

Codemasters Limited

Report and Accounts

30 June 2000

Registered Number: 2585110

ERNST & YOUNG



Codemasters Limited

Registered No. 2585110

DIRECTORS

R Darling
M Darling

SECRETARY

R Darling

AUDITORS

Ernst & Young
One Colmore Row
Birmingham
B3 2DB

BANKERS

Fortis Bank
Camomile Court
23 Camomile St
London
EC3A 7PP

REGISTERED OFFICE

Lower Farm House
Stoneythorpe
Southam
Warwickshire
CV47 2DL

Codemasters Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 June 2000.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £17,375 (1999: profit £2,737,907). The directors have recommended an ordinary dividend of nil (1999: £4,734,350) leaving a loss of £17,375 (1999: loss £1,996,443) to be transferred from reserves.

PRINCIPAL ACTIVITY

The principal activity of the company throughout the year was that of developing and marketing computer games software for non-console machines.

As part of group re-organisation, on 30 June 2000, the company disposed of its trade and assets to The Codemasters Software Company Limited, a fellow subsidiary of Codemasters Group Limited.

DIRECTORS AND THEIR INTERESTS

The directors had no interests in the share capital of the company as at 30 June 2000.

Their interests in the share capital of the ultimate holding company Codemasters Group Limited were as follows:

	<i>At 30 June 2000</i> <i>Ordinary shares</i> <i>of 5p each</i>	<i>At 30 June 1999</i> <i>Ordinary shares</i> <i>of 5p each</i>
R Darling	32,096,480	32,096,480
M Darling	-	-

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the Directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.



R Darling
Secretary

27/04/01
Dated

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS to the shareholders of Codemasters Limited

We have audited the accounts on pages 5 to 13, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

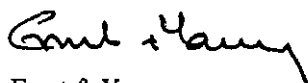
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed 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 accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 June 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Birmingham

Dated 27 April 2001.

Codemasters Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2000

		Year ended 30 June 2000 £	Restated 14 month period to 30 June 1999 £
	Notes		
TURNOVER	2	2,117,133	8,468,029
Cost of sales		(1,895,741)	(3,511,224)
GROSS PROFIT		221,392	4,956,805
Distribution costs		(67,373)	(530,244)
Administrative expenses		(342,864)	(363,861)
OPERATING (LOSS) / PROFIT	3	(188,845)	4,062,700
Interest receivable		5,370	40,357
Bank interest payable and similar charges		(318)	(116)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(183,793)	4,102,941
Tax credit/(charge) on profit on ordinary activities	5	166,418	(1,365,034)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(17,375)	2,737,907
Dividends	6	-	(4,734,350)
LOSS RETAINED FOR THE FINANCIAL YEAR	17	(17,375)	(1,996,443)

STATEMENT OF RECOGNISED GAINS AND LOSSES

for the year ended 30 June 2000

	2000 £	1999 £
Total recognised gains and losses relating to the year	(17,375)	2,737,907
Prior year adjustment	(316,014)	-
TOTAL RECOGNISED GAINS AND LOSSES SINCE THE LAST ANNUAL REPORT	(333,389)	2,737,907

Codemasters Limited

BALANCE SHEET

at 30 June 2000

	Notes	30 June 2000 £	Restated 30 June 1999 £
FIXED ASSETS			
Intangible assets	9	-	196
Tangible assets	10	-	84,424
		-	84,620
CURRENT ASSETS			
Stocks	12	-	112,438
Debtors	13	359,029	6,406,119
Cash at bank and in hand		-	155,470
		359,029	6,674,027
CREDITORS: amounts falling due within one year	14	(250,302)	(6,632,545)
NET CURRENT ASSETS		108,727	41,482
TOTAL ASSETS LESS CURRENT LIABILITIES		108,727	126,102
CAPITAL AND RESERVES			
Called up share capital	16	100	100
Share premium account	17	404,960	404,960
Profit and loss account	17	(296,333)	(278,958)
EQUITY SHAREHOLDERS' FUNDS		108,727	126,102

Approved on behalf of the board on the date shown below:

R Darling

Director

Dated

27/04/01.

NOTES TO THE ACCOUNTS
at 30 June 2000

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Fixtures and fittings and equipment	-	15% straight line
Motor Vehicles	-	25% straight line
Computer Equipment	-	25% straight line

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Deferred taxation

Deferred taxation is provided for using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing difference will reverse.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the end of the month of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences are taken to the profit and loss account.

Patents and trade marks

The cost of patents and trade marks, which have been treated as deferred expenditure in the accounts, are charged to the profit and loss account over a period of three years, commencing from the date the expenditure was incurred.

Pensions

Pension contributions are made to personal pension plans for certain employees. Contributions are charged in the profit and loss account as they become payable.

Prior Year Adjustment:

Development costs

Expenditure incurred on the development of computer games is written off as incurred. In prior years these development costs were deferred in order to be matched with the revenue generated following the release of the computer game. Costs incurred on the games which were subsequently aborted were written off at that date.

NOTES TO THE ACCOUNTS

at 30 June 2000

2. **TURNOVER**

Turnover, which is stated net of value added tax, is attributable to the one principal activity of the company, being the development and marketing of computer games software.

An analysis of turnover by geographical market is given below:

	<i>Year ended 30 June 2000 £</i>	<i>14 month period to 30 June 1999 £</i>
United Kingdom	766,195	2,925,711
Europe	875,105	4,751,170
Rest of the world	475,833	791,148
	<u>2,117,133</u>	<u>8,468,029</u>

3. **OPERATING (LOSS) / PROFIT**

This is stated after charging:

	<i>Year ended 30 June 2000 £</i>	<i>14 month period to 30 June 1999 £</i>
Auditors' remuneration - audit services	7,800	9,100
Directors' remuneration	30,000	46,667
Depreciation of owned fixed assets	30,509	39,580
Amortisation of intangible fixed assets	196	3,545
	<u></u>	<u></u>

4. **STAFF COSTS**

	<i>Year ended 30 June 2000 £</i>	<i>14 month period to 30 June 1999 £</i>
Wages and salaries	265,571	241,711
Social security costs	24,040	23,406
Pension contributions	3,120	1,296
	<u>292,731</u>	<u>266,413</u>

The average monthly number of persons employed by the company, including directors, during the years was as follows:

Management and administration	<u>12</u>	<u>12</u>
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Codemasters Limited

NOTES TO THE ACCOUNTS at 30 June 2000

5. TAX ON (LOSS) /PROFIT ON ORDINARY ACTIVITIES

	<i>Year ended 30 June 2000 £</i>	<i>14 month period to 30 June 1999 £</i>
Based on (loss) /profit for the year:		
Corporation tax (credit)	(149,417)	1,365,479
Over provision in respect of prior year	(6,584)	(445)
Deferred tax	(10,417)	
	<u>(166,418)</u>	<u>1,365,034</u>

6. DIVIDENDS

	<i>Year ended 30 June 2000 £</i>	<i>14 month period to 30 June 1999 £</i>
Proposed ordinary dividend nil (199: £15,781 per share)	-	4,734,350
	<u>-</u>	<u>4,734,350</u>

7. DIRECTORS' EMOLUMENTS

	<i>Year ended 30 June 2000 £</i>	<i>14 month period to 30 June 1999 £</i>
Emoluments	30,000	46,667
	<u>30,000</u>	<u>46,667</u>

8. PRIOR YEAR ADJUSTMENT

As a result of changes in the accounting policy relating to development costs a prior year adjustment has been made.

The changes in accounting policy in respect of development costs have decreased the profit before tax for the period ended 30 June 1999, from that previously reported by £316,014 to £4,102,941. The effect on the year ended 30 June 2000 has been to charge a further £635,373 of development cost expenditure to the profit and loss account.

Codemasters Limited

NOTES TO THE ACCOUNTS at 30 June 2000

9. INTANGIBLE FIXED ASSETS

	<i>Patents and trademarks</i> £
Cost:	
At 30 June 1999	153,097
Transfer to other group undertaking	(153,097)
At 30 June 2000	-
Amortisation:	
At 30 June 1999	152,901
Charge for the year	196
Transfer to other group undertaking	(153,097)
At 30 June 2000	-
Net book value:	
At 30 June 2000	-
At 30 June 1999	196

10. TANGIBLE FIXED ASSETS

	<i>Computer equipment</i> £	<i>Fixtures, fittings & equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost:				
At 30 June 1999	375,554	5,119	500	381,173
Additions	1,673	-	-	1,673
Disposals	(679)	-	(500)	(1,179)
Transfer to other group undertakings	(376,548)	(5,119)	-	(381,667)
At 30 June 2000	-	-	-	-
Depreciation:				
At 30 June 1999	291,222	5,028	499	296,749
Charge for the year	30,417	91	1	30,509
Disposals	(261)	-	(500)	(761)
Transfer to other group undertakings	(321,378)	(5,119)	-	(326,497)
At 30 June 2000	-	-	-	-
Net book value:				
At 30 June 2000	-	-	-	-
At 30 June 1999	84,332	91	1	84,424

Included within transfer to other group undertakings, is the disposal of fixed assets as part of the disposal of trade assets to The Codemasters Software Limited, as part of the group restructuring (see note below).

Codemasters Limited

NOTES TO THE ACCOUNTS

at 30 June 2000

11. DISPOSAL OF TRADE AND ASSETS

As part of the reorganisation of the Codemasters Group, on the 30 June 2000, Codemasters Limited disposed of its trade, assets and liabilities to a fellow subsidiary, The Codemasters Software Company Limited.

The liabilities have been transferred at book value via the inter-company loan account with The Codemasters Software Company Limited.

The net liabilities disposed of comprises:

	£
Intangibles	-
Tangible fixed assets	53,718
Stocks	133,132
Debtors	4,570,786
Cash	204,936
Creditors	(5,223,291)
Deferred tax	10,417
Net liabilities	(250,302)

12. STOCKS

	30 June 2000 £	30 June 1999 £
Finished goods and goods for resale	-	112,438

13. DEBTORS

	30 June 2000 £	30 June 1999 £
Trade debtors	-	640,461
Amounts owed by group undertakings	-	5,610,227
Amounts owed by related undertakings (see note 21)	-	19,785
Other debtors	-	21,955
Prepayments and accrued income	-	99,569
Corporation tax recoverable	353,786	-
Foreign withholding taxes recoverable	5,243	14,122
	359,029	6,406,119

Codemasters Limited

NOTES TO THE ACCOUNTS at 30 June 2000

14. CREDITORS: amounts falling due within one year

	30 June 2000 £	30 June 1999 £
Bank overdraft	-	20,651
Trade creditors	-	22,772
Corporation tax	-	1,365,482
Other taxation and social security	-	48,813
Amounts due to group undertakings	250,302	-
Amounts due to parent undertaking	-	4,734,350
Accruals and deferred income	-	440,477
	<u>250,302</u>	<u>6,632,545</u>

15. PROVISION FOR LIABILITIES AND CHARGES

The movement in deferred taxation in the current and previous years are as follows:

	30 June 2000 £	30 June 1999 £
At 1 July 1999	-	-
Credit for the year	(10,417)	-
Transferred to group undertakings	10,417	-
	<u>-</u>	<u>-</u>
At 30 June 2000	-	-

16. CALLED UP SHARE CAPITAL

	30 June 2000 £	30 June 1999 £
Authorised: 300 ordinary shares of 33 ¹ / ₃ p each	100	100
	<u>100</u>	<u>100</u>
Allotted called up and fully paid: 300 ordinary shares of 33 ¹ / ₃ p each	100	100
	<u>100</u>	<u>100</u>

NOTES TO THE ACCOUNTS
at 30 June 2000

17. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Share premium account £	Profit and loss account £	Total £
At 30 April 1998	100	404,960	1,717,485	2,122,545
Loss for the period	-	-	(1,680,429)	(1,680,429)
At 30 June 1999	100	404,960	37,056	442,116
Prior year adjustment	-	-	(316,014)	(316,014)
At 30 June 1999 as restated	100	404,960	(278,958)	126,102
Loss for the year	-	-	(17,375)	(17,375)
At 30 June 2000	100	404,960	(296,333)	108,727

18. CAPITAL COMMITMENTS

There were no capital commitments at 30 June 2000 and 30 June 1999.

19. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2000 and 30 June 1999.

20. ULTIMATE HOLDING COMPANY

In the opinion of the directors, the company's ultimate parent holding company is Codemasters Group Limited which is incorporated in England and Wales. The ultimate controlling party is the directors of Codemasters Group Limited. A list of the directors are stated within Codemasters Group Limited accounts.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Codemasters Group Limited.

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 with respect to disclosure of related party transactions with group companies.

The amount due of £19,785 from CM Electronics Limited, a company which is under common control was repaid during the year.