

Rockstar International Limited

Reports and Financial Statements

For the year ended 31 March 2016

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COMPANIES HOUSE

Rockstar International Limited

Registered No. 05584724

Directors

D Emerson
R Hajaj

Company secretaries

D Emerson
HAL Management Limited

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Solicitors

Harbottle & Lewis
Hanover House
14 Hanover Square
London W1R 0BE

Bankers

JPMorgan Bank N.A
Chaseside
Bournemouth
UK
BH7 7DA

Registered Office

Hanover House
14 Hanover Square
London W1S 1HP

Strategic report

Registered No. 05584724

The directors present their Strategic report and financial statements for the year ended 31 March 2016.

Results and dividends

The profit for the year was £133,000 (2015 profit of £0) which will be transferred to reserves. The directors do not recommend the payment of a dividend (2015 – £0).

During the year the Company transitioned to FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and has taken advantage of the disclosure exemptions allowed under this standard. The company's parent undertaking, Take Two International GmbH, was notified of and did not object to the use of FRS 102 with reduced disclosures.

Principal activity and review of the business

The company's ultimate parent undertaking is Take Two Interactive Software Inc, a leading global publisher, developer and distributor of interactive entertainment software.

The principal activity of the company during the financial year was to provide marketing execution and service functions to Take Two Interactive Software UK Limited (TTI UK), which were carried out by an average of 36 in London.

Functions fulfilled by the company and related to TTI UK's publishing operations outside North America include;

- liaising with group companies in the UK, France, Germany, Spain, Italy, Benelux, Singapore and Australia; and
- management of the day-to-day execution of marketing strategies and delivery of marketing assets.

Turnover in 2016 arises in the UK and represents the recharge made by the company to Take – Two Interactive Software UK Ltd as a remuneration of its activity during the year. The company's key financial and other performance indicators during the year were as follows:

	2016	2015
	£'000s	£'000s
Turnover	2,683	0
Operating profit	138	0
Profit for the year	133	0
Shareholders' funds	134	1
Average number of employees	36	0

Strategic report (continued)

Registered No. 05584724

Principal activity and review of the business (continued)

Rockstar International was reactivated from its dormant status and started trading in 2016 and therefore both turnover and operating profit increased in 2016 over 2015. Shareholders funds increased by the post tax profit in the year.

Principal risks and uncertainties

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

- Foreign exchange risk

The company is subject to risks and uncertainties against the fluctuations in the values of foreign currencies against the Great British Pound (£). This risk is limited as the majority of our intercompany receivable and payable balances are denoted in Great British Pound (£).

The company has established foreign exchange forecasting models to manage any exposure to foreign exchange fluctuations.

- Liquidity

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

On behalf of the Board



R Hajaj

Director

16 December 2016

Directors report

Registered No. 05584724

The directors present their Directors' report and financial statements for the year ended 31 March 2016.

Results and dividends

The results are outlined in the Strategic Report on pages 2 and 3.

Comparative figures

The comparative figures in the financial statements for the year ended 31 March 2015 are unaudited. The financial statements for the year ended 31 March 2016 have been audited.

Going concern

The company's business activities along with its future developments, risks and uncertainties are laid out in the Strategic Report and Note 1 of the financial statements. The company provides marketing and service functions on a cost plus basis to Take Two Interactive Software UK Limited and due to an intercompany pricing agreement, is guaranteed to make an operating profit, with Take Two Interactive Software UK Limited trading operations expecting to continue.

At 31 March 2016, the company had a healthy balance sheet position with net current assets of £26k including £3,622k of cash held at its bank. The directors believe that the company's position indicates that it has adequate resources to meet its liabilities for the foreseeable future as they will fall due.

In light of the above and the ongoing support of Take Two Interactive Software Inc, the company's ultimate parent company via a letter of parental support for at least 12 months from the date of the approval of the financial statements, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors

The directors of the company during the year and up to the date of signing these financial statements were as follows:

D Emerson
R Hajaj

Future developments

The company is planning to continue to provide marketing execution and service functions to Take Two Interactive Software UK Ltd as Take Two Interactive Software Inc continues to develop and publish key frontline entertainment products.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Strategic report (continued)

Registered No. 05584724

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



R Hajaj

Director

16 December 2016

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

To the members of Rockstar International Limited

We have audited the financial statements of Rockstar International Limited for the year ended 31 March 2016 which comprise the Income statement, Statement of comprehensive income, Statement of financial position, Statement of changes in equity and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's 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 set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Other matters

The financial statements for the year ended 31 March 2015, forming the comparative figures of the financial statements for the year ended 31 March 2016 are unaudited.

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 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report (continued)

To the members of Rockstar International Limited

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Naresh Alimchandani (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

19 December 2016

Income statement

For the year ended 31 March 2016

		2016	2015
		(Unaudited)	
	Notes	£000	£000
Turnover	2	2,683	-
Administrative expenses		(2,545)	-
Operating Profit	3	138	-
Interest receivable and other income		1	-
Profit on ordinary activities before taxation		139	-
Tax on profit on ordinary activities	6	(6)	-
Retained profit for the financial year		133	-

The profit and loss account relates to continuing operations.

Statement of comprehensive income

For the year ended 31 March 2016

There are no recognised gains or losses other than the gain of £133,000 attributable to the shareholders in the year ended 31 March 2016 (2015 - unaudited: £0).

Statement of financial position
Strategic report (continued)

Registered No. 05584724

		At 31 March 2016	At 31 March 2015 (Unaudited)
	Notes	£000	£000
Fixed assets			
Tangible assets	7	11	-
		<u>11</u>	<u>-</u>
Current assets			
Debtors: amounts falling due within one year	8	266	-
Cash at bank		3,622	1
		<u>3,888</u>	<u>1</u>
Creditors: amounts falling due within one year	9	(3,862)	-
		<u>26</u>	<u>1</u>
Net current assets			
		26	1
Non current assets	10	97	-
		<u>134</u>	<u>1</u>
Net assets			
		134	1
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account		133	-
		<u>134</u>	<u>1</u>
Total equity shareholders' funds			
		<u>134</u>	<u>1</u>

These financial statements were approved by the Board of Directors and are signed on its behalf by:



D Emerson
 Director

16 December 2016

Statement of changes in equity

for the year ended 31 March 2016

	Share capital £000	Share based payment reserve £000	Profit and loss account £000	Total £000
At 1 April 2014 (unaudited)	1	-	-	1
Profit for the year	-	-	-	-
Share based payment charge	-	-	-	-
Distribution	-	-	-	-
At 31 March 2015 (unaudited)	1	-	-	1
Profit for the year	-	-	133	133
Share based payment charge	-	507	-	507
Distribution	-	(507)	-	(507)
At 31 March 2016	1	-	133	134

Notes to the financial statements

For the year ended 31 March 2016

1. Accounting policies

Statement of compliance

Rockstar International Limited is a limited company incorporated in England and Wales. The registered office is shown on page 1, and the principal place of business is Saxon House, 2 - 4 Victoria Street, Windsor, Berkshire SL4 1EN.

The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 March 2016.

Basis of preparation

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

The financial statements have been prepared in sterling, which is the functional currency of the company and rounded to the nearest £'000.

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

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

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

Notes to the financial statements (continued)

For the year ended 31 March 2016

1. Accounting policies (continued)

Significant Accounting Judgements and Estimates

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

Taxation

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

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 10.

Tangible fixed assets

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

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Computer Equipment – 3 years

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

Notes to the financial statements (continued)

For the year ended 31 March 2016

1. Accounting policies (continued)

Software Development

The company incurs software development expenditure on behalf of its ultimate parent company, which is recharged to the ultimate parent company.

Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pension costs

The company operates a funded defined contribution pension scheme for a certain number of its employees. The assets of the scheme are held separately from those of the company. The company's contributions to these schemes are charged to the profit and loss account when due (no contributions were prepaid as at 31 March 2016).

Share based transactions – Equity settled transactions

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

Notes to the financial statements (continued)

For the year ended 31 March 2016

1. Accounting policies (continued)

Share based transactions – Equity settled transactions (continued)

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

Revenue

Turnover is recognised as the services are provided stated net of value added tax.

2. Turnover

Turnover arises from the provision of marketing execution and service functions to its sister company Take Two Interactive Software UK Limited. Turnover arises from the United Kingdom.

3. Operating Profit

This is stated after charging:

	2016	2015
	(Unaudited)	
	£000	£000
Depreciation of tangible fixed assets (note 7)	1	-
Auditors' remuneration – Audit of financial statements	13	-
Foreign exchange loss	1	-
Share based payment charge (note 12)	507	-
Research and development costs (software development)	370	-
	<u> </u>	<u> </u>

4. Directors' emoluments

	2016	2015
	(Unaudited)	
	£000	£000
Directors' emoluments	-	-
Company contribution to money purchase pension scheme	-	-
	<u> </u>	<u> </u>

Both directors were paid for by other group companies.

Notes to the financial statements (continued)

For the year ended 31 March 2016

5. Staff

The average monthly number of persons employed by the company during the year was:

	2016	2015
	(Unaudited)	
	No.	No.
<i>By activity</i>		
Sales and distribution	20	-
Administration	5	-
Product Management	11	-
	<u>36</u>	<u>-</u>

	2016	2015
	(Unaudited)	
	£000	£000
<i>Staff costs (for the above persons including directors)</i>		
Wages and salaries	1,167	-
Social security costs	177	-
Other pension costs	75	-
Share based payment charge (note 12)	507	-
	<u>1,926</u>	<u>-</u>

Notes to the financial statements (continued)

For the year ended 31 March 2016

6. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2016	2015
	(Unaudited)	
	£000	£000
<i>Current tax:</i>		
UK corporation tax at 20% (2015 – 20%)	76	0
Adjustment in respect of previous years	0	0
Total current tax (note 6b)	76	0
<i>Deferred tax:</i>		
Capital allowances and depreciation	(2)	0
Unvested share options	(68)	0
Total deferred tax (note 10)	(70)	0
Tax on profit on ordinary activities	6	0

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015 – 20%). The differences are explained below:

	2016	2015
	(Unaudited)	
	£000	£000
Profit on ordinary activities before tax	138	0
Profit on ordinary activities multiplied by standard rate in the UK 20% (2015 – 20%)	27	0
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(21)	0
Tax charge for the year	6	0

(c) Factors that may affect future tax charges

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

The main UK corporation tax rate reduced from 21% to 20% effective from 1 April 2015. In his Summer Budget 2015, the Chancellor of the Exchequer announced that the UK rate of Corporation Tax will be reduced further from its current rate of 20% to 19% in 2017 and 18% in 2020. This became substantively enacted on 26 October 2015. In Finance Act 2016, the 18% rate from 2020 was replaced with a 17% rate. This was substantively enacted in September 2016 and will impact the financial statements in the next year. The impact on deferred tax as a result of the proposed rate changes is minimal.

Notes to the financial statements (continued)

For the year ended 31 March 2016

7. Tangible fixed assets

	<i>Computer and Office equipment £000</i>
Cost:	
At 1 April 2015 (Unaudited)	-
Additions	12
At 31 March 2016	12
Accumulated depreciation:	
At 1 April 2015 (Unaudited)	-
Charge for the year	1
At 31 March 2016	1
Net book value:	
At 31 March 2016	11
At 1 April 2015 (Unaudited)	-

8. Debtors

	2016	2015
	(Unaudited)	(Unaudited)
	£000	£000
Intercompany receivables	57	-
Prepayments	209	-
	266	-

Notes to the financial statements (continued)

For the year ended 31 March 2016

9. Creditors

Amounts falling due within one year:

	2016	2015
	(Unaudited)	
	£000	£000
Trade creditors	519	-
Other taxes and social security costs	136	-
Accruals	230	-
Intercompany payables	2,901	-
Corporation Tax	76	-
	<u>3,862</u>	<u>-</u>

10. Deferred tax

The recognised deferred taxation asset is as follows:

	2016	2015
	(Unaudited)	
	£000	£000
Differences between capital allowances and depreciation	2	0
Unvested share options	95	-
	<u>97</u>	<u>0</u>
Asset at 1 April	0	0
Transfer from group company	27	-
Credit to the profit and loss account (note 6)	70	0
	<u>97</u>	<u>0</u>
Asset at 31 March (note 6)	<u>97</u>	<u>0</u>

The directors believe that it is more likely than not that there will be sufficient taxable profits in future years to realise the deferred tax assets, and therefore the asset has been recognised in these financial statements.

On 1 September 2016, Take-Two Interactive Software Europe Limited transferred employees and related deferred tax assets from amounting to £27,000.

11. Issued share capital

	2016	2015
	(Unaudited)	
	£000	£000
<i>Authorised, allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

Notes to the financial statements (continued)

For the year ended 31 March 2016

12. Employee share schemes

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

Restricted stock unit awards (RSU)

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

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

Stock Option Plan – '2002 Plan'

Employees may receive stock options to purchase shares of Take Two Interactive Inc's common stock. The options vest if the employee remains in continuous service for a defined period of time from the date of grant and the company meets various financial performance criteria.

13. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Take Two International GmbH, a company incorporated in Switzerland.

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