

Ignition Entertainment Limited
Directors Report and Group Financial Statements
for the year ended 31 March 2010

Company Registration No: 4293817

Tylors
Chartered Accountants & Registered Auditors
Battle House
1 East Barnet Road
Herts
EN4 8RR

Ignition Entertainment Limited
Report and accounts
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**Ignition Entertainment Limited
Company Information**

Directors

V K Chadha
R S Screwala
A Banka
R Wagle
H Sadiq

Secretary

Aldwych Secretaries Ltd

Auditors

Rajesh Gulabivala
Taylors
Battle House
1 East Barnet Road
Herts
EN4 8RR

Bankers

HSBC Bank Plc
8 Canada Square
Canary Wharf
London
E14 5AH

Solicitors

Osborne Clarke
1 London Wall
London
EC2Y 5EB

Registered office

9400 Garsington Road
Oxford Business Park
Oxford
OX4 2HN

Registered number

4293817

Ignition Entertainment Limited Directors' Report

The directors present their report and financial statements of the group and company for the year ended 31 March 2010.

Principal Activities

The principal activities of the Group and the Company are the development, publishing, licensing and distribution of entertainment software.

Review of Business and likely future developments

The company's strategy is to create, own and exploit valuable game franchises through investment in high quality licenses and products, whilst maintaining a strong reputation as a publisher of successful games.

Being a global business the group operates in many different time zones and across different countries. The business is studio-led to create not only high quality games but also high-impact, focused and coordinated marketing campaigns.

The group is well placed to maximise the opportunities presented by the continued global growth in the market, which is primarily driven by higher retail prices and an increased number of platforms, along with higher tie ratios (the number of games sold per console owner). In addition, there is a broadening demographic appeal for games today and new revenue opportunities presented by online gaming, such as premium downloadable content, in-game advertising and micro transactions.

In the hardware market, Nintendo Wii is the current leader in terms of number of consoles sold to consumers; however no hardware manufacturer can yet assume ascendancy. As a publisher, this presents a number of exciting opportunities. Nintendo has undoubtedly broadened the demographic appeal of videogames, while the Sony PLAYSTATION® 3 and Microsoft Xbox 360 continue to appeal to core gamers.

The company believes that the online gaming market will benefit from increased broadband speed and penetration, presenting new revenue opportunities for core games. In addition, online game play features will help maintain premium price points for the company products by extending their appeal and the company intends to grow its presence in this online environment to exploit the strength of the games currently in production.

In common with the majority of global video game publishers, and consistent with the requirements of IFRS, development costs are capitalised during the course of production from the point at which a product is considered to be technically and commercially feasible. The capitalised amounts are shown as Work in Progress in the balance sheet. Capitalised development costs are charged to the income statement when a game is released and are amortised over the period in which the Group expects to earn the majority of revenues from the product.

The Board is committed to establishing and maintaining high standards of corporate governance; the process by which the Group is directed and managed, risks are identified and controlled and effective accountability assured.

Financial Instruments

The group and company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors finance leases and loans to and from the company. The main purpose of these instruments is to raise funds in order to finance the group and company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk.

The directors are aware of the funding required by the company and policies have been implemented to ensure sufficient funds are available to meet the liabilities as they fall due.

Ignition Entertainment Limited
Directors' Report

Finance leases are used for acquiring new fixed tangible assets at fixed rates over short and medium terms.

Principal risks and uncertainties

The company's principal business is development, publishing and distribution of video games. In the past the company has developed specialised games such as Mercury, which was technologically innovative but catered for a small market segment. The new generation of games currently under production, cater for the mass market and are being produced in conjunction with the company's core ideology of technological advancement.

The company runs the risk of the games not matching market expectation and the principal risks and uncertainties have been managed by producing technologically advanced games for the most popular and largest segment in the video games market.

Research & development

The Company is continuing its research and development programme in new technologies in computer generated graphics for computer games and movies.

Results and dividends

The results for the year are shown on Pages 7 & 8 and (losses)/profits are to be transferred to reserves.

Directors

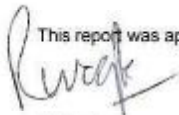
The following persons served as directors during the year:

V K Chadha
R S Screwvala
A Banka (appointed on 26 September 2008)
R Wagle (appointed on 28 September 2009)
H Sadiq (appointed on 12 May 2010)

Disclosure of information to auditors

So far as each director at the date of approval of this report is aware:

- 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.



This report was approved by the board on 17 May 2010

R Wagle
Director

Ignition Entertainment Limited
Statement of Directors' Responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 accounts 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.

**Ignition Entertainment Limited
Independent auditors' report
to the Board of Directors of Ignition Entertainment Limited**

We have audited the financial statements of the group, comprising Ignition Entertainment Limited, Ignition London Limited and Ignition Entertainment, Ltd (USA) for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Board of Directors of Ignition Entertainment for the purpose of consolidation in the group financial statements of UTV Software Communication Limited and for no other purpose. Our Audit work has been undertaken so that we might state to the company's board those matters we are required to state to them in our 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 board 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 group 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 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 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.

**Ignition Entertainment Limited
Independent auditors' report
to the Board of Directors of Ignition Entertainment Limited**

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group and company's affairs as at 31 March 2010 and of its loss for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report is consistent with the financial statements.



Rajesh Gulabivala
Registered auditor
for and on behalf of
Taylors
Battle House
1 East Barnet Road
Herts
EN4 8RR

17 May 2010

**Ignition Entertainment Limited
Group Profit and Loss Account
for the year ended 31 March 2010**

	Notes	2010 £	2009 £
Turnover	2	7,582,038	8,194,591
Cost of sales		(5,726,589)	(8,463,560)
Gross profit/(loss)		<u>1,855,449</u>	<u>(268,969)</u>
Distribution costs		(8,489)	(136,176)
Administrative expenses		(3,949,382)	(1,346,525)
Other operating income		45,407	25,568
Operating loss	3	<u>(2,057,015)</u>	<u>(1,726,102)</u>
Provision for contingencies		2,072,468	(2,072,468)
		<u>15,453</u>	<u>(3,798,570)</u>
Interest receivable		83,404	89,841
Interest payable	6	(129,101)	(14,435)
Loss on ordinary activities before taxation		<u>(30,244)</u>	<u>(3,723,164)</u>
Tax on loss on ordinary activities	7	947,633	2,455,723
Retained profit/(loss) for the financial year	20	<u><u>917,389</u></u>	<u><u>(1,267,441)</u></u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial periods.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the (loss)/profit for the above two financial years.

Ignition Entertainment Limited
Profit and Loss Account
for the year ended 31 March 2010

	Notes	2010 £	2009 £
Turnover	2	1,692,434	3,227,408
Cost of sales		(1,173,249)	(2,839,557)
Gross profit		<u>519,185</u>	<u>387,851</u>
Distribution costs		(2,335)	(2,222)
Administrative expenses		(1,593,739)	(194,564)
Other operating income		23,957	87,416
Operating (loss)/profit	3	<u>(1,052,932)</u>	<u>278,481</u>
Provision for contingencies		532,094	(532,094)
		<u>(520,838)</u>	<u>(253,613)</u>
Interest receivable		82,928	89,323
Interest payable	6	(129,101)	(14,411)
Loss on ordinary activities before taxation		<u>(567,011)</u>	<u>(178,701)</u>
Tax on loss on ordinary activities	7	358,632	181,860
(Loss)/profit for the financial year		<u><u>(208,379)</u></u>	<u><u>3,159</u></u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial periods.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the (loss)/profit for the above two financial years.

**Ignition Entertainment Limited
Group Balance Sheet
as at 31 March 2010**

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	8	<u>1,295,223</u>	<u>1,309,937</u>
		1,295,223	1,309,937
Current assets			
Stocks	10	40,099,263	19,207,189
Debtors	11	10,706,027	11,130,064
Cash at bank and in hand		<u>3,103,928</u>	<u>212,423</u>
		53,909,218	30,549,676
Creditors: amounts falling due within one year	12	(17,601,786)	(13,033,668)
Net current assets		<u>36,307,432</u>	<u>17,516,008</u>
Total assets less current liabilities		<u>37,602,655</u>	<u>18,825,945</u>
Creditors: amounts falling due after more than one year	13	(11,516,618)	(11,220,492)
Provisions for liabilities			
Provision for contingencies	16	-	(2,072,468)
Net assets		<u>26,086,037</u>	<u>5,532,985</u>
Capital and reserves			
Called up share capital	17	28,787,872	10,000,000
Share premium	19	2,903,704	2,903,704
Profit and loss account	19	(5,605,539)	(7,370,719)
Shareholders' funds	20	<u>26,086,037</u>	<u>5,532,985</u>



**R Wagle
Director**

Approved by the board on 17 May 2010

**Ignition Entertainment Limited
Company Balance Sheet
as at 31 March 2010**

	Notes	2010	2009
		£	£
Fixed assets			
Tangible assets	8	710,027	569,048
Investments	9	<u>1,032</u>	<u>1,032</u>
		711,059	570,080
Current assets			
Stocks	10	18,739,480	8,211,671
Debtors	11	31,474,442	22,124,569
Cash at bank and in hand		<u>2,857,298</u>	<u>90,686</u>
		53,071,220	30,426,926
Creditors: amounts falling due within one year	12	<u>(15,622,466)</u>	<u>(11,614,305)</u>
Net current assets		37,448,754	18,812,621
Total assets less current liabilities		<u>38,159,813</u>	<u>19,382,701</u>
Creditors: amounts falling due after more than one year	13	(11,421,450)	(11,179,902)
Provisions for liabilities			
Provision for contingencies	16	-	(532,094)
Net assets		<u>26,738,363</u>	<u>7,670,705</u>
Capital and reserves			
Called up share capital	17	28,787,872	10,000,000
Share premium	18	2,903,704	2,903,704
Profit and loss account	19	(4,953,213)	(5,232,999)
Shareholders' funds	20	<u>26,738,363</u>	<u>7,670,705</u>



**R Wagle
Director**

Approved by the board on 17 May 2010

**Ignition Entertainment Limited
Group Cash Flow Statement
for the year ended 31 March 2010**

	Notes	2010 £	2009 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit/(loss)		15,453	(1,726,102)
Depreciation charges		788,018	417,406
Exchange difference on consolidation of fixed assets		21,702	(43,451)
Exchange difference on consolidation of reserves		359,626	8,758
Exchange gain arising on amounts due from group undertaking		488,165	-
Increase in stocks		(20,892,074)	(13,512,294)
Decrease/(increase) in debtors		424,037	(1,223,667)
(Decrease)/increase in creditors		(3,807,950)	16,609,753
Net cash (outflow)/inflow from operating activities		<u>(22,603,023)</u>	<u>530,403</u>
CASH FLOW STATEMENT			
Net cash (outflow)/inflow from operating activities		(22,603,023)	530,403
Returns on investments and servicing of finance	21	(45,697)	75,406
Taxation		947,633	(400,908)
Capital expenditure	21	<u>(150,564)</u>	<u>(667,602)</u>
		(21,851,651)	(462,701)
Financing	21	25,149,152	(145,268)
Increase/(decrease) in cash		<u>3,297,501</u>	<u>(607,969)</u>
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		3,297,501	(607,969)
Decrease in debt and lease financing		261,237	145,268
New finance leases		(112,348)	(298,350)
Change in net debt	22	<u>3,446,390</u>	<u>(761,051)</u>
(Net debt)/net funds at 1 April		<u>(637,495)</u>	<u>123,556</u>
Net funds/(net debt) at 31 March		<u>2,808,895</u>	<u>(637,495)</u>

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2010

1 Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Basis of Consolidation

The group financial statements consolidate the results of Ignition Entertainment Limited and its subsidiary undertakings drawn up to 31 March 2010. Turnover and profits arising on trading between group companies are excluded.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold improvements	Straight line over 5 years
Fixtures, fittings and equipment	33% straight line
Motor vehicles	25% straight line
Fixtures, fittings and equipment	25% reducing balance

Stocks and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value. Cost includes direct expenditure and an appropriate proportion of fixed and variable overheads.

Costs attributable to the development and production of computer games software are carried forward as work in progress and released to the profit and loss account when the project realises anticipated revenues.

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates.

Deferred tax assets

Full provision has been made for deferred tax assets arising from trading losses as it is anticipated that sufficient profits will be generated in the foreseeable future to fully utilise the losses.

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2010

Goodwill and intellectual properties

Acquired goodwill and intellectual property are written off to the profit and loss account over their useful lives. Goodwill arising on consolidation is written off on acquisition to the profit and loss account.

Research and Development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred, except that development expenditure incurred on individual projects is carried forward as permitted by SSAP 13 when its future recoverability can reasonably be regarded as assured. The expenditure is carried forward as work in progress and released to the profit and loss account so as to match the expenditure with the anticipated sales from the related projects.

Foreign currencies

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Group

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date and the profit and loss account is translated at the average rate for the year. The exchange differences arising on the re-translation of opening net assets is taken directly to reserves.

Long term loans to subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising is taken to reserves.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2010

2 Turnover

Turnover represents the invoiced value of goods and services supplied by the group and company, net of value added tax and trade discounts.

Turnover is attributable to one continuing activity.

Analysis by geographical market:	2010	2009
	£	£
United Kingdom	740,986	206,664
EEC & Other	951,448	3,020,744
United States of America	<u>5,889,604</u>	<u>4,967,183</u>
	<u>7,582,038</u>	<u>8,194,591</u>

3 Operating Loss

This is stated after charging:

	2010	2009
	£	£
Depreciation of owned fixed assets	487,613	244,663
Depreciation of assets held under finance leases and hire purchase contracts	300,405	158,714
Operating lease rentals - plant and machinery	326,686	185,634
Operating lease rentals - land buildings	438,083	324,523
Auditors' remuneration for audit services	<u>29,894</u>	<u>29,583</u>

Included in work in progress:

Depreciation of owned fixed assets	396,685	233,332
Depreciation of assets held under finance leases and hire purchase contracts	300,405	149,727
Operating lease rentals - plant and machinery	312,727	172,012
Operating lease rentals - land buildings	393,083	279,523
Auditors' remuneration	<u>2,019</u>	<u>1,441</u>

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2010

4 Directors' emoluments	2010	2009
	£	£
Emoluments	396,936	488,301
Compensation for loss of office	150,000	-
	<u>546,936</u>	<u>488,301</u>
Included in work in progress:		
Emoluments	590,135	420,500
Compensation for loss of office	150,000	-
	<u>740,135</u>	<u>420,500</u>
5 Staff costs	2010	2009
	£	£
Wages and salaries	5,381,387	4,227,806
Social security costs	650,131	410,152
	<u>6,031,518</u>	<u>4,637,958</u>
Included in work in progress:		
Wages and salaries	4,724,204	3,475,475
Social security costs	506,206	388,392
	<u>5,230,410</u>	<u>3,863,867</u>
Average number of employees during the year	Number	Number
Administration	18	17
Development	208	176
Sales	15	8
	<u>241</u>	<u>201</u>
6 Interest payable	2010	2009
	£	£
Bank loans and overdrafts	815,991	1,017,411
Finance charges payable under finance leases and hire purchase contracts	155,997	106,235
	<u>971,988</u>	<u>1,123,646</u>
Included in work in progress:		
Bank loans and overdrafts	813,284	1,003,565
Finance charges payable under finance leases and hire purchase contracts	29,603	105,646
	<u>842,887</u>	<u>1,109,211</u>

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2010

	Group	
7 Taxation	2010	2009
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period		
Overseas corporation tax	-	(7,895)
Deferred tax:		
Origination and reversal of timing differences	(947,633)	(2,447,828)
Tax on loss on ordinary activities	<u>(947,633)</u>	<u>(2,455,723)</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2010	2009
	£	£
Loss on ordinary activities before tax	<u>(30,244)</u>	<u>(3,723,164)</u>
Standard rate of corporation tax in the UK	28%	28%
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax	£ (8,468)	£ (1,042,486)
Effects of:		
Overseas corporation tax	-	(7,895)
Tax losses carried forward	609,214	668,312
Effects of deferred tax provision	(947,633)	(2,447,828)
Unrealised exchange gains	(20,454)	(206,117)
Current tax charge for period	<u>(947,633)</u>	<u>(2,455,723)</u>

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2010

8 Tangible fixed assets

Group	Short leasehold £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2009	249,796	1,878,821	16,690	2,145,307
Exchange difference on consolidation	-	(26,967)	-	(26,967)
	<u>249,796</u>	<u>1,851,854</u>	<u>16,690</u>	<u>2,118,340</u>
Additions	66,658	728,348	-	795,006
At 31 March 2010	<u>316,454</u>	<u>2,580,202</u>	<u>16,690</u>	<u>2,913,346</u>
Depreciation				
At 1 April 2009	173,822	644,859	16,689	835,370
Exchange difference on consolidation	-	(5,265)	-	(5,265)
	<u>173,822</u>	<u>639,594</u>	<u>16,689</u>	<u>830,105</u>
Charge for the year	56,286	731,732	-	788,018
At 31 March 2010	<u>230,108</u>	<u>1,371,326</u>	<u>16,689</u>	<u>1,618,123</u>
Net book value				
At 31 March 2010	<u>86,346</u>	<u>1,208,876</u>	<u>1</u>	<u>1,295,223</u>
At 31 March 2009	<u>75,974</u>	<u>1,233,962</u>	<u>1</u>	<u>1,309,937</u>

2010
£

2009
£

Net book value of plant and machinery included above held under finance leases and hire purchase contracts

306,160 452,586

Company	Short leasehold £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2009	131,130	761,723	16,690	909,543
Additions	40,607	482,084	-	522,691
At 31 March 2010	<u>171,737</u>	<u>1,243,807</u>	<u>16,690</u>	<u>1,432,234</u>
Depreciation				
At 1 April 2009	127,707	196,099	16,689	340,495
Charge for the year	10,195	371,517	-	381,712
At 31 March 2010	<u>137,902</u>	<u>567,616</u>	<u>16,689</u>	<u>722,207</u>
Net book value				
At 31 March 2010	<u>33,835</u>	<u>676,191</u>	<u>1</u>	<u>710,027</u>
At 31 March 2009	<u>3,423</u>	<u>565,624</u>	<u>1</u>	<u>569,048</u>

2010
£

2009
£

Net book value of plant and machinery included above held under finance leases and hire purchase contracts

190,773 290,307

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2010

9 Investments

	Investments in subsidiary undertakings £
Cost	
At 1 April 2009	<u>1,032</u>
At 31 March 2010	<u><u>1,032</u></u>

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Ignition Entertainment, Ltd	USA	Common Stock	100
Ignition London Limited	England and Wales	Ordinary	100

Capital and Reserves of Subsidiaries

The aggregate amount of the Share capital and reserves and profit after taxation of subsidiaries at 31 March 2010 were as follows:

	Profit after Taxation		Capital and Reserves	
	2010 £	2009 £	2010 £	2009 £
Ignition Entertainment, Ltd	<u>1,095,282</u>	<u>(1,313,724)</u>	<u>(327,203)</u>	<u>(1,387,877)</u>
Ignition London Limited	<u>30,486</u>	<u>43,124</u>	<u>(718,325)</u>	<u>(748,811)</u>

10 Stocks and work in progress	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Work in progress	39,302,097	18,929,499	18,731,451	8,181,579
Finished goods and goods for resale	<u>797,166</u>	<u>277,690</u>	<u>8,029</u>	<u>30,092</u>
	<u>40,099,263</u>	<u>19,207,189</u>	<u>18,739,480</u>	<u>8,211,671</u>
Interest capitalised in work in progress	<u>1,300,160</u>	<u>496,284</u>	<u>1,300,160</u>	<u>496,284</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

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11 Debtors	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Trade debtors	1,280,544	3,969,899	-	986,220
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	-	27,676,303	18,386,432
Other debtors	7,082,021	6,124,413	2,867,283	2,420,336
Prepayments and accrued income	2,343,462	1,035,752	930,856	331,581
	<u>10,706,027</u>	<u>11,130,064</u>	<u>31,474,442</u>	<u>22,124,569</u>
Other debtors includes:				
Deferred tax assets				
Due within one year	1,434,720	-	1,434,720	-
Due after more than one year	4,164,603	4,759,122	46,143	1,122,231
	<u>5,599,323</u>	<u>4,759,122</u>	<u>1,480,863</u>	<u>1,122,231</u>
12 Creditors: amounts falling due within one year	2010 £	2009 £	2010 £	2009 £
Bank loans and overdrafts	1,769	407,765	674	401,430
Obligations under finance lease and hire purchase contracts	172,328	219,085	99,533	99,283
Trade creditors	1,412,266	1,835,767	559,081	828,568
Amounts owed to group undertakings and undertakings in which the company has a participating interest	12,986,819	8,094,767	12,986,819	8,094,767
Other taxes and social security costs	292,435	250,402	105,016	92,351
Other creditors	1,389,151	1,711,187	1,335,163	1,638,375
Accruals and deferred income	1,347,018	514,695	536,180	459,531
	<u>17,601,786</u>	<u>13,033,668</u>	<u>15,622,466</u>	<u>11,614,305</u>

Security

The company has obtained bank loan facilities via its parent company and the borrowings are secured by fixed and floating charge over the group assets.

The Ultimate parent company, UTV software communications Limited has given corporate guarantees to secure bank loan facilities.

Ignition Entertainment Limited
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	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
13 Creditors: amounts falling due after one year				
Bank loans	6,622,517	-	6,622,517	-
Obligations under finance lease and hire purchase contracts	120,936	223,068	82,944	182,478
Amounts owed to group undertakings and undertakings in which the company has a participating interest	4,715,989	10,693,106	4,715,989	10,693,106
Other creditors	57,176	304,318	-	304,318
	<u>11,516,618</u>	<u>11,220,492</u>	<u>11,421,450</u>	<u>11,179,902</u>
14 Obligations under finance leases and hire purchase contracts	2010	2009	2010	2009
	£	£	£	£
Amounts payable:				
Within one year	191,781	246,966	110,717	110,467
Within two to five years	133,586	248,985	92,264	202,981
	<u>325,367</u>	<u>495,951</u>	<u>202,981</u>	<u>313,448</u>
Less: finance charges allocated to future periods	(32,103)	(53,798)	(20,504)	(31,687)
	<u>293,264</u>	<u>442,153</u>	<u>182,477</u>	<u>281,761</u>
Finance leases and hire purchase contracts are analysed as follows:				
Current obligations	172,328	219,085	99,533	99,283
Non-current obligations	120,936	223,068	82,944	182,478
	<u>293,264</u>	<u>442,153</u>	<u>182,477</u>	<u>281,761</u>
15 Deferred taxation	2010	2009	2010	2009
	£	£	£	£
Accelerated capital allowances	144,696	(19,800)	144,695	(15,566)
Tax losses carried forward	5,524,177	4,841,252	1,375,790	1,171,076
Undiscounted provision for deferred tax	5,668,873	4,821,452	1,520,485	1,155,510
Discount	(69,550)	(62,330)	(39,622)	(33,279)
Discounted provision for deferred tax	<u>5,599,323</u>	<u>4,759,122</u>	<u>1,480,863</u>	<u>1,122,231</u>
	2010	2009	2010	2009
	£	£	£	£
At 1 April 2009	4,759,122	1,902,491	1,122,231	940,371
Exchange difference on consolidation	(140,775)	-	-	-
	<u>4,618,347</u>	<u>1,902,491</u>	<u>1,122,231</u>	<u>940,371</u>
Profit and loss account	947,633	2,856,631	358,632	181,860
Exchange difference on translation of current year deferred tax	33,343	-	-	-
At 31 March 2010	<u>5,599,323</u>	<u>4,759,122</u>	<u>1,480,863</u>	<u>1,122,231</u>

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16 Provision for liabilities	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
At 1 April 2009	2,072,468	-	532,094	-
Additional provision made during the year		2,072,468		532,094
Amounts used during the year	(1,163,452)		(373,050)	
Unused amount reversed during the year	(909,016)	-	(159,044)	-
At 31 March 2010	<u>-</u>	<u>2,072,468</u>	<u>-</u>	<u>532,094</u>

The group's activity is the production and distribution of games content. In view of the worldwide economic recession and due to the onerous nature of contracts in respect of certain games wherein there is a probable loss on account of additional costs to be incurred by the group under such contracts in the nature of price protection, the group had made a contingency provision of £2,072,468 to meet the conditions under the terms of the contracts in the previous year.

The group expected that the provision will be utilized as and when such additional spends contemplated under the onerous contracts were made in the subsequent years.

17 Share capital	2010	2009	2010	2009
	No	No	£	£
Authorised:				
Ordinary shares of £1 each	<u>40,000,000</u>	<u>10,000,000</u>	<u>40,000,000</u>	<u>10,000,000</u>
	2010	2009	2010	2009
	No	No	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	<u>28,787,872</u>	<u>10,000,000</u>	<u>28,787,872</u>	<u>10,000,000</u>

On 28 September 2009, 18,787,872 ordinary shares were issued in full and final satisfaction of a loan from IG Interactive Entertainment Limited

18 Share premium	2010	2009
	£	£
At 1 April 2009	2,903,704	2,903,704
At 31 March 2010	<u>2,903,704</u>	<u>2,903,704</u>

19 Profit and loss account	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
At 1 April 2009	(7,370,719)	(6,112,036)	(5,232,999)	(5,236,158)
Exchange difference on consolidation	359,626	8,758	-	-
At 1 April 2009	<u>(7,011,093)</u>	<u>(6,103,278)</u>	<u>(5,232,999)</u>	<u>(5,236,158)</u>
(Loss)/profit for the financial year	917,389	(1,267,441)	(208,379)	3,159
Other recognised gains and losses	488,165	-	488,165	-
At 31 March 2010	<u>(5,605,539)</u>	<u>(7,370,719)</u>	<u>(4,953,213)</u>	<u>(5,232,999)</u>

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20 Reconciliation of movement in shareholders' funds	Group		Company	
	2010 £	2009 £	2010 £	2009 £
At 1 April 2009	5,532,985	6,791,668	7,670,705	7,667,546
Exchange difference on consolidation	359,626	8,758	-	-
At 1 April 2009	<u>5,892,611</u>	<u>6,800,426</u>	<u>7,670,705</u>	<u>7,667,546</u>
(Loss)/profit for the financial year	917,389	(1,267,441)	(208,379)	3,159
Other recognised gains and losses	488,165	-	488,165	-
Shares issued	18,787,872	-	18,787,872	-
	<u>26,086,037</u>	<u>5,532,985</u>	<u>26,738,363</u>	<u>7,670,705</u>
At 31 March 2010				

21 Gross cash flows	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	83,404	89,841
Interest paid	(129,101)	(14,435)
	<u>(45,697)</u>	<u>75,406</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(682,658)	(667,602)
	<u>(150,564)</u>	<u>(667,602)</u>
Financing		
Issue of share capital	18,787,872	-
New loans raised	18,808,006	-
Loan repayments	(12,185,489)	-
Capital element of finance lease rental payments	(261,237)	(145,268)
	<u>25,149,152</u>	<u>(145,268)</u>

22 Analysis of changes in net debt	At 1 Apr 2009 £	Cash flows £	Non-cash changes £	At 31 Mar 2010 £
Cash at bank and in hand	212,423	2,891,505		3,103,928
Overdrafts	(407,765)	405,996		(1,769)
		<u>3,297,501</u>		
Finance leases	(442,153)	148,889		(293,264)
		<u>148,889</u>		
Total	<u>(637,495)</u>	<u>3,446,390</u>	<u>-</u>	<u>2,808,895</u>

Ignition Entertainment Limited
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23 Major non-cash transactions	2010	2009
	£	£
Capital value of new finance lease arrangements	<u>112,348</u>	<u>298,350</u>

24 Other financial commitments

At the year end the group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2010	Other 2010	Land and buildings 2009	Other 2009
	£	£	£	£
Operating leases which expire:				
within one year	130,409	161,175	413,274	247,330
within two to five years	<u>266,286</u>	<u>73,390</u>	<u>718,121</u>	<u>191,870</u>
	<u>396,695</u>	<u>234,565</u>	<u>1,131,395</u>	<u>439,200</u>

25 Related parties

Parties where there is control
IG Interactive Entertainment Limited Immediate parent company

Parties where there is no control
Potters Limited Shareholder in the company

Transaction with related parties	2010	2009
	£	£
Loans from related parties		
IG Interactive Entertainment Limited	7,769,033	18,787,873
Potters Limited	<u>1,267,573</u>	<u>1,825,906</u>

Interest payable to related parties		
IG Interactive Entertainment Limited	<u>914,807</u>	<u>496,411</u>

26 Controlling party

The ultimate parent company and controlling party is UTV Software Communications Limited, a company registered in India.

The consolidated accounts of UTV Software Communications Limited can be obtained from their registered office at 1181-1182, Solitaire Corporate Park, Guru Hargovindji Marg, Chakala, Andheri (E) Mumbai 400 093, India.