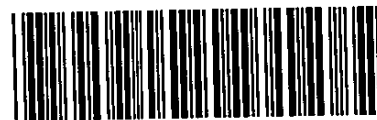


Registered number: 07493468

ZEPTOLAB UK LIMITED

**ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2013**

TUESDAY



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29/10/2013

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COMPANIES HOUSE

ZEPTOLAB UK LIMITED

**INDEPENDENT AUDITORS' REPORT TO ZEPTOLAB UK LIMITED
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

We have examined the abbreviated accounts set out on pages 2 to 6, together with the financial statements of Zeptolab UK Limited for the year ended 31 January 2013 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 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, for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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.

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 are properly prepared.

OPINION ON FINANCIAL STATEMENTS

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 on pages 2 to 6 have been properly prepared in accordance with the regulations made under that section.

OTHER INFORMATION

On 24 October 2013 we reported as auditors to the members of the company on the financial statements prepared under section 396 of the Companies Act 2006 and our report included the following statement:

EMPHASIS OF MATTER - GOING CONCERN

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1.2 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of \$4,053,648 during the year ended 31 January 2013 and, at that date, the company's current liabilities exceeded its current assets by \$50,388,143 and it had net liabilities of \$5,941,033. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern.

Mark Ayres (*Senior Statutory Auditor*)

for and on behalf of

Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

24 October 2013



ZEPTOLAB UK LIMITED
REGISTERED NUMBER: 07493468

ABBREVIATED BALANCE SHEET
AS AT 31 JANUARY 2013

	Note	\$	2013 \$	\$	2012 \$
FIXED ASSETS					
Intangible assets	2		44,447,109		53,969,777
Investments	3		1		-
			<u>44,447,110</u>		<u>53,969,777</u>
CURRENT ASSETS					
Debtors		5,084,680		4,740,797	
Cash at bank		6,162,750		1,852,941	
		<u>11,247,430</u>		<u>6,593,738</u>	
CREDITORS amounts falling due within one year		<u>(61,635,573)</u>		<u>(62,450,900)</u>	
NET CURRENT LIABILITIES			<u>(50,388,143)</u>		<u>(55,857,162)</u>
NET LIABILITIES			<u>(5,941,033)</u>		<u>(1,887,385)</u>
CAPITAL AND RESERVES					
Share capital	4		155		155
Profit and loss account			<u>(5,941,188)</u>		<u>(1,887,540)</u>
SHAREHOLDERS' DEFICIT			<u>(5,941,033)</u>		<u>(1,887,385)</u>

The abbreviated accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, were approved and authorised for issue by the board and were signed on its behalf on 24 October 2013

Spartak Zuy
 Director



The notes on pages 3 to 6 form part of these financial statements

ZEPTOLAB UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2013**1. ACCOUNTING POLICIES****1.1 Basis of preparation**

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The company is the parent undertaking of a small group and as such is not required by the companies act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group

1.2 Going concern

The directors have compiled these financial statements on the going concern basis, notwithstanding the shareholders' deficit, as the directors believe that the company will trade profitably in the future. Additionally, in the opinion of the directors, the holder of the loan notes is not expected to seek any material repayments within 12 months of the date of financial statement approval, although no formal confirmation of this has been received

1.3 Turnover

Turnover is comprised of digital royalties, advertising royalties and merchandise license royalties

Digital royalties are earned on the sale of gaming software to digital publishing companies and direct to end users. Revenue is recognised in full at the point at which end users download software or the digital publishing companies make sales of the software to users who are located around the world. All of the digital publishing companies are located outside of the United Kingdom

Advertising royalties are earned on click through advertisements within the gaming software. Revenue is recognised in full at the point at which the click through is registered with the advertising companies

Merchandise licensing royalties are recognised when the licensed product is sold by the licensee. Non-refundable advances and minimum guarantee royalty payments are recognised as revenue in full when received

1.4 Intangible fixed assets and amortisation

Intangible fixed assets comprise the intellectual property of 'Cut the Rope' and 'Pudding Monsters' gaming software rights and trademarks. The company will generate royalties on the sale of the gaming software over the life of the intellectual property, estimated to be 6 years and 3 years respectively from the date of purchase or launch

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any. The carrying value is assessed at each reporting date by the directors, based on discounted cashflow forecasts and is written down to its recoverable value if the carrying value is greater than its estimated recoverable amount

Amortisation is provided at the following rates

Intellectual property	-	3 - 6 years straight line
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ZEPTOLAB UK LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2013**

1. ACCOUNTING POLICIES (continued)

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment

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 not discounted

1.7 Foreign currencies

The financial statements have been prepared in US dollars as this is considered the functional currency of the industry in which the company operates

Monetary assets and liabilities denominated in non US dollar currencies are translated into US dollars at rates of exchange ruling at the balance sheet date

Transactions in non US currencies are translated into US dollars at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

ZEPTOLAB UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2013

2. INTANGIBLE FIXED ASSETS

	\$
Cost	
At 1 February 2012	60,400,000
Additions	951,440
At 31 January 2013	<u>61,351,440</u>
Amortisation	
At 1 February 2012	6,430,223
Charge for the year	10,109,097
Impairment charge	365,011
At 31 January 2013	<u>16,904,331</u>
Net book value	
At 31 January 2013	<u>44,447,109</u>
At 31 January 2012	<u>53,969,777</u>

3. FIXED ASSET INVESTMENTS

	\$
Cost	
At 1 February 2012	-
Additions	1
At 31 January 2013	<u>1</u>
Net book value	
At 31 January 2013	<u>1</u>
At 31 January 2012	<u>-</u>

Subsidiary undertakings

The following is a subsidiary undertaking of the company

Name	Class of shares	Holding
Zeptolab Marketplace Solutions Limited	Ordinary Shares	100 %

ZEPTOLAB UK LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2013**
3. FIXED ASSET INVESTMENTS (continued)

The aggregate of the share capital and reserves as at 31 January 2013 and of the profit or loss for the year ended on that date for the subsidiary undertaking was as follows

Name	Aggregate of share capital and reserves \$	Profit/(loss) \$
Zeptolab Marketplace Solutions Limited	2,901	2,900

4 SHARE CAPITAL

	2013 \$	2012 \$
Allotted, called up and partly paid		
100 Ordinary shares of £1 each	155	155

5. TRANSACTION WITH DIRECTORS

At the balance sheet date, Mikhail Lyalin, a director of the company owed the company \$14,846 (2012 \$29,500) This amount is disclosed within other debtors The loan is interest free and no fixed repayment term

At the balance sheet date, Spartak Zuy, a director of the company was owed \$Nil (2012 \$27,343) by the company in respect of accrued remuneration No interest has been charged on this balance This amount is disclosed within other creditors