

Rockstar International Limited
Registered No. 05584724
Reports and Financial Statements

For the year ended 31 March 2021



Rockstar International Limited

Registered No. 05584724

Directors

R Hajaj
D Emerson

Company secretaries

D Emerson
HAL Management Limited

Auditors

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

Solicitors

Harbottle & Lewis
7 Savoy Court
London
United Kingdom
WC2R 0EX

Bankers

JPMorgan Bank N.A
1 Knightsbridge
London
SW1X 7LX

Registered Office

7 Savoy Court
London
United Kingdom
WC2R 0EX

Rockstar International Limited

Strategic report

Registered No. 05584724

The directors present their Strategic report and financial statements for the year ended 31 March 2021.

Results and dividends

The profit for the year after taxation was £415,000 (2020 profit of £213,000) which will be transferred to reserves. The directors do not recommend the payment of a dividend (2020 – £0).

Future developments

The company is planning to continue to provide marketing execution and service functions to Take-Two Interactive Software UK Ltd, and development services to Rockstar Games UK Limited, as Take-Two Interactive Software Inc continues to develop and publish key front-line entertainment products.

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

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) and development services to Rockstar Games UK Limited which was carried out by an average of 37 full time employees 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 2021 in the UK 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:

	2021	2020
	£'000s	£'000s
Turnover	11,978	11,892
Operating profit	449	469
Profit for the financial year	415	213
Shareholders' funds	2,310	1,895
Average number of employees	37	35

Rockstar International Limited

Strategic report (continued)

Registered No. 05584724

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.

- Cash flow risk

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

- Brexit / political uncertainty

The company has undergone an exercise to assess the risk of political uncertainty surrounding Brexit and is comfortable that there is minimal impact and no risk to the company.

- Covid-19

Since the outbreak of the Covid-19 pandemic, our focus has been on the health and safety of our employees. We were able to implement remote working, in line with the UK government guidance, quickly and effectively across all our operations; maintaining the highest standards of performance whilst adapting to new working practices. It is not anticipated that Covid-19 will have any future impact on the business relating to its ability to deliver new interactive software product.

Rockstar International Limited are fortunate to be in an industry that has been largely unaffected by the pandemic.

On behalf of the Board

DocuSigned by:

Dan Emerson

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D Emerson

Director

15th March 2022

Rockstar International Limited

Directors' report

Registered No. 05584724

The directors present their Directors' report and financial statements for the year ended 31 March 2021.

Results and dividends

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

Stakeholder engagement

In compliance with section 172 of the Companies Act 2006, the directors recognise the importance of engagement with all stakeholders and the impact this has on the company's long-term success. The company has built and maintained relationships with investors, advisors, suppliers and all other stakeholders. The directors recognise the importance of these and take active steps to develop and strengthen them through dialogue and engagement. These relationships are monitored at board level.

The following stakeholder groups, according to Section 172(1) Companies Act 2006 we identified as relevant for the company.

Workforce

The company recognises the importance of engaging with all employees to ensure that they are fully aligned with the objectives and values of the business; we use a variety of feedback tools such as forums, surveys and interactive town halls. Employees benefit in the success of the business through bonus schemes and group employee share schemes.

Disabled employees

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

Suppliers

Suppliers are a crucial link in the overall supply chain, providing key marketing and other services to allow the company to fulfil its overall functions and aims. The company is in constant interaction and two-way engagement with its suppliers and partakes in regular reviews and consistent communication to ensure that the goals, messaging and direction undertaken are aligned between the company and the supplier.

We aim to pay all suppliers promptly.

Customers

Consistent and interactive engagement with customers drives alignment of both goals and strategic partnerships, targeting business sustainability, growth and profitability. There is regular engagement with customers to set and maintain both short-, medium- and long-term goals and to maintain and develop relationships.

Regulators / Government

We play an active part in key topics and developments for our industry. This is mainly achieved in the UK through membership of all key trade associations. In the UK this is via Ukie (The UK Interactive Entertainment Association) and more information on their activities and current projects can be found via their website.

Shareholders

The board consistently engages with the ultimate parent company to ensure that all key decisions, actions that are taken are aligned with the goals and objectives of the parent company and group as a whole.

Rockstar International Limited

Directors' report (continued)

Registered No. 05584724

Community and environment

Community engagement is recognised as important to employees and communities in which the company operates. The company sponsors a Benevity Charitable Giving scheme where the company matches employees' donations to a charity of their choice. Throughout the Covid-19 pandemic the group, including the company, have donated significant sums to several local and national charitable causes. The company also operate a policy of recycling, where possible.

Principal decisions

In all decisions the directors have considered all stakeholders and the impact that any decision would have.

In mid March 2020 in line with UK government guidelines in relation to the Covid-19 pandemic and with the health and well-being of employees in mind we moved all employees onto a work from home basis until we can ensure adequate safety in an office environment. Owing to previous investments in our IT infrastructure and key systems we were able to achieve this without significant impact on our day to day operations.

Research and development

The company is involved in the design and development of interactive entertainment software products to deliver the most innovative and entertaining product to its consumers.

Going concern

The company's business activities along with its future developments, risks and uncertainties are laid out in the Strategic Report. The company provides marketing and service functions on a cost plus basis to Take-Two Interactive Software UK Limited and Rockstar Games 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.

As at 31 March 2021, the company had a healthy balance sheet position with net current assets of £1,903,000 including £2,790,000 cash at 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.

The Directors of the Company have completed a review of the Company's and wider Group's working capital requirements, forecasts and projections, taking account of reasonably possible changes in trading performance, that show that the Company has adequate resources to continue in operational existence for the foreseeable future. These budgets and cash flow projections reflect the underlying strength of the business group and strategy for both the short and long term.

The Directors have also reviewed the impact of Covid-19 on the underlying business and its cash position and consider the Group to continue to be in a strong position for the foreseeable future. With a group wide cash and short term investments position at 31 March 2021 of over \$2.7bn decreasing to \$2.5bn at 31 December 2021 and forecast net profits for the next 12 months, generating additional positive cash flow, this would leave the group in a positive cash position in twelve months and demonstrate the underlying strength of the business group and strategy.

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 until 31 December 2023, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Rockstar International Limited

Directors' report (continued)

Registered No. 05584724

Directors

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

R Hajaj
D Emerson

Disclosure of information to the auditors

Each of the persons who are directors at the time when this Directors' report is approved have confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

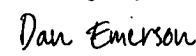
This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Auditors

Ernst & Young LLP were appointed as auditors for the period ended 31 March 2021.

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

DocuSigned by:

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D Emerson
Director

15th March 2022

Rockstar International Limited

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 the affairs of the company and of the profit of the company for that year. In preparing those 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

Registered No. 05584724

To the members of Rockstar International Limited

Opinion

We have audited the financial statements of Rockstar International Limited for the year ended 31 March 2021 which comprise the Income Statement, the Statement of Comprehensive income, the Statement of Financial Position, the Statement of Change in Equity, and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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

Independent auditors' report (continued)

Registered No. 05584724

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

Independent auditors' report (continued)

Registered No. 05584724

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the reporting framework (FRS 102 and the Companies Act 2006), UK tax legislation, anti-bribery regulations, employment laws and regulations, the Data Protection Act (including GDPR), the Health Protection (Coronavirus) Regulations 2020 and Coronavirus Act 2020, and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.
- We understood how Rockstar International Limited is complying with those frameworks by making enquires of management as well as those charged with governance, including those responsible for legal and compliance procedures, to understand how the company maintains and communicates its policies and procedures in these areas. We corroborated our enquires by reviewing supporting documentation such as the Code of Ethics, staff handbook, communications with employees, board meeting minutes, as well as considerations of the results of our audit procedures. We identified management's attitude and tone from the top to embed a culture of honesty and ethical values whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place. The company is supported by a compliance team based in the US that monitors compliance with laws and regulations on a global level. They also have a delegate monitoring compliance at a local level and communicating any issues up to the global compliance team.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by considering the risk of management override of controls, performance targets and their influence on efforts made by management to manage revenue and earnings. We performed audit procedures to address each risks of management override, including tests of manual journal entries and testing specific expense transactions back to source documentation as appropriate given the entity operates under a cost-plus model, whereby revenue is a mark-up on expenses. These tests were designed to provide reasonable assurance that the financial statements were free from material misstatement, whether due to fraud or error.

Independent auditors' report (continued)

Registered No. 05584724

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reviewing board meeting minutes, enquiries of management around actual and potential litigation and claims, performing analytical procedures, challenging judgements made by management including corroborating the inputs and considering contradictory evidence, and journal entry testing, with a focus on manual journals and journals indicating significant unusual transactions identified by specific risk criteria based on our understanding of the business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any one other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

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

17 March 2022

Rockstar International Limited

Income statement

For the year ended 31 March 2021

		2021	2020
	Notes	£'000	£'000
Turnover	2	11,978	11,892
Administrative expenses		(11,529)	(11,423)
Operating profit	3	449	469
Interest payable and other charges		(35)	(43)
Profit on ordinary activities before taxation		414	426
Tax on profit on ordinary activities	6	1	(213)
Profit for the financial year		415	213

The profit and loss account relates to continuing operations.

Statement of comprehensive income

for the year ended 31 March 2021

There are no comprehensive income/(losses) other than the profit of £415,000 attributable to the shareholders for the year ended 31 March 2021 (2020: profit of £213,000).

No dividends paid during the year.

Rockstar International Limited

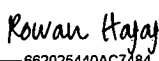
Statement of financial position

As at 31 March 2021

	Notes	At 31 March 2021 £'000	At 31 March 2020 £'000
Fixed assets			
Tangible assets	7	437	712
		<u>437</u>	<u>712</u>
Current assets			
Debtors:			
amounts falling due within one year	8	2,688	1,638
amounts falling due after one year	9	161	175
Cash at bank		2,790	6,128
		<u>5,639</u>	<u>7,941</u>
Creditors: amounts falling due within one year	10	(3,736)	(6,683)
Net current assets		<u>1,903</u>	<u>1,258</u>
Total assets less current liabilities		2,340	1,970
Creditors: falling due in more than one year		(30)	(75)
Net assets		<u>2,310</u>	<u>1,895</u>
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account		2,309	1,894
Shareholders' funds		<u>2,310</u>	<u>1,895</u>

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

DocuSigned by:



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R Hajaj
Director

15th March 2022

Rockstar International Limited

Statement of changes in equity

For the year ended 31 March 2021

	Called up Share Capital £'000	Share Premium Account £'000	Other Reserves £'000	Share based payment reserve £'000	Profit and Loss Account £'000	Total £'000
1 April 2019	1	—	—	—	1,681	1,682
Profit for the year	—	—	—	—	213	213
Share based payment charge (restated)	—	—	—	1,995	—	1,995
Share based payment recharge (restated)	—	—	—	(1,995)	—	(1,995)
31 March 2020	1	—	—	—	1,894	1,895
Profit for the year	—	—	—	—	415	415
Share based payment charge	—	—	—	1,667	—	1,667
Share based payment recharge	—	—	—	(1,667)	—	(1,667)
31 March 2021	1	—	—	—	2,309	2,310

Rockstar International Limited

Notes to the financial statements

For the year ended 31 March 2021

1. Accounting policies

Statement of compliance

Rockstar International Limited is a company limited by shares incorporated in England and Wales. The registered office is shown on page 1, and the principal place of business is 555 Kings Road, London SW6 2EB.

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 2021.

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 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d)
- (b) the requirements of Section 11 Basic Financial Instruments paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a) (iii), 11.48 (a) (iv), 11.48(b), 11.48(c) and Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A
- (c) the requirements of Section 26 Share Based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23
- (d) 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.

Going Concern

The company's business activities along with its future developments, risks and uncertainties are laid out in the Strategic Report. The company provides marketing and service functions on a cost plus basis to Take-Two Interactive Software UK Limited and Rockstar Games UK Limited.

At 31 March 2021, the company had a healthy balance sheet position with net current assets of £1,903,000 including £2,790,000 cash at 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.

The Directors of the Company have completed a review of the Company's and wider Group's working capital requirements, forecasts and projections, taking account of reasonably possible changes in trading performance, that show that the Company has adequate resources to continue in operational existence for the foreseeable future. These budgets and cash flow projections reflect the underlying strength of the business group and strategy for both the short and long term.

The Directors have also reviewed the impact of Covid-19 on the underlying business and its cash position and consider the Group to continue to be in a strong position for the foreseeable future. With a group wide cash and short term investments position at 31 March 2021 of over \$2.7bn decreasing to \$2.5bn at 31 December 2021 and forecast net profits for the next 12 months, generating additional positive cash flow, this would leave the group in a positive cash position in twelve months and demonstrate the underlying strength of the business group and strategy.

Rockstar International Limited

Notes to the financial statements (continued)**For the year ended 31 March 2021*****Going Concern (continued)***

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 until 31 December 2023, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

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 6.

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 and office Equipment	-	3 to 5 years
Leasehold Improvements	-	Life of the underlying lease

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.

Software Development

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

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.

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

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 2021).

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 the market price of the shares of the ultimate parent undertaking. 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.

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, calculated on an employee by employee basis and allocated from the group level, since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

The company, which is part of the group plan recognises and measures its share based payment expense based on a reasonable allocation of the employee's period of service to the company.

Amounts recharged by the ultimate parent undertaking are accounted for as a distribution and recorded as a reduction of the share based payment reserve.

Revenue

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

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Receivables

Receivables are amounts due from group companies for services performed in the course of business. If collection is expected in one year or less, they are classified as current assets. If not they are represented as non-current assets.

Creditors

Creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers and group companies.

Loans and Borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

Impairment of financial and non financial assets

The carrying values of all assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The company's accounting policies in respect of financial instruments transactions are explained below.

Financial instruments

Financial instruments include Trade creditors, cash and cash equivalents and intercompany loan. These are classified and measured at amortised cost.

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instruments. Financial instruments are de-recognised when they are discharged or when the contractual terms expire.

Rockstar International Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

2. Turnover

Turnover of £11,978,000 (31 March 2020: £11,892,000) arises from the provision of marketing execution and service functions to its sister company, Take-Two Interactive Software UK Limited. Turnover is earned and accrued in the United Kingdom.

3. Operating Profit

This is stated after charging:

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets (note 7)	287	308
Auditors' remuneration – Audit of financial statements	25	20
Foreign exchange gain / (loss)	(1)	(18)
Share based payment charge (note 14)	1,667	1,995

4. Directors' emoluments

	2021 £'000	2020 £'000
Directors' emoluments	—	—
Company contribution to money purchase pension scheme	—	—

The directors of the company are also directors of other group companies. The directors received remuneration for the year, all of which was paid by other group companies. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the other group companies.

Rockstar International Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

5. Staff

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

	2021	2020
	No.	No.
<i>By activity</i>		
Sales and distribution	20	17
Administration	8	8
Product Management	9	10
	<u>37</u>	<u>35</u>

	2021	2020
	£'000	£'000
<i>Staff costs (for the above persons including directors)</i>		
Wages and salaries	5,330	5,062
Social security costs	1,102	1,154
Other pension costs	175	153
Share based payment charge (note 14)	1,667	1,995
	<u>8,274</u>	<u>8,364</u>

6. Tax**Tax on profit on ordinary activities**

The tax charge is made up as follows:

	2021	2020
	£000	£000
<i>Current tax:</i>		
UK corporation tax at 19% (2020– 19%)	(15)	(18)
Adjustment in respect of previous year	—	(69)
Total current tax	<u>(15)</u>	<u>(87)</u>
<i>Deferred tax:</i>		
Current year temporary differences / changes in rates	(35)	(16)
Adjustment in respect of previous years	49	316
Total deferred tax (note 12)	<u>14</u>	<u>300</u>
Tax on profit on ordinary activities	<u>(1)</u>	<u>213</u>

Rockstar International Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

6. Tax (continued)**Factors affecting the tax charge for the year**

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	414	426
Profit on ordinary activities multiplied by standard rate in the UK 19% (2020 – 19%)	79	81
<i>Effects of:</i>		
Expenses not deductible for tax purposes	56	41
Net deduction on stock options	(186)	(101)
Adjustment in respect of previous years – Deferred tax	49	316
Adjustment in respect of previous years – Current	—	(69)
Other movements in respect of stock options	—	(55)
Tax charge for the year (note 6)	<u>(1)</u>	<u>213</u>

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 previously-enacted rate reduction to 17% was ultimately cancelled by order of a “Ways and means” motion passed on 17 March 2020, such motions having statutory effect under the Provisional Collection of Taxes Act 1968, and therefore this change was substantively enacted as at 31 March 2020. Deferred tax has been recognised at the applicable 19% rate, which continues to remain in force, and at which rate timing differences are expected to reverse.

The Finance Act 2021 included legislation to increase the main UK corporation tax rate from the current rate of 19% to 25% as of 1 April 2023. This became law when Finance Act 2021 received Royal Assent 10 June 2021 therefore this change was substantively enacted post the balance sheet date, deferred tax has been recognised at 19% at the balance sheet date. The company will assess the impact upon deferred tax balances arising from future change in rate in the next financial statements for the next period.

Rockstar International Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

7. Tangible fixed assets

	<i>Leasehold improvements</i>	<i>Computer and Office Equipment</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost:				
At 1 April 2020	1,071	417	92	1,580
Additions	3	10	—	13
At 31 March 2021	1,074	427	92	1,593
Accumulated depreciation:				
At 1 April 2020	539	286	42	867
Charge for the year	200	69	18	287
At 31 March 2021	739	355	60	1,154
Net book value:				
At 31 March 2021	335	72	32	439
At 1 April 2020	532	131	50	713

8. Debtors: amounts falling due within one year

	2021	2020
	£'000	£'000
Amounts owed by group undertakings	1,920	539
VAT Receivable	480	806
Prepayments	270	275
Corporation tax	18	18
	<u>2,688</u>	<u>1,638</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

We assessed the amounts owed by group undertakings (incl. the ultimate parent) and did not identify any need for impairment. Therefore there is no allowance for doubtful debts.

9. Debtors: amounts falling due after one year

	2021	2020
	£'000	£'000
Deferred tax asset (note 12)	161	175
	<u>161</u>	<u>184</u>

Rockstar International Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

10. Creditors falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	310	450
SRNI (Services Received Not Invoiced)	446	1,436
Other taxes and social security costs	402	314
Accruals	562	1,035
Intercompany payables	2,016	3,448
	<u>3,736</u>	<u>6,683</u>

Included in Intercompany Payables is a loan amount to another group company of £1.7m at 31 March 2021 (£1.7m 31 March 2020) repayable on demand. The loan bears interest at a rate of 2% above the LIBOR rate for 3 months deposit. The loan was repaid in full in September 2021.

11. Creditors falling due after one year

	2021	2020
	£'000	£'000
Accrued Rent	30	75
	<u>30</u>	<u>75</u>

Rockstar International Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

12. Deferred tax

The recognised deferred taxation asset is as follows:

	2021 £'000	2020 £'000
Differences between capital allowances and depreciation	52	29
Unvested share option costs	108	146
Other	2	
	<u>161</u>	<u>175</u>
Asset at 1 April	175	475
(Debit) / Credit to the profit and loss account note 6	(14)	(300)
Asset at 31 March	<u>161</u>	<u>175</u>

13. Issued share capital

	2021 £'000	2020 £'000
<i>Authorised, allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

14. 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 Software 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.

Notes to the financial statements (continued)

For the year ended 31 March 2021

15. 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 110 West 44th Street, New York, NY 10036, United States of America.

16. Subsequent events

There are no events after the reporting period which would affect the financial statements for the year ended 31 March 2021.

The UK Budget 2021 announced on 3 March 2021 an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the statement of financial position date and hence have not been reflected in these financial statements. The company will assess the effect of this announcement in its next set of statutory accounts.