

Registered number: 03982706

JAGEX LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

WEDNESDAY



ABUNU6WY

A52

28/01/2009

348

COMPANIES HOUSE

JAGEX LIMITED

COMPANY INFORMATION

DIRECTORS

C T J Tedder
A C Crisses
A C Gower
P J Gower
J Horing
G M Iddison

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

JAGEX LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

The directors present their report and the financial statements for the year ended 31 March 2008.

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.

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 2008 the company experienced further growth in the RuneScape's subscriber base and launched FunOrb in February 2008. Adverse exchange rate movements continued to negatively impact the business and despite investment in large development projects the company remains very profitable.

The company has seen a 15% increase in turnover this year, with profits after taxation increasing by £92,971. Turnover in 2009 looks set to be as strong as that experienced during 2008.

The number of employees has increased from 273 in 2007 to 369 in 2008, an increase on 35%. The majority of recruitment efforts have been concentrated on the Development and Play Support areas as the company ethos is focused on delivering good products and service to players.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £10,266,720 (2007 - £10,173,749).

The company paid dividends of £9,100,000 (2007 - £8,600,000) during the year.

JAGEX LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

DIRECTORS

The directors who served during the year were:

C T J Tedder
A C Crisses
A C Gower
P J Gower
J Horing
G M Iddison (appointed 10 September 2007)

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made charitable donations amounting to £146,007 (2007 - £103,152) during the year.

FUTURE DEVELOPMENTS

The company hopes to continue to grow the English and German language audiences through strong updates and game improvements. The directors are hopeful of gaining traction in new countries which would lead to 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 2008**

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.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 13 NOV 2008 and signed on its behalf.



Susan Dixon
Secretary

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 2008, which comprise the Profit and Loss Account, the Balance Sheet, the Cashflow Statement and related notes. These financial statements have been prepared in accordance with 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

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 2008 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

KPMG LLP

Chartered Accountants
Registered Auditor

37 Hills Road
Cambridge
CB2 1XL
United Kingdom

Date: *13th November 2008*

JAGEX LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2008**

	Note	2008 £	2007 £
TURNOVER	1,2	32,293,572	28,148,738
Cost of sales		(14,743,142)	(11,056,606)
GROSS PROFIT		17,550,430	17,092,132
Administrative expenses		(3,053,119)	(2,047,483)
OPERATING PROFIT	3	14,497,311	15,044,649
Interest receivable	6	385,871	158,119
Interest payable	7	(82,678)	(158,350)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		14,800,504	15,044,418
Tax on profit on ordinary activities	8	(4,533,784)	(4,870,669)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	16	£ 10,266,720	£ 10,173,749

All amounts relate to continuing operations.

There were no recognised gains and losses for 2008 or 2007 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 2008**

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Intangible fixed assets	9		171,985		206,965
Tangible fixed assets	10		769,530		842,238
			<u>941,515</u>		<u>1,049,203</u>
CURRENT ASSETS					
Debtors	11	4,658,092		4,710,665	
Cash at bank and in hand		8,368,901		5,162,808	
		<u>13,026,993</u>		<u>9,873,473</u>	
CREDITORS: amounts falling due within one year	12	(8,525,310)		(6,594,249)	
NET CURRENT ASSETS			<u>4,501,683</u>		<u>3,279,224</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,443,198</u>		<u>4,328,427</u>
CREDITORS: amounts falling due after more than one year	13		(137,295)		(172,275)
PROVISIONS FOR LIABILITIES					
Deferred tax	14		-		(16,969)
NET ASSETS			<u>£ 5,305,903</u>		<u>£ 4,139,183</u>
CAPITAL AND RESERVES					
Called up share capital	15		10,000		10,000
Share premium account	16		80		80
Profit and loss account	16		5,295,823		4,129,103
SHAREHOLDERS' FUNDS	17		<u>£ 5,305,903</u>		<u>£ 4,139,183</u>

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

13 NOV 2008


G M Iddison
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 2008**

	Note	2008 £	2007 £
Net cash flow from operating activities	19	17,247,607	15,241,270
Returns on investments and servicing of finance	20	303,193	(231)
Taxation		(4,796,238)	(4,603,122)
Capital expenditure and financial investment	20	(413,489)	(693,135)
Equity dividends paid		(9,100,000)	(8,600,000)
CASH INFLOW BEFORE FINANCING		3,241,073	1,344,782
Financing	20	(34,980)	(34,980)
INCREASE IN CASH IN THE YEAR		£ 3,206,093	£ 1,309,802

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 MARCH 2008**

	2008 £	2007 £
Increase in cash in the year	3,206,093	1,309,802
Cash outflow from decrease in debt and lease financing	34,980	34,980
MOVEMENT IN NET FUNDS IN THE YEAR	3,241,073	1,344,782
Net funds at 1 April 2007	4,955,553	3,610,771
NET FUNDS AT 31 MARCH 2008	£ 8,196,626	£ 4,955,553

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 2008

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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

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 2008**

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:

	2008 £	2007 £
Game time sales	30,060,951	26,192,348
Advertising revenue	2,208,355	1,947,319
Other income	24,266	9,071
	<u>£ 32,293,572</u>	<u>£ 28,148,738</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:

	2008 £	2007 £
Depreciation of tangible fixed assets:		
- owned by the company	380,949	241,888
Auditors' remuneration: Audit of these financial statements	27,025	24,084
Operating lease rentals:		
- other operating leases	583,490	351,708
Difference on foreign exchange	6,185	239,295
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 2008**

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2008 £	2007 £
Wages and salaries	9,729,180	6,362,608
Social security costs	876,817	649,442
Other pension costs	15,423	2,788
	<u>£ 10,621,420</u>	<u>£ 7,014,838</u>

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

	2008 No.	2007 No.
Directors	3	3
Commercial & management	33	18
Development	150	94
Customer relations	158	140
Technical	25	18
	<u>369</u>	<u>273</u>

5. DIRECTORS' REMUNERATION

	2008 £	2007 £
Emoluments	<u>£ 862,953</u>	<u>£ 381,832</u>

The highest paid director received remuneration of £458,776 (2007 - £152,334).

6. INTEREST RECEIVABLE

	2008 £	2007 £
Other interest receivable	<u>£ 385,871</u>	<u>£ 158,119</u>

7. INTEREST PAYABLE

	2008 £	2007 £
Other interest payable	<u>£ 82,678</u>	<u>£ 158,350</u>

JAGEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

8. TAXATION

	2008 £	2007 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	4,578,500	4,603,600
Adjustments in respect of prior periods	(259,187)	(48,862)
	<u>4,319,313</u>	<u>4,554,738</u>
Foreign tax on income for the year	266,000	293,015
	<u>4,585,313</u>	<u>4,847,753</u>
Total current tax		
Deferred tax (see note 14)		
Origination and reversal of timing differences	(51,529)	22,916
	<u>£ 4,533,784</u>	<u>£ 4,870,669</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2007 - lower than) the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	£ 14,800,504	£ 15,044,418
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 - 30%)	4,440,151	4,513,325
Effects of:		
Expenses not deductible for tax purposes	69,165	67,966
Capital allowances for year in excess of depreciation	50,088	(4,361)
Other timing differences	1,441	26,840
Other	17,655	(170)
Foreign tax	266,000	293,015
Adjustments to tax charge in respect of prior periods	(259,187)	(48,862)
	<u>£ 4,585,313</u>	<u>£ 4,847,753</u>
Current tax charge for the year (see note above)		

Factors that may affect future tax charges

No adjustment has been made in respect of research & development claims for the current year. At the year end charitable donations and pension contributions were unpaid for which relief will be claimed in future periods.

JAGEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

9. INTANGIBLE FIXED ASSETS

	Intellectual property £
Cost	
At 1 April 2007 and 31 March 2008	349,800
Amortisation	
At 1 April 2007	142,835
Charge for the year	34,980
At 31 March 2008	177,815
Net book value	
At 31 March 2008	£ 171,985
At 31 March 2007	£ 206,965

10. TANGIBLE FIXED ASSETS

	Leasehold improvement £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 April 2007	127,013	403,521	726,969	1,257,503
Additions	-	144,105	270,595	414,700
Disposals	-	(1,210)	(435,934)	(437,144)
At 31 March 2008	127,013	546,416	561,630	1,235,059
Depreciation				
At 1 April 2007	44,464	54,896	315,905	415,265
Charge for the year	25,404	102,978	252,567	380,949
On disposals	-	-	(330,685)	(330,685)
At 31 March 2008	69,868	157,874	237,787	465,529
Net book value				
At 31 March 2008	£ 57,145	£ 388,542	£ 323,843	£ 769,530
At 31 March 2007	£ 82,549	£ 348,625	£ 411,064	£ 842,238

JAGEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

11. DEBTORS

	2008 £	2007 £
Due after more than one year		
Other debtors	195,338	195,338
Due within one year		
Trade debtors	3,755,224	4,095,838
Other debtors	140,735	6,510
Prepayments and accrued income	532,235	412,979
Deferred tax asset (see note 14)	34,560	-
	<u>£ 4,658,092</u>	<u>£ 4,710,665</u>

12. CREDITORS:

Amounts falling due within one year

	2008 £	2007 £
Other loans	34,980	34,980
Trade creditors	498,096	302,854
Corporation tax	2,193,534	2,404,458
Social security and other taxes	1,653,330	1,224,134
Other creditors	405,414	272,262
Accruals and deferred income	3,739,956	2,355,561
	<u>£ 8,525,310</u>	<u>£ 6,594,249</u>

13. CREDITORS:

Amounts falling due after more than one year

	2008 £	2007 £
Other loans	<u>£ 137,295</u>	<u>£ 172,275</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2008 £	2007 £
Repayable by instalments	<u>£ -</u>	<u>£ 32,355</u>

Other loans represent unsecured amounts repayable to A C Gower of £154,875 (2007 - £186,375) and P J Gower of £17,400 (2007 - £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 2008

14. DEFERRED TAXATION

	2008 £	2007 £
At 1 April 2007	(16,969)	5,947
Released during/(charged for) the year	51,529	(22,916)
At 31 March 2008	<u>£ 34,560</u>	<u>£ (16,969)</u>

The deferred taxation balance is made up as follows:

	2008 £	2007 £
Accelerated capital allowances	(3,721)	46,367
Other timing differences	(30,839)	(29,398)
	<u>£ (34,560)</u>	<u>£ 16,969</u>

15. SHARE CAPITAL

	2008 £	2007 £
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 2007	80	4,129,103
Profit for the year		10,266,720
Dividends: Equity capital		(9,100,000)
At 31 March 2008	<u>£ 80</u>	<u>£ 5,295,823</u>

JAGEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Opening shareholders' funds	4,139,183	2,565,434
Profit for the year	10,266,720	10,173,749
Dividends (Note 18)	(9,100,000)	(8,600,000)
Closing shareholders' funds	<u>£ 5,305,903</u>	<u>£ 4,139,183</u>

18. DIVIDENDS

	2008 £	2007 £
Dividends paid on equity capital	<u>£ 9,100,000</u>	<u>£ 8,600,000</u>

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	14,497,311	15,044,649
Amortisation of intangible fixed assets	34,980	34,980
Depreciation of tangible fixed assets	380,949	241,888
Loss/(profit) on disposal of tangible fixed assets	105,248	(118)
Decrease/(increase) in debtors	87,133	(1,723,010)
Increase in creditors	2,141,986	1,642,881
Net cash inflow from operations	<u>£ 17,247,607</u>	<u>£ 15,241,270</u>

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

	2008 £	2007 £
Returns on investments and servicing of finance		
Interest received	385,871	158,119
Interest paid	(82,678)	(158,350)
Net cash inflow/(outflow) from returns on investments and servicing of finance	<u>£ 303,193</u>	<u>£ (231)</u>

JAGEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

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

	2008 £	2007 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(414,700)	(693,253)
Sale of tangible fixed assets	1,211	118
Net cash outflow from capital expenditure	<u>£ (413,489)</u>	<u>£ (693,135)</u>
	2008 £	2007 £
Financing		
Repayment of loans	<u>£ (34,980)</u>	<u>£ (34,980)</u>

21. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2007 £	Cash flow £	Other non-cash changes £	31 March 2008 £
Cash at bank and in hand:	5,162,808	3,206,093	-	8,368,901
Debt:				
Debts due within one year	(34,980)	34,980	(34,980)	(34,980)
Debts falling due after more than one year	(172,275)	-	34,980	(137,295)
Net funds	<u>4,955,553</u>	<u>3,241,073</u>	<u>-</u>	<u>8,196,626</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 £15,423 (2007 - £2,788). The unpaid contributions at the year end was £22,288.

JAGEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

23. OPERATING LEASE COMMITMENTS

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2008	2007	2008	2007
	£	£	£	£
Expiry date:				
Between 2 and 5 years	412,211	412,211	344	1,377
After more than 5 years	298,991	299,338	-	-

24. RELATED PARTY TRANSACTIONS

Included within creditors are obligations under loan notes which are due to A C and P J Gower, shareholders and directors, and are non-interest bearing. At 31 March 2008, the balance outstanding amounted to £172,275 (2007 - £207,255). The balance outstanding is interest free and repayable on a monthly basis at a rate of £2,915.