

Registration number 07057499

Playground Games Limited
Directors' report and financial statements
for the year ended 31 December 2014

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COMPANIES HOUSE

Playground Games Limited

Company information

Directors	G Raeburn T R Williams N C Wheelwright R M Fulton
Company number	07057499
Registered office	1st Floor Rossmore House 9 Newbold Terrace Leamington Spa Warwickshire CV32 4EA
Auditors	Harben Barker Limited Drayton Court Drayton Road Solihull West Midlands B90 4NG
Bankers	HSBC 126 Parade Leamington Spa Warwickshire CV32 4BS

Playground Games Limited

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Playground Games Limited

Strategic report for the year ended 31 December 2014

Business Review

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

In the year ended 31 December 2014 the company's turnover increased by 56% following the successful completion and launch of Forza Horizon 2, a game developed for Microsoft Corporation Inc. The company has now commenced work on a new significant project, which is expected to be completed during 2016.

Gross and Operating Margin

The gross profit percentage decreased from 46% to 41% due to a disproportionate level of costs being outsourced. The operating profit percentage however showed a healthy increase from 13% to 17%.

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.

Results and Dividends

The results for the year are set out on page 6 of the accounts.

The directors do not recommend the payment of a dividend.

This report was approved by the Board on 25 September 2015 and signed on its behalf by



T R Williams
Director

Playground Games Limited
Directors' report
for the year ended 31 December 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

Principal activity and review of the business

The principal activity of the company is developing video game software.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of a final dividend.

Financial risk management objectives and policies

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 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.

Directors

The directors who served during the year are as stated below:

G Raeburn
T R Williams
N C Wheelwright
R M Fulton

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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). 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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Playground Games Limited

Directors' report for the year ended 31 December 2014

..... continued

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.

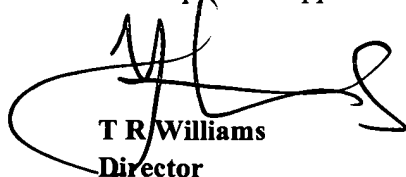
Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

Harben Barker Limited are deemed to be reappointed in accordance with an elective resolution made under Section 386(1) of the Companies Act 1985 which continues in force under the Companies Act 2006.

This report was approved by the Board on 25 September 2015 and signed on its behalf by



T R Williams
Director

Independent auditor's report to the shareholders of Playground Games Limited

We have audited the financial statements of Playground Games Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 set out on page 2 - 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 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 (APB'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.

Opinion on the 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 year 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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

**Independent auditor's report to the shareholders of
Playground Games Limited**

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Paul Stanford FCA, CTA (senior statutory auditor)
For and on behalf of Harben Barker Limited
Chartered Accountants and
Statutory Auditors
Drayton Court
Drayton Road
Solihull
West Midlands
B90 4NG

25 September 2015

Playground Games Limited

**Profit and loss account
for the year ended 31 December 2014**

		2014	2013
	Notes	£	£
Turnover	2	10,591,917	6,781,669
Cost of sales		(6,201,503)	(3,679,712)
Gross profit		4,390,414	3,101,957
Administrative expenses		(2,577,388)	(2,206,773)
Operating profit	3	1,813,026	895,184
Other interest receivable and similar income	5	6,132	4,842
Interest payable and similar charges		(7)	-
Profit on ordinary activities before taxation		1,819,151	900,026
Tax on profit on ordinary activities	8	(332,040)	(123,846)
Profit for the year	14	1,487,111	776,180

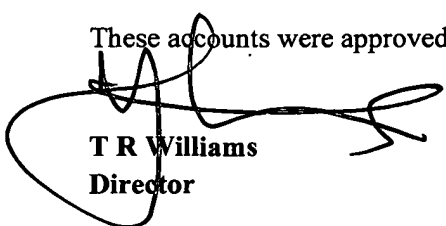
The notes on pages 9 to 16 form an integral part of these financial statements.

Playground Games Limited

**Balance sheet
as at 31 December 2014**

		2014		2013	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		268,707		295,733
Current assets					
Debtors	10	553,028		897,958	
Cash at bank and in hand		3,087,823		2,124,598	
		<u>3,640,851</u>		<u>3,022,556</u>	
Creditors: amounts falling due within one year	11	<u>(989,901)</u>		<u>(1,877,027)</u>	
Net current assets			<u>2,650,950</u>		<u>1,145,529</u>
Total assets less current liabilities			2,919,657		1,441,262
Creditors: amounts falling due after more than one year	12		<u>(19,568)</u>		<u>(28,284)</u>
Net assets			<u>2,900,089</u>		<u>1,412,978</u>
Capital and reserves					
Called up share capital	13		14,280		14,280
Profit and loss account	14		2,885,809		1,398,698
Shareholders' funds	15		<u>2,900,089</u>		<u>1,412,978</u>

These accounts were approved by the directors on 25 September 2015, and are signed on their behalf by:


T R Williams
Director

Registration number 07057499

The notes on pages 9 to 16 form an integral part of these financial statements.

Playground Games Limited

Cash flow statement for the year ended 31 December 2014

	2014		2013	
	£	£	£	£
Operating profit	1,813,026		895,184	
Reconciliation to cash generated from operations:				
Depreciation	232,326		368,196	
Decrease in trade debtors	662,000		(254,755)	
(Increase) in other debtors	(317,070)		(125,206)	
(Decrease) in trade creditors	(146,097)		112,076	
(Decrease) in other creditors	(957,987)		775,562	
		1,286,198		1,771,057
Cash from other sources				
Interest received	6,132		4,736	
Tax repaid	82,113		-	
		88,245		4,736
Application of cash				
Interest paid	(7)		-	
Tax paid	(205,911)		(265,673)	
Purchase of tangible fixed assets	(205,300)		(335,901)	
		(411,218)		(601,574)
Net increase in cash in the year		963,225		1,174,219
Cash at bank and in hand less overdrafts at beginning of year		2,124,598		950,379
Cash at bank and in hand less overdrafts at end of year		3,087,823		2,124,598
Consisting of:				
Cash at bank and in hand		3,087,823		2,124,598

Playground Games Limited

Notes to the financial statements for the year ended 31 December 2014

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year and derives from the provision of goods falling within the company's ordinary activities.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Straight line over the life of the lease
Fixtures, fittings and equipment	-	20% straight line
Computer equipment	-	33.3% straight line

1.4. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings.

Playground Games Limited

Notes to the financial statements for the year ended 31 December 2014

..... continued

1.6. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

2. Turnover

	2014	2013
Geographical market		
UK	-	-
Rest of the World	10,591,917	6,781,669
	<u>10,591,917</u>	<u>6,781,669</u>

3. Operating profit

	2014	2013
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	232,326	368,196
Auditors' remuneration (Note 4)	<u>4,500</u>	<u>4,500</u>

Playground Games Limited

**Notes to the financial statements
for the year ended 31 December 2014**

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4. Auditors' remuneration

	2014	2013
	£	£
Auditors' remuneration - audit of the financial statements	<u>4,500</u>	<u>4,500</u>

5. Interest receivable and similar income

	2014	2013
	£	£
Bank interest	6,058	4,594
Other interest	74	248
	<u>6,132</u>	<u>4,842</u>

6. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

2014	2013
<u>109</u>	<u>94</u>

Employment costs

	2014	2013
	£	£
Wages and salaries	5,162,541	3,789,033
Pension costs-other operating charge	328,885	288,226
	<u>5,491,426</u>	<u>4,077,259</u>

Playground Games Limited

Notes to the financial statements for the year ended 31 December 2014

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6.1. Directors' remuneration	2014	2013
	£	£
Remuneration and other emoluments	491,150	362,070
Pension contributions	11,276	11,323
	<u>502,426</u>	<u>373,393</u>
 Number of directors to whom retirement benefits are accruing under a money purchase scheme	 -	 -
 Highest paid director	 £	 £
Amounts included above:		
Emoluments and other benefits	<u>190,499</u>	<u>146,875</u>

7. Pension costs

The company operates a defined contribution pension scheme in respect of its employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £328,885 (2013: £288,226).

8. Tax on profit on ordinary activities

Analysis of charge in period	2014	2013
	£	£
Current tax		
UK corporation tax	384,667	205,911
Adjustments in respect of previous periods	(52,627)	(82,065)
	<u>332,040</u>	<u>123,846</u>

Playground Games Limited

Notes to the financial statements for the year ended 31 December 2014

..... continued

9. Tangible fixed assets	Short leasehold property £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 January 2014	149,956	83,595	961,908	1,195,459
Additions	52,106	9,329	143,865	205,300
At 31 December 2014	<u>202,062</u>	<u>92,924</u>	<u>1,105,773</u>	<u>1,400,759</u>
Depreciation				
At 1 January 2014	99,604	37,776	762,346	899,726
Charge for the year	44,463	18,598	169,265	232,326
At 31 December 2014	<u>144,067</u>	<u>56,374</u>	<u>931,611</u>	<u>1,132,052</u>
Net book values				
At 31 December 2014	<u>57,995</u>	<u>36,550</u>	<u>174,162</u>	<u>268,707</u>
At 31 December 2013	<u>50,352</u>	<u>45,819</u>	<u>199,562</u>	<u>295,733</u>

10. Debtors	2014 £	2013 £
Trade debtors	-	662,000
Other debtors	103,802	101,316
Prepayments and accrued income	449,226	134,642
	<u>553,028</u>	<u>897,958</u>

Playground Games Limited

**Notes to the financial statements
for the year ended 31 December 2014**

..... continued

11. Creditors: amounts falling due within one year	2014 £	2013 £
Trade creditors	65,791	211,888
Corporation tax	331,981	123,739
Other taxes and social security costs	110,790	116,569
Other creditors	54,059	44,729
Accruals and deferred income	427,280	1,380,102
	<u>989,901</u>	<u>1,877,027</u>
12. Creditors: amounts falling due after more than one year	2014 £	2013 £
Other creditors	<u>19,568</u>	<u>28,284</u>
13. Share capital	2014 £	2013 £
Allotted, called up and fully paid		
14,280 Ordinary shares of £1 each	<u>14,280</u>	<u>14,280</u>
Equity Shares		
14,280 Ordinary shares of £1 each	<u>14,280</u>	<u>14,280</u>
14. Reserves	Profit and loss account £	Total £
At 1 January 2014	1,398,698	1,398,698
Profit for the year	<u>1,487,111</u>	<u>1,487,111</u>
At 31 December 2014	<u>2,885,809</u>	<u>2,885,809</u>

Playground Games Limited

Notes to the financial statements for the year ended 31 December 2014

..... continued

15. Reconciliation of movements in shareholders' funds	2014	2013
	£	£
Profit for the year	1,487,111	776,180
Opening shareholders' funds	1,412,978	636,798
Closing shareholders' funds	<u>2,900,089</u>	<u>1,412,978</u>

16. Financial commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	2014	2013
	£	£
Expiry date:		
Within one year	8,310	6,329
Between one and five years	298,650	288,037
	<u>306,960</u>	<u>294,366</u>

17. Transactions with directors

Advances to directors

The following directors had interest bearing loans during the year. The movements on these loans are as follows:

	Amount owing	Maximum
	2014	in year
	£	£
G Raeburn	1,142	11,142
T R Williams	600	600
	<u>1,742</u>	<u>11,742</u>

Playground Games Limited

**Notes to the financial statements
for the year ended 31 December 2014**

..... continued

18. Ultimate parent undertaking

The company is a wholly owned subsidiary of Playground Games Holdings Limited, a company incorporated in England. The whole of the share capital was transferred to Playground Games Holdings Limited on 4th July 2014.

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.