

**REPORT OF THE DIRECTOR AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007  
FOR  
MINDSCAPE (UK) LIMITED**

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**MINDSCAPE (UK) LIMITED**

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for the Year Ended 31 December 2007**

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**MINDSCAPE (UK) LIMITED**

**COMPANY INFORMATION**  
**for the Year Ended 31 December 2007**

<b>DIRECTOR.</b>	J P Nordman
<b>SECRETARY</b>	M H Secretaries Limited
<b>REGISTERED OFFICE.</b>	Staple Court 11 Staple Inn Buildings London WC1V 7QH
<b>REGISTERED NUMBER.</b>	01638551
<b>AUDITORS.</b>	Wood Branson Dickinson Norton House Fircroft Way Edenbridge Kent TN8 6EJ

## **MINDSCAPE (UK) LIMITED**

### **REPORT OF THE DIRECTOR for the Year Ended 31 December 2007**

The director presents his report with the financial statements of the company for the year ended 31 December 2007

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of sale and distribution of computer software

#### **DIRECTOR**

J P Nordman held office during the whole of the period from 1 January 2007 to the date of this report

The beneficial interests of the director and his spouse and minor children in the share capital of the ultimate parent company Brainscape S A was as follows

	2007	2006
Ordinary shares		
Jean Pierre Nordman	525	525

#### **STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **AUDITORS**

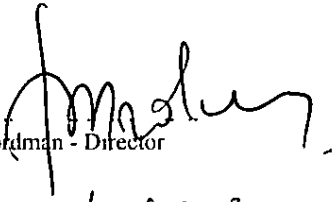
The auditors, Wood Branson Dickinson, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**MINDSCAPE (UK) LIMITED**

**REPORT OF THE DIRECTOR  
for the Year Ended 31 December 2007**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

**ON BEHALF OF THE BOARD**

  
J P Nordman - Director

Date

22 April 2008

## **REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF MINDSCAPE (UK) LIMITED**

We have audited the financial statements of Mindscape (UK) Limited for the year ended 31 December 2007 on pages six to eleven. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

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 director and auditors**

The director's 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 on page two.

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 Report of the Director 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 director's remuneration and other transactions is not disclosed.

We read the Report of the Director 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, except that the scope of our work was limited as explained below.

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 director 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 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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 15 of the financial statements concerning the director's assessment of the future solvency of the company. In view of the significance of this uncertainty, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
MINDSCAPE (UK) LIMITED**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2007 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 Report of the Director is consistent with the financial statements

*Wood Branson Dickinson*

Wood Branson Dickinson  
Norton House  
Fircroft Way  
Edenbridge  
Kent  
TN8 6EJ

Date *19/1/08*

**MINDSCAPE (UK) LIMITED****PROFIT AND LOSS ACCOUNT**  
**for the Year Ended 31 December 2007**

	Notes	31 12 07 £	31 12 06 £
<b>TURNOVER</b>		274,508	588,011
Cost of sales		<u>94,528</u>	<u>374,886</u>
<b>GROSS PROFIT</b>		179,980	213,125
Administrative expenses		<u>182,502</u>	<u>48,406</u>
		(2,522)	164,719
Other operating income		<u>2 613</u>	<u>17,885</u>
<b>OPERATING PROFIT</b>	2	91	182,604
Interest receivable and similar income		<u>835</u>	<u>2,158</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		926	184,762
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>926</u>	<u>184,762</u>

The notes form part of these financial statements



**MINDSCAPE (UK) LIMITED**

**BALANCE SHEET**  
**31 December 2007**

	Notes	31 12 07 £	£	31 12 06 £	£
<b>FIXED ASSETS</b>					
Intangible assets	5		14,805		-
Tangible assets	6		-		4,754
Investments	7		-		-
			<u>14,805</u>		<u>4,754</u>
<b>CURRENT ASSETS</b>					
Stocks			-		3,719
Debtors	8	120,588		156,889	
Prepayments and accrued income		41		12,530	
Cash at bank and in hand		73,302		170,495	
		<u>193,931</u>		<u>343,633</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	9	216,356		356,933	
		<u></u>		<u></u>	
<b>NET CURRENT LIABILITIES</b>			<u>(22,425)</u>		<u>(13,300)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>(7,620)</u>		<u>(8,546)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	10		10,386,236		10,386,236
Profit and loss account	11		(10,393,856)		(10,394,782)
			<u></u>		<u></u>
<b>SHAREHOLDERS' FUNDS</b>			<u>(7,620)</u>		<u>(8,546)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007)

The financial statements were approved by the director on 22 April 2008 and were signed by

  
J P Nordman - Director

The notes form part of these financial statements

## MINDSCAPE (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2007

#### 1 ACCOUNTING POLICIES

##### Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

##### Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

##### Other intangible assets

Product development costs are amortised over 2 years being the estimated product life

##### Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Plant and machinery etc - 20% on cost

##### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

##### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

##### Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

##### Pensions

The company operates a defined contribution pension scheme Contributions payable for the year are charged in the profit and loss account

#### 2 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31 12 07	31 12 06
	£	£
Depreciation - owned assets	1,350	5,400
Development costs amortisation	8,883	-
Auditors' remuneration	4,250	8,500
Foreign exchange differences	15,350	(17,885)
Pension costs	1,716	6,781
	<u>          </u>	<u>          </u>
Director's emoluments and other benefits etc	-	-
	<u>          </u>	<u>          </u>

#### 3 EXCEPTIONAL ITEMS

During the year the company has provided against a bank balance owed to it amounting to £51,820 as this was a guarantee amount held in respect of a subsidiary which has been struck off and is not expected to be recoverable In 2006 it wrote back an intercompany loan totalling £312 717

**MINDSCAPE (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2007**

**4 TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2007 nor for the year ended 31 December 2006

**5 INTANGIBLE FIXED ASSETS**

	Goodwill £	Other intangible assets £	Totals £
<b>COST</b>			
At 1 January 2007	3,102,554	-	3,102,554
Additions	-	23,688	23,688
	<hr/>	<hr/>	<hr/>
At 31 December 2007	3,102,554	23,688	3,126,242
	<hr/>	<hr/>	<hr/>
<b>AMORTISATION</b>			
At 1 January 2007	3,102,554	-	3,102,554
Charge for year	-	8,883	8,883
	<hr/>	<hr/>	<hr/>
At 31 December 2007	3,102,554	8,883	3,111,437
	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>			
At 31 December 2007	-	14,805	14,805
	<hr/>	<hr/>	<hr/>
At 31 December 2006	-	-	-
	<hr/>	<hr/>	<hr/>

**6 TANGIBLE FIXED ASSETS**

	Plant and machinery etc £
<b>COST</b>	
At 1 January 2007	14,094
Disposals	(14,094)
	<hr/>
At 31 December 2007	-
	<hr/>
<b>DEPRECIATION</b>	
At 1 January 2007	9,340
Charge for year	1,350
Eliminated on disposal	(10,690)
	<hr/>
At 31 December 2007	-
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2007	-
	<hr/>
At 31 December 2006	4,754
	<hr/>

# MINDSCAPE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2007

### 7 FIXED ASSET INVESTMENTS

The company's investments at the balance sheet date in the share capital of companies include the following

#### Mindscape International Limited

Nature of business Development and sale of computer software

Class of shares	% holding
Ordinary	100.00
Preference	100.00

### 8 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 07	31 12 06
	£	£
Trade debtors	112,114	147,323
Amounts owed by group undertakings	-	2,370
Other debtors	8,474	7,196
	<u>120,588</u>	<u>156,889</u>

### 9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 07	31 12 06
	£	£
Trade creditors	7,523	2,508
Amounts owed to group undertakings	182,199	291,869
Taxation and social security	18,206	14,692
Other creditors	8,428	47,864
	<u>216,356</u>	<u>356,933</u>

### 10 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value £	31 12 07 £	31 12 06 £
11,000,000	Ordinary	1	<u>11,000,000</u>	<u>11,000,000</u>
Allotted, issued and fully paid Number	Class	Nominal value £	31 12 07 £	31 12 06 £
10,386,236	Ordinary	1	<u>10,386,236</u>	<u>10,386,236</u>

## MINDSCAPE (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2007

#### 11 RESERVES

	Profit and loss account £
At 1 January 2007	(10,394,782)
Profit for the year	926
	<hr/>
At 31 December 2007	<u>(10,393,856)</u>

#### 12 RELATED PARTY DISCLOSURES

During the year the company paid management charges of £9,718 (2006 £31,502) in respect of recharged overheads to Mindscape SA and Mindscape France SA. The amounts owed by and to group companies are shown in notes 7 & 8.

#### 13 ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Mindscape SA, a company incorporated in France, and its financial statements are incorporated in the consolidated financial statements prepared by that company. This is the smallest and largest group that the company's financial statements are consolidated into. Mindscape SA, principal place of business is 73 -77 Rue de Sevres, 92514 Boulogne-Billancourt, Cedex, Paris, France and a copy of its financial statements can be obtained from this address.

The financial statements do not disclose transactions with group entities in accordance with the exemption provisions of Financial Reporting Standards 8 "Related Party Disclosures".

The ultimate parent company is Brainscape SA, a company incorporated in Luxembourg.

#### 14 CASH FLOW STATEMENT

No cashflow statement has been prepared as the directors have availed of the exemption available under Paragraph 5(a) of Financial Reporting Standard No 1 (Revised 1996) for subsidiary companies where publicly available consolidated financial statements are prepared by the parent.

#### 15 GOING CONCERN

The net liabilities for 2004 included £2,284,590 payable to Broderbund Software Limited which the director is of the opinion will not become payable in the future, accordingly this was written back in 2005. The director believes that in the event of Broderbund Software Limited calling the existing amount to be repaid, it would be offset by a similar receivable amount due by Broderbund Software Limited to Mindscape International Limited, a subsidiary of Mindscape (UK) Limited.

Mindscape SA and Mindscape France SA have agreed not to demand repayment in the future of any intercompany debt, where to do so would make Mindscape (UK) Limited insolvent.

Based on the above the director is satisfied that it remains appropriate to prepare financial statements on a going concern basis.