

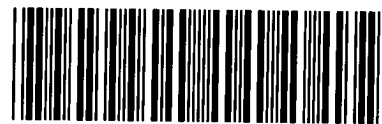
Registration number 03312220

ROCKSTAR NORTH LIMITED

Report and Financial Statements

for the year ended 31 March 2019

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Company information

| | |
|----------------------------|---|
| Directors | Daniel Emerson Rowan Hajaj |
| Company Secretaries | Daniel Emerson HAL Management Limited |
| Company number | 03312220 |
| Registered office | 7 Savoy Court London WC2R 0EX |
| Auditors | Ernst & Young LLP 1 More London Place London SE1 2AF |
| Business address | Barclay House 108 Holyrood Road Edinburgh EH8 8AS |
| Bankers | J.P.Morgan 25 Bank Street London E14 5JP |
| Accountants | JB Chartered Accountants New Custom House Register Street Bo'ness, EH51 9AE |

ROCKSTAR NORTH LIMITED

Strategic Report for the year ended 31 March 2019

The directors present their strategic report and the financial statements for the year ended 31 March 2019.

Principal activity, review of the business and future developments

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

| | 2019 £ | 2018 £ | Change |
|---|-------------|------------|--------|
| Turnover | 119,046,697 | 79,158,894 | 50% |
| Average number of employees | 1,175 | 1,063 | 10% |
| Profit on ordinary activities before taxation | 8,738,126 | 8,300,782 | 5% |

Turnover increased by 50% during the year due to increased charges to the parent company. Operating expenses increased primarily due to increased amount spent on staffing.

The directors do not anticipate any significant changes in the activities of the company for the foreseeable future.

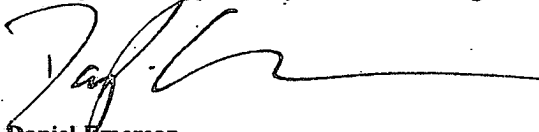
Principal risks and uncertainties

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.

This report was approved by the Board and signed on its behalf by



Daniel Emerson
Director

Date: 19 December 2019

ROCKSTAR NORTH LIMITED

Directors' Report for the year ended 31 March 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Results and dividends

The results for the year are set out on page 7.

The directors do not recommend payment of a dividend (2018 - £15,000,000).

Research and development

The Company continues to be involved in the design and development of interactive software products to deliver the most innovative and entertaining product to its consumers.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The Company recognizes the importance of communicating with employees and providing them with information about the company and its business. Throughout the year, meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate in the success of the business through bonuses and group employee share schemes.

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 in the Strategic Report.

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 at least 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 and thereafter are as stated below:

Daniel Emerson

Rowan Hajaj

ROCKSTAR NORTH LIMITED

Directors' Report for the year ended 31 March 2019

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the 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 FRS102 - 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 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; and
- 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 and signed on its behalf by


Daniel Emerson
Director

Date: 19 December 2019

ROCKSTAR NORTH LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCKSTAR NORTH LIMITED

Opinion

We have audited the financial statements of Rockstar North Limited for the year ended 31 March 2019 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 21, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2019 and of its 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 below. We are independent of the company 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.

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 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

ROCKSTAR NORTH LIMITED

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 the 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 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 strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3 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 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 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

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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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Ernst & Young LLP

Naresh Alimchandani (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 20 December 2019

ROCKSTAR NORTH LIMITED

Income statement for the year ended 31 March 2019

| | Notes | 2019 £ | 2018 £ |
|---|-------|--------------------------|--------------------------|
| Turnover | 2 | 119,046,697 | 79,158,894 |
| Cost of sales | | <u>(55,870,646)</u> | <u>(40,799,868)</u> |
| Gross profit | | 63,176,051 | 38,359,026 |
| Administrative expenses | | <u>(54,460,135)</u> | <u>(30,116,236)</u> |
| Operating profit | 3 | 8,715,916 | 8,242,790 |
| Other interest receivable and similar income | 4 | 22,210 | 58,938 |
| Interest payable | 5 | <u>-</u> | <u>(946)</u> |
| Profit on ordinary activities before taxation | | 8,738,126 | 8,300,782 |
| Tax on profit on ordinary activities | 8 | <u>40,035,440</u> | <u>26,915,315</u> |
| Profit for the year | | <u><u>48,773,566</u></u> | <u><u>35,216,097</u></u> |

Statement of comprehensive income for the year ended 31 March 2019

There are no recognised gains or losses other than the profit of £48,773,566 attributable to the shareholders in the year ended 31 March 2019 (31 March 2018: £35,216,097).

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Statement of financial position for the year ended 31 March 2019

| | | 2019 | | 2018 |
|--|-------|--------------------|--------------------|--------------------|
| | | | | (Restated) |
| | Notes | £ | £ | £ |
| Fixed assets | | | | |
| Intangible assets | 9 | | 11,608 | 9,816 |
| Tangible assets | 10 | | <u>11,109,232</u> | <u>11,167,373</u> |
| | | | 11,120,840 | 11,177,189 |
| Current assets | | | | |
| Debtors | 11 | 115,470,258 | | 61,678,454 |
| Deferred tax | 12 | 2,289,994 | | 2,064,024 |
| Cash at bank and in hand | | <u>560,875</u> | | <u>1,199,154</u> |
| | | 118,321,127 | | 64,941,632 |
| Creditors: amounts falling due within one year | 13 | <u>(9,982,854)</u> | | <u>(5,522,448)</u> |
| Net current assets | | | <u>108,338,272</u> | <u>59,419,184</u> |
| Total assets less current liabilities | | | <u>119,459,112</u> | <u>70,596,373</u> |
| Creditors: amounts falling due after more than one year | 14 | | (4,882,762) | (4,925,822) |
| Net assets | | | <u>114,576,350</u> | <u>65,670,551</u> |
| Capital and reserves | | | | |
| Called up share capital | 17 | | 1 | 1 |
| Other reserves | | | 15,033,184 | 15,033,184 |
| Profit and loss account | | | <u>99,543,166</u> | <u>50,637,366</u> |
| Shareholders' funds | | | <u>114,576,351</u> | <u>65,670,551</u> |

The financial statements were approved by the Board on and signed on its behalf by

Rowan Hajaj
Director



Date: 19 December 2019

Registration number 03312220

ROCKSTAR NORTH LIMITED

Statement of changes in equity for the year ended 31 March 2019

| | Called up Share capital £ | Profit and loss account £ | Other reserves £ | Total £ |
|-------------------------|---------------------------------|---------------------------------|---------------------|--------------------|
| At 1 April 2017 | 1 | 30,421,269 | 15,033,184 | 45,454,454 |
| Profit for the year | - | 35,216,097 | - | 35,216,097 |
| Distribution | - | (15,000,000) | - | (15,000,000) |
| At 31 March 2018 | <u>1</u> | <u>50,637,366</u> | <u>15,033,184</u> | <u>65,670,551</u> |
| At 1 April 2018 | 1 | 50,637,366 | 15,033,184 | 65,670,551 |
| Contribution | - | 132,234 | - | 132,234 |
| Profit for the year | - | 48,773,566 | - | 48,773,566 |
| At 31 March 2019 | <u>1</u> | <u>99,543,166</u> | <u>15,033,184</u> | <u>114,576,351</u> |

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2019

1. Accounting policies

Statement of compliance

Rockstar North Limited is a company limited by shares incorporated in England and Wales. The registered office and principal place of business are shown in the Company Information. The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 March 2019.

Basis of preparation

The financial statements of Rockstar North Limited have been prepared on a going concern basis, in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 2006. The financial statements are prepared under the historical cost convention.

The financial statements have been prepared in sterling, which is the functional currency of the company.

The company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- (b) the requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d)
- (c) the requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A and Section 12 Other Financial Instruments paragraphs 12.26 to 12.29
- (d) the requirements of Section 26 Share Based Payment paragraphs 26.18(b); 26.19 to 26.23
- (e) the requirements of Section 33 Related Party Disclosures paragraph 33.7.

A summary of the more important accounting policies, which have been applied consistently throughout the financial year, is set out below.

Significant Accounting Judgements and Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Judgements

Operating lease commitments

The company has entered into commercial property leases and as lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2019

Estimates

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Intangible assets - Computer software

Computer software is written off in equal annual instalments over its estimated useful economic life of 3 years.

Research and development

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

Tangible fixed assets and depreciation

Property, plant and machinery are stated at cost less accumulated depreciation and accumulated impairment losses.

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 | - | Straight line basis over 3 and 5 years |
| Furniture & fixtures | - | 20% Straight line basis |

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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.

Lease incentives are spread over the term of the lease.

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.

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Notes to the financial statements for the year ended 31 March 2019

Share 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. 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.

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.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing difference reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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.

Government grants

Government grants are recognized when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on the submission of a valid claim for payment.

Going concern

The directors have 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.

Revenue recognition

Turnover 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 valued added tax and other sales taxes or duty.

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Notes to the financial statements for the year ended 31 March 2019

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.

| | 2019 | 2018 |
|-------|--------------------|-------------------|
| | £ | £ |
| Sales | <u>119,046,697</u> | <u>79,158,894</u> |

Turnover attributable to geographical markets outside the United Kingdom amounted to 100% for the current and prior year, being the United States of America.

3. Operating profit

| | 2019 | 2018 |
|--|----------------|------------------|
| | £ | £ |
| Operating profit is stated after charging: | | |
| Equity settled share-based payments | 32,255,038 | 14,222,881 |
| Depreciation and other amounts written off intangible assets | 11,658 | 24,276 |
| Depreciation and other amounts written off tangible assets | 3,879,863 | 3,841,705 |
| Research and development | | |
| - Expenditure in current year * | 111,204,449 | 69,122,372 |
| Costs recharge to group undertaking | 1,177,205 | - |
| Operating lease rentals | | |
| - Plant and machinery | 48,371 | 26,617 |
| - Land and buildings | 2,291,416 | 2,290,431 |
| Auditors' remuneration | <u>58,500</u> | <u>54,223</u> |
| and after crediting: | | |
| Net foreign exchange gain / (loss) | (42,034) | 80,778 |
| Government grants | <u>969,849</u> | <u>2,204,856</u> |

* Includes employment costs disclosed in Note 6

4. Interest receivable and similar income

| | 2019 | 2018 |
|----------------|---------------|---------------|
| | £ | £ |
| Bank interest | 22,210 | 11,816 |
| Other interest | - | 47,122 |
| | <u>22,210</u> | <u>58,938</u> |

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Notes to the financial statements for the year ended 31 March 2019

5. Interest payable and similar charges

| | 2019 | 2018 |
|-------------------------|----------|------------|
| | £ | £ |
| On loans and overdrafts | <u>-</u> | <u>946</u> |

6. Employees

Number of employees

The average monthly number of employees, including the directors, during the year were:

| | 2019 | 2018 |
|----------------|--------------|--------------|
| Development | 1,121 | 1,013 |
| Administration | <u>54</u> | <u>50</u> |
| | <u>1,175</u> | <u>1,063</u> |

Employment costs

| | 2019 | 2018 |
|-------------------------------------|-------------------|-------------------|
| | £ | £ |
| Wages and salaries | 46,421,729 | 34,031,145 |
| Social security costs | 9,434,657 | 7,319,180 |
| Pension costs | 2,159,150 | 1,859,244 |
| Equity settled share based payments | <u>32,255,038</u> | <u>14,222,881</u> |
| | <u>90,270,574</u> | <u>57,432,450</u> |

No directors received any remuneration for their qualifying services from the company during the year.

7. Pension costs

The company operates a defined contribution pension scheme in respect 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 £2,159,150 (2018 - £1,859,244).

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Notes to the financial statements for the year ended 31 March 2019

8. Tax on profit on ordinary activities **Analysis of charge in period**

| | 2019 £ | 2018 £ |
|--|---------------------|---------------------|
| Current tax | | |
| UK corporation tax, current year | (35,744,721) | (18,484,166) |
| UK corporation tax, prior year | (4,064,749) | (7,856,069) |
| Total current tax charge | <u>(39,809,470)</u> | <u>(26,340,235)</u> |
| Deferred tax | | |
| Timing differences, origination and reversal | (225,970) | (575,080) |
| Effect of changes in tax rates | - | - |
| Total deferred tax | <u>(225,970)</u> | <u>(575,080)</u> |
| Tax on profit on ordinary activities | <u>(40,035,440)</u> | <u>(26,915,315)</u> |

Factors affecting tax charge for period

The tax assessed for the period differs for the period from the standard rate of corporation tax in the UK (19.00 percent). The tax rate when monetizing a net operating loss as a result of video games tax relief is 25%. The differences are explained below:

| | 2019 £ | 2018 £ |
|---|---------------------|---------------------|
| Profit on ordinary activities before taxation | <u>8,738,127</u> | <u>8,300,782</u> |
| Profit on ordinary activities @ blended rate | 1,987,111 | 1,894,537 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 880,003 | 826,664 |
| Permanent excess benefit related to stock compensation | (1,941,985) | (4,751,409) |
| Video Games Tax Relief | (37,607,824) | (19,116,178) |
| Difference between corporation tax and deferred tax rates | 675,309 | 788,544 |
| Adjustments on tax charge in respect of previous periods | (3,789,815) | (8,132,200) |
| Other adjustments | <u>(238,239)</u> | <u>1,574,727</u> |
| Total tax charge / (credit) for period | <u>(40,035,440)</u> | <u>(26,915,315)</u> |

On 26th October 2015, the main UK corporation tax rate was reduced from its current rate of 20% to 19% effective from 1 April 2017. In Finance Act 2016 the 19% rate was reduced to 17% from 1 April 2020. This change has been substantially enacted at the balance sheet date and therefore, is included in these financial statements in relation to deferred tax elements.

£5,447,784 qualifying activity is being taxed at 25% and £3,290,343 is being taxed at 19%, in line with the UK's corporation tax rate.

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2019

9. Intangible fixed assets

| | Computer software £ | Total £ |
|------------------------|---------------------------|------------|
| Cost | | |
| At 1 April 2018 | 644,483 | 644,483 |
| Additions | 13,450 | 13,450 |
| At 31 March 2019 | 657,933 | 657,933 |
| Amortisation | | |
| At 1 April 2018 | (634,667) | (634,667) |
| Charge for the year | (11,658) | (11,658) |
| At 31 March 2019 | (646,325) | (646,325) |
| Net book values | | |
| At 1 April 2018 | 9,816 | 9,816 |
| At 31 March 2019 | 11,608 | 11,608 |

10. Tangible fixed assets

| | Leasehold property improvement £ | Computer equipment £ | Furniture and fixtures £ | Total £ |
|------------------------|---|----------------------------|-----------------------------------|--------------|
| Cost | | | | |
| At 1 April 2018 | 15,176,393 | 10,233,760 | 2,121,514 | 27,531,667 |
| Additions | 100,106 | 3,650,641 | 70,976 | 3,821,723 |
| At 31 March 2019 | 15,276,499 | 13,884,401 | 2,192,490 | 31,353,390 |
| Amortisation | | | | |
| At 1 April 2018 | (6,552,436) | (8,401,781) | (1,410,077) | (16,364,294) |
| Charge for the year | (2,033,338) | (1,546,476) | (300,050) | (3,879,864) |
| At 31 March 2019 | (8,585,774) | (9,948,257) | (1,710,127) | (20,244,158) |
| Net book values | | | | |
| At 1 April 2018 | 8,623,957 | 1,831,979 | 711,437 | 11,167,373 |
| At 31 March 2019 | 6,690,725 | 3,936,144 | 482,363 | 11,109,232 |

11. Debtors

| | 2019 £ | 2018 £ |
|----------------------------------|-------------|------------|
| Amount owed by group undertaking | 51,011,794 | 20,210,256 |
| Other debtors* | 64,458,464 | 41,304,205 |
| Corporation tax repayable | - | 163,993 |
| | 115,470,258 | 61,678,454 |

* Primarily relates to Video Games Tax Relief receivable, of which £38m (2018: £0) is a debtor falling due after more than one year.

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2019

12. Deferred tax asset

| | 2019 | 2018 |
|---|--------------------|--------------------|
| | £ | £ |
| Accelerated / (Decelerated) capital allowances | (1,279,384) | (695,615) |
| Other temporary differences | <u>(1,010,610)</u> | <u>(1,368,409)</u> |
| | <u>(2,289,994)</u> | <u>(2,064,024)</u> |
| Provision / (asset) at 1 April 2018 | (2,064,024) | |
| Deferred tax credit in profit and loss account Balances transferred | (225,970) | |
| | <u>-</u> | |
| Provision / (asset) at 31 March 2019 | <u>(2,289,994)</u> | |

13. Creditors: amounts falling due within one year

| | 2019 | 2018 |
|---------------------------------------|------------------|------------------|
| | £ | (Restated) £ |
| Trade creditors | 2,102,413 | 544,288 |
| Other taxes and social security costs | 6,068,125 | 3,876,934 |
| Accruals and deferred income | <u>1,812,316</u> | <u>1,101,226</u> |
| | <u>9,982,854</u> | <u>5,522,448</u> |

There is no committed overdraft facility.

14. Creditors: amounts falling due after more than one year

| | 2019 | 2018 |
|--------------------------------|------------------|------------------|
| | £ | (Restated) £ |
| Provision for dilapidations | 2,895,960 | 2,895,960 |
| Accruals and other liabilities | <u>1,986,802</u> | <u>2,029,862</u> |
| | <u>4,882,762</u> | <u>4,925,822</u> |

In order to correct the fair and balanced view of the financial statements, we have split out the non-current element of the lease accruals and dilapidations for both 2018 and 2019.

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2019

15. Provisions

| | Reduced Rent £ | Dilapidations £ | Total £ |
|----------------------|-------------------|--------------------|------------------|
| At 1 April 2018 | 2,329,862 | 2,895,960 | 5,225,822 |
| Charge for the year | - | - | - |
| Utilised in the year | (21,199) | - | (21,199) |
| At 31 March 2019 | <u>2,308,663</u> | <u>2,895,960</u> | <u>5,204,623</u> |

Dilapidations

Dilapidations provisions of £2,895,960 are provided in respect of the leased premises.

Reduced Rent

In 2015 the company entered into a new lease agreement which for the initial 10 years the company would benefit from a reduced rent charge. The reduced rent provision spreads from the benefit of the reduced rent across the term of the whole lease.

In the financial year ending 31 March 2019 the leases for Rockstar Leeds Limited and Rockstar Lincoln Limited were transferred to Rockstar North Limited.

16. 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 annually if the employee remains in continuous service for a period of three years from the date of grant and the company meets various financial performance criteria. The stock units are awarded free of charge.

Upon vesting, the company will typically withhold shares to satisfy tax liabilities.

17. Share capital

| | 2019 £ | 2018 £ |
|---|--------------|--------------|
| 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> |

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2019

18. Financial commitments

| | Land and buildings | |
|--|--------------------|-------------------|
| | 2019 | 2018 |
| | £ | £ |
| Expiry date: | | |
| Not later than one year | 2,171,262 | 1,930,396 |
| After one year but no more than five years | 10,235,466 | 8,981,050 |
| After five years | <u>2,319,619</u> | <u>6,030,826</u> |
| | <u>14,726,346</u> | <u>16,942,272</u> |

The company has only short term plant and machinery commitments.

19. Capital commitments

| | 2019 | 2018 |
|---|---------------|----------------|
| | £ | £ |
| Contracted for but not provided in the financial statements | <u>39,669</u> | <u>144,195</u> |

20. Ultimate parent undertaking

The company's immediate parent undertaking is DMA Design Holdings Limited, a company incorporated in England and Wales whose registered office is 7 Savoy Court, London, WC2R 0EX.

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 the company's registered office, 110 West 44th Street, New York, NY 10036, United States of America.

21. Legal matters

On February 7, 2019, all of the previously disclosed lawsuits, claims, and counterclaims that had been pending since April 2016 with Mr. Leslie Benzies, the former principal of the company, were resolved at the ultimate parent company.