Loss on foreign exchange transactions	439	-
	Operating lease rentals	13,000	15,333
	Auditors' remuneration (including expenses and benefits in kind)	8,000	8,000
	Directors' remuneration	195,334	255,165
	and after crediting		
	Profit on foreign exchange transactions	-	(1,649)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2010 - 4)

4	Investment income	2011	2010
		£	£
	Bank interest	35	2,556
	Other interest	-	4
		<u>35</u>	<u>2,560</u>

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

5	Taxation	2011	2010
		£	£
	Domestic current year tax		
	U K corporation tax	24,257	37,333
	Total current tax	<u>24,257</u>	<u>37,333</u>
	Deferred tax		
	Deferred tax charge/credit current year	6,345	-
		<u>30,602</u>	<u>37,333</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>110,066</u>	<u>184,283</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2010 - 28.00%)	<u>23,114</u>	<u>51,599</u>
	Effects of		
	Non deductible expenses	123	-
	Depreciation add back	3,371	7,822
	Capital allowances	(2,351)	(11,931)
	Other tax adjustments	-	(10,157)
		<u>1,143</u>	<u>(14,266)</u>
	Current tax charge for the year	<u>24,257</u>	<u>37,333</u>
6	Dividends	2011	2010
		£	£
	Ordinary interim paid	<u>75,000</u>	<u>134,700</u>

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

7 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 April 2010	27,861	267,870	295,731
Additions	-	7,591	7,591
At 31 March 2011	27,861	275,461	303,322
Depreciation			
At 1 April 2010	2,786	240,276	243,062
Charge for the year	2,786	13,264	16,050
At 31 March 2011	5,572	253,540	259,112
Net book value			
At 31 March 2011	22,289	21,921	44,210
At 31 March 2010	25,075	27,594	52,669

8 Debtors

	2011 £	2010 £
Trade debtors	416,010	488,593
Amounts owed by group undertakings and undertakings in which the company has a participating interest	934	-
Other debtors	10,008	10,008
	426,952	498,601

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

9 Creditors: amounts falling due within one year	2011 £	2010 £
Trade creditors	25,002	52,615
Amounts owed to group undertakings and undertakings in which the company has a participating interest	78,200	3,200
Taxation and social security	117,910	131,005
Other creditors	8,000	8,550
	<u>229,112</u>	<u>195,370</u>

10 Provisions for liabilities

	Deferred tax liability £
Profit and loss account	6,345
Balance at 31 March 2011	<u>6,345</u>

The deferred tax liability is made up as follows:

	2011 £	2010 £
Accelerated capital allowances	<u>6,345</u>	<u>-</u>

11 Pension and other post-retirement benefit commitments

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.

	2011 £	2010 £
Contributions payable by the company for the year	<u>23,781</u>	<u>85,501</u>

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

12 Share capital	2011	2010
	£	£
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

13 Statement of movements on reserves	Share premium account	Profit and loss account
	£	£
Balance at 1 April 2010	2,458	570,790
Profit for the year	-	79,464
Dividends paid	-	(75,000)
Balance at 31 March 2011	<u>2,458</u>	<u>575,254</u>

14 Reconciliation of movements in shareholders' funds	2011	2010
	£	£
Profit for the financial year	79,464	146,950
Dividends	(75,000)	(134,700)
Net addition to shareholders' funds	<u>4,464</u>	<u>12,250</u>
Opening shareholders' funds	573,368	561,118
Closing shareholders' funds	<u>577,832</u>	<u>573,368</u>

ARTIFAX SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

15 Financial commitments

At 31 March 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2012

	Land and buildings	
	2011	2010
	£	£
Operating leases which expire		
In over five years	13,000	13,000

16 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

17 Related party relationships and transactions

The company paid a dividend of £75,000 (2010 £134,700) to its parent company, Artifax Group Ltd. At 31 March 2011 the balance owed to Artifax Group Ltd was £77,650 (2010 £3,200)

During the year the company was invoiced £135,464 (2010 £142,633) by its fellow subsidiary Artifax Software Inc in respect of costs incurred in operating in the USA. At 31 March 2011 the company was owed by Artifax Software Inc £934 (2010 owed £9,391)