

Ignition London Limited
Directors' Report and Financial Statements
for the year ended 31 March 2010

Company Registration No: 4255453

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

Ignition London Limited
Report and accounts
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Ignition London Limited
Company Information

Directors

R S Screwala
V K Chadha
A J Whitehurst

Secretary

Aldwych Secretaries Limited

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

4255453

Ignition London Limited Directors' Report

The directors present their report and financial statement for the year ended 31 March 2010.

Principal activities

The company's principal activity during the year continued to be of animated film and video game producers.

Review of Business and likely future development

The company's strategy is to create, own and exploit valuable game franchises through investment in high quality licenses and products.

The company 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. 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.

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 company 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 company is directed and managed, risks are identified and controlled and effective accountability assured.

Financial instruments

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

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

Ignition London Limited
Directors' Report

Principal risks and uncertainties

The company's principal business is development of video games. The game currently under production caters for the mass market and is 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 Page 6 and profits are to be transferred to reserves.

Directors

The following persons served as directors during the year:

R. S. Screwvala	
V. K. Chadha	(appointed 1-12-2009)
A. J. Whitehurst	(resigned on 25-11-2009)

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.

V. K. Chadha
Director



Ignition London Limited
Statement of Directors' Responsibilities

The directors are responsible for preparing the report and 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 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 financial statements;
- 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 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.

Ignition London Limited
Independent auditors' report
to the shareholders of Ignition London Limited

We have audited the financial statements of Ignition London Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended;
- the 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 London Limited
Profit and Loss Account
for the year ended 31 March 2010

	Notes	2010 £	2009 £
Other operating income		1,000	25,568
Operating profit	2	<u>1,000</u>	<u>25,568</u>
Profit on ordinary activities before taxation		<u>1,000</u>	<u>25,568</u>
Tax on profit on ordinary activities	6	29,486	17,556
Profit for the financial year		<u><u>30,486</u></u>	<u><u>43,124</u></u>

Continuing operations


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

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 London Limited
 Balance Sheet
 as at 31 March 2010

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	7	235,242	331,259
Current assets			
Stocks	8	11,322,382	6,439,257
Debtors	9	1,100,162	1,039,861
Cash at bank and in hand		40,889	3,403
		<u>12,463,433</u>	<u>7,482,521</u>
Creditors: amounts falling due within one year	10	(13,379,008)	(8,522,001)
Net current liabilities		<u>(915,575)</u>	<u>(1,039,480)</u>
Total assets less current liabilities		<u>(680,333)</u>	<u>(708,221)</u>
Creditors: amounts falling due after more than one year	11	(37,992)	(40,590)
Net liabilities		<u>(718,325)</u>	<u>(748,811)</u>
Capital and reserves			
Called up share capital	14	5,000	5,000
Share premium	15	2,561,479	2,561,479
Profit and loss account	16	(3,284,804)	(3,315,290)
Shareholders' funds	17	<u>(718,325)</u>	<u>(748,811)</u>


 V K Chadha
 Director

Approved by the board on 17 May 2010

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

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Depreciation

Depreciation is provided on tangible fixed assets, 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	33.33% straight line
Fixtures, fittings & equipment	33.33% straight line

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 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.

Foreign currencies

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.

Research & 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.

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

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.

2 Operating profit	2010	2009
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	60,764	127,938
Depreciation of assets held under finance leases and hire purchase contracts	190,677	110,149
Operating lease rentals - plant and machinery	310,590	172,012
Operating lease rentals - land buildings	<u>393,083</u>	<u>279,523</u>
Included in work in progress:		
Depreciation of owned fixed assets	60,764	127,938
Depreciation of assets held under finance leases and hire purchase contracts	190,677	110,149
Operating lease rentals - plant and machinery	310,590	172,012
Operating lease rentals - land buildings	<u>393,083</u>	<u>279,523</u>
3 Directors' emoluments	2010	2009
	£	£
Emoluments	134,134	165,684
Compensation for loss of office	<u>150,000</u>	<u>-</u>
	<u>284,134</u>	<u>165,684</u>
Included in work in progress:		
Emoluments	134,134	165,684
Compensation for loss of office	<u>150,000</u>	<u>-</u>
	<u>284,134</u>	<u>165,684</u>

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

4 Staff costs	2010	2009
	£	£
Wages and salaries	2,428,160	1,952,425
Social security costs	<u>279,777</u>	<u>193,312</u>
	<u><u>2,707,937</u></u>	<u><u>2,145,737</u></u>
Included in work in progress:		
Wages and salaries	2,428,160	1,952,425
Social security costs	<u>279,777</u>	<u>193,312</u>
	<u><u>2,707,937</u></u>	<u><u>2,145,737</u></u>
Average number of employees during the year		
	Number	Number
Administration	4	2
Production and development	<u>78</u>	<u>55</u>
	<u><u>82</u></u>	<u><u>57</u></u>
5 Interest payable	2010	2009
	£	£
Bank loans and overdrafts	9,368	536
Finance charges payable under finance leases and hire purchase contracts	<u>29,603</u>	<u>19,982</u>
	<u><u>38,971</u></u>	<u><u>20,518</u></u>
Included in work in progress:		
Bank loans and overdrafts	9,368	536
Finance charges payable under finance leases and hire purchase contracts	<u>29,603</u>	<u>19,982</u>
	<u><u>38,971</u></u>	<u><u>20,518</u></u>

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

6 Taxation	2010	2009
	£	£
Analysis of charge in period		
Deferred tax:		
Origination and reversal of timing differences	(29,486)	(17,556)
	<u>(29,486)</u>	<u>(17,556)</u>
Tax on loss on ordinary activities	<u>(29,486)</u>	<u>(17,556)</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
	£	£
Tax on profit on ordinary activities	<u>1,000</u>	<u>25,568</u>
Standard rate of corporation tax in the UK	28%	28%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	280	7,159
Effects of:		
Research and development tax credits	-	(7,159)
Utilisation of tax losses	<u>(280)</u>	<u>-</u>
Current tax charge for period	<u>-</u>	<u>-</u>

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

7 Tangible fixed assets

	Leasehold improvements £	Fixture, fittings & equipment £	Total £
Cost			
At 1 April 2009	118,666	608,088	726,754
Additions	26,051	129,372	155,423
At 31 March 2010	<u>144,717</u>	<u>737,460</u>	<u>882,177</u>
Depreciation			
At 1 April 2009	46,115	349,380	395,495
Charge for the year	46,091	205,349	251,440
At 31 March 2010	<u>92,206</u>	<u>554,729</u>	<u>646,935</u>
Net book value			
At 31 March 2010	<u>52,511</u>	<u>182,731</u>	<u>235,242</u>
At 31 March 2009	<u>72,551</u>	<u>258,708</u>	<u>331,259</u>

	2010 £	2009 £
Net book value of plant and machinery included above held under finance leases and hire purchase contracts	<u>115,387</u>	<u>162,279</u>

8 Stocks

	2010 £	2009 £
Work in progress	<u>11,322,382</u>	<u>6,439,257</u>

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

9 Debtors

	2010 £	2009 £
Other debtors	1,064,461	995,089
Prepayments and accrued income	35,701	44,772
	<u>1,100,162</u>	<u>1,039,861</u>

**Other debtors includes:
Deferred tax asset**

Due after more than one year	1,009,162	979,676
	<u>1,009,162</u>	<u>979,676</u>

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

10 Creditors: amounts falling due within one year	2010	2009
	£	£
Obligations under finance lease and hire purchase contracts	72,795	119,802
Trade creditors	209,430	64,918
Amounts owed to group undertakings and undertakings in which the company has a participating interest	12,634,775	8,146,431
Other taxes and social security costs	158,532	122,914
Other creditors	11,175	65,220
Accruals and deferred income	292,301	2,716
	<u>13,379,008</u>	<u>8,522,001</u>

11 Creditors: amounts falling due after one year	2010	2009
	£	£
Obligations under finance lease and hire purchase contracts	<u>37,992</u>	<u>40,590</u>

Security

The ultimate parent company, UTV Software Communications Limited has obtained bank loan facilities to fund the company's development project and the borrowings are secured by fixed and floating charge over the company's assets and corporate guarantees given by the ultimate parent company.

12 Obligations under finance leases and hire purchase contracts	2010	2009
	£	£
Amounts payable:		
Within one year	81,064	136,499
Within two to five years	<u>41,322</u>	<u>46,004</u>
	122,386	182,503
Less : finance charges allocated to future periods	<u>(11,599)</u>	<u>(22,111)</u>
	<u>110,787</u>	<u>160,392</u>

Finance leases and hire purchase contracts are analysed as follows :

Amounts payable:		
Within one year	72,795	119,802
Within two to five years	<u>37,992</u>	<u>40,590</u>
	<u>110,787</u>	<u>160,392</u>

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

13 Deferred taxation			2010	2009
			£	£
Accelerated capital allowances			-	(4,234)
Tax losses carried forward			1,039,088	1,012,961
Undiscounted provision for deferred tax			<u>1,039,088</u>	<u>1,008,727</u>
Discount			(29,926)	(29,051)
Discounted provision for deferred tax			<u>1,009,162</u>	<u>979,676</u>
			2010	2009
			£	£
At 1 April 2009			979,676	962,120
Deferred tax charge in profit and loss account			29,486	17,556
At 31 March 2010			<u>1,009,162</u>	<u>979,676</u>
14 Share capital			2010	2009
			£	£
Authorised:				
Ordinary shares of £1 each			<u>10,000,000</u>	<u>10,000,000</u>
	2010	2009	2010	2009
	No	No	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	5,000	5,000	<u>5,000</u>	<u>5,000</u>
15 Share premium			2010	2009
			£	£
At 1 April 2009			2,561,479	2,561,479
At 31 March 2010			<u>2,561,479</u>	<u>2,561,479</u>

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

16 Profit and loss account	2010	2009
	£	£
At 1 April 2009	(3,315,290)	(3,358,414)
Profit for the financial year	30,486	43,124
At 31 March 2010	<u>(3,284,804)</u>	<u>(3,315,290)</u>

17 Reconciliation of movement in shareholders' funds	2010	2009
	£	£
At 1 April 2009	(748,811)	(791,935)
Profit for the financial year	30,486	43,124
At 31 March 2010	<u>(718,325)</u>	<u>(748,811)</u>

18 Other financial commitments

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

	Land and buildings 2010	Land and buildings 2009	Other 2010	Other 2009
	£	£	£	£
Operating leases which expire:				
within one year	-	279,533	119,728	173,825
within two to five years	-	405,640	43,966	87,718
	<u>-</u>	<u>685,173</u>	<u>163,694</u>	<u>261,543</u>

19 Related parties

Parties where there is control

Ignition Entertainment Limited

Immediate parent company

Transaction with related parties

Loans from related parties

Ignition Entertainment Limited

	2010	2009
	£	£
	12,634,775	8,146,431
	<u>12,634,775</u>	<u>8,146,431</u>

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

20 Controlling party

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

The financial statements 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.