

PLAYGROUND GAMES LIMITED

Playground Games Limited

Financial Statements

31 December 2016

SATURDAY



A6J0DQHS

A09

11/11/2017

#53

COMPANIES HOUSE

PLAYGROUND GAMES LIMITED

COMPANY INFORMATION

Directors	G Raeburn T R Williams N C Wheelwright R M Fulton
Registered number	07057499
Registered office	1st Floor Rossmore House 9 Newbold Terrace Leamington Spa Warwickshire United Kingdom CV32 4EA
Auditors	Ernst & Young LLP, Statutory Auditor Birmingham
Bankers	HSBC 126 Parade Leamington Spa Warwickshire CV32 4BS

PLAYGROUND GAMES LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 4
Independent auditor's report to the shareholders	5 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 21

PLAYGROUND GAMES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Business Review

The principle activity of the Company during the year was the development of video game software.

In the year ended 31 December 2016 the Company's turnover increased by 38%. This year, the Company completed a two year development cycle for a major new game Forza Horizon 3 which was released to the marketplace in September 2016. The increase in turnover was primarily due to higher royalty payments on Forza Horizon 3 given the strong sales performance of the game in the year.

Gross and Operating Margin

The gross profit percentage increased from 29% to 30% again due to higher than anticipated royalty payments on Forza Horizon 3. With increased staff costs as part of its ongoing investment into its game development team, this drove a slight decrease in operating percentage from 12% to 11%. These are our key performance indicators.

Working Capital

The Company has a strong working capital position. The directors continue to monitor this closely to ensure that the maximum advantage is made of the funds available.

Principal Risks and Uncertainties

The Company operates in a competitive global market. We continue to focus on the quality of our product to be more competitive and ability to win new development projects. The Company has won a new contract with Microsoft.

Results and Dividends

The results for the year are set out on page 7 of the accounts.

The directors do not recommend the payment of a dividend.

This report was approved by the board on

10 November 2017 and signed on its behalf.



T R Williams
Director

PLAYGROUND GAMES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements of the company for the year ended 31 December 2016.

Directors

The directors who served during the year were:

G Raeburn
T R Williams
N C Wheelwright
R M Fulton

Dividends

The results for the year are set out on page 7 of the accounts.

The directors do not recommend the payment of a dividend.

Going Concern

The company's business activities, together with the factors likely to affect its future development and details of company's exposure to risk are described in the strategic report.

In view of the above and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparation of the financial statements.

Future developments

The company has signed a significant agreement to continue to work in partnership with Microsoft until late 2018.

The company has signed a second significant agreement with an unannounced partner which also runs until the end of 2018.

Financial instruments

It is a primary objective and policy of the directors of the company to identify financial risks and investigate suitable procedures to minimise the perceived risk. In the video games software industry there is a financial risk inherent in the costs incurred in producing software prior to sales. The directors have put in place safeguards to minimise the company's exposure to risk.

Disabled persons

Employment policies are designed to provide equal opportunity, irrespective of age, sex, religion, race or marital status. Applications for employment by disabled persons are given full and fair consideration and, where practicable, provision is made for special needs. The company applies the same criteria to disabled employees for training, career development and promotion as to any other employee. If existing employees become disabled, every effort is made to ensure their continued employment.

PLAYGROUND GAMES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Employee involvement

It is the company's policy to keep employees fully informed of matters affecting them as employees and to make them aware of the financial and economic factors influencing company performance.

Encouragement is given to employees to contribute towards the company's financial performance by means of an annual bonus scheme for certain employees.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements of the company 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 of the company, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements of the company 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 to enable them to ensure that the financial statements of the company comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.


Auditors

The auditor, Ernst & Young LLP, is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

PLAYGROUND GAMES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

This report was approved by the board of directors on 10 November 2017 and signed on its behalf.



T R Williams
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PLAYGROUND GAMES LIMITED
for the year ended 31 December 2016

We have audited the financial statements of Playground Games Limited for the year ended 31 December 2016, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, and the related notes 1 to 24. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Auditors' 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 on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 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 TO THE SHAREHOLDERS OF PLAYGROUND GAMES LIMITED
(CONTINUED)
for the year ended 31 December 2016**

Opinion on other matter prescribed by the Companies Act 2006

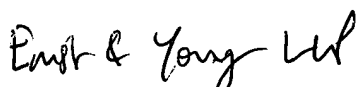
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our 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 and the Directors' Report.

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.



Adrian Roberts (Senior Statutory Auditor)

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

Date: 10 November 2017

PLAYGROUND GAMES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Turnover		26,268,756	18,967,947
Cost of sales		(18,312,538)	(13,531,513)
Gross profit		7,956,218	5,436,434
Administrative expenses		(5,022,910)	(3,161,362)
Other income		3,529	1,500
Operating profit	6	2,936,837	2,276,572
Interest receivable and similar income	9	8,136	9,427
Interest payable and expenses	10	(4,255)	(4,988)
Profit before tax		2,940,718	2,281,011
Tax on profit		(457,771)	(440,702)
Profit for the year		2,482,947	1,840,309

There was no other comprehensive income for 2016 (2015:£NIL).

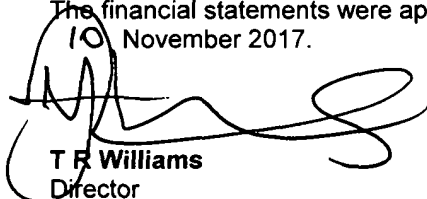
The notes on pages 10 to 21 form part of these financial statements.

PLAYGROUND GAMES LIMITED
REGISTERED NUMBER:07057499

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible fixed assets	12	255,987	349,907
Investments	13	1	1
		<u>255,988</u>	<u>349,908</u>
Current assets			
Debtors: amounts falling due within one year	14	7,260,076	2,524,856
Cash at bank and in hand		4,128,720	3,290,446
		<u>11,388,796</u>	<u>5,815,302</u>
Creditors: amounts falling due within one year	15	(5,562,603)	(1,369,255)
Net current assets		<u>5,826,193</u>	<u>4,446,047</u>
Total assets less current liabilities		<u>6,082,181</u>	<u>4,795,955</u>
Creditors: amounts falling due after more than one year	16	(108,595)	(44,557)
Provisions for liabilities			
Deferred tax	17	(241)	(11,000)
		<u>(241)</u>	<u>(11,000)</u>
Net assets		<u><u>5,973,345</u></u>	<u><u>4,740,398</u></u>
Capital and reserves			
Called up share capital	19	14,280	14,280
Profit and loss account		5,959,065	4,726,118
		<u><u>5,973,345</u></u>	<u><u>4,740,398</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 November 2017.


T F Williams
Director

The notes on pages 10 to 21 form part of these financial statements.

PLAYGROUND GAMES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2015	14,280	2,885,809	2,900,089
Comprehensive income for the year			
Profit for the year	-	1,840,309	1,840,309
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	1,840,309	1,840,309
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	-	-
	<hr/>	<hr/>	<hr/>
At 1 January 2016	14,280	4,726,118	4,740,398
Comprehensive income for the year			
Profit for the year	-	2,482,947	2,482,947
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	2,482,947	2,482,947
Dividends: Equity capital	-	(1,250,000)	(1,250,000)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	(1,250,000)	(1,250,000)
	<hr/>	<hr/>	<hr/>
At 31 December 2016	14,280	5,959,065	5,973,345
	<hr/>	<hr/>	<hr/>

PLAYGROUND GAMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

Playground Games Limited is a company limited by shares incorporated in England and Wales. The registered office is 1st Floor Rossmore House, 9 Newbold Terrace, Leamington Spa, Warwickshire, CV32 4EA.

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis.

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

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

2.2 Consolidation

The company has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA state.

The company has taken advantage of disclosure exemption from preparing a Statement of cashflows contained in FRS 102 Section 7.

2.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2.4 Turnover

Turnover is measured at the fair value of consideration received or receivable for goods supplied and services rendered, net of discounts and value added tax.

Revenue from rendering of services is measured by reference to the milestones agreed in the contract and an estimate is made where a milestone is in progress and not yet completed provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that is recoverable.

Revenue from royalties is recognised as earned in accordance with the criteria in the related contracts, based on sales levels of the games achieved in the period and is as advised by the third party in accordance with the contract between the Company and the third party.

PLAYGROUND GAMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.5 Taxation

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

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

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

2.6 Foreign currencies

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

2.7 Operating leases

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

2.8 Tangible fixed assets

Tangible assets are initially recorded at cost and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

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

Short-term leasehold property - straight line over the life of the lease
Fixtures and fittings - 20% straight line
Computer equipment - 33% straight line

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

PLAYGROUND GAMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.9 Fixed asset investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment

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

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

2.10 Hire purchase and finance leases

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

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

2.11 Provisions

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

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

PLAYGROUND GAMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.12 Defined contribution plans

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

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

3. Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The following are considered to have the most significant effect on the amounts recognised in the financial statements:

- Taxation - the determination of the amount of deferred tax assets that can be recognised, based on the likely level and timing of future profit.
- Fixed assets – the determination of the useful life is required to reduce the carrying value of tangible fixed assets

4. Turnover

Turnover arises from:

	2016 £	2015 £
Rendering of services	26,268,756	18,967,947

Overseas turnover amounted to 67% (2015 : 55%) of the total turnover for the year.

5. Other operating income

	2016 £	2015 £
Other operating income	3,529	1,500

PLAYGROUND GAMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	244,030	309,586
Operating lease rentals	282,630	213,575
Fees payable for the audit of the financial statements	17,500	5,000
	<u>244,030</u>	<u>528,161</u>

7. Staff costs

The aggregate payroll costs incurred during the year were:

	2016 £	2015 £
Wages and salaries	8,908,441	5,120,676
Other pension costs	428,783	342,845
	<u>9,337,224</u>	<u>5,463,521</u>

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

	2016	2015
Operational staff	123	103
Directors	4	4
	<u>127</u>	<u>107</u>

8. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016 £	2015 £
Remuneration	2,005,911	551,469
Company contributions to defined contribution pension schemes	14,643	12,561
	<u>2,020,554</u>	<u>564,030</u>

The highest paid director received remuneration of £901,669 (2015 - £219,323).

PLAYGROUND GAMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. Other interest receivable and similar income

	2016 £	2015 £
Other interest receivable and similar income	-	223
Bank Deposits	8,136	9,204
	<u>8,136</u>	<u>9,427</u>

10. Interest payable and similar charges

	2016 £	2015 £
Finance leases and hire purchase contracts	4,255	4,816
Other interest payable and similar charges	-	172
	<u>4,255</u>	<u>4,988</u>

11. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	602,813	433,494
Adjustments in respect of previous periods	(134,283)	(3,792)
	<u>468,530</u>	<u>429,702</u>
Total current tax	<u>468,530</u>	<u>429,702</u>
Deferred tax		
Origination and reversal of timing differences	(10,621)	11,000
Changes to tax rates	1,048	-
Adjustments in respect of previous periods	(1,186)	-
	<u>(10,759)</u>	<u>11,000</u>
Total deferred tax	<u>(10,759)</u>	<u>11,000</u>
Taxation on profit on ordinary activities	<u>457,771</u>	<u>440,702</u>

PLAYGROUND GAMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.24%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	2,940,718	2,281,011
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.24%)	588,144	461,677
Effects of:		
Adjustments to tax charge in respect of prior periods	(135,469)	(3,792)
Effect of expenses not deductible for tax purposes	1,387	1,204
Effect of capital allowances and depreciation	2,661	(29,537)
Rounding on tax charge	-	150
Deferred tax	-	11,000
Tax rate changes	1,048	-
Total tax charge for the year	457,771	440,702

Factors that may affect future tax charges

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015.

The Finance (No. 2) Act 2015, substantively enacted on 26 October 2015, reduced the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020, whilst the Finance Act 2016, substantively enacted on 6 September 2016, included further reduction of the rate of 18% to 17% from 1 April 2020. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

PLAYGROUND GAMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. Tangible fixed assets

	Short-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2016	228,878	121,951	1,440,716	1,791,545
Additions	25,962	7,716	116,432	150,110
At 31 December 2016	<u>254,840</u>	<u>129,667</u>	<u>1,557,148</u>	<u>1,941,655</u>
Depreciation				
At 1 January 2016	193,632	78,540	1,169,466	1,441,638
Charge for the year	35,128	17,535	191,367	244,030
At 31 December 2016	<u>228,760</u>	<u>96,075</u>	<u>1,360,833</u>	<u>1,685,668</u>
Net book value				
At 31 December 2016	<u>26,080</u>	<u>33,592</u>	<u>196,315</u>	<u>255,987</u>
At 31 December 2015	<u>35,246</u>	<u>43,411</u>	<u>271,250</u>	<u>349,907</u>

Included in the amounts for computer equipment above are the following amounts related to leased assets and assets acquired under hire purchase contracts:

	2016 £
Cost:	
At 1 January 2016 and 31 December 2016	106,937
Depreciation:	
At 1 January 2016	25,505
Depreciation provided during the year	35,645
At 31 December 2016	61,150
Carrying amount:	
At 31 December 2016	45,787
At 1 January 2016	81,432

PLAYGROUND GAMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. Fixed asset investments

	Trade investments £
Cost or valuation	
At 1 January 2016	1
Carrying amount	
At 31 December 2016	1
At 31 December 2015	1

Investment in group undertakings

Name	Class of shares	Holding	Registered Address
PG Game Development Limited	Ordinary shares	100 %	1st Floor Rossmore House, 9 Newbold Terrace, Leamington Spa, Warwickshire, CV32 4EA

Name	Nature of the business
PG Game Development Limited	Developer of video games

14. Debtors

	2016 £	2015 £
Amounts owed by group undertakings	60,068	-
Other debtors	29,969	97,799
Prepayments and accrued income	7,170,039	2,427,057
	<u>7,260,076</u>	<u>2,524,856</u>

PLAYGROUND GAMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15. Creditors: Amounts falling due within one year

	2016 £	2015 £
Obligations under leases and hire purchase contracts	120,031	55,214
Trade creditors	57,680	118,939
Amounts owed to group undertakings	-	134,232
Corporation tax	468,530	433,666
Other taxation and social security	437,448	168,823
Other creditors	24,108	35,741
Accruals and deferred income	4,454,806	422,640
	<u>5,562,603</u>	<u>1,369,255</u>

16. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Obligations under leases and hire purchase contracts	108,595	44,557
	<u>108,595</u>	<u>44,557</u>

17. Deferred taxation

	2016 £	2015 £
At beginning of year	(11,000)	-
Charged to profit or loss	10,759	(11,000)
At end of year	<u>(241)</u>	<u>(11,000)</u>
	2016 £	2015 £
Accelerated capital allowances	(241)	(11,000)
	<u>(241)</u>	<u>(11,000)</u>

PLAYGROUND GAMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

18. Provisions

	Deferred tax (note 17) £
At 1 January 2016	11,000
Additions	(10,759)
At 31 December 2016	241

**19. Called up share capital
Issued, called up and fully paid**

	2016 No	£	2015 No	£
Ordinary shares of £1.00 each	14,280	14,280	14,280	14,280

20. Finance lease commitments

	2016 £	2015 £
Not later than 1 year	35,646	35,646
Later than 1 year and not later than 5 years	8,911	44,557
	44,557	80,203

21. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	288,890	279,252
Later than 1 year and not later than 5 years	99,684	1,228,837
	388,574	1,508,089

The Company has signed a new lease agreement in 2017 for lease of property with annual rent of £280,042 until 2027.

PLAYGROUND GAMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss in relation to defined contribution plans was £428,783 (2015:£342,845).

23. Directors, advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	Advances/(credits to the directors		Amounts repaid		Balance outstanding	
	Year ended 2016	Year ended 2015	Year ended 2016	Year ended 2015	Year ended 2016	Year ended 2015
	£	£	£	£	£	£
G Raeburn	-	-	-	(1,142)	-	-
T R Williams	-	-	-	(600)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,742)</u>	<u>-</u>	<u>-</u>

24. Controlling party

The company is a wholly owned subsidiary of Playground Games Holdings Limited, a company incorporated in England.

Copies of Playground Games Holdings Limited group financial statements, which include the company and are the smallest and largest consolidated accounts that the company is included in, are available from the Company Secretary at 1st Floor Rossmore House, 9 Newbold Terrace, Leamington Spa, Warwickshire, CV32 4EA.