

**Company Registration No. 05260718 (England and Wales)**

**YoYo Games Limited**

**Annual report and Financial Statements**

**for the year ended 31 December 2018**

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**YOYO GAMES LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	Mr J Schlachter Mr P Gilbert (Appointed 31 August 2018)
<b>Secretary</b>	Mr B Moore
<b>Company number</b>	05260718
<b>Registered office</b>	Mid City Place 71 High Holborn London WC1V 6DA
<b>Auditor</b>	BDO LLP 55 Baker Street 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 YEAR ENDED 31 DECEMBER 2018**

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The directors present their annual report and financial statements for the year ended 31 December 2018.

#### **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 year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2017 - £Nil).

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J Schlachter

Mr P Gilbert

Mr A Ambrose

(Appointed 31 August 2018)

(Resigned 31 August 2018)

#### **Auditor**

In accordance with section 485 of the Companies Act 2006, a resolution proposing that BDO LLP be reappointed as auditor of the company will be put at a General Meeting.

#### **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.

**YOYO GAMES LIMITED**

**DIRECTORS' REPORT (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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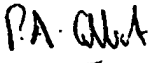
**Statement of disclosure to auditor**

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 P Gilbert

**Director**

14 August 2019

## **YOYO GAMES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT**

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

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#### **Opinion**

We have audited the financial statements of YoYo Games Limited (the 'company') for the year ended 31 December 2018 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **YOYO GAMES LIMITED**

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

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

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

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

**YOYO GAMES LIMITED**


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

**TO THE MEMBERS OF YOYO GAMES LIMITED**

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**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.



**Dominic Stammers (Senior Statutory Auditor)**  
**for and on behalf of BDO LLP, statutory auditor**  
**55 Baker Street**  
**London**  
**W1U 7EU**

14 August 2019

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



**YOYO GAMES LIMITED****INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
<b>Revenue</b>	<b>3</b>	<b>2,743,184</b>	<b>3,380,699</b>
Cost of sales		(167,505)	(249,362)
<b>Gross profit</b>		<b>2,575,679</b>	<b>3,131,337</b>
Administrative expenses		(3,113,502)	(3,419,491)
Other operating income		-	1,164
<b>Operating loss</b>	<b>4</b>	<b>(537,823)</b>	<b>(286,990)</b>
Finance costs	<b>6</b>	(11,838)	(11,835)
<b>Loss before taxation</b>		<b>(549,661)</b>	<b>(298,825)</b>
Tax on loss	<b>7</b>	(81,779)	128,306
<b>Loss and total comprehensive income for the financial year</b>	<b>17</b>	<b>(631,440)</b>	<b>(170,519)</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 2018**

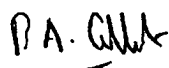
	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	8	1,317,126	1,893,625
Property, plant and equipment	9	49,851	44,259
		<u>1,366,977</u>	<u>1,937,884</u>
<b>Current assets</b>			
Trade and other receivables	10	129,145	185,526
Current tax recoverable		25,104	93,261
Cash at bank and in hand		644,076	889,843
		<u>798,325</u>	<u>1,168,630</u>
<b>Creditors: amounts falling due within one year</b>			
Inter-company borrowings	11	1,530,060	22,653
Trade and other payables	12	80,647	2,056,255
Taxation and social security		80,364	38,687
		<u>1,691,071</u>	<u>2,117,595</u>
<b>Net current liabilities</b>		<u>(892,746)</u>	<u>(948,965)</u>
<b>Total assets less current liabilities</b>		<u>474,231</u>	<u>988,919</u>
<b>Provisions for liabilities</b>			
Deferred tax liabilities	13	217,853	101,101
<b>Net assets</b>		<u>256,378</u>	<u>887,818</u>

**YOYO GAMES LIMITED****STATEMENT OF FINANCIAL POSITION (continued)****AS AT 31 DECEMBER 2018**

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	Notes	2018 £	2017 £
<b>Equity</b>			
Called up share capital	15	2,388	2,388
Share premium account	16	325,735	325,735
Retained earnings	17	(71,745)	559,695
<b>Total equity</b>		<u>256,378</u>	<u>887,818</u>

The financial statements were approved by the board of directors and authorised for issue on 14 August 2019 and are signed on its behalf by:



Mr P Gilbert  
Director

Company Registration No. 05260718

**YOYO GAMES LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital	Share premium account	Retained earnings	Total
	£	£	£	£
<b>Balance at 1 January 2017</b>	2,388	325,735	730,214	1,058,337
<b>Year ended 31 December 2017:</b>				
Loss and total comprehensive income for the year	-	-	(170,519)	(170,519)
<b>Balance at 31 December 2017</b>	2,388	325,735	559,695	887,818
<b>Year ended 31 December 2018:</b>				
Loss and total comprehensive income for the year	-	-	(631,440)	(631,440)
<b>Balance at 31 December 2018</b>	2,388	325,735	(71,745)	256,378

# YOYO GAMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

##### Company information

YoYo Games Limited is a private company limited by shares incorporated in England and Wales. The registered office is Mid City Place, 71 High Holborn, London, WC1V 6DA.

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

The Company adopted IFRS 9 and IFRS 15 with a transition date of 1 January 2018. As a result of the adoption of IFRS 15 the revenue accounting policy has been updated. As a result of the adoption of IFRS 9 the Company has updated its receivable provision policy for expected credit losses however this has not had a significant impact on the Company's results; there have been no other changes to the accounting for other financial assets or liabilities. The Company has chosen not to restate comparatives on adoption of IFRS 9 or IFRS 15.

IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have not had a material impact on the transition date and accordingly no transition adjustments have been required. The information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not been applied to comparative information.

IFRS 15 did not have a significant impact on the Company's accounting policies with respect to other revenue streams. For the description of the principal revenue streams and their respective accounting treatments, refer below. Changes to policies due to the adoption of IFRS 9 are disclosed below.

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 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 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 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.

## **YOYO GAMES LIMITED**

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

#### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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

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.

#### **1.3 Revenue**

Revenue from the sale of goods is recognised on completion of the performance obligation, which is typically on delivery of the software, at which time control of the goods have passed to the buyer, the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from contracts for the provision of software development is recognised on completion of the performance obligation, which is typically on the completion and launch of the software. Revenues relating to management and integration fees are recognised at a point in time in the period they relate

#### **1.4 Intangible assets other than goodwill**

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.

#### **1.5 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	25% - 33% 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.

# **YOYO GAMES LIMITED**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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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) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Bank interest accruing on capital borrowed to fund the production of long term contracts is carried forward within long term contract balances.

##### **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.

##### **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.

##### **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.

# **YOYO GAMES LIMITED**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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

Financial assets held at amortised cost (previously loans and receivables until 31 December 2017)

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as financial assets held at amortised cost (previously loans and receivables until 31 December 2017). 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 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.

#### **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.



# **YOYO GAMES LIMITED**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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

##### **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.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.14 Retirement benefits**

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

#### **1.15 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.

## **YOYO GAMES LIMITED**

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

#### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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

##### **1.16 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.

##### **1.17 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.

#### **2 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 YEAR ENDED 31 DECEMBER 2018****2 Critical accounting estimates and judgements (continued)****Capitalisation of internally generated intangible assets**

Expenditure on internally developed products is capitalised when the costs meet the below requirements:

- adequate resources are available to complete and sell the product
- the Company is able to sell the product
- sale of the product will generate future economic benefits
- expenditure on the project can be measured reliably

Significant judgement is involved where the costs relate to early stages of software development or where future economic benefit is uncertain.

Where costs meet the above criteria they are capitalised under intangible assets.

**3 Revenue**

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

	2018 £	2017 £
<b>Revenue analysed by class of business</b>		
Sales of Gamemaker software	2,436,252	2,601,388
Development services	306,932	779,311
	<u>2,743,184</u>	<u>3,380,699</u>
	2018 £	2017 £
<b>Other significant revenue</b>		
Grants received	-	1,164
	<u>-</u>	<u>1,164</u>
	2018 £	2017 £
<b>Revenue analysed by geographical market</b>		
UK	114,273	140,483
Europe	603,243	1,082,930
North America	1,597,991	1,867,691
Rest of the world	427,677	289,595
	<u>2,743,184</u>	<u>3,380,699</u>

The Company had no material remaining performance obligations at the balance sheet date.

**YOYO GAMES LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**4 Operating loss**

	2018 £	2017 £
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	80,816	122,688
Research and development costs	34,285	52,753
Government grants	-	(1,164)
Fees payable to the company's auditor for the audit of the company's financial statements	10,433	8,947
Depreciation of property, plant and equipment	32,116	39,252
Amortisation of intangible assets	806,252	660,334
	<u>806,252</u>	<u>660,334</u>

**5 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Admin	5	5
Development	18	18
Sales	7	6
	<u>30</u>	<u>29</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	1,409,232	1,791,012
Social security costs	144,512	199,720
Pension costs	115,515	100,386
	<u>1,669,259</u>	<u>2,091,118</u>
Amounts capitalised in year	(208,418)	(250,454)
	<u>1,460,841</u>	<u>1,840,664</u>

**6 Finance costs**

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	11,838	11,835
	<u>11,838</u>	<u>11,835</u>

**YOYO GAMES LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**7 Income tax expense**

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(25,105)	(34,682)
Adjustments in respect of prior periods	(9,868)	(43,050)
<b>Total UK current tax</b>	<u>(34,973)</u>	<u>(77,732)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	117,536	(60,446)
Adjustment in respect of prior periods	(784)	9,872
	<u>116,752</u>	<u>(50,574)</u>
<b>Total tax charge/(credit)</b>	<u>81,779</u>	<u>(128,306)</u>

The charge for the year can be reconciled to the loss per the income statement as follows:

	2018 £	2017 £
Loss before taxation	<u>(549,661)</u>	<u>(298,825)</u>
Expected tax credit based on a corporation tax rate of 19%	(104,436)	(56,777)
Effect of expenses not deductible in determining taxable profit	1,173	1,091
Unutilised tax losses carried forward	228,143	-
Adjustment in respect of prior years	(9,868)	(43,050)
Effect of change in UK corporation tax rate	6,929	284
Other non-reversing timing differences	23,491	69,446
Deferred tax adjustments in respect of prior years	(784)	9,872
R&D expenditure credits	<u>(62,869)</u>	<u>(109,172)</u>
<b>Taxation charge/(credit) for the year</b>	<u>81,779</u>	<u>(128,306)</u>

Tax losses brought forward of £Nil were utilised in the year (2017 - £Nil). There were unrelieved tax losses in the year of £1,200,752 (2017 - £Nil) and total tax losses carried forward of £1,200,752 (2017 - £Nil).

**YOYO GAMES LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**8 Intangible fixed assets**

	Software	Development	Total
	£	Costs	£
<b>Cost</b>			
At 31 December 2017	669,395	2,579,455	3,248,850
Additions - internally generated	-	229,753	229,753
At 31 December 2018	669,395	2,809,208	3,478,603
<b>Amortisation and impairment</b>			
At 31 December 2017	669,395	685,830	1,355,225
Charge for the year	-	806,252	806,252
At 31 December 2018	669,395	1,492,082	2,161,477
<b>Carrying amount</b>			
At 31 December 2018	-	1,317,126	1,317,126
At 31 December 2017	-	1,893,625	1,893,625

There was one material intangible asset at the balance sheet date relating to the company's development of GameMaker 2, which was launched in the first quarter of 2017. The directors best estimate of the product life cycle is 36 months and therefore the development costs are amortised on a straight line basis over this period from launch. This asset was subject to impairment review under IAS36. The recoverable amount was based on value in use calculations.

**YOYO GAMES LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**9 Property, plant and equipment**

	Leasehold improvements £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 31 December 2017	60,640	98,302	160,928	319,870
Additions	11,466	-	26,242	37,708
Disposals	(60,640)	(14,452)	(109,932)	(185,024)
At 31 December 2018	11,466	83,850	77,238	172,554
<b>Accumulated depreciation and impairment</b>				
At 31 December 2017	54,580	86,659	134,372	275,611
Charge for the year	7,592	4,929	19,595	32,116
Eliminated on disposal	(60,640)	(14,452)	(109,932)	(185,024)
At 31 December 2018	1,532	77,136	44,035	122,703
<b>Carrying amount</b>				
At 31 December 2018	9,934	6,714	33,203	49,851
At 31 December 2017	6,060	11,643	26,556	44,259

**10 Trade and other receivables**

	2018 £	2017 £
Trade receivables	-	82,630
Other receivables	37,154	26,479
VAT recoverable	-	8,666
Amounts due from fellow group undertakings	34,682	-
Accrued income	47,434	51,755
Prepayments	9,875	15,996
	<u>129,145</u>	<u>185,526</u>

**YOYO GAMES LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**11 Inter-company borrowings**

	2018 £	2017 £
<b>Unsecured borrowings at amortised cost</b>		
Loans from fellow group undertakings	<b>1,530,060</b>	<b>22,653</b>

**Analysis of borrowings**

Borrowings are classified based on the contractual payment terms agreed with the counterparty and are as follows:

	2018 £	2017 £
<b>Current liabilities</b>	<b>1,530,060</b>	<b>22,653</b>

**12 Trade and other payables**

	Current 2018 £	2017 £
Trade payables	20,375	15,586
Accruals	49,391	2,017,706
Other payables	10,881	22,963
	<b>80,647</b>	<b>2,056,255</b>



**YOYO GAMES LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**13 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	Retention bonus	Development costs	Total
	£	£	£	£	£
Deferred tax liability at 1 January 2017	(549)	(9,873)	(217,948)	380,045	151,675
<b>Deferred tax movements in prior year</b>					
Credit to profit or loss	(2,318)	9,873	-	(58,129)	(50,574)
Deferred tax liability at 1 January 2018	(2,867)	-	(217,948)	321,916	101,101
<b>Deferred tax movements in current year</b>					
Credit to profit or loss	(2,227)	-	216,984	(98,005)	116,752
Deferred tax liability at 31 December 2018	(5,094)	-	(964)	223,911	217,853

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2018 £	2017 £
Deferred tax liabilities	<u>217,853</u>	<u>101,101</u>

At the reporting end date the company has unused tax losses of £1,200,752 (2017 - £Nil) available for offset against future profits. A deferred tax asset of £Nil (2017 - £Nil) has been recognised in respect of these losses.

**14 Retirement benefit schemes**

**Defined contribution schemes**

The total costs charged to income in respect of defined contribution plans is £115,515 (2017 - £100,386). At the 31 December 2018, £8,416 (2017 - £9,031) was owed to the plan and this is included within other payables.

**YOYO GAMES LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>15 Share capital</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Ordinary share capital</b>		
Issued and fully paid		
2,200,000 Ordinary shares of 0.1p each	<b>2,200</b>	2,200
188,000 Ordinary A shares of 0.1p each	<b>188</b>	188
	<b>2,388</b>	2,388

Each ordinary share carries one vote and is entitled to participate pari passu with other ordinary shares in any dividend or capital contribution.

Each ordinary A share carries one vote and is entitled to participate pari passu with other ordinary shares in any dividend or capital contribution.

<b>16 Share premium account</b>	<b>2018 £</b>	<b>2017 £</b>
At beginning and end of year	<b>325,735</b>	<b>325,735</b>

<b>17 Retained earnings</b>	<b>2018 £</b>	<b>2017 £</b>
At the beginning of the year	<b>559,695</b>	730,214
Loss for the year	<b>(631,440)</b>	(170,519)
At the end of the year	<b>(71,745)</b>	559,695

The nature and purpose of each reserve is as follows:

Share capital - the nominal value of share capital subscribed for.

Share premium - the amount subscribed for share capital in excess of the nominal value.

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

**YOYO GAMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2018****18 Operating lease commitments****Lessee**

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

	2018 £	2017 £
Minimum lease payments under operating leases	<u>96,717</u>	<u>75,385</u>

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:

	2018 £	2017 £
Within one year	99,829	114,407
Between two and five years	333,266	424,600
In over five years	-	35,383
	<u>433,095</u>	<u>574,390</u>

**19 Subsidiaries**

Details of the company's subsidiaries at 31 December 2018 are as follows:

	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
YoYo Games USA Inc	USA	100	100	Dormant Company

The registered office of YoYo Games USA Inc is 257 Castro St Ste 104, Mountain View, CA 94041. The accounts of this subsidiary 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.

**20 Directors' transactions**

No transactions took place with Directors during the current or prior year. Directors of the company are remunerated through the parent company.

**YOYO GAMES LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**21 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 Petoussis House, 2nd Floor, 146-148 Strovolos Avenue, Strovolos, Nicosia 2048, 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.