

INGENIOUS GAMES LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2018

Limited Liability Partnership Number: OC314073

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INGENIOUS GAMES LLP

**ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 28 FEBRUARY 2018**

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**MEMBERS' REPORT
YEAR ENDED 28 FEBRUARY 2018**

The members submit the Annual Report and Financial Statements of Ingenious Games LLP ("the Partnership") for the year ended 28 February 2018.

Principal activities

The Partnership was formed to conduct an integrated games development business. It draws on a deep pool of talent to develop quality video games. Its strategy has been designed to enable it to operate in the global marketplace through a combination of scale and participation in all aspects of the games development and publishing value chain whilst at the same time adopting a conservative approach to managing risks.

The Partnership's scope of business includes marketing activities, thus enabling it to increase its return from individual games and deploy capital across activities with different risk profiles.

The Partnership adopts a sophisticated project selection procedure to manage risks from the outset and only develops games where there is a strong likelihood of distribution and where it is able to secure a participation in gross sales receipts from the exploitation of the developed games by games publishers.

Business review and future outlook

Hastings Games 1 Limited and Hastings Games 2 Limited ("the Designated Members") served during the year as the designated members.

The Partnership has commercially released four games as at 28 February 2018.

On 2 August 2016 Ingenious Games LLP ("the Partnership") received the decision of the First-tier Tribunal in respect of its appeals against the enquiry closure notices issued by HMRC. The decision was complex and a clarification of aspects of the decision was received on 17 May 2017. An application for permission to appeal the decision was lodged on 13 July 2017 and the Tribunal subsequently granted leave to appeal on a number of grounds and published a revised version of its decision in November 2017. The appeal hearing before the Upper-tier Tax Tribunal is scheduled for 4 March 2019 to 5 April 2019.

Any financial impact of the decision will not be reflected in the financial statements of the Partnership because it is a tax transparent entity and therefore any impact on the tax position of the members will be reflected in their individual tax calculations only.

Going Concern

The Partnership's business activities, together with the factors likely to affect its future development, performance and position has been reviewed by the members.

The Partnership is expected to continue to have sufficient cash to meet its foreseeable future obligations and the members believe that the Partnership is well placed to manage its business risks successfully despite the current uncertain economic outlook. As a result the financial statements of the Partnership have been prepared on a going concern basis.

Policy regarding members' drawings and capital

The Designated Members are not entitled to drawings. In accordance with the Members' Agreement, drawings shall be made at the discretion of Ingenious Media Investments Limited ("the Operator"), the operator of the Partnership.

Members' capital is subscribed in accordance with the current Members' Agreement, and retained by the Partnership until such time as the members agree to repay that capital. There were no transfers of members' capital to debt during the year.

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MEMBERS' REPORT (CONTINUED) YEAR ENDED 28 FEBRUARY 2018

Statement of members' responsibilities

The members are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Legislation applicable to limited liability partnerships ("LLPs") requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with applicable law and 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'. Under Partnership law, as applied to LLPs, the members 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 Partnership and of the profit or loss of the Partnership for that year. In preparing these financial statements, the members are required to:

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

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to LLPs. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the members are aware:

- there is no relevant audit information of which the Partnership's auditor is unaware; and
- the members have taken all steps that they should have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

These responsibilities are exercised by the Designated Members on behalf of the Partnership.

Auditors

Shipleys LLP are deemed to be re-appointed under s487(2) of the Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Small company exemptions

This report has been prepared in accordance with the provisions applicable to entities entitled to the small companies exemption. This is in accordance with Part 15 of the Companies Act 2006, as applicable to LLPs. The Partnership has taken advantage of the exemption for the requirement to disclose an enhanced business review and to prepare a strategic report in accordance with section 414(B) of the Companies Act 2006.

This report was approved by the Designated Members and signed on their behalf by:



Director of Hastings Games 1 Limited

Designated Member: **DUNCAN REID**

Date: **30/7/18**

Registered Office
15 Golden Square
London, W1F 9JG

Limited Liability Partnership Number: OC314073

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS GAMES LLP

Opinion

We have audited the financial statements of Ingenious Games LLP (the "Partnership") for the year ended 28 February 2018 which comprise the Profit and Loss Account, the Balance Sheet and Notes to the Financial Statements, including a summary of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic Ireland (United Kingdom Generally Accepted Accounting Practice)'.

This report is made solely to the Partnership'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 Partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Partnership and the Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Partnerships' affairs as at 28 February 2018 and of its loss 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, as applicable to limited liability partnerships.

Basis of 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 Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard, the provisions available for small entities (see note 1 to the financial statements) 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.

Responsibilities of members

As explained more fully in the members' responsibilities statement (see page 2), the members 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website. This description forms part of our auditor's report.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS GAMES LLP (CONTINUED)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Opinions on other matters prescribed by the Companies Act 2006, as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

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

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

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 members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other

We have nothing to report in this regard.

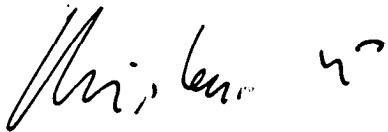
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS GAMES LLP (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the members' report.

We have nothing to report in respect of the following matters where the Companies Act 2006, as applicable to limited liability partnerships, 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 members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to take advantage of the small companies exemption as applicable to limited liability partnerships in preparing the member's report.



Stephen Joberns (Senior Statutory Auditor)

for and on behalf of Shipleys LLP (Statutory Auditor)
10 Orange Street, Haymarket, London, WC2H 7DQ

Date:

30/7/18

INGENIOUS GAMES LLP

PROFIT AND LOSS ACCOUNT YEAR ENDED 28 FEBRUARY 2018

	Notes	Year ended 28 February 2018 £ 000's	Year ended 28 February 2017 £ 000's
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Operating expenses	3	(175)	(4)
Loss for the financial year before members' remuneration and loss share		(175)	(4)
Loss share available for discretionary division among	7	(175)	(4)

All of the Partnership's loss is derived from continuing operations during the current and prior years.

The Partnership has no recognised gains and losses other than those shown above.

The notes on pages 8 to 11 form an integral part of the financial statements.

INGENIOUS GAMES LLP

BALANCE SHEET AS AT 28 FEBRUARY 2018

	Notes	28 February 2018 £ '000s	28 February 2017 £ '000s
Current assets			
Debtors	4	1	-
Cash at bank		<u>55</u>	<u>637</u>
		56	637
Creditors: amounts falling due within one year	6	<u>(56)</u>	<u>(462)</u>
Net current assets		<u>-</u>	<u>175</u>
Net assets attributable to members		<u>-</u>	<u>175</u>
Represented by:			
Members' interests			
Members' capital account	7	28,917	28,917
Other reserves	7	<u>(28,917)</u>	<u>(28,742)</u>
Total members' interests		<u>-</u>	<u>175</u>

The notes on pages 8 to 11 form an integral part of the financial statements.

The Designated Members acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 (as applicable to limited liability partnerships) with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime as defined within Part 15 of the Companies Act 2006 and in accordance with the provisions of Financial Reporting Standard 102 Section 1A small entities.

These financial statements were approved by the Designated Members and authorised for issue and signed on their behalf by:



Director of Hastings Games 1 Limited
Designated Member: DUNCAN REID
Date: 30/7/18

Limited Liability Partnership Number: OC314073

INGENIOUS GAMES LLP

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 28 FEBRUARY 2018

1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding year.

General information and basis of preparation of financial instruments

The Partnership was incorporated in England and Wales as a limited liability partnership under the Limited Liability Partnerships Act 2000. Its place of business and registered office address is 15 Golden Square, London, W1F 9JG. The nature of the Partnership's operations and principal activity are set out in the Members' Report on page 1.

The functional currency of the Partnership is considered to be pound sterling which is the currency of the primary economic environment in which the Partnership operates.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 Section 1A ('FRS 102 Section 1A'), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

The preparation of financial statements in compliance with FRS 102 Section 1A requires the use of certain critical accounting estimates (see note 2 to the financial statements). It also requires management to exercise judgement in applying the Partnership's accounting policies.

The financial statements do not include a cash flow statement because the Partnership is a qualifying entity under FRS 102 Section 1A for taking advantage of the exemption from preparing such a statement.

Going Concern

The Partnership's business activities, together with the factors likely to affect its future development, performance and position has been reviewed by the members.

The Partnership is expected to continue to have sufficient cash to meet its foreseeable future obligations and the members believe that the Partnership is well placed to manage its business risks successfully despite the current uncertain economic outlook. As a result the financial statements of the Partnership have been prepared on a going concern basis.

Turnover

Turnover represents amounts receivable for services provided in the normal course of business, net of VAT.

Cost of sales

Cost of sales represents direct costs attributable to turnover.

Taxation

No current or deferred taxation is provided in the financial statements as the liability for taxation falls on the members.

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Partnership after deducting all of its liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 28 FEBRUARY 2018

1. Accounting policies (continued)

Long-term contracts

Long-term contract balances represent costs incurred on specific contracts, net of amounts transferred to cost of sales in respect of work recorded as turnover, less foreseeable losses and payments on account not matched with turnover. Provision is made for the full amount of foreseeable losses on contracts.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the Balance Sheet date. Exchange differences are taken to the Profit and Loss Account.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Partnership's accounting policies, which are described in Note 1, the members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements in applying the accounting policies

The following are the critical judgements that the members have made in the process of applying the Partnership's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 28 FEBRUARY 2018

3. Operating loss

	Year ended 28 February 2018 £ '000s	Year ended 28 February 2017 £ '000s
The operating loss is stated after charging:		
Auditor's remuneration for audit services	3	4

4. Debtors

	28 February 2018 £ '000s	28 February 2017 £ '000s
Other debtors	1	-

5. Information relating to members

No member received any salaried remuneration from the Partnership during the year (year ended 28 February 2017: £nil).

The average number of members in the year was 3 (year ended 28 February 2017: 3). The average allocation of loss was therefore £58,428 (year ended 28 February 2017: profit of £1,207). The maximum loss allocated to a member was £175,284 (year ended 28 February 2017: profit of £3,622).

6. Creditors: Amounts falling due within one year

	28 February 2018 £ '000s	28 February 2017 £ '000s
Other creditors	53	458
Accruals	3	4
	56	462

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 28 FEBRUARY 2018

7. Reconciliation of movement in members' interests

	2018			2017		
	Members' capital £ '000s	Other reserves £ '000s	Total £ '000s	Loans and Other Amounts Due to Members £ '000s	Total members' interests £ '000s	Total members' interests £ '000s
Balance at the start of the year	28,917	(28,742)	175	-	175	179
Loss for the financial year	-	(175)	(175)	-	(175)	(4)
Members' interests after loss for the financial year	28,917	(28,917)	-	-	-	175
Members' drawings	-	-	-	-	-	-
Balance at the end of the year	28,917	(28,917)	-	-	-	175

In the event of a winding up the Partnership's creditors are paid from any surplus assets prior to their distribution to the members.

Amounts due to be distributed to members at the year end amounted to £8,946 (year ended 28 February 2017: £229,408).

8. Related party disclosures

Ingenious Games Limited ("the Corporate Member"), Ingenious Media Investments Limited ("the Operator"), Ingenious Games Services Limited, Ingenious Media Services Limited, Ingenious Resources Limited, Ingenious Treasury Services Limited and the Designated Members are all wholly-owned subsidiary of Ingenious Media Limited, a company registered in England and Wales. Ingenious Media Limited is a wholly-owned subsidiary by Ingenious Media Holding Limited.

Patrick A McKenna and Duncan M Reid were directors of the Operator and Ingenious Media Limited during the year. Patrick A McKenna was also a director and shareholder of Ingenious Media Holdings Limited. Duncan M Reid was also a director of the Designated Members, the Corporate Member, Ingenious Games Services Limited, Ingenious Media Services Limited, Ingenious Treasury Services Limited during the year.

9. Controlling Party

In the opinion of the members there is no controlling party.