

COMPANY REGISTRATION NUMBER 04964271


MUZICALL LIMITED

ABBREVIATED ACCOUNTS

31 DECEMBER 2012

TUESDAY

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MUZICALL LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2012

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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 2012 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

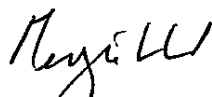
The directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated 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

11 March 2013

MUZICALL LIMITED


ABBREVIATED BALANCE SHEET

31 DECEMBER 2012

	Note	2012 £	2011 £
FIXED ASSETS	2		
Intangible assets		5,650,124	5,913,643
Tangible assets		176,211	350,717
Investments		184	184
		<u>5,826,519</u>	<u>6,264,544</u>
CURRENT ASSETS			
Debtors		1,573,963	2,621,271
Cash at bank and in hand		547,353	202,697
		<u>2,121,316</u>	<u>2,823,968</u>
CREDITORS: Amounts falling due within one year	3	<u>(2,550,543)</u>	<u>(3,719,513)</u>
NET CURRENT LIABILITIES		<u>(429,227)</u>	<u>(895,545)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,397,292</u>	<u>5,368,999</u>
CREDITORS: Amounts falling due after more than one year	4	<u>(4,259,034)</u>	<u>(2,002,018)</u>
		<u>1,138,258</u>	<u>3,366,981</u>
CAPITAL AND RESERVES			
Called-up equity share capital	5	613,764	610,358
Share premium account		16,621,984	16,621,984
Other reserves		4,932	4,932
Profit and loss account		(16,102,422)	(13,870,293)
SHAREHOLDERS' FUNDS		<u>1,138,258</u>	<u>3,366,981</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 5th March '13 and are signed on their behalf by


S Saevarsson

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 2012

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

Subsequent to the year end, the Company plans to re-organise its operations so that they become substantially based in the UK. This will have the impact of increasing operational efficiencies and thereby reducing operational expenditures in order to accommodate the Company's future anticipated liquidity needs

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

MUZICALL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

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

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

Due to the uncertainty as to the timing and quantum of future profits of the company, it was decided not to write back any of the deferred tax asset that had accrued on tax losses incurred to date

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

2. FIXED ASSETS

	Intangible Assets £	Tangible Assets £	Investments £	Total £
COST				
At 1 January 2012	7,950,967	1,415,390	184	9,366,541
Additions	1,026,000	101,571	-	1,127,571
Disposals	-	(1,449)	-	(1,449)
At 31 December 2012	8,976,967	1,515,512	184	10,492,663
DEPRECIATION				
At 1 January 2012	2,037,324	1,064,673	-	3,101,997
Charge for year	1,289,519	274,989	-	1,564,508
On disposals	-	(361)	-	(361)
At 31 December 2012	3,326,843	1,339,301	-	4,666,144
NET BOOK VALUE				
At 31 December 2012	5,650,124	176,211	184	5,826,519
At 31 December 2011	5,913,643	350,717	184	6,264,544

Musical Software Limited

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

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 2012 were £254,289 (2011 £212,472). Profit for the year ended 31 December 2012 was £46,635 (2011 £112,637)

MUZICALL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2012

3. CREDITORS: Amounts falling due within one year

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

	2012 £	2011 £
Other creditors including taxation and social security	<u>464,245</u>	<u>848,628</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

	2012 £	2011 £
Other creditors including taxation and social security	<u>251,895</u>	<u>218,434</u>

5. SHARE CAPITAL

Allotted, called up and fully paid:

	2012 No	£	2011 No	£
5,407,192 Ordinary shares (2011 - 5,066,574) of £0.01 each	5,407,192	54,072	5,066,574	50,666
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 of £0.01 each	52,769,181	527,692	52,769,181	527,692
	<u>61,376,373</u>	<u>613,764</u>	<u>61,035,755</u>	<u>610,358</u>

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 340,618 (2011: 36,761) ordinary £0.01 shares were exercised at par value. These shares rank pari passu with all existing shares of this category.

The company continued to operate a share option scheme. 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/Grant price per share	Period within which options are exercisable	No. 'Ordinary' shares 31.12.11	No. 'Ordinary' shares 31.12.12
December 2008	£0.01	10 years	50,000	50,000
January 2009	£0.01	10 years	661,500	248,100
January 2010	£0.01	10 years	4,597,696	2,572,064
June 2010	£0.01	10 years	665,000	15,000
September 2010	£0.01	10 years	317,000	317,000
November 2010	£0.01	10 years	165,000	105,000
March 2011	£0.01	10 years	10,000	0
April 2011	£0.01	10 years	300,000	300,000
June 2011	£0.01	10 years	20,000	8,336
October 2011	£0.01	10 years	340,000	290,000
January 2012	£0.01	10 years	0	100,000
February 2012	£0.01	10 years	0	10,000
April 2012	£0.01	10 years	0	30,000