

Registered number: 03982706

---

## JAGEX LIMITED

---

### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2007

TUESDAY



\*AK7V6WRP\*

A39

29/01/2008

572

COMPANIES HOUSE

---

**JAGEX LIMITED**

---

**COMPANY INFORMATION**

---

**DIRECTORS**

C T J Tedder  
A C Crisses  
A Gower  
P Gower  
J Horng

**SECRETARY**

Susan Dixon

**COMPANY NUMBER**

03982706

**REGISTERED OFFICE**

St Andrews House  
90 St Andrews Road  
Cambridge  
Cambridgeshire  
CB24 1DL

**AUDITORS**

KPMG LLP  
Chartered Accountants & Registered Auditor  
37 Hills Road  
Cambridge  
CB2 1XL  
United Kingdom

---

**JAGEX LIMITED**

---

**CONTENTS**

---

	Page
<b>Directors' report</b>	<b>1 - 3</b>
<b>Independent auditors' report</b>	<b>4 - 5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Cash flow statement</b>	<b>8</b>
<b>Notes to the financial statements</b>	<b>9 - 18</b>

---

## **JAGEX LIMITED**

---

### **DIRECTORS' REPORT** **For the year ended 31 March 2007**

---

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

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the annual 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). The financial statements are required by law to 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 judgments 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 that 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.

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company is the development and publication of online games using proprietary software tools and web systems technologies.

#### **BUSINESS REVIEW**

During the year ended 31 March 2007 the company has experienced considerable further growth in RuneScape's subscriber base, passing the massive milestone of 1 million members in April 2007. In the year ended 31 March 2007 some adverse exchange rate movements have dampened the effect on revenues, especially in the last 6 months of the year. However despite continued investment in large development projects which are some way off commercial launch, profitability remains good. The German soft launch and live Beta operation have proceeded smoothly with good reactions from the German-speaking audience.

The company has seen a 67% increase in turnover this year despite the fluctuating exchange rates, which has contributed to a 48% increase in profits before tax for the year. Turnover in 2008 looks set to be as strong as that experienced during 2007.

The number of employees has increased from 112 in 2006 to 273 in 2007, an increase of 144%. The majority of recruitment efforts have been concentrated on the player support area as the company ethos is focused on delivering good service to players.

---

## **JAGEX LIMITED**

---

### **DIRECTORS' REPORT** **For the year ended 31 March 2007**

---

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £10,173,749 (2006 . £6,832,685)

The Company paid dividends of £8,600,000 (2006 . £5,072,045) during the year

#### **DIRECTORS**

The directors who served during the year were

C T J Tedder

A C Crisses

A Gower

P Gower

J Horng

#### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

The Company made charitable donations amounting to £103,152 (2006 . £27,508) during the year

#### **FUTURE DEVELOPMENTS**

The company hopes to continue to grow the English language audience through strong updates and game improvements. The directors are hopeful of gaining traction in the German speaking marketplace which would lead to substantial revenue growth over the next year.

The company hopes to be able to launch further languages in the next 12 months and to release at least one of the projects currently in rapid development.

#### **FINANCIAL INSTRUMENTS**

The company's activities expose it to a number of financial risks including credit risk, foreign exchange risk and liquidity risk.

##### **Foreign Exchange risk**

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company seeks to minimise the exposure of this by matching foreign currency receipts to payments where possible.

##### **Credit risk**

The company's principal financial assets are bank and cash balances, trade and other receivables.

The majority of the company's receivables are due from institutions regulated by the banking sector. Other receivables are monitored on a regular basis. Any potential bad debts are dealt with swiftly.

##### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company reviews the working capital requirement on a quarterly basis in light of the current business trend.

#### **RESEARCH AND DEVELOPMENT ACTIVITIES**

The company is continually updating its current game offering. Any new development is not deferred and is written off in the year it is incurred in line with SSAP13.

---

## JAGEX LIMITED

---

### DIRECTORS' REPORT For the year ended 31 March 2007

---

#### EMPLOYEE INVOLVEMENT

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, as well as circulating data regarding subscriber growth.

#### DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### AUDITORS

The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on *7 September 2007* and signed on its behalf



**C T J Tedder**  
Director

---

## **JAGEX LIMITED**

---

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JAGEX LIMITED**

---

We have audited the financial statements of Jagex Limited for the year ended 31 March 2007 which comprise the Profit & Loss Account, the Balance Sheet, the Cash Flow Statement, and related notes. These financial statements have been 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 DIRECTORS AND AUDITORS**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on Page 1.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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 judgments 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.

---

**JAGEX LIMITED**

---

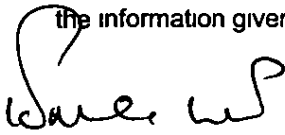
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JAGEX LIMITED**

---

**OPINION**

In our opinion

- the financial statements give a true and fair view, in accordance with UK 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 financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



**KPMG LLP**

Chartered Accountants  
Registered Auditor

37 Hills Road  
Cambridge  
CB2 1XL  
United Kingdom

Date 12 September 2007



---

**JAGEX LIMITED**

---

---

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 March 2007**

---

	Note	2007 £	2006 £
<b>TURNOVER</b>	1,2	<b>28,148,738</b>	<b>16,852,871</b>
Cost of sales		<b>(11,056,606)</b>	<b>(5,737,236)</b>
<b>GROSS PROFIT</b>		<b>17,092,132</b>	<b>11,115,635</b>
Administrative expenses		<b>(2,047,483)</b>	<b>(898,281)</b>
<b>OPERATING PROFIT</b>	3	<b>15,044,649</b>	<b>10,217,354</b>
Interest receivable	6	<b>158,119</b>	<b>71,099</b>
Interest payable	7	<b>(158,350)</b>	<b>(103,382)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>15,044,418</b>	<b>10,185,071</b>
Tax on profit on ordinary activities	8	<b>(4,870,669)</b>	<b>(3,352,386)</b>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	16	<b>10,173,749</b>	<b>6,832,685</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2007 or 2006 other than those included in the profit and loss account

The notes on pages 9 to 18 form part of these financial statements

**JAGEX LIMITED**

**BALANCE SHEET**  
**As at 31 March 2007**

	Note	£	2007 £	£	2006 £
<b>FIXED ASSETS</b>					
Intangible fixed assets	9		206,965		241,945
Tangible fixed assets	10		842,238		390,873
			<u>1,049,203</u>		<u>632,818</u>
<b>CURRENT ASSETS</b>					
Debtors	11	4,710,665		2,993,601	
Cash at bank and in hand		5,162,808		3,853,006	
		<u>9,873,473</u>		<u>6,846,607</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(6,594,249)</u>		<u>(4,706,736)</u>	
<b>NET CURRENT ASSETS</b>			<u>3,279,224</u>		<u>2,139,871</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,328,427</u>		<u>2,772,689</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13		<u>(172,275)</u>		<u>(207,255)</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	14		<u>(16,969)</u>		<u>-</u>
<b>NET ASSETS</b>			<u><u>4,139,183</u></u>		<u><u>2,565,434</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		10,000		10,000
Share premium account	16		80		80
Profit and loss account	16		4,129,103		2,555,354
<b>SHAREHOLDERS' FUNDS</b>	17		<u><u>4,139,183</u></u>		<u><u>2,565,434</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

7 September 2007



**C T J Tedder**  
Director

The notes on pages 9 to 18 form part of these financial statements

**JAGEX LIMITED**

**CASH FLOW STATEMENT**  
For the year ended 31 March 2007

	Note	2007 £	2006 £
Net cash flow from operating activities	19	15,241,270	10,168,171
Returns on investments and servicing of finance	20	(231)	71,099
Taxation		(4,603,122)	(2,016,503)
Capital expenditure and financial investment	20	(693,135)	(369,185)
Equity dividends paid		(8,600,000)	(5,072,045)
<b>CASH INFLOW BEFORE FINANCING</b>		<b>1,344,782</b>	<b>2,781,537</b>
Financing	20	(34,980)	(34,980)
<b>INCREASE IN CASH IN THE YEAR</b>		<b>1,309,802</b>	<b>2,746,557</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT**  
For the year ended 31 March 2007

	2007 £	2006 £
Increase in cash in the year	1,309,802	2,746,557
Cash outflow from decrease in debt and lease financing	34,980	34,980
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>1,344,782</b>	<b>2,781,537</b>
Net funds at 1 April 2006	3,610,771	829,234
<b>NET FUNDS AT 31 MARCH 2007</b>	<b>4,955,553</b>	<b>3,610,771</b>

The notes on pages 9 to 18 form part of these financial statements

---

## JAGEX LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2007

---

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

##### 1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

##### 1.3 Intangible fixed assets and amortisation

Licences purchased by the company are amortised by equal annual installments over their useful economic lives, which are considered to be 10 years

##### 1.4 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Computer equipment	-	33% straight line
Fixtures & fittings	-	20% straight line
Leasehold improvements	-	Life of lease (5 years)

##### 1.5 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term

##### 1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are discounted

---

## JAGEX LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2007

---

#### 1. ACCOUNTING POLICIES (continued)

##### 1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account.

##### 1.8 Research and development

Research and development expenditure is written off in the year in which it is incurred

##### 1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

#### 2. TURNOVER

An analysis of turnover by class of business is as follows

	2007 £	2006 £
Game time sales	26,192,348	15,751,389
Advertising revenue	1,947,319	1,101,482
Other income	9,071	-
	<u>28,148,738</u>	<u>16,852,871</u>

The directors are not disclosing the geographical analysis of the company's turnover as they consider the information to be seriously prejudicial to the interests of the business

#### 3. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2007 £	2006 £
Depreciation of tangible fixed assets		
- owned by the company	241,888	114,210
Auditors' remuneration Audit of these financial statements	24,084	19,104
Operating lease rentals		
- other operating leases	351,708	229,993
Difference on foreign exchange	239,295	(40,325)
Amortisation of intangible asset	34,980	34,980
	<u>          </u>	<u>          </u>

---

**JAGEX LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2007**

---

**4. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	2007	2006
	£	£
Wages and salaries	6,422,973	3,177,216
Social security costs	649,442	313,412
Other pension costs	2,788	-
	<u>7,075,203</u>	<u>3,490,628</u>

The average monthly number of employees, including the directors, during the year was as follows

	2007	2006
	No.	No.
Directors	3	3
Commercial & management	18	6
Development	94	34
Customer relations	140	62
Technical	18	7
	<u>273</u>	<u>112</u>

**5 DIRECTORS' REMUNERATION**

	2007	2006
	£	£
Emoluments	<u>381,832</u>	<u>304,830</u>

The highest paid director received remuneration of £152,334 (2006 - £146,968)

**6. INTEREST RECEIVABLE**

	2007	2006
	£	£
Other interest receivable	<u>158,119</u>	<u>71,099</u>

**7. INTEREST PAYABLE**

	2007	2006
	£	£
Other interest payable	<u>158,350</u>	<u>103,382</u>

**JAGEX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

**8. TAXATION**

	2007 £	2006 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profits for the year	4,603,600	3,161,000
Adjustments in respect of prior periods	(48,862)	(6,461)
	<u>4,554,738</u>	<u>3,154,539</u>
Foreign tax on income for the year	293,015	211,814
	<u>4,847,753</u>	<u>3,366,353</u>
Total current tax		
Deferred tax (see note 14)		
Origination and reversal of timing differences	22,916	(13,967)
	<u>4,870,669</u>	<u>3,352,386</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	<u>15,044,418</u>	<u>10,185,071</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	4,513,325	3,055,521
Effects of		
Expenses not deductible for tax purposes	67,966	81,648
Capital allowances for year in excess of depreciation	(4,361)	41
Other timing differences	26,840	23,498
Other	(170)	292
Foreign tax	293,015	211,814
Adjustments to tax charge in respect of prior periods	(48,862)	(6,461)
	<u>4,847,753</u>	<u>3,366,353</u>
Current tax charge for the year (see note above)		

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges

**JAGEX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

**9. INTANGIBLE FIXED ASSETS**

	Intellectual Property £
Cost	
At 1 April 2006 and 31 March 2007	349,800
Amortisation	
At 1 April 2006	107,855
Charge for the year	34,980
At 31 March 2007	142,835
Net book value	
At 31 March 2007	206,965
At 31 March 2006	241,945

**10. TANGIBLE FIXED ASSETS**

	Leasehold improvement £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 April 2006	127,013	62,254	374,983	564,250
Additions	-	341,267	351,986	693,253
At 31 March 2007	127,013	403,521	726,969	1,257,503
Depreciation				
At 1 April 2006	19,060	12,337	141,980	173,377
Charge for the year	25,404	42,559	173,925	241,888
At 31 March 2007	44,464	54,896	315,905	415,265
Net book value				
At 31 March 2007	82,549	348,625	411,064	842,238
At 31 March 2006	107,953	49,917	233,003	390,873



**JAGEX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

**11. DEBTORS**

	2007 £	2006 £
Due after more than one year		
Other debtors	195,338	-
Due within one year		
Trade debtors	4,095,838	2,745,357
Other debtors	6,510	33,340
Prepayments and accrued income	412,979	208,957
Deferred tax asset (see note 14)	-	5,947
	<u>4,710,665</u>	<u>2,993,601</u>

**12. CREDITORS:**  
**Amounts falling due within one year**

	2007 £	2006 £
Other loans	34,980	34,980
Trade creditors	302,854	119,984
Corporation tax	2,404,458	2,159,827
Social security and other taxes	1,224,134	537,778
Other creditors	272,262	123,566
Accruals and deferred income	2,355,561	1,730,601
	<u>6,594,249</u>	<u>4,706,736</u>

**13. CREDITORS:**  
**Amounts falling due after more than one year**

	2007 £	2006 £
Other loans	172,275	207,255

Creditors include amounts not wholly repayable within 5 years as follows

	2007 £	2006 £
Repayable by instalments	32,355	67,335

Other loans represent unsecured amounts repayable to Andrew Gower of £186,375 and Paul Gower of £20,880. Each loan is repayable monthly at a rate of £2,625 and £290 respectively and are interest free. The completion date for repayment is 31 March 2013.

**JAGEX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

**14. DEFERRED TAXATION**

	2007 £	2006 £
At 1 April 2006	5,947	(8,020)
(Charge for)/released during the year	(22,916)	13,967
At 31 March 2007	<u>(16,969)</u>	<u>5,947</u>

The deferred taxation balance is made up as follows

	2007 £	2006 £
Accelerated capital allowances	46,367	25,803
Other timing differences	(29,398)	(31,750)
	<u>16,969</u>	<u>(5,947)</u>

**15. SHARE CAPITAL**

	2007 £	2006 £
Authorised, allotted, called up and fully paid		
65,000 Ordinary shares of 10p each	6,500	6,500
35,000 Participating convertible preferred shares of 10p each	3,500	3,500
	<u>10,000</u>	<u>10,000</u>

**16. RESERVES**

	Share premium account £	Profit and loss account £
At 1 April 2006	80	2,555,354
Profit retained for the year		10,173,749
Dividends Equity capital		(8,600,000)
At 31 March 2007	<u>80</u>	<u>4,129,103</u>

**JAGEX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

**17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2007 £	2006 £
Opening shareholders' funds	2,565,434	804,794
Profit for the year	10,173,749	6,832,685
Dividends (Note 18)	(8,600,000)	(5,072,045)
Shares issued during the year	-	9,900
Share premium utilised on redemption of shares	-	(9,900)
Closing shareholders' funds	<u>4,139,183</u>	<u>2,565,434</u>

**18. DIVIDENDS**

	2007 £	2006 £
Dividends paid on equity capital	<u>8,600,000</u>	<u>5,072,045</u>

**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2007 £	2006 £
Operating profit	15,044,649	10,217,354
Amortisation of intangible fixed assets	34,980	34,980
Depreciation of tangible fixed assets	241,888	114,210
Profit on disposal of tangible fixed assets	(118)	-
Increase in debtors	(1,723,010)	(1,730,821)
Increase in creditors	1,642,881	1,532,448
Net cash inflow from operations	<u>15,241,270</u>	<u>10,168,171</u>

**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2007 £	2006 £
Returns on investments and servicing of finance		
Interest received	158,119	71,099
Interest paid	(158,350)	-
Net cash (outflow)/inflow from returns on investments and servicing of finance	<u>(231)</u>	<u>71,099</u>

# JAGEX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2007

### 20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2007 £	2006 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(693,253)	(369,185)
Sale of tangible fixed assets	118	-
Net cash outflow from capital expenditure	<u>(693,135)</u>	<u>(369,185)</u>
	2007 £	2006 £
Financing		
Repayment of loans	<u>(34,980)</u>	<u>(34,980)</u>

### 21. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2006 £	Cash flow £	Other non-cash changes £	31 March 2007 £
Cash at bank and in hand	3,853,006	1,309,802	-	5,162,808
Debt				
Debts due within one year	(34,980)	34,980	(34,980)	(34,980)
Debts falling due after more than one year	(207,255)	-	34,980	(172,275)
Net funds	<u>3,610,771</u>	<u>1,344,782</u>	<u>-</u>	<u>4,955,553</u>

### 22. PENSION COMMITMENTS

The company operates a defined contributions 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 and amounted to £2,788 (2006 - £Nil). There were no unpaid contributions at the year end.

---

**JAGEX LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2007**

---

**23. OPERATING LEASE COMMITMENTS**

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as follows

	<b>Land and buildings</b>			<b>Other</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expiry date				
Between 2 and 5 years	<b>412,211</b>	<b>340,264</b>	<b>1,377</b>	<b>1,377</b>
After more than 5 years	<b>299,338</b>	<b>-</b>	<b>-</b>	<b>-</b>

**24. RELATED PARTY TRANSACTIONS**

Included within creditors are obligations under loan notes which are due to A and P Gower, shareholders and directors, and are non-interest bearing. At 31 March 2007, the balance outstanding amounted to £207,255 (2006 - £242,235). The balance outstanding is interest free and repayable on a monthly basis at a rate of £2,915.