

REBELLION DEVELOPMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

THURSDAY



L81PGHVK

LD5

21/03/2019

#1

COMPANIES HOUSE

REBELLION DEVELOPMENTS LIMITED

COMPANY INFORMATION

Directors	C R Kingsley J J Kingsley
Company secretary	C R Kingsley
Registered number	02770940
Registered office	Riverside House Osney Mead OXFORD OX2 0ES
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 3140 Rowan Place John Smith Drive Oxford Business Park South OXFORD OX4 2WB

REBELLION DEVELOPMENTS LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 8
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10
Company Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12 - 13
Company Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15 - 16
Notes to the Financial Statements	17 - 45

REBELLION DEVELOPMENTS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

Business review

Financial overview

The year to 30 June 2018 was successful for the Group with turnover of £24.8 million - a decrease of 38% from the previous year (2017: £40.1 million) despite there being no major game releases in the year. Profit before tax was £5.2 million - a decrease of 33% from the previous year (2017: £6.9 million), although relative to the decrease in turnover.

The acquisition of Radiant Worlds Ltd, renamed Rebellion (Warwick) Ltd, during the year has been a success with the team now fully integrated into the Rebellion Group and housed in newly customised offices purchased by Rebellion Commercial Properties Ltd.

The directors are satisfied with the performance for the year as the back catalogue of titles continue to perform above expectations, and the aim is to build upon this result in the coming years when new game releases are planned.

Financial performance

Financial performance for the year has been analysed as follows:

	Year to June 2018 £'000	Year to June 2017 £'000
Turnover	24,814	40,116
Gross profit	13,569	20,314
Other operating income	246	100
Profit before tax	5,271	6,943

Strategy

The Group's strategy is to build upon its successful business as a growing developer/publisher and to continue to build on its strengths in IP creation and development. The Group will continue to develop and publish titles on systems and platforms where there is a business case to be made, and will continue to build ongoing partnerships with key players in hardware, software and digital distribution in the games and creative industries worldwide. Our portfolio strategy helps spread business risk over a number of separate projects and formats.

Turnover

Overall sales decreased by 38% from the previous year due to there being no major game releases in the year but the back catalogue of older titles still continued to sell very well.

Gross Profit

Gross profit has decreased 33% relative to the lower sales but to a lesser extent due to the improving margins achievable from self publishing, with the gross profit percentage up at 55% (2017: 51%).

Administrative expenses

Administrative expenses decreased 35% to £8.7 million (2017: £13.4 million). Research & Development expenditure decreased 63% as the company continues to invest in pushing the boundaries of its technology but is lower compared to the exceptionally high level last year.

Other operating income

Other operating income increased by 146% to £246k (2017: £100k) due to the sale of intellectual property to a related party.

Capital expenditure

The majority of the capital expenditure during the year related to computer equipment (£549k) plus leasehold improvements (£24k).

REBELLION DEVELOPMENTS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

Principal risks and uncertainties

The Group is exposed to a variety of financial risks which result from both its operating and investment activities. The board is responsible for coordinating the Group's risk management and focuses on actively securing the Group's short to medium term cash flows.

The Group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant financial risks to which the Group is exposed are described below:

Credit risk

The Group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of any allowance for doubtful debts, estimated by the directors. The Group normally deals with large highly rated international companies who have a strong record for the prompt payment of liabilities.

Cash flow risk

The Group seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitability.

Currency risk

The Group seeks to balance the cash flows in the major currencies using an element of natural hedging with receipts and payments being matched in the same currency and therefore minimising the exposure to currency risk. The Group also monitors currency fluctuations and manages its GBP cash holding to always ensure it has sufficient funds to meet day to day trading requirements.

Games industry risk

As with any industry there are inherent risks. In the games industry and with games development specifically, the risks are often related to publisher control, technology advancement and quality of product. The Group has sought to reduce these risks by successfully transitioning to a games publisher in its own right and has developed important relationships directly with the key platform holders. In terms of technology the Group has invested heavily in its own technology and games engine, continually pushing the boundaries of the technology and seeking technological advancements through its research & development activities. The use of its own games engine also mitigates any middleware risk and the reliance on third parties for its tools. Quality of product is extremely important to the Group. To reduce risks in this area the Group undertakes extensive quality assurance of its games and sets realistic release schedules to ensure games only reach the marketplace when ready.

REBELLION DEVELOPMENTS LIMITED


GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

Post balance sheet events

On 1 July 2018, there was a restructuring of the Rebellion Group which resulted in Rebellion Developments Limited becoming a subsidiary of Rebellion Games Holdings Ltd, with the ultimate parent company being Rebellion Group Ltd. Some of the subsidiary companies of Rebellion Developments Limited were also transferred to other parts of the group: Rebellion (Warwick) Ltd became a subsidiary of Rebellion Games Holdings Ltd; Hall The Printer Limited became a subsidiary of Rebellion Publishing Holdings Ltd; Rebellion Properties Ltd and Rebellion Commercial Properties Ltd became subsidiaries of Rebellion Asset Holdings Ltd. The restructuring was completed using share for share exchanges.

On 19 December 2018, Rebellion Games Holdings Ltd acquired 100% of the share capital of TickTock Games Limited. The structure of the transaction has not had a significant impact on the working capital requirements of the Group.

This report was approved by the board and signed on its behalf.


C. R. Kingsley
Director
Date: 14 MAR 2019

REBELLION DEVELOPMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

The directors present their report and the financial statements for the year ended 30 June 2018.

Principal activity

The principal activity of the company continued to be that of designing, developing and publishing of computer games and comics/books, and also providing ancillary services to Group companies.

Results and dividends

The profit for the year, after taxation, amounted to £6,994,744 (2017: £8,659,649).

Dividends of £9,999 were paid during the year (2017: £9,999).

Directors

The directors who served during the year were:

C R Kingsley
J J Kingsley

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Other information

Information in respect of financial risk management and policies and likely future developments is given in the Strategic Report.

REBELLION DEVELOPMENTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018**

Research and development activities

The Group undertakes research and development activities in the technology of computer games and the technology of computer games development.

Qualifying third party indemnity provisions

The company, as permitted by s234 and s235 of the Companies Act 2006, maintains insurance cover on behalf of the directors and company secretary indemnifying them against certain liabilities which may be incurred by them in relation to the company.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

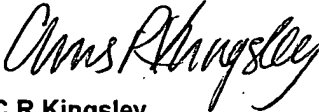
Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on

14 MAR 2019

and signed on its behalf.


C R Kingsley
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REBELLION DEVELOPMENTS LIMITED

Opinion

We have audited the financial statements of Rebellion Developments Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 June 2018, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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 and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REBELLION DEVELOPMENTS LIMITED
(CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report by the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REBELLION DEVELOPMENTS LIMITED
(CONTINUED)**

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Grant Thornton UK LLP

Amrish Shah BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
Date: *14 March 2019*

REBELLION DEVELOPMENTS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 £	2017 £
Turnover	4	24,813,742	40,115,828
Cost of sales		(11,245,111)	(19,801,560)
Gross profit		13,568,631	20,314,268
Administrative expenses		(8,596,497)	(13,364,027)
Other operating income	5	246,020	100,246
Operating profit	6	5,218,154	7,050,487
Interest receivable and similar income	10	69,492	35,121
Interest payable and expenses	11	(16,780)	(142,424)
Profit before taxation		5,270,866	6,943,184
Tax on profit	12	1,723,878	1,716,465
Profit for the financial year		6,994,744	8,659,649
Currency transaction differences on foreign currency net investments		2,976	35,224
Other comprehensive income for the year		2,976	35,224
Total comprehensive income for the year		6,997,720	8,694,873

The notes on pages 17 to 45 form part of these financial statements.

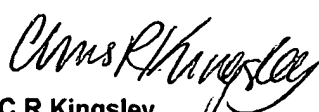
All amounts relate to continuing activities.

REBELLION DEVELOPMENTS LIMITED
REGISTERED NUMBER: 02770940

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	10,906,442	4,103,976
Tangible assets	14	5,992,768	479,022
		<u>16,899,210</u>	<u>4,582,998</u>
Current assets			
Stocks	16	808,223	853,066
Debtors: due after more than one year	17	285,131	379,262
Debtors: due within one year	17	7,750,994	9,910,633
Cash at bank and in hand	18	13,083,467	15,111,077
		<u>21,927,815</u>	<u>26,254,038</u>
Creditors: due within one year	19	(3,220,013)	(5,790,826)
Net current assets		<u>18,707,802</u>	<u>20,463,212</u>
Total assets less current liabilities		<u>35,607,012</u>	<u>25,046,210</u>
Creditors: due after more than one year	20	(3,573,081)	-
Net assets		<u><u>32,033,931</u></u>	<u><u>25,046,210</u></u>
Capital and reserves			
Called up share capital	23	900	900
Share premium account	24	432,426	432,426
Capital redemption reserve	24	100	100
Foreign exchange reserve	24	88,800	85,824
Profit and loss account	24	31,511,705	24,526,960
		<u><u>32,033,931</u></u>	<u><u>25,046,210</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


C R Kingsley

Director

Date: 14 MAR 2019

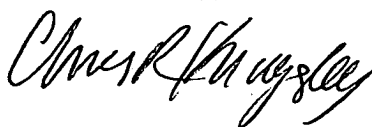
REBELLION DEVELOPMENTS LIMITED
REGISTERED NUMBER:02770940

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	10,610,546	4,045,406
Tangible assets	14	622,656	479,022
Investments	15	10,052,960	432,528
		<u>21,286,162</u>	<u>4,956,956</u>
Current assets			
Stocks	16	808,223	853,066
Debtors: amounts falling due after more than one year	17	285,131	379,262
Debtors: amounts falling due within one year	17	9,317,692	9,910,915
Cash at bank and in hand	18	12,773,568	15,106,429
		<u>23,184,614</u>	<u>26,249,672</u>
Creditors: amounts falling due within one year	19	(6,714,074)	(6,386,976)
Net current assets		<u>16,470,540</u>	<u>19,862,696</u>
Total assets less current liabilities		<u>37,756,702</u>	<u>24,819,652</u>
Net assets		<u>37,756,702</u>	<u>24,819,652</u>
Capital and reserves			
Called up share capital	23	900	900
Share premium account	24	432,426	432,426
Capital redemption reserve	24	100	100
Profit and loss account brought forward		24,386,226	15,745,941
Profit for the year		12,947,049	8,650,284
Other changes in the profit and loss account		(9,999)	(9,999)
Profit and loss account carried forward		<u>37,323,276</u>	<u>24,386,226</u>
		<u>37,756,702</u>	<u>24,819,652</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

C R Kingsley
Director



14 MAR 2019

REBELLION DEVELOPMENTS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Share capital	Share premium	Capital redemption reserve	Foreign exchange reserve	Retained earnings	Total equity
	£	£	£	£	£	£
At 1 July 2017	900	432,426	100	85,824	24,526,960	25,046,210
Comprehensive income for the year						
Profit for the year	-	-	-	-	6,994,744	6,994,744
Foreign exchange differences on translation of subsidiary	-	-	-	2,976	-	2,976
Other comprehensive income for the year	-	-	-	2,976	-	2,976
Total comprehensive income for the year	-	-	-	2,976	6,994,744	6,997,720
Dividends: Equity capital	-	-	-	-	(9,999)	(9,999)
Total transactions with owners	-	-	-	-	(9,999)	(9,999)
At 30 June 2018	900	432,426	100	88,800	31,511,705	32,033,931

The notes on pages 17 to 45 form part of these financial statements.

REBELLION DEVELOPMENTS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Share capital £	Share premium £	Capital redemption reserve £	Foreign exchange reserve £	Retained earnings £	Total equity £
At 1 July 2016	900	432,426	100	50,600	15,877,310	16,361,336
Comprehensive income for the year						
Profit for the year	-	-	-	-	8,659,649	8,659,649
Foreign exchange differences on translation of subsidiary	-	-	-	35,224	-	35,224
Other comprehensive income for the year	-	-	-	35,224	-	35,224
Total comprehensive income for the year	-	-	-	35,224	8,659,649	8,694,873
Dividends: Equity capital	-	-	-	-	(9,999)	(9,999)
Total transactions with owners	-	-	-	-	(9,999)	(9,999)
At 30 June 2017	900	432,426	100	85,824	24,526,960	25,046,210

The notes on pages 17 to 45 form part of these financial statements.

REBELLION DEVELOPMENTS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Share capital £	Share premium £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 July 2017	900	432,426	100	24,386,226	24,819,652
Comprehensive income for the year					
Profit for the year	-	-	-	12,947,049	12,947,049
Total comprehensive income for the year	-	-	-	12,947,049	12,947,049
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(9,999)	(9,999)
Total transactions with owners	-	-	-	(9,999)	(9,999)
At 30 June 2018	900	432,426	100	37,323,276	37,756,702

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Share capital £	Share premium £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 July 2016	900	432,426	100	15,745,941	16,179,367
Comprehensive income for the year					
Profit for the year	-	-	-	8,650,284	8,650,284
Total comprehensive income for the year	-	-	-	8,650,284	8,650,284
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(9,999)	(9,999)
Total transactions with owners	-	-	-	(9,999)	(9,999)
At 30 June 2017	900	432,426	100	24,386,226	24,819,652

The notes on pages 17 to 45 form part of these financial statements.

REBELLION DEVELOPMENTS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	6,994,744	8,659,649
Adjustments for:		
Amortisation of intangible assets	1,177,875	8,709,207
Depreciation of tangible assets	455,738	338,993
Loss on disposal of tangible assets	-	(97)
Government grants	-	(97,899)
Interest paid	16,780	142,424
Interest received	(69,492)	(35,121)
Taxation charge	(1,723,878)	(1,716,466)
Decrease in stocks	44,843	12,324
Decrease/(increase) in debtors	2,935,972	(3,134,295)
(Increase)/decrease in amounts owed by connected parties	(64,849)	427,748
(Decrease)/increase in creditors	(3,056,834)	2,967,402
(Decrease)/increase in amounts owed to connected parties	(510,855)	856,910
Corporation tax received	2,094,707	1,116,609
Impairment of intangible assets	521,730	150,674
Gain/(loss) on retranslation of foreign subsidiary	2,976	35,224
Net cash generated from operating activities	8,819,457	18,433,286
Cash flows from investing activities		
Purchase of intangible fixed assets	(8,231,703)	(6,215,441)
Purchase of tangible fixed assets	(5,926,919)	(411,446)
Government grants received	-	97,899
Purchase of subsidiary (net of cash acquired)	(454,411)	-
Interest received	69,492	35,121
Net cash from investing activities	(14,543,541)	(6,493,867)

REBELLION DEVELOPMENTS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 £	2017 £
Cash flows from financing activities		
Repayment of loans	-	(40,046)
New mortgages (net of repayments in year)	3,723,253	-
Dividends paid	(9,999)	(9,999)
Interest paid	(16,780)	(142,424)
Net cash used in financing activities	3,696,474	(192,469)
Net (decrease)/increase in cash and cash equivalents	(2,027,610)	11,746,950
Cash and cash equivalents at beginning of year	15,111,077	3,364,127
Cash and cash equivalents at the end of year	13,083,467	15,111,077
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	13,083,467	15,111,077
	13,083,467	15,111,077

The notes on pages 17 to 45 form part of these financial statements.

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. General information

Rebellion Developments Limited is a limited company incorporated in England and Wales. Its registered office is Riverside House, Osney Mead, Oxford, OX2 0ES.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

These financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The Group's policy is to recognise revenue in respect of its performance when the work is completed and to the extent that it obtains the right to consideration. The guiding principle in this assessment is to consider the stage of completion of the contractual obligations and to reflect the extent to which the Group has obtained the right to consideration.

When the Group is exposed to the significant risks and rewards associated with the selling price it accounts for revenue as a principal and associated commission payable is accounted for as a direct cost within cost of sales.

Subscription income from the sale of comics is recognised over the period of the subscription.

Sale of goods

Turnover from Sales of games and graphic novels is recognised at the point at which the game is delivered. The company makes provision against subsequent returns or price protection.

Royalty revenue from distributors

The Group recognises Royalty payments received or accrued from external distributors under licence of the right to distribute games in certain territories. Where advance payments against royalties are received under licence in so far as the company's obligation have been fulfilled such advances are recognised at the point at which they become non returnable.

Royalty revenue from license agreements

The Group recognises Royalty payments received or accrued from third parties under licence of the right to exploit the Group's intellectual property on other media. These are recognised on an accruals basis in accordance with the substance of the relevant contracts.

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	See accounting policy note 2.23
Goodwill	-	20 years

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following bases:

Leasehold improvements	- 20% Straight line
Plant & machinery	- 25% Straight line
Motor vehicles	- 33% Straight line
Computer equipment	- 50% Straight line

The assets' residual values, useful lives and depreciation methods are reviewed annually, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses.

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.7 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Work in progress for games includes recoverable costs incurred on contracted projects and is transferred to cost of sales when sales are recognised. Work in progress for publishing includes direct costs attributable to the production of comics and books. Costs are transferred to stock or cost of sales on printing or publication of the books or comics.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.12 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.15 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.16 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.18 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.19 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.20 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.21 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.23 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.24 Research and development

Capitalised development costs correspond to the costs incurred in the development of new games or software projects to the extent that the company has determined that:

- the project is technically and commercially feasible;
- the project is clearly defined and related expenditure is separately identifiable;
- current and future costs are expected to be exceeded by future earnings;
- the company has the intention and ability to complete the project, and
- adequate resources exist for the project to be completed.

Development costs will include payroll, outsourcing, direct costs and other relevant expenses relating to the project. Deferred development expenditure for each product is reviewed at the end of each accounting period and where the circumstances which have justified the deferral of the expenditure, as set out above, no longer apply, or are considered doubtful, an impairment provision is made.

On product release, capitalised development costs are amortised in line with revenue received for a maximum of 5 years. At the end of each financial year, the carrying value of each product is assessed. Where the forecast revenue for a product does not exceed the current and future costs of the product, a provision for impairment is recognised.

Research expenditure is written off in the year in which it is incurred. If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements in accordance with FRS 102 requires management to make judgements and estimates that affect the amounts of the reported assets and liabilities and the reported amounts of revenues and expenses each period. Management believes that the judgements and estimates employed in preparing these financial statements are reasonable but the actual results may differ from the estimates made, requiring adjustments to the financial statements in future periods. The areas where the most significant judgements and estimates arise are described below.

Development costs

The recoverability of development costs is estimated based upon forecasted sales of games, generated through actual sales to date, experience of previously released games and market data.

Stocks

Management make a judgement over the net realisable value of stock held, determining whether provisions are needed based upon historical sales of stock lines and expected future sales.

REBELLION DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Games Publishing	21,984,763	37,070,020
Publishing income	2,390,498	2,518,676
Miscellaneous income	438,481	527,132
	<u>24,813,742</u>	<u>40,115,828</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	24,546,025	39,656,059
Rest of Europe	104,086	286,536
Rest of the world	163,631	173,233
	<u>24,813,742</u>	<u>40,115,828</u>

5. Other operating income

	2018 £	2017 £
Other operating income - sale of IP	245,205	-
Royalty receivable	815	2,347
Government grants receivable	-	97,899
	<u>246,020</u>	<u>100,246</u>

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Amortisation of intangible assets	1,177,875	8,709,207
Depreciation of tangible fixed assets: - owed by the Group	455,738	338,993
Impairment of intangible assets	521,730	150,674
Exchange differences	(245,052)	47,595

7. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	27,553	13,648
Fees payable to the Group's auditor and its associates in respect of:		
Tax compliance services	5,727	5,562
Tax advisory services	16,995	14,935
Other non-audit services	7,777	1,597

REBELLION DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	9,476,343	11,924,485	7,922,809	11,924,485
Social security costs	1,018,583	1,433,730	837,955	1,433,730
Cost of defined contribution scheme	295,928	282,325	215,674	282,325
	<u>10,790,854</u>	<u>13,640,540</u>	<u>8,976,438</u>	<u>13,640,540</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Management	2	2
Administration	24	14
Production	217	145
Publishing	15	14
	<u>258</u>	<u>175</u>

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	1,356,014	6,032,206
Company contributions to defined contribution pension schemes	10,000	100,000
	<u>1,366,014</u>	<u>6,132,206</u>

During the year retirement benefits were accruing to 2 directors (2017: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £678,656 (2017: £3,409,837).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2017: £50,000).

REBELLION DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

10. Interest receivable

	2018 £	2017 £
Other interest receivable	38,556	35,121
Bank interest receivable	30,936	-
	<u>69,492</u>	<u>35,121</u>

11. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	-	142,424
Mortgage interest payable	16,780	-
	<u>16,780</u>	<u>142,424</u>

12. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	(1,809,776)	(1,372,735)
Adjustments in respect of previous periods	(3,712)	44,978
Total current tax	<u>(1,813,488)</u>	<u>(1,327,757)</u>
Deferred tax		
Origination and reversal of timing differences	89,610	(388,708)
Total deferred tax	<u>89,610</u>	<u>(388,708)</u>
Taxation on loss on ordinary activities	<u>(1,723,878)</u>	<u>(1,716,465)</u>

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017: 19.75%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	5,270,866	6,943,184
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.75%)	1,001,465	1,371,279
Effects of:		
Expenses not deductible for tax purposes	815,128	802,623
Additional deduction for R&D expenditure	(1,664,563)	(2,343,768)
Adjustments in respect of prior periods	(3,712)	44,976
Adjustment to deferred tax rate	189,643	40,345
Video game development adjustment	(2,061,839)	(1,631,920)
Total tax charge for the year	(1,723,878)	(1,716,465)

REBELLION DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

13. Intangible assets

Group

	Development Expenditure £	Goodwill £	Total £
Cost			
At 1 July 2017	16,593,460	443,067	17,036,527
Additions	8,231,703	270,368	8,502,071
Disposals	(10,440,419)	-	(10,440,419)
At 30 June 2018	<u>14,384,744</u>	<u>713,435</u>	<u>15,098,179</u>
Amortisation			
At 1 July 2017	12,548,054	384,497	12,932,551
Charge for the year	1,144,833	33,042	1,177,875
On disposals	(10,440,419)	-	(10,440,419)
Impairment charge	521,730	-	521,730
At 30 June 2018	<u>3,774,198</u>	<u>417,539</u>	<u>4,191,737</u>
Net book value			
At 30 June 2018	<u>10,610,546</u>	<u>295,896</u>	<u>10,906,442</u>
At 30 June 2017	<u>4,045,406</u>	<u>58,570</u>	<u>4,103,976</u>

The goodwill on Consolidation relates to the acquisition of Hall the Printer Limited, Rebellion A/S, and Rebellion (Warwick) Ltd and represented the excess of the consideration over the fair value of the assets acquired - see note 25 for details of additions in the year.

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

13. Intangible assets (continued)

Company

	Development Expenditure £
Cost	
At 1 July 2017	16,593,460
Additions	8,231,703
Disposals	(10,440,419)
At 30 June 2018	14,384,744
Amortisation	
At 1 July 2017	12,548,054
Charge for the year	1,144,833
On disposals	(10,440,419)
Impairment charge	521,730
At 30 June 2018	3,774,198
Net book value	
At 30 June 2018	10,610,546
At 30 June 2017	4,045,406

REBELLION DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

14. Tangible fixed assets

Group

	Investment Properties £	Leasehold improvements £	Plant & machinery £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation						
At 1 July 2017	-	1,376,214	94,317	82,497	3,047,672	4,600,700
Additions	5,349,797	24,215	1,082	-	551,825	5,926,919
Acquisition of subsidiary	-	-	6,749	-	35,816	42,565
At 30 June 2018	<u>5,349,797</u>	<u>1,400,429</u>	<u>102,148</u>	<u>82,497</u>	<u>3,635,313</u>	<u>10,570,184</u>
Depreciation						
At 1 July 2017	-	1,235,156	91,707	45,832	2,748,983	4,121,678
Charge for the year on owned assets	-	37,736	2,514	27,499	387,989	455,738
At 30 June 2018	<u>-</u>	<u>1,272,892</u>	<u>94,221</u>	<u>73,331</u>	<u>3,136,972</u>	<u>4,577,416</u>
Net book value						
At 30 June 2018	<u>5,349,797</u>	<u>127,537</u>	<u>7,927</u>	<u>9,166</u>	<u>498,341</u>	<u>5,992,768</u>
At 30 June 2017	<u>-</u>	<u>141,058</u>	<u>2,610</u>	<u>36,665</u>	<u>298,689</u>	<u>479,022</u>

Rebellion Properties Ltd purchased a property during the year for £2,962,034, included in this amount are capitalised fees and conversion costs of £212,034.

Rebellion Commercial Properties Ltd purchased a property during the year for £2,387,763. Included in this amount are capitalised fees £137,763.

REBELLION DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

14. Tangible fixed assets (continued)

Company

	Leasehold improvements £	Plant & machinery £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation					
At 1 July 2017	1,376,214	94,317	82,497	3,047,672	4,600,700
Additions	24,214	1,082	-	548,932	574,228
At 30 June 2018	<u>1,400,428</u>	<u>95,399</u>	<u>82,497</u>	<u>3,596,604</u>	<u>5,174,928</u>
Depreciation					
At 1 July 2017	1,235,156	91,707	45,832	2,748,983	4,121,678
Charge for the year on owned assets	37,736	1,564	27,499	363,795	430,594
At 30 June 2018	<u>1,272,892</u>	<u>93,271</u>	<u>73,331</u>	<u>3,112,778</u>	<u>4,552,272</u>
Net book value					
At 30 June 2018	<u>127,536</u>	<u>2,128</u>	<u>9,166</u>	<u>483,826</u>	<u>622,656</u>
At 30 June 2017	<u>141,058</u>	<u>2,610</u>	<u>36,665</u>	<u>298,689</u>	<u>479,022</u>

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

15. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Hall the Printer Limited	Ordinary	100 %	Dormant Intellectual property owner
Rebellion A/S	Ordinary	100 %	Property
Rebellion Properties Ltd	Ordinary	100 %	Video game developer
Rebellion (Warwick) Ltd (formerly Radiant Worlds Limited)	Ordinary	100 %	Property
Rebellion Commercial Properties Ltd	Ordinary	100 %	Video game developer
Radiant Worlds (SkySaga) Ltd*	Ordinary	100 %	

The registered offices for all of the above companies are in England, with the exception of Rebellion A/S which is registered in Denmark.

* Held indirectly through Rebellion (Warwick) Ltd.

	Investments in subsidiary companies £
Cost	
At 1 July 2017	487,528
Additions (see note 25)	9,620,432
At 30 June 2018	10,107,960
Impairment	
At 1 July 2017	55,000
At 30 June 2018	55,000
Net book value	
At 30 June 2018	10,052,960
At 30 June 2017	432,528

REBELLION DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

16. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Work in progress	220,505	202,529	220,505	202,529
Finished goods and goods for resale	587,718	650,537	587,718	650,537
	808,223	853,066	808,223	853,066

The difference between purchase price or production cost of stocks and their replacement cost is not material.

17. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Due after more than one year				
Amounts owed by connected undertakings	270,450	336,800	270,450	336,800
Other debtors	14,681	42,462	14,681	42,462
	285,131	379,262	285,131	379,262
Due within one year				
Trade debtors	157,763	145,190	157,763	145,190
Amounts owed by Group undertakings	-	-	2,158,196	282
Amounts owed by connected undertakings	1,592,416	1,524,181	1,592,416	1,524,181
Other debtors	1,379,443	257,520	863,635	257,520
Prepayments and accrued income	2,007,877	4,999,418	1,932,187	4,999,418
Tax recoverable	1,875,230	2,156,449	1,875,230	2,156,449
Deferred taxation	738,265	827,875	738,265	827,875
	7,750,994	9,910,633	9,317,692	9,910,915

The amounts owed by related parties and Group undertakings are stated after making necessary adjustments for amounts which are no longer recoverable. Further details of these adjustments are disclosed within note 29 to the financial statements, Related Party Transactions.

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

18. Cash and cash equivalents

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Cash at bank and in hand	13,083,467	<i>15,111,077</i>	12,773,568	<i>15,106,429</i>

19. Creditors: Amounts falling due within one year

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Mortgages	150,172	<i>-</i>	-	<i>-</i>
Trade creditors	751,569	<i>484,951</i>	733,455	<i>484,951</i>
Amounts owed to Group undertakings	-	<i>-</i>	4,083,394	<i>603,903</i>
Amounts owed to connected undertakings	853,785	<i>1,364,640</i>	853,785	<i>1,364,640</i>
Taxation and social security	545,140	<i>3,211,265</i>	221,134	<i>3,208,238</i>
Other creditors	389,294	<i>369,440</i>	334,010	<i>364,714</i>
Accruals and deferred income	530,053	<i>360,530</i>	488,296	<i>360,530</i>
	3,220,013	<i>5,790,826</i>	6,714,074	<i>6,386,976</i>

20. Creditors: Amounts falling due after more than one year

	Group 2018 £	<i>Group 2017 £</i>
Mortgages	3,573,081	<i>-</i>

Rebellion Commercial Properties mortgage is payable over 20 years with interest charged at base plus 1.6% and monthly payments of £8,619. The mortgage is secured over the property.

Rebellion Properties mortgage is payable over 20 years with interest charged at base plus 1.95% and monthly payments of £10,882. The mortgage and is secured over the property.

REBELLION DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

21. Financial instruments

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Financial assets				
Cash at bank and in hand	13,083,467	15,111,077	12,773,568	15,106,429
Trade debtors	157,763	145,190	157,763	145,190
Amounts owed by connected undertakings	1,862,866	1,860,981	1,862,866	1,860,981
Amounts owed by Group undertakings	-	-	2,158,196	282
Other debtors	1,394,124	299,982	878,316	299,982
	<u>16,498,220</u>	<u>17,417,230</u>	<u>17,830,709</u>	<u>17,412,864</u>
Financial liabilities				
Trade creditors	(751,569)	(484,949)	(733,455)	(484,949)
Amounts owed to connected undertakings	(853,685)	(1,364,641)	(853,785)	(1,364,641)
Amounts owed to Group undertakings	-	-	(4,083,394)	(603,903)
Other creditors	(389,294)	(369,440)	(334,010)	(364,714)
	<u>(1,994,548)</u>	<u>(2,219,030)</u>	<u>(6,004,644)</u>	<u>(2,818,207)</u>

22. Deferred taxation

Group

	2018 £	<i>2017 £</i>
At beginning of year	827,875	439,167
Charged to profit or loss	(89,610)	388,708
At end of year	<u>738,265</u>	<u>827,875</u>

REBELLION DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

22. Deferred taxation (continued)

Company

	2018 £	2017 £
At beginning of year	827,875	439,167
Charged to profit or loss	(89,610)	388,708
At end of year	738,265	827,875

The deferred tax asset is made up as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Fixed asset timing differences	(652,903)	79,792	(652,903)	79,792
Short term timing differences	3,176	2,847	3,176	2,847
Losses and other deductions	1,387,992	745,236	1,387,992	745,236
	738,265	827,875	738,265	827,875

23. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
900 (2017 - 900) Ordinary shares of £1.00 each	900	900

REBELLION DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

24. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

Includes nominal amounts in respect of shares which have been re-purchased by the company and subsequently cancelled.

Foreign exchange reserve

Comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling (£).

Profit & loss account

Includes all current and prior period retained profits and losses.

25. Business combinations

On 20 December 2017 Rebellion Developments Limited acquired the entire share capital of Rebellion (Warwick) Ltd (formerly Radiant Worlds Ltd).

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustments £	Fair value £
Tangible fixed assets	42,565	-	42,565
	<u>42,565</u>	<u>-</u>	<u>42,565</u>
Debtors	1,522,510	(534,327)	988,183
Cash at bank and in hand	9,166,021	-	9,166,021
Total assets	<u>10,731,096</u>	<u>(534,327)</u>	<u>10,196,769</u>
Creditors due within one year	(1,350,745)	504,040	(846,705)
Total identifiable net assets	<u>9,380,351</u>	<u>(30,287)</u>	<u>9,350,064</u>
Goodwill			270,368
Total purchase consideration			<u>9,620,432</u>

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

25. Business combinations (continued)

The fair value adjustments above relate to the write down of a deferred tax asset and the write back of a corporation tax creditor.

Consideration

	£
Cash	9,169,206
Deferred consideration (settled during the year)	383,156
Directly attributable costs	68,070
	<u>9,620,432</u>

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	9,552,362
Acquisition costs	68,070
	<u>9,620,432</u>
Less: Cash and cash equivalents acquired	(9,166,021)
Net cash outflow on acquisition	<u>454,411</u>

The results of Rebellion (Warwick) Ltd (formerly Radiant Worlds Ltd) since its acquisition are as follows:

	Current period since acquisition £
Turnover	<u>1,978,931</u>
Loss	<u>(167,583)</u>

26. Pension commitments

The Group operates two defined contributions pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the fund and amounted to £385,319 (2017: £282,325). Contributions totalling £65,137 (2017: £39,037) were payable to the fund at the reporting date and are included in creditors.

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

27. Commitments under operating leases

At 30 June 2018 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Not later than 1 year	153,935	-	153,935	-
Later than 1 year and not later than 5 years	561,221	-	561,221	-
	715,156	-	715,156	-

28. Other financial commitments

Rebellion Developments Limited has signed a composite guarantee arrangement with five companies controlled by the directors, Rebellion Publishing Holdings Limited, Rebellion Interactive Limited, Rebellion Interactive Games Limited, Rebellion Publishing Limited, Rebellion Publishing IP Ltd. These companies have jointly and severally agreed to satisfy the bank on demand of all amounts owed by any of the companies. The financial commitments of Rebellion Developments Limited amounted to £Nil at 30 June 2018 (2017: £Nil).

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

29. Related party transactions

30 June 2018

	Sales £	Purchases £	(Paid to)/ received from £	Debtor £	Creditor £
AMMO Holdings Ltd	-	-	18,953	350,000	-
Audiomotion Studios Limited	23,775	(71,948)	134,760	241,800	(1,498)
JCK Properties	-	(319,455)	(383,408)	92,803	-
Mongoose Publishing Limited *	-	-	-	812,946	-
Rebellion Games IP Ltd*	-	-	-	4,390	-
Rebellion Interactive Limited	19,523,771	(108,772)	(18,738,494)	-	(150,905)
Rebellion Interactive Games Limited	-	(4,834)	5,824	539,694	-
Rebellion (Liverpool) Limited	11,722	(978,447)	777,405	-	(692,457)
Rebellion Publishing Limited **	1,045,525	(59,268)	(868,399)	3,190,372	-
Rebellion Productions Ltd*	91,886	-	698,398	1,224,015	-
Tournament Stud	600	-	(600)	-	-
Rebellion 2000 AD Ltd	-	-	(246,000)	246,000	-
	<u>20,697,279</u>	<u>(1,542,724)</u>	<u>(18,601,561)</u>	<u>6,702,020</u>	<u>(844,860)</u>

* Provided for in full in a bad debt provision

** £2,800,000 provided for in a bad debt provision

Total provision - £ 4,841,351 (2017: £3,848,407)

All related parties disclosed are related by virtue of common control, other than Rebellion A/S and Hall the Printer which are subsidiaries of Rebellion Developments Limited.

All sales and purchases are exclusive of VAT.

At the year end £8,121 (2017: £nil) was due to C Kingsley and £804 (2017: £nil) was due to J Kingsley in relation to expenses payable at year end.

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

29. Related party transactions

30 June 2017

	Sales £	Purchases £	(Paid to) / received from £	Debtor £	Creditor £
AMMO Holdings Ltd	-	-	18,458	350,000	-
Audiomotion Studios Limited	24,396	(289,385)	317,737	304,765	(990)
JCK Properties	-	(312,500)	(374,533)	92,741	-
Mongoose Publishing Limited*	-	-	-	812,946	-
Rebellion (Derby) Limited*	-	-	-	97,340	-
Rebellion Games IP Ltd*	-	-	-	4,390	-
Rebellion Interactive Limited	26,396,772	(447,643)	(28,270,488)	-	(827,410)
Rebellion Interactive Games Limited	-	(29,004)	5,933	538,704	-
Rebellion (Liverpool) Limited	3,000	(988,275)	989,128	-	(503,137)
Rebellion Publishing Limited**	1,036,382	(28,858)	(473,016)	3,072,513	-
Rebellion Productions Ltd*	243,173	(1,108)	191,666	433,731	-
	<u>27,703,723</u>	<u>(2,096,773)</u>	<u>(27,595,115)</u>	<u>5,707,130</u>	<u>(1,331,537)</u>

* Provided for in full in a bad debt provision

** £2,500,000 provided for in a bad debt provision

All related parties disclosed are related by virtue of common control.

All sales and purchases are exclusive of VAT.

REBELLION DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

30. Post balance sheet events

On 1 July 2018, there was a restructuring of the Rebellion Group which resulted in Rebellion Developments Limited becoming a subsidiary of Rebellion Games Holdings Ltd, with the ultimate parent company being Rebellion Group Ltd. Some of the subsidiary companies of Rebellion Developments Limited were also transferred to other parts of the group: Rebellion (Warwick) Ltd became a subsidiary of Rebellion Games Holdings Ltd; Hall The Printer Limited became a subsidiary of Rebellion Publishing Holdings Ltd; Rebellion Properties Ltd and Rebellion Commercial Properties Ltd became subsidiaries of Rebellion Asset Holdings Ltd. The restructuring was completed using share for share exchanges.

On 19 December 2018, Rebellion Games Holdings Ltd acquired 100% of the share capital of TickTock Games Limited. The structure of the transaction has not had a significant impact on the working capital requirements of the Group.

31. Controlling party

During the year the controlling parties were the directors C R Kingsley and J J Kingsley.

On 1 July 2018 the ultimate parent company became Rebellion Group Ltd due to a group restructuring. The directors remain as the ultimate controlling parties.