

Registration number 03312220

ROCKSTAR NORTH LIMITED

Directors' report and financial statements

for the year ended 31 March 2013

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ROCKSTAR NORTH LIMITED

Company information

Directors	D Emerson R M S Hajaj
Company secretaries	D Emerson HAL Management Limited
Company number	03312220
Registered office	Hanover House 14 Hanover Square London W1S 1HP
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF
Business address	Calton Square 1 Greenside Row Edinburgh EH1 3AP
Bankers	The Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2YB
Accountants	Johnston & Co New Custom House Register Street Bo'ness EH51 9AE

ROCKSTAR NORTH LIMITED

2022-2023 Financial Statements

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ROCKSTAR NORTH LIMITED

Directors' report for the year ended 31 March 2013

The directors present their report and the financial statements for the year ended 31 March 2013

Principal activity and review of the business

The principal activity of the company during the year was the conception and development of entertainment software.

	2013	2012	
Turnover	20,127,149	18,054,810	11.5%
Average number of employees	318	269	+49

Results and dividends

The results for the year are set out on page 4

The directors have paid an interim dividend amounting to £3,469,566 and they do not recommend payment of a final dividend

Principal risks and uncertainties

The directors have established controls to mitigate the following risk appropriate to the size and complexity of the business

- Cash flow risk

The company has established cash forecasting models to manage cash flow within the constraints of the company's banking facilities

Going concern

In line with the FRC guidance on Going Concern issued in November 2009, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis. The Company's business activities, together with the factors likely to affect its future development, its financial position and financial risk management position are described above.

The directors have also received a letter of support from the ultimate parent company Take Two Interactive Software Inc that confirms its intention to support the company for the next 12 months from the date of signing these financial statements.

Therefore, after making suitable enquiries, the directors have a reasonable expectation that the company has adequate resources to remain in operation for the foreseeable future and has, as a result, continued to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors who served during the year are as stated below

D Emerson

R M S Hajaj

Statement of directors' responsibilities

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

ROCKSTAR NORTH LIMITED

Directors' report for the year ended 31 March 2013

continued

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). 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 of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and 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 company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

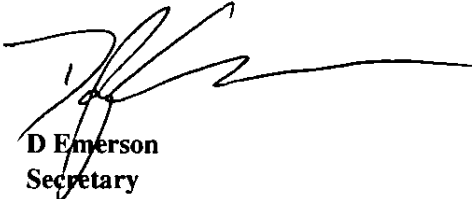
Auditors

Ernst & Young LLP are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the Board on

17/12/13

and signed on its behalf by



D Emerson
Secretary

**Independent auditor's report to the shareholders of
ROCKSTAR NORTH LIMITED**

We have audited the financial statements of ROCKSTAR NORTH LIMITED for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1-21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 1-2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or material inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss 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.

Opinion on other matter prescribed by the Companies Act 2006.

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies exemption.

Ernst & Young LLP

**Philip Young (senior statutory auditor)
For and on behalf of Ernst & Young LLP**

Statutory Auditor
Date: 13/12/13

**1 More London Place
London
SE1 2AF**

ROCKSTAR NORTH LIMITED

Profit and loss account for the year ended 31 March 2013

		Continuing operations	
		2013	2012
	Notes	£	£
Turnover	2	20,127,149	18,054,810
Cost of sales		(12,404,764)	(11,789,637)
Gross profit		7,722,385	6,265,173
Administrative expenses		(6,413,329)	(7,423,997)
Exceptional item	3	-	(11,522,962)
Operating profit/(loss)	3	1,309,056	(12,681,786)
Other interest receivable and similar income	4	1,580	1,929
Interest payable and similar charges	5	(174,220)	-
Profit/(loss) on ordinary activities before taxation		1,136,416	(12,679,857)
Tax charge/credit on profit/(loss) on ordinary activities	8	(2,461,467)	46,992
Loss for the year	16	(1,325,051)	(12,632,865)

There are no recognised gains or losses other than the profit or loss for the above two financial years

The notes on pages 6 to 15 form an integral part of these financial statements.

ROCKSTAR NORTH LIMITED

Balance sheet as at 31 March 2013

		2013		2012	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		411,303		399,630
Current assets					
Debtors	10	1,560,513		5,160,165	
Deferred tax	13	268,727		328,462	
Cash at bank and in hand		46,776		227,196	
		<u>1,876,016</u>		<u>5,715,823</u>	
Creditors: amounts falling due within one year	11	<u>(1,525,800)</u>		<u>(559,317)</u>	
Net current assets			<u>350,216</u>		<u>5,156,506</u>
Total assets less current liabilities			<u>761,519</u>		<u>5,556,136</u>
Net assets			<u><u>761,519</u></u>		<u><u>5,556,136</u></u>
Capital and reserves					
Called up share capital	15		1		1
Other reserves	16		15,033,184		18,502,750
Profit and loss account	16		(14,271,666)		(12,946,615)
Shareholders' funds	17		<u><u>761,519</u></u>		<u><u>5,556,136</u></u>

The financial statements were approved by the Board on December 19, 2013 and signed on its behalf by


R M S Hajaj
Director

Registration number 03312220

The notes on pages 6 to 15 form an integral part of these financial statements.

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2013

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

The results of the company are included in the published financial statements of its ultimate parent company. The company has therefore taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement.

The company has consistently applied all relevant accounting standards.

1.2. Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

1.3. Tangible fixed assets and depreciation

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

Leasehold property	
improvements	- Straight line over the life of the lease
Computer equipment	- 33 1/3% Straight line basis
Furniture & fixtures	- 20% Straight line basis

1.4. Leasing

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

1.5. Shares based transactions - equity settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions). No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions. Number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2013

continued

1.6. Pensions

The company operates a defined contribution scheme for the benefit of its employees. The costs of contributions are written off against profits in the year they are payable.

1.7. Deferred taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes except to the extent that the directors consider the liability to taxation is unlikely to materialise.

1.8. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

1.9. Going concern

The company's ultimate parent undertaking, Take Two Interactive Software, Inc., has confirmed that it will continue to provide such financial support at least for 12 months from the date of signing the financial statements to enable it to continue to trade and meet its liabilities as they fall due.

1.10 Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding value added tax and other sales taxes or duty.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK and excludes value added tax.

Turnover attributable to geographical markets outside the United Kingdom amounted to 100% for the year.

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2013

continued

3. Operating profit/(loss)	2013	2012
	£	£
Operating profit/(loss) is stated after charging		
Equity settled share-based payments	837,107	2,339,977
Depreciation		
- written off owned tangible fixed assets	294,803	476,576
Research and development		
- expenditure in current year *	18,330,085	22,251,773
Operating lease rentals		
- Plant and machinery	11,635	22,419
- Land and buildings	1,862,334	1,495,043
Auditors' remuneration	17,900	12,600
Exceptional item		
- Stock compensation adjustment 2006 to 2011	-	3,488,004
- Transfer pricing revenue adjustment for 2008 to 2011	-	8,034,958
and after crediting:		
Net foreign exchange gain	41	217
* includes employment costs disclosed in Note 6		
4. Interest receivable and similar income	2013	2012
	£	£
Bank interest	1,580	1,929
5. Interest payable and similar charges	2013	2012
	£	£
Other	174,220	-

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Notes to the financial statements for the year ended 31 March 2013

continued

6. Employees

Number of employees	2013	2012
The average monthly numbers of employees (including the directors) during the year were		
Development	307	259
Administration	11	10
	<u>318</u>	<u>269</u>
Employment costs	2013	2012
	£	£
Wages and salaries	11,527,782	10,285,071
Social security costs	1,107,404	1,656,187
Pension costs	527,583	444,830
Equity settled share based payments	837,107	2,339,977
	<u>13,999,876</u>	<u>14,726,065</u>

No directors received any remuneration from the company during the year

7. Pension costs

The company operates a defined contribution pension scheme in respect of certain of its employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £527,583 (2012 - £444,830).

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2013

continued

8. Tax on profit/(loss) on ordinary activities

Analysis of charge in period	2013 £	2012 £
Current tax		
UK corporation tax	374,063	23,175
Adjustments in respect of previous periods	2,027,669	-
	<u>2,401,732</u>	<u>23,175</u>
Total current tax charge	<u>2,401,732</u>	<u>23,175</u>
Deferred tax		
Timing differences, origination and reversal	14,485	(88,616)
Effect of changes in tax rates	12,313	18,449
Prior period adjustments	32,937	-
Total deferred tax	<u>59,735</u>	<u>(70,167)</u>
Tax on profit/(loss) on ordinary activities	<u>2,461,467</u>	<u>(46,992)</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (24 00 per cent). The differences are explained below:

	2013 £	2012 £
Profit/(loss) on ordinary activities before taxation	<u>1,136,416</u>	<u>(12,679,857)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 00% (31 March 2012 26 00%)	272,740	(3,296,763)
Effects of:		
Expenses not deductible for tax purposes	118,215	2,338
Capital allowances for period in excess of depreciation	(16,892)	115,988
Adjustments to tax charge in respect of previous periods	2,027,669	-
Share scheme adjustment	-	3,201,612
Current tax charge for period	<u>2,401,732</u>	<u>23,175</u>

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2013

continued

The chancellor has announced that the main UK corporation tax rate will be reduced from the current rate of 23% which has applied from 1st April 2013, to 20% via a 2% reduction at 1st April 2014 and a 1% reduction at 1st April 2015. The reductions in the corporation tax rates to 21% and 20% were included within the Finance Act that was enacted on 17th July 2013

However, for indicative purposes only, the company has shown the effect of the proposed reduction in the corporate income tax rate for each year on the gross deferred tax asset recognised as at 31 March 2013 as follows

31 March 2013 (substantively enacted tax rate = 23%)	£268,727
31 March 2014 (substantively enacted tax rate = 21%)	£245,359
31 March 2015 (substantively enacted tax rate = 20%)	£233,676

9. Tangible fixed assets	Leasehold property improvement £	Computer equipment £	Furniture and fixtures £	Motor vehicles £	Total £
Cost					
At 1 April 2012	1,076,844	2,476,324	406,685	5,775	3,965,628
Additions	45,719	258,534	2,223	-	306,476
At 31 March 2013	1,122,563	2,734,858	408,908	5,775	4,272,104
Depreciation					
At 1 April 2012	986,328	2,176,935	396,960	5,775	3,565,998
Charge for the year	73,704	213,985	7,114	-	294,803
At 31 March 2013	1,060,032	2,390,920	404,074	5,775	3,860,801
Net book values					
At 31 March 2013	62,531	343,938	4,834	-	411,303
At 31 March 2012	90,516	299,389	9,725	-	399,630

10. Debtors	2013 £	2012 £
Amount owed by connected companies	994,660	4,350,014
Other debtors	565,853	810,151
	<u>1,560,513</u>	<u>5,160,165</u>

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2013

continued

11. Creditors: amounts falling due within one year	2013 £	2012 £
Trade creditors	156,698	82,581
Corporation tax	89,855	23,175
Other taxes and social security costs	377,862	362,469
Other creditors	-	5,771
Accruals and deferred income	901,385	85,321
	<u>1,525,800</u>	<u>559,317</u>

There is no committed overdraft facility.

12. Provisions for dilapidations

During the year, the company had certain existing property leases which were due to expire. An amount of £472,280 (2012: £nil) represents dilapidations provisions payable on cessation of the existing lease agreements, of which £62,021 is falling due more than one year.

13. Deferred tax asset	2013 £	2012 £
Accelerated capital allowances	<u>(268,727)</u>	<u>(328,462)</u>
Provision at 1 April 2012	(328,462)	
Deferred tax charge in profit and loss account	<u>59,735</u>	
Provision at 31 March 2013	<u>(268,727)</u>	

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Notes to the financial statements for the year ended 31 March 2013

. continued

14. Employee share schemes

The following stock based compensation plans are granted to certain employees of the company

Restricted stock unit awards (RSU)

A restricted stock unit is the right to receive Common Share stock of the company's ultimate parent undertaking. The stock units vest if the employee remains in continuous service for a period of three years from the date of grant. The stock units are awarded free of charge.

Restricted stock is issued and outstanding upon grant, holders of Restricted Stock awards are restricted from selling the shares until such times as they are vested. Upon vesting, the company will typically withhold shares to satisfy tax liabilities.

Expenses charged to income statement

The expense recognised for share based transactions in respect of employee services received during the year is £837,107 (31 March 2012: £2,339,977).

The following table illustrates the number and weighted average fair value on grant date (WAFV) of, and movements in, restricted stock units during the year.

	2013	
	RSU	
	WAFV	
	No.	\$
Outstanding at the beginning of the year	117,537	11.11
Granted during the year	246,351	8.14
Forfeited during the year	(7,660)	14.48
Vested during the year	(69,563)	11.86
Outstanding at the end of the year	<u>286,665</u>	<u>9.24</u>

Stock based compensation expense is calculated based on the number of awards that are ultimately expected to vest, and therefore is reduced for estimated forfeitures. The company's estimate of forfeitures is based on its historical annual forfeiture rate. The estimated forfeiture rate is reassessed each quarter end balance sheet date throughout the life of the award and may change based on new facts and circumstances.

15. Share capital

	2013	2012
	£	£
Authorised		
1,000 Ordinary shares of 1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1 Ordinary shares of 1 each	<u>1</u>	<u>1</u>
Equity Shares		
1 Ordinary shares of 1 each	<u>1</u>	<u>1</u>

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2013

continued

16. Equity Reserves	Profit and loss account £	Other reserves £	Total £
At 1 April 2012	(12,946,615)	18,502,750	5,556,135
Loss for the year	(1,325,051)	-	(1,325,051)
Distribution	-	(3,469,566)	(3,469,566)
At 31 March 2013	<u>(14,271,666)</u>	<u>15,033,184</u>	<u>761,518</u>

Other reserves relates to the share based payment reserve which accounts for share based payment charges for in accordance with FRS20 Share Based Transactions. In accordance with the same Standard, the amounts pushed down by the ultimate parent undertaking are accounted for as distribution and recorded as a reduction of the share based payment reserve

17. Reconciliation of movements in shareholders' funds	2013 £	2012 £
Loss for the year	(1,325,051)	(12,632,865)
Distribution	(3,469,566)	-
	<u>(4,794,617)</u>	<u>(12,632,865)</u>
Share base scheme cost	-	5,827,981
Net (deduction from) shareholders' funds	(4,794,617)	(6,804,884)
Opening shareholders' funds	5,556,136	12,361,020
Closing shareholders' funds	<u>761,519</u>	<u>5,556,136</u>

18. Financial commitments

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2013 £	2012 £
Expiry date:		
Between one and five years	<u>1,169,552</u>	<u>1,169,552</u>

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2013

continued

19. Capital commitments	2013	2012
	£	£

Details of capital commitments at the accounting date are as follows:

Contracted for but not provided in the financial statements

<u>13,550</u>	<u>-</u>
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20. Related party transactions

No disclosure has been made within these financial statements of any transaction with the ultimate parent company or fellow subsidiaries in accordance with the exemptions allowed by FRS8

21. Ultimate parent undertaking

The ultimate parent company and controlling party of the company is Take Two Interactive Software Inc. Copies of the group financial statements of Take Two Interactive Software Inc. are available from 622 Broadway, New York, NY 10012, United States of America.