

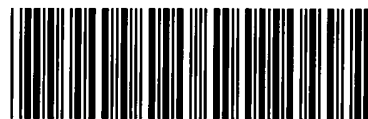
Registration number 03312220

ROCKSTAR NORTH LIMITED

Report and Financial Statements

for the year ended 31 March 2017

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ROCKSTAR NORTH LIMITED

Company information

Directors	D Emerson R M S Hajaj
Company secretaries	D Emerson HAL Management Limited
Company number	03312220
Registered office	Hanover House 14 Hanover Square London W1S 1HP
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF
Business address	Barclay House 108 Holyrood Road Edinburgh EH8 8AS
Bankers	J.P.Morgan 25 Bank Street London E14 5JP
Accountants	JB Chartered Accountants New Custom House Register Street Bo'ness, EH51 9AE

ROCKSTAR NORTH LIMITED

Strategic report for the year ended 31 March 2017

The directors present their strategic report and the financial statements for the year ended 31 March 2017.

Principal activity, review of the business and future developments

The principal activity of the company during the year was the development of entertainment software.

	2017	2016	Change
Turnover	£57,089,880	£53,446,092	+7%
Average number of employees	515	442	+17%
Pre-tax profit for the year	£3,763,815	£3,515,268	+7%

Turnover increased by 7% during the year due to increased charges to the parent company. Operating expenses increased primarily due to increased amounts spent on staffing as well as recharges from fellow group undertakings.

The total average number of employees increased by 17% during the year. This was primarily due to an increased number of persons engaged in development of entertainment software.

The directors do not anticipate any significant changes in the activities of the company for the foreseeable future.

Principal risks and uncertainties

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

- Cash flow risk

The company has established cash forecasting models to manage cash flow.

Subsequent events

On 1 April 2017 the trade and net assets of fellow subsidiary companies Rockstar Leeds Limited, Rockstar London Limited and Rockstar Lincoln Limited were transferred to Rockstar North Limited.

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

D Emerson
Director



Date: 20 October 2017

ROCKSTAR NORTH LIMITED

Directors' report for the year ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Results and dividends

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

The directors have paid a dividend amounting to £12,500,000 during the year (2016 - £nil).

Going concern

In line with the FRC guidance on Going Concern issued in November 2009, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis. The Company's business activities, together with the factors likely to affect its future development, its financial position and financial risk management position are described in the Strategic Report.

The directors have also received a letter of support from the ultimate parent company Take Two Interactive Software Inc that confirms its intention to support the company for at least 12 months from the date of signing these financial statements.

Therefore, after making suitable enquiries, the directors have a reasonable expectation that the company has adequate resources to remain in operation for the foreseeable future and has, as a result, continued to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

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

D Emerson

R M S Hajaj

Statement of directors' responsibilities

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 FRS102 - the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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;
- 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.

ROCKSTAR NORTH LIMITED

**Directors' report
for the year ended 31 March 2017**

Statement of disclosure of information to auditors

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Ernst & Young LLP are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

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

**D Emerson
Director**

A handwritten signature in black ink, appearing to read 'D Emerson', written over a horizontal line.

Date: 20 October 2017

**Independent auditor's report to the shareholders of
ROCKSTAR NORTH LIMITED**

We have audited the financial statements of Rockstar North Limited for the year ended 31 March 2017 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and the related notes 1-21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 March 2017 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.

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 the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Independent auditor's report to the shareholders of
ROCKSTAR NORTH LIMITED**

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

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

Ernst & Young LLP

Naresh Alimchandani (Senior statutory auditor)

For and on behalf of Ernst & Young LLP

Statutory Auditor

London

Date: 25 October 2017

ROCKSTAR NORTH LIMITED

Income statement for the year ended 31 March 2017

		Continuing operations	
	Notes	2017 £	2016 £
Turnover	2	57,089,880	53,446,092
Cost of sales		(29,087,405)	(26,641,448)
Gross profit		28,002,475	26,804,644
Administrative expenses		(24,257,130)	(23,308,165)
Operating profit	3	3,745,345	3,496,479
Other interest receivable and similar income	4	18,470	19,291
Interest payable and similar charges	5	-	(502)
Profit on ordinary activities before taxation		3,763,815	3,515,268
Tax on profit on ordinary activities	8	13,121,157	33,416,310
Profit for the year		<u>16,884,972</u>	<u>36,931,578</u>

Statement of comprehensive income for the year ended 31 March 2017

There are no recognised gains or losses other than the profit of £16,884,972 attributable to the shareholders in the year ended 31 March 2017 (31 March 2016: profit of £36,931,578)

ROCKSTAR NORTH LIMITED

**Statement of financial position
for the year ended 31 March 2017**

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Intangible assets	9		34,094		42,152
Tangible assets	10		10,975,025		12,736,669
			<u>11,009,119</u>		<u>12,778,821</u>
Current assets					
Debtors	11	36,863,160		20,108,997	
Deferred tax	14	1,318,406		1,840,762	
Cash at bank and in hand		4,183,989		12,717,757	
		<u>42,365,555</u>		<u>34,667,516</u>	
Creditors: amounts falling due within one year	12	(7,920,220)		(6,376,855)	
Net current assets			<u>34,445,335</u>		<u>28,290,661</u>
Total assets less current liabilities			<u>45,454,454</u>		<u>41,069,482</u>
Net assets			<u>45,454,454</u>		<u>41,069,482</u>
Capital and reserves					
Called up share capital	16		1		1
Other reserves			15,033,184		15,033,184
Profit and loss account			<u>30,421,269</u>		<u>26,036,297</u>
Shareholders' funds			<u>45,454,454</u>		<u>41,069,482</u>

The financial statements were approved by the Board and signed on its behalf by

R M S Hajaj
Director



Date: 20 October 2017

Registration number 03312220

ROCKSTAR NORTH LIMITED**Statement of changes in equity
for the year ended 31 March 2017**

	Called up share capital £	Profit and loss account £	Other reserves £	Total £
At 1 April 2016	1	26,036,297	15,033,184	41,069,482
Profit for the year	-	16,884,972	-	16,884,972
Dividend	-	(12,500,000)	-	(12,500,000)
At 31 March 2017	<u>1</u>	<u>30,421,269</u>	<u>15,033,184</u>	<u>45,454,454</u>

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2017

1. Accounting policies

Statement of compliance

Rockstar North Limited is a limited company incorporated in England and Wales. The registered office and principal place of business are shown in the Company Information.

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 2017.

Basis of preparation

The financial statements of Rockstar North 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.

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

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

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

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2017

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:

Judgements

Operating lease commitments

The company has entered into commercial property leases and as lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Estimates

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.

Intangible assets - Computer software

Acquired computer software is written off in equal annual installments over its estimated useful economic life of 3 years.

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2017

Tangible fixed assets and depreciation

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

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 property	
improvements	- Straight line over the life of the lease
Computer equipment	- Straight line basis over 3 and 5 years
Furniture & fixtures	- 20% Straight line basis
Asset under construction	- Nil% until brought into use

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.

Leasing

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Lease incentives are spread over the term of the lease.

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 using an appropriate pricing model requiring judgement in estimating expected stock volatility and the amount of stock-based awards that are expected to be forfeited. 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.

Pensions

The company operates a defined contribution scheme for the benefit of its employees. The costs of contributions are written off against profits in the year they are payable.

Deferred taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes except to the extent that the directors consider the liability to taxation is unlikely to materialise.

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

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2017

1.1. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

Going concern

The directors have received a letter of support from the ultimate parent company Take Two Interactive Software Inc that confirms its intention to support the company for the next 12 months from the date of signing these financial statements.

Revenue recognition

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding valued added tax and other sales taxes or duty.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK and excludes value added tax.

Turnover attributable to geographical markets outside the United Kingdom amounted to 100% for the current and prior year, being the United States of America.

3. Operating profit

	2017	2016
	£	£
Equity settled share-based payments	7,113,469	6,493,153
Depreciation and other amounts written off intangible assets	22,802	20,777
Depreciation		
- written off owned tangible fixed assets	2,862,532	2,293,308
Loss on disposal of tangible fixed assets	-	21,091
Research and development		
- expenditure in current year *	52,032,168	48,894,654
Costs recharged from group undertakings	13,562,249	12,625,201
Operating lease rentals		
- Plant and machinery	13,933	15,165
- Land and buildings	1,306,936	2,008,540
Auditors' remuneration	11,490	16,292
and after crediting:		
Net foreign exchange gain	10,491	-

* includes employment costs disclosed in Note 6

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2017

4. Interest receivable and similar income	2017	2016
	£	£
Bank interest	18,470	15,772
Other interest	-	3,519
	<u>18,470</u>	<u>19,291</u>
5. Interest payable and similar charges	2017	2016
	£	£
On loans and overdrafts	-	502
	<u>-</u>	<u>502</u>
6. Employees		
Number of employees	2017	2016
The average monthly numbers of employees (including the directors) during the year were:		
Development	488	415
Administration	27	27
	<u>515</u>	<u>442</u>
Employment costs	2017	2016
	£	£
Wages and salaries	19,714,028	17,294,236
Social security costs	3,841,188	3,195,220
Pension costs	927,643	876,185
Equity settled share based payments	7,113,469	6,493,153
	<u>31,596,328</u>	<u>27,858,794</u>

No directors received any remuneration for their qualifying services from the company during the year.

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 £927,643 (2016 - £876,185).

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2017

8. Tax on profit on ordinary activities

Analysis of charge in period	2017	2016
	£	£
Current tax		
UK corporation tax	(13,757,230)	(31,846,433)
Total current tax charge	<u>(13,757,230)</u>	<u>(31,846,433)</u>
Deferred tax		
Timing differences, origination and reversal	575,830	(1,643,528)
Effect of changes in tax rates	60,243	73,651
Total deferred tax	<u>636,073</u>	<u>(1,569,877)</u>
Tax on profit on ordinary activities	<u>(13,121,157)</u>	<u>(33,416,310)</u>

Factors affecting tax charge for period

The tax assessed for the period differs from the standard rate of corporation tax in the UK (20.00 per cent). The tax rate when monetizing a net operating loss as a result of video games tax relief is 25%. The differences are explained below:

	2017	2016
	£	£
Profit on ordinary activities before taxation	<u>3,763,815</u>	<u>3,515,268</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (31 March 2016 : 20.00%) - VGTR Trade is 25%	830,494	827,424
Effects of:		
Expenses not deductible for tax purposes	532,773	111,844
Capital allowances for period in excess of depreciation	-	208,989
Permanent excess benefit related to stock compensation	(1,229,947)	(1,110,957)
Video Games Tax Relief	(11,918,339)	(11,278,530)
Adjustments to tax charge in respect of previous periods	(2,184,633)	(21,704,992)
Temporary difference related to stock compensation	-	482,150
Net operating loss generated/(utilised)	-	617,640
Deferred tax - origination and reversal current year	-	(1,177,901)
Deferred tax - other timing differences	848,495	(391,977)
Total tax charge for period	<u>(13,121,157)</u>	<u>(33,416,310)</u>

On 26th October 2015, the main UK corporation tax rate was reduced from its current rate of 20% to 19% effective from 1 April 2017. In Finance Act 2016 the 19% rate was reduced to 17% from 1 April 2020. This change has been substantially enacted at the balance sheet date and therefore, is included in these financial statements.

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2017

9. Intangible fixed assets

	Computer software £	Total £
Cost		
At 1 April 2016	331,155	331,155
Additions	14,744	14,744
At 31 March 2017	<u>345,899</u>	<u>345,899</u>
Amortisation		
At 1 April 2016	289,003	289,003
Charge for year	22,802	22,802
At 31 March 2017	<u>311,805</u>	<u>311,805</u>
Net book values		
At 31 March 2017	<u>34,094</u>	<u>34,094</u>
At 31 March 2016	<u>42,152</u>	<u>42,152</u>

10. Tangible fixed assets

	Leasehold property improvement £	Computer equipment £	Furniture and fixtures £	Total £
Cost				
At 1 April 2016	11,880,206	5,661,040	1,451,067	18,992,313
Additions	427,999	672,889	-	1,100,888
At 31 March 2017	<u>12,308,205</u>	<u>6,333,929</u>	<u>1,451,067</u>	<u>20,093,201</u>
Depreciation				
At 1 April 2016	1,994,679	3,678,452	582,513	6,255,644
Charge for the year	1,684,035	969,620	208,877	2,862,532
At 31 March 2017	<u>3,678,714</u>	<u>4,648,072</u>	<u>791,390</u>	<u>9,118,176</u>
Net book values				
At 31 March 2017	<u>8,629,491</u>	<u>1,685,857</u>	<u>659,677</u>	<u>10,975,025</u>
At 31 March 2016	<u>9,885,527</u>	<u>1,982,588</u>	<u>868,554</u>	<u>12,736,669</u>

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2017

11. Debtors	2017	2016
	£	£
Amount owed by group undertakings	11,381,228	8,882,772
Other debtors	1,420,262	921,785
Corporation tax repayable	24,061,670	10,304,440
	<u>36,863,160</u>	<u>20,108,997</u>

Prior year intercompany balances that were previously shown gross have been amended to be shown net.

12. Creditors: amounts falling due within one year	2017	2016
	£	£
Trade creditors	142,684	153,790
Other taxes and social security costs	3,028,254	1,496,950
Accruals and deferred income	4,749,282	4,726,115
	<u>7,920,220</u>	<u>6,376,855</u>

There is no committed overdraft facility.

Holiday entitlement earned but not taken at the date of the statement of financial position is considered immaterial to the accounts as at 31 March 2017 and 31 March 2016.

Prior year intercompany balances that were previously shown gross have been amended to be shown net.

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2017

13. Provisions

	Reduced rent £	Dilapidations £	Total £
At 1 April 2016	2,779,659	1,622,402	4,402,061
Charge for the year	-	428,000	428,000
Utilised in the year	(221,342)	(17,402)	(238,744)
Movements in the year			
At 31 March 2017	<u>2,558,317</u>	<u>2,033,000</u>	<u>4,591,317</u>

Dilapidations

Dilapidations provisions of £2,033,000 are provided in respect of the leased premises. An amount of £Nil (2016 : £17,402) represents dilapidations provisions payable on expired lease agreements.

Reduced Rent

In 2014 the company entered into a new lease agreement which for the initial 10 years the company would benefit from a reduced rent charge and also a rent incentive was received. The reduced rent and rent incentive provision spreads from the benefit across the term of the whole lease.

14. Deferred tax

	2017 £	2016 £
Accelerated/(Declerated) capital allowances	<u>(1,318,406)</u>	<u>(1,840,762)</u>
Provision / (asset) at 1 April 2016	(1,840,762)	
Deferred tax charge in profit and loss account	636,073	
Offset in current tax charge in profit and loss account	<u>(113,717)</u>	
Provision / (asset) at 31 March 2017	<u>(1,318,406)</u>	

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2017

15. 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 annually 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.

Upon vesting, the company will typically withhold shares to satisfy tax liabilities.

16. Share capital	2017	2016
	£	£
Authorised		
1,000 Ordinary shares of 1 each	1,000	1,000
Allotted, called up and fully paid		
1 Ordinary shares of 1 each	1	1

17. Financial commitments

At 31 March 2017 the company had total future minimum lease commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2017	2016
	£	£
Expiry date:		
Not later than one year	1,531,095	1,493,750
After one year but no more than five years	6,516,841	6,357,892
After five years	3,954,517	5,644,557
	<u>12,002,453</u>	<u>13,496,199</u>

The company has only short term plant and machinery commitments.

ROCKSTAR NORTH LIMITED

Notes to the financial statements for the year ended 31 March 2017

18. Capital commitments	2017	2016
	£	£

Details of capital commitments at the accounting date are as follows:

Contracted for but not provided in the financial statements

12,922

-

19. Ultimate parent undertaking

The company's immediate parent undertaking is DMA Design Holdings Limited, a company incorporated in England and Wales.

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

20. Legal matters

On April 11, 2016, we filed a declaratory judgment action in the United States District Court for the Southern District of New York seeking, among other things, a judicial declaration that Leslie Benzies, the former president of the Company with whom we had been in ongoing discussions regarding his separation of employment, is not entitled to any minimum allocation or financial parity with any other person under the applicable royalty plan. We believe we will prevail in this matter, although there can be no assurance of the outcome. On April 12, 2016, Mr. Benzies filed a complaint in the Supreme Court of the State of New York, New York County against us, and certain of our fellow subsidiaries and employees. We removed this case to the United States District Court for the Southern District of New York, but the case was subsequently remanded to state court. The complaint claims damages of at least \$150 million and contains allegations of breach of fiduciary duty; fraudulent inducement and fraudulent concealment; aiding and abetting breach of fiduciary duty; breach of various contracts; breach of implied duty of good faith and fair dealing; tortious interference with contract; unjust enrichment; reformation; constructive trust; declaration of rights; constructive discharge; defamation and fraud. Motion practice in both the federal and state actions is ongoing. We believe that we have meritorious defences to these claims, and we intend to vigorously defend against them and to pursue any counterclaims.

21. Post balance sheet events

On 1 April 2017 the trade and net assets of fellow subsidiary companies Rockstar Leeds Limited, Rockstar London Limited and Rockstar Lincoln Limited were transferred to Rockstar North Limited.