

COMPANY REGISTRATION NUMBER: 04201151

GRAINGER GAMES LIMITED
Financial Statements
26th March 2016



GRAINGER GAMES LIMITED

Financial Statements

Year ended 26th March 2016

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GRAINGER GAMES LIMITED

Officers and Professional Advisers

The board of directors

S. Bowyer
P.H. Moore
J. Fellows

Company secretary

S. Bowyer

Registered office

Unit 4
North Tyne Industrial Estate
Whitley Road
Benton
Newcastle upon Tyne
NE12 9SZ

Auditor

Tait Walker LLP
Chartered Accountants & Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Bankers

Lloyds Bank plc
102 Grey Street
Newcastle upon Tyne
NE99 1SL

Solicitors

DWF LLP
Bridgewater Place
Water Lane
Leeds
LS11 5DY

GRAINGER GAMES LIMITED

Strategic Report

Year ended 26th March 2016

Grainger Games was founded in 1997. It is the UK's leading independent specialist retailer of video game consoles, games software and accessories. It also trades in and sells a range of complementary products, including DVD and Blu Ray movies, mobile and smartphones, tablet computers and digital cameras.

The company's headquarters are located in Newcastle upon Tyne and the company currently operates from 70 stores ranging between Berwick on Tweed and Derby, operating under the Grainger Games and Trade Nation brands. The company also sells products via its website, www.graingergames.co.uk and through Amazon.

The strategy of the business is twofold; firstly to increase its share of the UK video games market through increasing sales in existing stores and also through targeted retail store additions where appropriate; and secondly to grow revenues and profits from its other product offerings, in order to reduce reliance on the cyclical factors that influence the UK video games market.

The Grainger Games business enjoys a number of competitive advantages, including strong brand recognition in its heartland trading region, where it consistently achieves a market share of in excess of 20%; a well established reputation for price competitiveness underpinned by its guarantee to offer the best value on both new and traded in product; and a knowledgeable and enthusiastic workforce coupled with a strong customer focus throughout the business.

The year ended March 2016 saw improvements in gross margins, EBITDA and cash performance compared to 2015. Sales of new Playstation 4 and Xbox One software continued to grow and offset the continued decline of older Xbox 360 and Playstation 3 formats. New hardware sales fell during the year, the movement in sales mix from hardware and software resulted in improved gross margin performance. Pre-owned product sales also continued to be impacted by the console transition, with sales in the mature markets of Xbox 360 and Playstation 3 falling and competition for stock in the growing Playstation 4 and Xbox One markets putting pressure on gross margins.

Overall, the UK video games software market fell by 3.7% in the year to March 2016, while Grainger Games saw 1.1% growth in new software sales. Total turnover decreased by 4.4% and like for like sales decreased by 4.9%.

The business continues to review processes and overheads; a 6% reduction in controllable overheads was achieved during the last financial year with further efficiencies targeted in FY16-17.

KPIs Year ended March	2016	2015
Turnover	£51.1m	£53.5m
Gross Margin	24.5%	23.7%
EBITDA	£0.65m	£0.59m
EBITDA Fixed Charge Ratio	1.27x	1.24x
Stockturn	10.0x	12.0x
Cash at Bank	£0.72m	£0.16m
Average length of property leases	43 months	26 months

GRAINGER GAMES LIMITED

Strategic Report *(continued)*

Year ended 26th March 2016

The main risks to achieving the business strategy have been assessed by the directors and can be summarised as follows:

Risk	Potential Impact	Mitigation
Financing	A significant change in either bank borrowing facilities or in supplier credit terms would affect the ability to maintain the range and depth of the current product offer.	The business maintains a regular dialogue with key suppliers and with their credit insurers, plus has agreed bank borrowing arrangements with Lloyds Bank that combined with existing supplier credit arrangements, provide the support required to deliver the performance budgeted for the next twelve months.
Technological Change	Although the current generation hardware and software is forecast to drive the market in the short to medium term, over time the UK video games market is cyclical in nature and in addition is likely to see an increasing move towards digital delivery.	The business is increasing its share of the digital games market, plus is adding new revenue streams through its additions to its product and service offer, most notably smartphones, tablet computers and electrical repairs.
Retail Conditions	The last few years have seen many retailers experiencing difficulties and some established names vanish from the high street entirely.	Grainger Games continues to grow its market share of the UK video games market, both overall and in particular in its heartland territories; has focused on building customer awareness of its best value retail offering and has looked to develop new revenue and profit streams from complementary product offerings in order to reduce reliance on solely the video games market.
People	The business could be impacted by the loss of key individuals.	The business looks to increase staff engagement through regular opportunities to give feedback and to influence future business developments; and to develop and retain staff by offering training, progression opportunities and competitive remuneration and incentive arrangements.

The transition from older format to current format consoles seen in recent years is expected to have far less impact on sales and margins during 2016. New product sales mix is expected to continue to move from hardware into software and digital sales, bringing improvement to gross margin through the year. The launch of Virtual Reality products will bring sales opportunities heading into Christmas 2016 and the business will look to continue building its Trade Nation technology offering and repairs service.

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Strategic Report *(continued)*

Year ended 26th March 2016

Focus for the current year will continue to be on maximising the sales opportunities across the existing retail estate, on growing both the Trade Nation brand and Smartfix repairs service. The directors consider the company is well placed to see continued progress in these areas in the year ahead and that investment in recent years into the business should allow core gaming revenues and profitability that will at least mirror performance across the overall market.

This report was approved by the board of directors on 5th July 2016 and signed on behalf of the board by:



J. Fellows
Director

GRAINGER GAMES LIMITED

Directors' Report

Year ended 26th March 2016

The directors present their report and the financial statements of the company for the year ended 26th March 2016.

Directors

The directors who served the company during the year were as follows:

S. Bowyer
P.H. Moore
J. Fellows

Dividends

The directors do not recommend the payment of a dividend.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

During the period, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Financial instruments

The company has an established, structured approach to risk management. The company's activities expose it to a variety of financial risks, including the effects of credit, liquidity and cash flow, and interest rate risks. The company has adopted risk management policies that seek to mitigate these risks in a cost effective manner. Financial assets that expose the company to financial risk consist primarily of cash. Financial liabilities that expose the company to financial risk consist principally of trade creditors and hire purchase agreements.

Liquidity risk is the risk that the company does not have sufficient liquid assets to meet its obligations as they fall due. Liquidity is maintained at a prudent level and the company ensures there is an adequate liquidity buffer to cover contingencies.

Interest rate risk re unfavourable movements in interest rates is not perceived as being material to the accounts due to the borrowing agreements in place.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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). 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 profit or loss of the company for that period.

GRAINGER GAMES LIMITED

Directors' Report *(continued)*

Year ended 26th March 2016

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 5th July 2016 and signed on behalf of the board by:



J. Fellows
Director

GRAINGER GAMES LIMITED

Independent Auditor's Report to the Shareholders of Grainger Games Limited

Year ended 26th March 2016

We have audited the financial statements of Grainger Games Limited for the year ended 26th March 2016, on pages 9 to 22. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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, 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 strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 26th March 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

GRAINGER GAMES LIMITED

Independent Auditor's Report to the Shareholders of Grainger Games Limited (continued)

Year ended 26th March 2016

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.



Christopher Potter BA (Hons) ACA (Senior Statutory Auditor)

For and on behalf of
Tait Walker LLP
Chartered Accountants & Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

5/7/16

GRAINGER GAMES LIMITED

Income Statement

Year ended 26th March 2016

	Note	2016 £	2015 £
Turnover	3	51,107,713	53,459,683
Cost of sales		(38,602,330)	(40,767,697)
Gross profit		12,505,383	12,691,986
Administrative expenses		(13,223,446)	(13,601,335)
Other operating income		922,545	1,018,270
Operating profit	4	204,482	108,921
Interest payable and similar charges	7	(26,702)	(37,008)
Profit on ordinary activities before taxation		177,780	71,913
Tax on profit on ordinary activities	8	18,756	29,846
Profit for the financial year		<u>196,536</u>	<u>101,759</u>

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

The notes on pages 12 to 22 form part of these financial statements.

GRAINGER GAMES LIMITED

Statement of Financial Position

26th March 2016

	Note	2016		2015	
		£	£	£	£
Fixed assets					
Intangible assets	9		6,412		8,549
Tangible assets	10		1,716,724		2,041,334
			<u>1,723,136</u>		<u>2,049,883</u>
Current assets					
Stocks	11	3,835,524		3,405,298	
Debtors	12	1,235,679		1,445,259	
Cash at bank and in hand	13	723,043		158,671	
		<u>5,794,246</u>		<u>5,009,228</u>	
Creditors: amounts falling due within one year	14	<u>(4,564,614)</u>		<u>(4,309,572)</u>	
Net current assets			<u>1,229,632</u>		<u>699,656</u>
Total assets less current liabilities			<u>2,952,768</u>		<u>2,749,539</u>
Creditors: amounts falling due after more than one year	15		(217,304)		(197,242)
Provisions					
Taxation including deferred tax	18		<u>(65,612)</u>		<u>(78,981)</u>
Net assets			<u>2,669,852</u>		<u>2,473,316</u>
Capital and reserves					
Called up share capital	20		50		50
Share premium account	21		38,615		38,615
Profit and loss account	21		<u>2,631,187</u>		<u>2,434,651</u>
Shareholders' funds			<u>2,669,852</u>		<u>2,473,316</u>

These financial statements were approved by the board of directors and authorised for issue on 24 July 2016 and are signed on behalf of the board by:



J. Fellows
Director

Company registration number: 04201151

The notes on pages 12 to 22 form part of these financial statements.

GRAINGER GAMES LIMITED

Statement of Changes in Equity

Year ended 26th March 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 30th March 2014	50	38,615	2,332,892	2,371,557
Profit for the year	—	—	101,759	101,759
Total comprehensive income for the year	—	—	101,759	101,759
At 28th March 2015	50	38,615	2,434,651	2,473,316
Profit for the year	—	—	196,536	196,536
Total comprehensive income for the year	—	—	196,536	196,536
At 26th March 2016	<u>50</u>	<u>38,615</u>	<u>2,631,187</u>	<u>2,669,852</u>

The notes on pages 12 to 22 form part of these financial statements.

GRAINGER GAMES LIMITED

Notes to the Financial Statements

Year ended 26th March 2016

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

The entity is a limited company incorporated in England & Wales. The registered office is:

Unit 4
North Tyne Industrial Estate
Whitley Road
Benton
Newcastle upon Tyne
NE12 9SZ

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 30th March 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 26.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Grainger Games (Holdings) Limited which can be obtained from Unit 4, North Tyne Industrial Estate, Whitley Road, Benton, Newcastle upon Tyne, NE12 9SZ. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Assessing indicators of impairment: In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

GRAINGER GAMES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 26th March 2016

2. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

In preparing the accounts the directors consider the valuation of stock and whether any impairment or write down is required to book value. Stocks impaired in the year totalled £53,638.

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset. An estimate of the estimated useful life of assets is detailed in the depreciation accounting policy. The value of the depreciation charged in the profit and loss account during the year was £441,194.

Revenue recognition

Turnover represents the value of goods sold during the year net of discounts, returns and Value Added Tax. Turnover is recognised at the point of sale.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

GRAINGER GAMES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 26th March 2016

2. Accounting policies *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Development costs - 20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold property	-	Straight line over the term of the lease
Property improvements	-	10% straight line
Fixtures and fittings	-	25% reducing balance
Motor vehicles	-	25% reducing balance

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

GRAINGER GAMES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 26th March 2016

2. Accounting policies *(continued)*

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

3. Turnover

Turnover arises from:

	2016 £	2015 £
New product sales	30,695,821	31,700,643
Used product sales	20,404,633	21,705,819
Trade sales	7,259	53,221
	<u>51,107,713</u>	<u>53,459,683</u>

GRAINGER GAMES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 26th March 2016

3. Turnover *(continued)*

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

4. Operating profit

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Amortisation of intangible assets	2,137	2,849
Depreciation of tangible assets	441,194	467,650
Loss on disposal of tangible assets	72,322	9,710
Operating lease rentals	2,237,983	2,158,086
Foreign exchange differences	5,784	(613)
Defined contribution plans expense	29,910	31,668

5. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	15,900	15,450
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	3,800	3,800
Other non-audit services	10,002	22,910
	13,802	26,710

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016	2015
	No.	No.
Distribution staff	25	26
Management staff	27	27
Retail sales staff	376	403
	428	456

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016	2015
	£	£
Wages and salaries	6,088,839	6,379,992
Social security costs	352,288	389,694
Other pension costs	29,910	31,668
	6,471,037	6,801,354

GRAINGER GAMES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 26th March 2016

7. Interest payable and similar charges

	2016 £	2015 £
Interest on banks loans and overdrafts	23,592	33,862
Interest on obligations under finance leases and hire purchase contracts	3,110	3,146
	<u>26,702</u>	<u>37,008</u>

8. Tax on profit on ordinary activities

Major components of tax income

	2016 £	2015 £
Current tax:		
UK current tax expense	26,200	31,587
Adjustments in respect of prior periods	(31,587)	(60,546)
Total current tax	<u>(5,387)</u>	<u>(28,959)</u>
Deferred tax:		
Origination and reversal of timing differences	(13,369)	(887)
Tax on profit on ordinary activities	<u>(18,756)</u>	<u>(29,846)</u>

Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 21.49%).

	2016 £	2015 £
Profit on ordinary activities before taxation	177,780	71,913
Profit on ordinary activities by rate of tax	35,556	15,102
Adjustment to tax charge in respect of prior periods	(31,587)	(60,546)
Effect of expenses not deductible for tax purposes	297	184
Effect of capital allowances and depreciation	23,577	16,889
Effect of different UK tax rates on some earnings	–	(1,475)
Group relief	(51,041)	–
Other adjustments	4,442	–
Tax on profit on ordinary activities	<u>(18,756)</u>	<u>(29,846)</u>

GRAINGER GAMES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 26th March 2016

9. Intangible assets

	Development costs £
Cost	
At 29 Mar 2015 and 26 Mar 2016	<u>12,638</u>
Amortisation	
At 29th March 2015	4,089
Charge for the year	<u>2,137</u>
At 26th March 2016	<u>6,226</u>
Carrying amount	
At 26th March 2016	<u>6,412</u>
At 28th March 2015	<u>8,549</u>

10. Tangible assets

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 29 March 2015	1,704,099	2,832,074	251,171	4,787,344
Additions	23,088	103,265	78,885	205,238
Disposals	(94,777)	(45,002)	(69,815)	(209,594)
At 26 March 2016	<u>1,632,410</u>	<u>2,890,337</u>	<u>260,241</u>	<u>4,782,988</u>
Depreciation				
At 29 March 2015	716,344	1,888,824	140,842	2,746,010
Charge for the year	169,332	242,442	29,420	441,194
Disposals	(47,736)	(30,918)	(42,286)	(120,940)
At 26 March 2016	<u>837,940</u>	<u>2,100,348</u>	<u>127,976</u>	<u>3,066,264</u>
Carrying amount				
At 26 March 2016	<u>794,470</u>	<u>789,989</u>	<u>132,265</u>	<u>1,716,724</u>
At 28 March 2015	<u>987,755</u>	<u>943,250</u>	<u>110,329</u>	<u>2,041,334</u>

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Motor vehicles £
At 26th March 2016	<u>109,723</u>
At 28th March 2015	<u>69,457</u>

GRAINGER GAMES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 26th March 2016

11. Stocks

	2016 £	2015 £
Raw materials and consumables	<u>3,835,524</u>	<u>3,405,298</u>

Stocks recognised as an expense in the year were £38,269,299 (2015: £40,280,701).

Stocks impaired in the year totalled £53,638 (2015: £67,745).

12. Debtors

	2016 £	2015 £
Prepayments and accrued income	762,008	738,255
Other debtors	<u>473,671</u>	<u>707,004</u>
	<u>1,235,679</u>	<u>1,445,259</u>

13. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2016 £	2015 £
Cash at bank and in hand	723,043	158,671
Bank overdrafts	—	(182,959)
	<u>723,043</u>	<u>(24,288)</u>

14. Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loans and overdrafts	—	182,959
Trade creditors	2,488,535	2,429,650
Amounts owed to group undertakings	223,404	313,515
Accruals and deferred income	417,009	426,327
Corporation tax	4,253	31,587
Social security and other taxes	666,361	657,287
Obligations under finance leases and hire purchase contracts	33,086	21,327
Director loan accounts	—	3,697
Other creditors	<u>731,966</u>	<u>243,223</u>
	<u>4,564,614</u>	<u>4,309,572</u>

The bank overdraft is secured by a debenture and omnibus guarantee and set off agreement dated 14th November 2011.

Obligations under hire purchase contracts are secured by related assets and bear finance charges at commercial rates of interest.

GRAINGER GAMES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 26th March 2016

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

	2016 £	2015 £
Accruals and deferred income	147,489	153,389
Obligations under finance leases and hire purchase contracts	69,815	43,853
	<u>217,304</u>	<u>197,242</u>

Obligations under hire purchase contracts are secured by related assets and bear finance charges at commercial rates of interest.

16. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2016 £	2015 £
Not later than 1 year	33,086	21,327
Later than 1 year and not later than 5 years	69,815	43,853
	<u>102,901</u>	<u>65,180</u>

17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016 £	2015 £
Included in provisions (note 18)	65,612	78,981

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016 £	2015 £
Accelerated capital allowances	65,612	78,981

18. Provisions

	Deferred tax (note 17) £
At 29th March 2015	78,981
Charge against provision	(13,369)
At 26th March 2016	<u>65,612</u>

19. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £29,910 (2015: £31,668).

GRAINGER GAMES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 26th March 2016

20. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
'A' Ordinary shares of £0.10 each	204	20	204	20
'B' Ordinary shares of £0.10 each	188	19	188	19
'C' Ordinary shares of £0.10 each	103	10	103	10
'D' Ordinary shares of £0.10 each	8	1	8	1
	<u>503</u>	<u>50</u>	<u>503</u>	<u>50</u>

Share rights

All shares are entitled to dividends at the discretion of the board.

The rights to capital attached to the shares are as laid out in the Articles of Association as adopted on 14th July 2009.

The holders of 'A' Ordinary, 'C' Ordinary and 'D' Ordinary Shares are not entitled to any voting rights.

21. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

22. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	£	£
Not later than 1 year	114,125	846,268
Later than 1 year and not later than 5 years	6,769,733	2,595,829
Later than 5 years	1,906,933	2,331,497
	<u>8,790,791</u>	<u>5,773,594</u>

23. Related party transactions

The company entered into transactions with its parent company Grainger Games (Holdings) Limited during the year and has taken exemption from disclosure of these transactions under Section 33 of FRS 102.

GRAINGER GAMES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 26th March 2016

24. Controlling party

The ultimate parent company is Grainger Games (Holdings) Limited, a company registered in England and Wales, which owns 100% of the ordinary share capital of the company.

Grainger Games (Holdings) Limited has included the company in its group accounts, copies of which are available from Unit 4, North Tyneside Industrial Estate, Whitley Road, Benton, Newcastle upon Tyne, NE12 9SZ.

25. Ultimate controlling party

In the opinion of the directors, S. Bowyer is the ultimate controlling party in his capacity as Managing Director and holder of the majority of voting rights in the company's parent, Grainger Games (Holdings) Limited.

26. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 30th March 2014.

No transitional adjustments were required in equity or profit or loss for the year.