

Company Registration No. 05260718 (England and Wales)

**YOYO GAMES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2015**



# **YOYO GAMES LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr A Ambrose (Appointed 13 February 2015) Mr J Schlachter (Appointed 13 February 2015)
<b>Secretary</b>	Mr B Moore
<b>Company number</b>	05260718
<b>Registered office</b>	Fourth Floor 61 Southwark Street London SE1 0HL
<b>Auditors</b>	BDO LLP 55 Baker Steet London W1U 7EU
<b>Bankers</b>	Barclays Bank plc 8 Marketplace Basingstoke RG21 7QB

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# YOYO GAMES LIMITED

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# **YOYO GAMES LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 31 DECEMBER 2015**

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The directors present their annual report and financial statements for the Period ended 31 December 2015.

#### **Principal activities**

The principal activity of the company continued to be that of development and distribution of fully internet based games.

#### **Results and dividends**

The results for the Period are set out on page 5.

During the year the company transitioned from United Kingdom Generally Accepted Accounting Practice (UK GAAP) to FRS 101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, Playtech plc, was notified of and did not object to the use of EU-Adopted IFRS disclosure exemptions. There was one material change in this adoption of the new standard with development costs now being capitalised on the balance sheet. The treatment under UK GAAP saw these costs being written off to the profit and loss account in the period they were incurred.

The directors do not recommend payment of an ordinary dividend.

#### **Directors**

The directors, who served throughout the Period except as noted, were as follows:

Mr A Ambrose	(Appointed 13 February 2015)
Mr J Schlachter	(Appointed 13 February 2015)
Mr A Duncan	(Resigned 13 February 2015)
Mr J North-Hearn	(Resigned 13 February 2015)
Mr S Hyman	(Resigned 13 February 2015)
Mr M Cassius	(Resigned 13 February 2015)

#### **Auditors**

BDO LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

## **YOYO GAMES LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **FOR THE PERIOD ENDED 31 DECEMBER 2015**

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##### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 to auditors**

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Mr A Ambrose

Director

28/09/2016

# **YOYO GAMES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF YOYO GAMES LIMITED**

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We have audited the financial statements of YoYo Games Limited for the Period ended 31 December 2015 which comprise the Income Statement, the Statement Of Financial Position, the Statement of Changes in Equity and the related notes. 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

#### **Respective responsibilities of directors and auditors**

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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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 31 December 2015 and of its loss for the Period 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.

#### **Other matters**

The company's financial statements for the year ended 31 October 2014 were exempt from audit and consequently the corresponding figures are unaudited.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

# **YOYO GAMES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (continued)**

### **TO THE MEMBERS OF YOYO GAMES LIMITED**

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#### **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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from preparing a strategic report.



**Matthew White**  
**(Senior Statutory Auditor)**  
for and on behalf of BDO LLP

28 September 2016

**Chartered Accountants**  
**Statutory Auditor**

55 Baker Street  
London  
W1U 7EU

BDO LLP is a limited liability partnership registered in England and Wales  
(with registration number OC305127)

# YOYO GAMES LIMITED

## INCOME STATEMENT

### FOR THE PERIOD ENDED 31 DECEMBER 2015

		Period ended 31 December 2015 £	Year ended 31 October 2014 £
	Notes		
Revenue	4	2,189,662	2,004,401
Cost of sales		(157,873)	(60,237)
<b>Gross profit</b>		<b>2,031,789</b>	<b>1,944,164</b>
Administrative expenses		(2,254,721)	(1,772,171)
Other operating income		7,107	29,217
<b>Operating (loss)/profit</b>	5	<b>(215,825)</b>	<b>201,210</b>
Investment income	9	157	-
<b>(Loss)/profit before taxation</b>		<b>(215,668)</b>	<b>201,210</b>
Tax on (loss)/profit on ordinary activities	10	55,757	54,177
<b>(Loss)/profit for the financial Period</b>	21	<b>(159,911)</b>	<b>255,387</b>
<b>Total comprehensive (expenditure)/income for the period</b>		<b>(159,911)</b>	<b>255,387</b>

The income statement has been prepared on the basis that all operations are continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

# YOYO GAMES LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015 AND 31 OCTOBER 2014

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Intangible assets	11	907,298	-
Property, plant and equipment	12	86,869	138,930
		<u>994,167</u>	<u>138,930</u>
<b>Current assets</b>			
Trade and other receivables	13	258,577	408,884
Cash at bank and in hand		554,708	66,728
		<u>813,285</u>	<u>475,612</u>
<b>Creditors: amounts falling due within one year</b>			
Borrowings	14	798,169	34,413
Trade creditors and other payables	15	746,011	214,923
		<u>1,544,180</u>	<u>249,336</u>
<b>Net current (liabilities)/assets</b>		<u>(730,895)</u>	<u>226,276</u>
<b>Total assets less current liabilities</b>		<u>263,272</u>	<u>365,206</u>
<b>Provisions for liabilities</b>			
Deferred tax liabilities	16	5,518	14,664
<b>Net assets</b>		<u>257,754</u>	<u>350,542</u>
<b>Capital and reserves</b>			
Called up share capital	19	2,388	2,200
Share premium account	20	325,735	258,800
Profit and loss account	21	(70,369)	89,542
<b>Total equity</b>		<u>257,754</u>	<u>350,542</u>

**YOYO GAMES LIMITED**

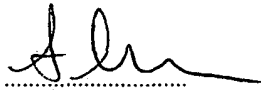
**STATEMENT OF FINANCIAL POSITION (continued)**

**AS AT 31 DECEMBER 2015 AND 31 OCTOBER 2014**

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These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of directors and authorised for issue on 28/09/2016  
Signed on its behalf by:



Mr A Ambrose  
Director

**Company Registration No. 05260718**

**YOYO GAMES LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD ENDED 31 DECEMBER 2015**

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	<b>Share capital</b>	<b>Share premium account</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 November 2013	2,200	258,800	(165,845)	95,155
	<hr/>	<hr/>	<hr/>	<hr/>
Profit for the period	-	-	255,387	255,387
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	255,387	255,387
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 October 2014	<b>2,200</b>	<b>258,800</b>	<b>89,542</b>	<b>350,542</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Loss for the period	-	-	(159,911)	(159,911)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	(159,911)	(159,911)
Issue of share capital (note 18)	<b>188</b>	<b>66,935</b>	-	<b>67,123</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	<b>2,388</b>	<b>325,735</b>	<b>(70,369)</b>	<b>257,754</b>
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# **YOYO GAMES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company has transitioned to FRS 101 from previously extant UK Generally Accepted Accounting Practice for all periods presented. Transition tables showing all material adjustments are disclosed in the notes to the financial statements as necessary. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The Company changed its year end from 31 October to 31 December to align itself to the group following its acquisition in the period.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

# YOYO GAMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE PERIOD ENDED 31 DECEMBER 2015

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#### 1 Accounting policies (continued)

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations.
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Playtech plc. The group accounts of Playtech plc are available to the public and can be obtained from [www.playtech.com](http://www.playtech.com)

#### 1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources together with the ongoing financial support of Playtech Services (Cyprus) Limited to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

# YOYO GAMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE PERIOD ENDED 31 DECEMBER 2015

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#### 1 Accounting policies (continued)

##### 1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue for the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### 1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	20% straight line
Fixtures & fittings	20% straight line
Computer equipment	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

##### 1.5 Intangible assets

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- It is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the company is able to sell the product
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the company expects to benefit from selling the products developed, which is 36 months from launch.

The amortised expense is included within the statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the statement of comprehensive income as incurred.

# **YOYO GAMES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **FOR THE PERIOD ENDED 31 DECEMBER 2015**

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#### **1 Accounting policies (continued)**

##### **1.6 Impairment of tangible and intangible assets**

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### **1.7 Fair value measurement**

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

##### **1.8 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# YOYO GAMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE PERIOD ENDED 31 DECEMBER 2015

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#### 1 Accounting policies (continued)

##### 1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

##### *Loans and receivables*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### *Impairment of financial assets*

Financial assets, other than those at held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### 1.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

# YOYO GAMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE PERIOD ENDED 31 DECEMBER 2015

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#### 1 Accounting policies (continued)

##### Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

##### Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# **YOYO GAMES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **FOR THE PERIOD ENDED 31 DECEMBER 2015**

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#### **1 Accounting policies (continued)**

##### **1.13 Employee benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **1.14 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

##### **1.15 Grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

##### **1.16 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

# **YOYO GAMES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **FOR THE PERIOD ENDED 31 DECEMBER 2015**

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#### **2 Adoption of new and revised standards and changes in accounting policies**

For all periods up to and including the year ended 31 October 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 November 2013 and the significant accounting policies meeting those requirements are described in note 1.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 November 2013, the Company's date of transition to FRS101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 November 2013 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 October 2014. On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

#### **Exemptions Applied**

IFRS 1 allows first-time adopters certain exemptions from the general requirements to apply IFRS as effective for December 2015 year ends retrospectively. The Company has taken advantage of the following exemptions.

# **YOYO GAMES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **FOR THE PERIOD ENDED 31 DECEMBER 2015**

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#### **3 Critical accounting estimates and judgements**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### **Critical judgements**

##### **Impairment of goodwill and other intangibles**

The company is required to test, on an annual basis, whether intangible assets not yet in use and indefinite life assets have suffered any impairment. The company is required to test other intangibles if events of changes in circumstances indicated that their carrying amount may not be recoverable. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Such estimates are based on management's experience of the business, but actual outcomes may vary. More details including carrying values are included in note 11.

##### **Amortisation of development costs and other intangible assets and the useful life of property, plant and equipment**

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness.

Changes to estimates can result in significant variations in the amounts charged to the income statement in specific periods.

# YOYO GAMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE PERIOD ENDED 31 DECEMBER 2015

#### 4 Revenue

An analysis of the company's revenue is as follows:

	Period ended 31 December 2015 £	Year ended 31 October 2014 £
Sales of Gamemaker software	2,189,662	2,004,401
Other operating income	7,107	29,217
Interest income	157	-
	<u>2,196,926</u>	<u>2,033,618</u>

#### Geographical market

	Turnover 2015 £	2014 £
UK	159,112	156,808
Europe	242,296	257,460
North America	1,091,912	973,670
Rest of the world	696,342	616,163
	<u>2,189,662</u>	<u>2,004,101</u>

# YOYO GAMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE PERIOD ENDED 31 DECEMBER 2015

	Period ended 31 December 2015 £	Year ended 31 October 2014 £
<b>5 Loss for the period</b>		
Loss for the period is stated after charging/(crediting):		
Government grants	(7,014)	(29,217)
Depreciation of property, plant and equipment	66,859	53,203
Loss on disposal of property, plant and equipment	-	1,669
Amortisation of intangible assets	8,498	93,197
Cost of inventories recognised as an expense	157,873	60,237
Staff costs	1,397,232	955,341

#### 6 Auditors' remuneration

The analysis of auditor's remuneration is as follows:

	Period ended 31 December 2015 £	Year ended 31 October 2014 £
Fees payable to the company's auditors for the audit of the company's annual accounts	7,000	-

# YOYO GAMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE PERIOD ENDED 31 DECEMBER 2015

#### 7 Employees

The average monthly number of employees (including non-executive directors) were:

	<b>Period ended 31 December 2015 Number</b>	<b>Year ended 31 October 2014 Number</b>
Admin	6	6
Development	17	17
Sales	7	7
	<b>30</b>	<b>30</b>

Their aggregate remuneration comprised:

#### Employment costs

	<b>Period ended 31 December 2015 £</b>	<b>Year ended 31 October 2014 £</b>
Wages and salaries	1,209,265	868,463
Social security costs	147,997	86,878
Pension costs	39,970	-
	<b>1,397,232</b>	<b>955,341</b>

# YOYO GAMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE PERIOD ENDED 31 DECEMBER 2015

8	Directors' remuneration	2015 £	2014 £
	Remuneration for qualifying services	<u>464,313</u>	<u>-</u>

The number of directors who exercised share options during the Period was 4 (2014 - 0). The gain on the options exercised was £6,499,735 (2014 - £Nil).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>454,313</u>	<u>-</u>
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The highest paid director has exercised share options during the Period.

	Period ended 31 December 2015 £	Year ended 31 October 2014 £
9 Investment income		
Interest income		
Bank deposits	<u>157</u>	<u>-</u>
	<u>157</u>	<u>-</u>

Total interest income for financial assets that are not a fair value through profit or loss is £157 (2014 - £Nil).

# YOYO GAMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE PERIOD ENDED 31 DECEMBER 2015

#### 10 Income tax expense

	Period ended 31 December 2015 £	Year ended 31 October 2014 £
<b>Corporation tax</b>		
Current year	(47,596)	-
Adjustments in respect of prior periods	985	(52,902)
	<u>(46,611)</u>	<u>(52,902)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(9,146)	(2,067)
Adjustment in respect of prior periods	-	792
	<u>(9,146)</u>	<u>(1,275)</u>
Total tax charge	<u><u>(55,757)</u></u>	<u><u>(54,177)</u></u>

The charge for the Period can be reconciled to the (loss)/profit per the income statement as follows:

(Loss)/profit before taxation on continued operations	<u><u>(215,668)</u></u>	<u><u>201,210</u></u>
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2014 - 20.00%)	<u>(43,134)</u>	<u>40,242</u>
<b>Taxation impact of factors affecting tax charge:</b>		
Expenses not deductible in determining taxable profit	2,771	2,229
Utilisation of tax losses not previously recognised	-	(46,964)
Unutilised tax losses carried forward	186,225	-
Capital allowances in excess of depreciation	2,831	2,426
Under/(over) provided in prior years	985	(52,902)
Deferred tax adjustments in respect of prior years	-	792
Share scheme deduction	(169,791)	-
R&D expenditure credits	<u>(35,644)</u>	<u>-</u>
Total adjustments	<u>(12,623)</u>	<u>(94,419)</u>
Tax charge for the period	<u><u>(55,757)</u></u>	<u><u>(54,177)</u></u>

**YOYO GAMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE PERIOD ENDED 31 DECEMBER 2015****10 Income tax expense (continued)**

There are unrelieved tax losses in the year of £931,125 and total tax losses carried forward of £1,456,789 (2014 - £525,664)

**11 Intangible fixed assets**

	Software	Development	Total
	£	Costs £	£
<b>Cost</b>			
At 31 October 2014	669,395	-	669,395
Additions - internally generated	-	915,796	915,796
At 31 December 2015	669,395	915,796	1,585,191
<b>Amortisation/impairment</b>			
At 31 October 2014	669,395	-	669,395
Charge for the year	-	8,498	8,498
At 31 December 2015	669,395	8,498	677,893
<b>Carrying amount</b>			
At 31 December 2015	-	907,298	907,298

There was one material intangible asset at the balance sheet date relating to the company's development of GameMaker 2, due for launch in 2016. The carrying amount of this asset is £812,551 and will be amortised following its launch. The directors best estimate of the product life cycle is 36 months and therefore the development costs have been amortised on a straight line basis over this period from launch.

# YOYO GAMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE PERIOD ENDED 31 DECEMBER 2015

#### 12 Property, plant and equipment

	Leasehold improvements	Fixtures & fittings	Computer equipment	Total
	£	£	£	£
<b>Cost</b>				
At 31 October 2014	60,640	84,715	111,160	256,515
Additions	-	47	14,751	14,798
At 31 December 2015	60,640	84,762	125,911	271,313
<b>Accumulated depreciation</b>				
At 31 October 2014	16,171	29,528	71,886	117,585
Charge for the Period	14,153	24,823	27,883	66,859
At 31 December 2015	30,324	54,351	99,769	184,444
<b>Carrying amount</b>				
At 31 December 2015	30,316	30,411	26,142	86,869
At 31 October 2014	44,469	55,187	39,274	138,930

#### 13 Trade and other receivables

	2015	2014
	£	£
Trade receivables	152,636	107,608
Other receivables	22,883	168,721
Corporation tax recoverable	37,728	52,902
VAT recoverable	27,331	8,344
Prepayments	17,999	71,309
	258,577	408,884

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

# YOYO GAMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE PERIOD ENDED 31 DECEMBER 2015

<b>14 Borrowings</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Directors' loans	-	34,413
Loans from fellow group undertakings	<b>798,169</b>	-
	<u><u>798,169</u></u>	<u><u>-</u></u>

#### Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Current liabilities	<b>798,169</b>	34,413
	<u><u>798,169</u></u>	<u><u>34,413</u></u>

#### 15 Trade and other payables

	<b>Current</b>	
	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Trade payables	<b>23,342</b>	57,091
Amounts due to related parties	-	14,705
Accruals	<b>688,640</b>	80,825
Other payables	<b>7,127</b>	9,083
Taxation and social security	<b>26,902</b>	53,219
	<u><u>746,011</u></u>	<u><u>214,923</u></u>

# YOYO GAMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE PERIOD ENDED 31 DECEMBER 2015

#### 16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £	Tax losses £	Total £
Deferred tax liability at 1 November 2013	15,939		15,939
<b>Deferred tax movements in prior year</b>			
Credit to profit or loss	(2,067)	-	(2,067)
Effect of change in tax rate - profit or loss	792	-	792
Deferred tax liability at 1 November 2014	14,664	-	14,664
<b>Deferred tax movements in current year</b>			
Credit to profit or loss	(9,146)	-	(9,146)
Deferred tax liability at 31 December 2015	5,518	-	5,518

#### 17 Retirement benefit schemes

##### Defined contribution schemes

The total costs charged to income in respect of defined contribution plans is £39,970 (2014 - £Nil). At the 31 December 2015, £7,027 (2014 - £Nil) was owed to the plan and this is included within other payables.

# YOYO GAMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE PERIOD ENDED 31 DECEMBER 2015

#### 18 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2015 Shares	2014 Shares	2015 £	2014 £
Outstanding at 1 November 2014	187,750	138,250	0.37	0.46
Granted	-	53,500	-	0.12
Forfeited	-	(4,000)	-	(0.33)
Exercised	(187,750)	-	0.37	-
Outstanding at 31 December 2015	-	187,750	-	0.25

The weighted average share price at the date of exercise for share options exercised during the Period was £4.54 (2014 - £0).

The options outstanding at 31 December 2014 had an exercise price ranging from £0.12 to £0.46 and a remaining contractual life of 8 years.

19 Share capital	2015 £	2014 £
<b>Ordinary share capital</b>		
<b>Authorised, issued and fully paid</b>		
2,200,000 Ordinary shares of 0.1p each	2,200	2,200
188,000 Ordinary A shares of 0.1p each	188	-
	<u>2,388</u>	<u>2,200</u>

During the period ended 31 December 2015, 187,750 (2014 - £Nil) share options with a nominal value of 0.1p each were exercised for a consideration of £187,750 which resulted in a increase of issued and fully paid Ordinary A shares capital of £187.75 (2014 - £Nil).

# YOYO GAMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE PERIOD ENDED 31 DECEMBER 2015

#### 20 Share premium account

	£
At 1 November 2013	258,800
At 31 December 2014	258,800
Other movements	66,935
At 31 December 2015	325,735

Other movements in the period represents share premium in relation to the share options exercised. The total consideration for the £187,750 allotted shares was £67,123.

#### 21 Retained earnings

	£
At 1 November 2013	(165,845)
Profit for the period	255,387
At 31 December 2014	89,542
Loss for the period	(159,911)
At 31 December 2015	(70,369)

The nature and purpose of each reserve is as follows:

Share Capital - Nominal value of share capital subscribed for.

Share premium - Amount subscribed for share capital in excess of nominal.

Retained earnings - All other net gains and losses and transactions with owners not recognised elsewhere.

#### 22 Operating leases commitments

##### Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2015	2014
	£	£
Minimum lease payments under operating leases	(263,901)	(148,945)

## YOYO GAMES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE PERIOD ENDED 31 DECEMBER 2015

#### 22 Operating leases commitments (continued)

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Within one year	164,191	147,715	6,221	-
Between two and five years	232,604	381,597	5,054	-
	<u>396,795</u>	<u>529,312</u>	<u>11,275</u>	<u>-</u>

#### 23 Transition to FRS 101

This is the first time the company has adopted FRS101 having previously applied applicable UK accounting standards. The date of transition was 1 November 2013

Other than the adoption of the reduced disclosures there was no material effect of applying FRS101 for the first time. The disclosure exemptions adopted are included in note 1 to the financial statements.

#### 24 Related party transactions

A loan from a former shareholder was repaid during the year leaving a balance at 31 December 2015 of £Nil (2014 - £14,705).

An exemption, under FRS 101, from disclosing transactions with companies in the same group has been claimed.

No guarantees have been given or received.

## YOYO GAMES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE PERIOD ENDED 31 DECEMBER 2015

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#### 25 Directors' transactions

The following transactions took place with Directors in the year:-

The company provided loans to Mr A Duncan of £Nil (2014 - £176,584) and received repayments of £164,796 (2014 - £Nil). The balance due from Mr A Duncan at the year end was £Nil (2014 - £164,796).

The company received loans from Mr J North-Hearn of £Nil (2014 - £Nil) and repaid loans of £11,152 (2014 - £Nil). The balance due to Mr J North-Hearn at the year end was £Nil (2014 - £11,152).

The company received loans from Mr S Hyman of £Nil (2014 - £Nil) and repaid loans of £22,339 (2014 - £Nil). The balance due to Mr S Hyman at the year end was £Nil (2014 - £22,339).

The company received loans from Mr M Cassius of £Nil (2014 - £Nil) and repaid loans of £Nil (2014 - £35,000). The balance due to Mr M Cassius at the year end was £Nil (2014 - £Nil).

#### 26 Controlling party

The company is wholly owned by Playtech Services (Cyprus) Limited, a company incorporated in Cyprus. The accounts of the parent company can be obtained from 3 Athinodorou Street, Dasoupolis, Strovolos 2025, Nicosia, Cyprus.

The ultimate parent company is Playtech Plc, a company incorporated in the Isle of Man. Playtech Plc is listed on the London Stock Exchange Main Market and copies of its consolidated financial statements may be obtained from the group's website ([www.playtech.com](http://www.playtech.com)). The smallest and largest group in which the company's results are consolidated is that headed by Playtech Plc.

#### 27 Subsidiaries

Details of the company's subsidiaries at 31 December 2015 are as follows:

	<b>Country of incorporation (or residence)</b>	<b>Proportion of ownership interest (%)</b>	<b>Proportion of voting power held (%)</b>	<b>Nature of business</b>
Yoyo Games USA Inc	USA	100	100	Dormant company

The financial statement of Yoyo Games USA Inc are not consolidated into the accounts of Yoyo Games Limited on the basis it is small group and appropriate exemptions have been applied. The accounts of this subsidiary are incorporated into the accounts of the ultimate parent company Playtech Plc.