

COMPANY REGISTRATION NUMBER 04964271

MUZICALL LIMITED

ABBREVIATED ACCOUNTS

31 DECEMBER 2010

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MUZICALL LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2010

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MUZICALL LIMITED

INDEPENDENT AUDITOR'S REPORT TO MUZICALL LIMITED

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 2 to 5, together with the financial statements of Muzicall Limited for the year ended 31 December 2010 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditor's 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 for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

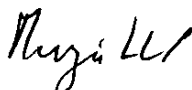
The directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



PHILIP KING FCA (Senior
Statutory Auditor)
For and on behalf of
MENZIES LLP
Chartered Accountants
& Statutory Auditor

Lynton House
7 - 12 Tavistock Square
London
WC1H 9LT

21 JULY 2011

MUZICALL LIMITED

ABBREVIATED BALANCE SHEET

31 DECEMBER 2010

	Note	2010 £	£	2009 £	£
FIXED ASSETS	2				
Intangible assets			5,348,372		3,486,082
Tangible assets			652,645		898,905
Investments			184		184
			<u>6,001,201</u>		<u>4,385,171</u>
CURRENT ASSETS					
Debtors		1,815,515		2,915,917	
Cash at bank and in hand		2,141,180		2,904,810	
		<u>3,956,695</u>		<u>5,820,727</u>	
CREDITORS: Amounts falling due within one year	3	<u>(3,083,263)</u>		<u>(1,777,686)</u>	
NET CURRENT ASSETS			873,432		4,043,041
TOTAL ASSETS LESS CURRENT LIABILITIES			6,874,633		8,428,212
CREDITORS: Amounts falling due after more than one year	4		<u>(1,013,817)</u>		<u>(1,759,567)</u>
			<u>5,860,816</u>		<u>6,668,645</u>
CAPITAL AND RESERVES					
Called-up equity share capital	5		609,990		425,818
Share premium account			16,621,984		12,383,243
Other reserves			4,932		4,932
Profit and loss account			(11,376,090)		(6,145,348)
SHAREHOLDERS' FUNDS			<u>5,860,816</u>		<u>6,668,645</u>

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These abbreviated accounts were approved by the directors and authorised for issue on *18 July, 2011*, and are signed on their behalf by


P Allainguillaume

Company Registration Number 04964271

The notes on pages 3 to 5 form part of these abbreviated accounts.

MUZICALL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Going concern

The financial statements have been prepared under the going concern concept

Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts

Turnover

Turnover represents amounts receivable for goods and services net of VAT and is recognised in the month in which the company supplies the related ring back tone or support services

Licences

Licences are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over the period during which the company is expected to benefit, which is estimated at 6 years

Marketing fund

Marketing expenditures are written off to the profit and loss account in the period in which the associated advertisement or promotion is run. Any contractual marketing commitment is shown as a financial liability and the associated deferred expenditure is written off to the profit and loss as the marketing expenditures are incurred

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit, which is estimated at 6 years

Amortisation

Amortisation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows

Acquired Goodwill	3 years straight line
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Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows

Fixtures & Fittings	3 years straight line
Ringback Tone Equipment	3 years straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

MUZICALL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting policies. The deferred tax balance has not been discounted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Share-based payments

The company has issued share options to certain directors and employees. These financial statements have been prepared in accordance with Financial Reporting Standard for Small Entities which does not require equity-settled share based payment arrangements to be recognised as an expense.

Cash-settled share based payments must be measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in liabilities. The fair value of the options will be charged as an expense in the profit and loss account over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

2. FIXED ASSETS

	Intangible Assets £	Tangible Assets £	Investments £	Total £
COST				
At 1 January 2010	3,998,804	1,300,447	184	5,299,435
Additions	2,334,946	78,520	–	2,413,466
At 31 December 2010	6,333,750	1,378,967	184	7,712,901
DEPRECIATION				
At 1 January 2010	512,722	401,542	–	914,264
Charge for year	472,656	324,780	–	797,436
At 31 December 2010	985,378	726,322	–	1,711,700
NET BOOK VALUE				
At 31 December 2010	5,348,372	652,645	184	6,001,201
At 31 December 2009	3,486,082	898,905	184	4,385,171

Muzicall Software Limited

The company owns 100% of Muzicall Software Limited, a company incorporated in Israel.

Muzicall Software Limited was incorporated in October 2008 and commenced trading in January 2009. The principle activity was that of providing staff to assist with research and development activities in the telecommunications industry.

The aggregate capital and reserves as at 31 December 2010 - £115,233. Profit and (loss) for the year ended 31 December 2010 - £29,875. Under the provision of section 398 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

MUZICALL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2010

3 CREDITORS: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2010 £	2009 £
Other creditors including taxation and social security	<u>1,094,326</u>	<u>165,030</u>

4. CREDITORS: Amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2010 £	2009 £
Other creditors including taxation and social security	<u>975,011</u>	<u>1,544,094</u>

5. SHARE CAPITAL

Allotted, called up and fully paid:

	2010 No	£	2009 No	£
5,029,813 Ordinary shares (2009 - 3,747,438) of £0.01 each	5,029,813	50,298	3,747,438	37,474
3,200,000 Series A Preference shares of £0.01 each	3,200,000	32,000	3,200,000	32,000
52,769,181 Series B Preference shares (2009 - 35,634,357) of £0.01 each	52,769,181	527,692	35,634,357	356,344
	<u>60,998,994</u>	<u>609,990</u>	<u>42,581,795</u>	<u>425,818</u>

During the year the company issued 17,134,824 Series B Preference shares of £0.01 each for £4,436,206 cash. Each holder of the preference shares shall have the right to one vote for each ordinary share into which such preferred share could be converted. The preference shares are only redeemable at the option of the company, with no fixed date of redemption.

During the year share options over 1,282,375 ordinary £0.01 shares were exercised at par value.

During the year the company continued to operate an Enterprise Management Incentive Share Option Plan. The details of the share options outstanding at the beginning and end of the financial year are set out below:

Number of 'Ordinary' shares for which rights are exercisable

Grant date	Subscription price per share	Period within which options are exercisable	No. 'Ordinary' shares 31.12.09	No. 'Ordinary' shares 31.12.10
December 2008	£0.01	10 years	68,750	50,000
January 2009	£0.01	10 years	758,083	661,600
January 2010	£0.01	10 years	0	5,055,196
March 2010	£0.01	10 years	0	10,000
April 2010	£0.01	10 years	0	10,000
June 2010	£0.01	10 years	0	665,000
September 2010	£0.01	10 years	0	1,304,000
November 2010	£0.01	10 years	0	195,000