

Company No: 3691713

KYF EUROPE LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2008

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KYF EUROPE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

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**KYF EUROPE LIMITED**

**DIRECTORS' REPORT**

The directors have pleasure in submitting their annual report and financial statements for the year ended 31 March 2008.

**Statement of directors responsibilities**

The directors are responsible for the preparing of the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK GAAP).

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those 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.
- prepare the financial statements 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 which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

**Activities**

The principal activity of the Company in the year under review continued to be interactive game simulator merchandising.

**Directors**

The directors during the year and their interests in the Company's ordinary shares at the beginning and the end of the year were as follows:

	<u>31.03.08</u>	<u>31.03.07</u>
Seong Min Lee	100,000	100,000
Hyun Chul Jung	200,000	200,000

The directors' report is prepared in accordance with special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board

  
.....  
Mr S M Lee  
Director

Date: 20 Jan 2009

**KYF EUROPE LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2008**

	<u>Notes</u>	<u>2008</u> £	<u>2007</u> £
Turnover	2	151,373	219,613
Cost of sales		(102,218)	(168,549)
<b>GROSS PROFIT</b>		<b>49,155</b>	<b>51,064</b>
Administrative expenses		(97,769)	(229,669)
<b>OPERATING LOSS</b>	<b>3 - 4</b>	<b>(48,614)</b>	<b>(178,605)</b>
Other interest receivable and similar income	5	477	366
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2</b>	<b>(48,137)</b>	<b>(178,239)</b>
Tax on ordinary activities	6	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>£(48,137)</b>	<b>£(178,239)</b>

Movements on reserves are set out in note 13.

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current or previous year.

**GAINS AND LOSSES**

All recognised gains and losses are included in the profit and loss account.

**KYF EUROPE LIMITED**

**BALANCE SHEET**

**AS AT 31 MARCH 2008**

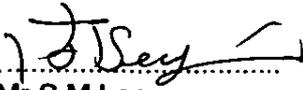
	<u>Notes</u>	<u>2008</u> £	<u>2007</u> £
<b>FIXED ASSETS</b>			
Investments	8	240,000	240,000
Tangible assets	7	57,634	83,611
		<u>297,634</u>	<u>323,611</u>
<b>CURRENT ASSETS</b>			
Stocks	9	12,000	86,200
Debtors	10	204,545	146,092
Cash at bank and in hand		49,764	77,229
		<u>266,309</u>	<u>309,521</u>
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(319,287)</u>	<u>(340,339)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(52,978)</u>	<u>(30,818)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>£244,656</u> =====	<u>£ 292,793</u> =====
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,500,000	1,500,000
Profit and loss account	13	(1,255,344)	(1,207,207)
<b>SHAREHOLDERS FUNDS</b>	14	<u>£ 244,656</u> =====	<u>£ 292,793</u> =====

For the year ended 31 March 2008, the Company was entitled to the exemption under subsection 1 of section 249A of the Companies Act 1985 and no notice has been deposited under subsection 2 of section 249B of that Act in relation to the year then ended.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 as well as for preparing accounts which give a true and fair view of the state of affairs of the company as at 31 March 2008 and of its profit or loss for the year then ended in accordance with the requirements of s226 and which comply with the requirements of the Companies Act 1985 relating to accounts so far as applicable to the company.

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

The accounts were approved by the Board of Directors on 20 Jan 2009.

  
.....  
Mr S M Lee  
Director

## KYF EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 ACCOUNTING POLICIES

##### a) Accounting convention

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

##### b) Depreciation

Depreciation is provided by the Company to write off the cost or valuation of fixed tangible assets over their estimated useful economic lives on the reducing balance basis at the following rates:

Fixtures, fittings tools and equipment	-	15%
Motor vehicle	-	25%
Income sharing machines	-	33.3%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or the periods of the leases where these are shorter.

##### c) Stocks

Stocks are valued at the lower of cost and net realisable value. For work in progress and finished goods, cost is taken at production cost which includes an appropriate proportion of overheads.

##### d) Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. No provision for deferred taxation is made if there is reasonable evidence that such deferred taxation will not be payable in the foreseeable future.

##### e) Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the Balance Sheet date.

Profits and losses arising on the exchange of foreign currencies are dealt with through the Profit and Loss Account.

## KYF EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 1 ACCOUNTING POLICIES (continued)

##### f) Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard No 1 from producing a cash flow statement on the grounds that it is a small company.

##### g) Group accounts

These accounts present information about the Company as an individual undertaking and not about its group. Group accounts have not been prepared as the group headed by the Company qualifies for the exemption conferred by Section 248 of the Companies Act 1985 on the grounds that it is a small group.

#### 2 TURNOVER AND LOSS BEFORE TAXATION

All the Company's turnover and pre-tax loss was derived from the activities referred to on the Directors' Report. Turnover consists of the invoiced value (excluding VAT) for goods and services supplied to third parties.

#### 3 OPERATING LOSS

	<u>2008</u> £	<u>2007</u> £
Operating loss is stated after charging:		
Depreciation of owned assets	18,414	34,511
Foreign exchange difference	5	3,342
Loss on sale of fixed asset	5,233	42,232
	=====	=====

#### 4 DIRECTORS REMUNERATION

	<u>2008</u>	<u>2007</u>
As a director:		
Emoluments	£ - ==	£17,200 =====

#### 5 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2008</u> £	<u>2007</u> £
Bank interest receivable	77	366
Online filing incentive	400	-
	----- £477 ===	----- £366 ===

**KYF EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6 TAX ON ORDINARY ACTIVITIES**

No provision for U.K. corporation tax is necessary on the results shown by these financial statements.

**7 FIXED TANGIBLE ASSETS**

	<u>Income sharing machines</u> £	<u>Fixtures, fittings, tools and equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
<u>Cost or valuation</u>				
At beginning of year	206,434	5,828	30,178	242,440
Additions	-	553	-	553
Disposals	-	(3,750)	(9,400)	(13,150)
Written off	(12,900)	-	-	(12,900)
At end of year	<u>193,534</u>	<u>2,631</u>	<u>20,778</u>	<u>216,943</u>
<u>Depreciation</u>				
At beginning of year	130,419	3,803	24,607	158,829
Charge for year	17,860	207	730	18,797
Disposals	-	(2,548)	(6,749)	(9,297)
Written off	(9,020)	-	-	(9,020)
At end of year	<u>139,259</u>	<u>1,462</u>	<u>18,588</u>	<u>159,309</u>
<u>Net book value</u>				
At 31 March 2008	£ 54,275 =====	£1,169 =====	£ 2,190 =====	£ 57,634 =====
At 31 March 2007	£ 76,015 =====	£2,025 =====	£ 5,571 =====	£ 83,611 =====

**8 INVESTMENTS**

<u>Cost</u>	<u>Investments in subsidiary undertakings</u>
At beginning and end of year	£240,000 =====

The above represents investments in the following 48% associated undertakings:

<u>Name</u>	<u>Country of registration</u>	<u>Holding</u>	<u>Capital and reserves</u>	<u>Loss for the year</u>
Sofco Limited	England	240,000 ordinary shares of £1 each		
Sofco Limited			£68,232 =====	£(22,710) =====

**KYF EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9 STOCKS**

	<u>2008</u>	<u>2007</u>
Finished goods and goods for resale	£12,000 =====	£86,200 =====

**10 DEBTORS**

	<u>2008</u> £	<u>2007</u> £
<u>Due within one year</u>		
Trade debtors	174,722	116,269
Other debtors	29,823	29,823
	-----	-----
	£204,545 =====	£146,092 =====

**11 CREDITORS**

	<u>2008</u> £	<u>2007</u> £
Creditors: Amounts falling due within one year		
Trade creditors	289,786	312,770
Other creditors including taxation and social security	26,841	24,549
Accruals and deferred income	2,660	3,020
	-----	-----
	£319,287 =====	£340,339 =====

**12 CALLED UP SHARE CAPITAL**

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>			
	<u>2008</u> £	<u>2007</u> £	<u>2008</u> No	£	<u>2007</u> No	£
Ordinary shares of £1 each	£1,500,000 =====	£1,500,000 =====	1,500,000 =====	£1,500,000 =====	1,500,000 =====	£1,500,000 =====

**13 RESERVES**

	<u>Profit and loss account</u> £
At beginning of year	(1,207,207)
Loss for the year	(48,137)
	-----
At end of year	£(1,255,344) =====

**KYF EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

A separate movement of shareholders funds statement is not provided as there are no changes for the current or previous year other than the retained loss in the profit and loss account.