

Company Registration No. 08848868 (England and Wales)

Playground Games Holdings Limited

**Annual report and financial statements
for the year ended 31 December 2020**

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Playground Games Holdings Limited

Company Information

Directors	Benjamin Orndorff Keith Dolliver
Secretary	Reed Smith Corporate Services Limited
Company number	08848868
Registered office	The Broadgate Tower Third Floor 20 Primrose Street London EC2A 2RS
Independent auditor	Deloitte LLP Statutory Auditor Abbots House Abbey Street Reading RG1 3BD United Kingdom

Playground Games Holdings Limited

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Playground Games Holdings Limited

Strategic report

For the year ended 31 December 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

The principal activity of the company continued to be that of a holding company, which serves to hold the investment in Playground Games Limited and it is the plan of the directors to continue to do so. The directors do not consider the investment to be impaired as at the year ended 31 December 2020. Playground Games Limited had net assets of £29,811,474.

The Company did not trade during the current or preceding year, though a loss was recognised for Playground Games. The Company has not received any income or incurred any expense or recognised any other recognised gains or losses during the current or preceding year.

Principal Risks and Uncertainties

The continuity of the business depends on Playground Games Limited and is thus exposed to the risks of the subsidiary company, however these risks are largely mitigated due to support provided by the parent company, Microsoft Corporation.

The beginning of 2020 saw a major outbreak of coronavirus (COVID-19) which has been declared by the World Health Organisation to be a pandemic. The pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets and business practices.

Global and local crisis management teams have been put in place by Microsoft to monitor the COVID-19 situation closely and to anticipate and react to the evolving circumstances. To protect the health and well-being of our employees, suppliers, and customers, Microsoft have made substantial modifications to employee travel policies, implemented retail store and office closures as employees are advised to work from home, and cancelled or shifted our conferences and other marketing events to virtual-only.

The extent to which the COVID-19 pandemic impacts Microsoft going forward will depend on numerous evolving factors we cannot reliably predict, including the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on the economic activity including the possibility of recession or financial market instability. These factors may adversely impact consumer, business, and government spending on technology as well as customers' ability to pay for our products and services on an ongoing basis. This uncertainty also affects management's accounting estimates and assumptions, which could result in greater variability in a variety of areas that depend on these estimates and assumptions, including investments, receivables, and forward-looking guidance.

The business has considered the future effects of Brexit. These are likely limited to creating some friction in engaging new staff from the EU and an increase in associated costs to hire EU staff members with little material impact on the business.

Playground Games Holdings Limited

Strategic report (continued)

For the year ended 31 December 2020

Management have evaluated the financial impact of COVID-19 on the entity operations, solvency and liquidity and to date no significant impacts as a result of COVID-19 have been identified to cast doubt on the entity's ability to continue as a going concern. Management acknowledge that these uncertain times can have a huge impact on people and organisation and keeps monitoring these uncertainties closely. Measures to contain the virus that impact us, our partners, distributors, and suppliers may further intensify these impacts and other risks. Any of these may adversely impact Microsoft's ability to:

- Maintain our operations infrastructure, including the reliability and adequate capacity of cloud services.
- Satisfy our contractual and regulatory compliance obligations as we adapt to changing usage patterns, such as through datacentre load balancing.
- Ensure a high-quality and consistent supply chain and manufacturing operations for our hardware devices and datacentre operations.
- Effectively manage our international operations through changes in trade practices and policies.
- Hire and deploy people where we most need them.
- Sustain the effectiveness and productivity of our operations including our sales, marketing, engineering, and distribution functions.

We may incur increased costs to effectively manage these aspects of our business. If we are unsuccessful it may adversely impact our revenues, cash flows, market share growth, and reputation. The impact of Brexit will also need to be considered.

Development and performance

The company will continue to operate as a holding company, which serves to hold the investment in Playground Games Limited, as outlined in the strategic report.

Key performance indicators

The Directors do not monitor the performance of the company at a statutory level through the use of key performance indicators (KPI's). The Microsoft group manages its business and manages the delivery of its strategic objectives through the application of KPI's at a business group level.

Approved on behalf of the board

Benjamin Orndorff
Director

Date: 24 Sept. 2021

Playground Games Holdings Limited

Directors' report For the year ended 31 December 2020

The directors present their Annual report and audited financial statements for the year ended 31 December 2020.

Results and dividends

The Company did not trade during the current or preceding year and accordingly no profit and loss account has been prepared. The Company has not received any income or incurred any expense or recognised any other recognised gains or losses during the current or preceding year.

No ordinary dividends were paid (2019: £nil). The directors do not recommend payment of a final dividend.

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

Principal activities

The principal activity of the company continued to be that of a holding company, which serves to hold the investments in Playground Games Limited and Playground Mobile Limited.

Future Developments

The company will continue to operate as a holding company, which serves to hold the investment in Playground Games Limited, as outlined in the strategic report.

Playground Games Holdings Limited

Directors' report (continued)

For the year ended 31 December 2020

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Benjamin Orndorff

Keith Dolliver

Disclosure of information to the auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

The auditor Deloitte LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved on behalf of the board

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Benjamin Orndorff

Director

Date: 24 September 2021

Playground Games Holdings Limited

Independent auditor's report

To the members of Playground Games Holdings Limited

Opinion

In our opinion the financial statements of Playground Games Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 10.

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 UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Playground Games Holdings Limited

Independent auditor's report (continued)

To the members of Playground Games Holdings Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Playground Games Holdings Limited

Independent auditor's report (continued)

To the members of Playground Games Holdings Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Playground Games Holdings Limited

Independent auditor's report (continued)

To the members of Playground Games Holdings Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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



Julian Rae (senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

24 September 2021

Playground Games Holdings Limited

**Statement of comprehensive income
For the year ended 31 December 2020**

The company has not traded during the current or preceding year. It received no income and incurred no expenditure, and therefore made neither profit nor loss.

The audit of £13,600 are borne by another group entity (2019: £13,320).

The notes on pages 11 to 15 form part of these financial statements.

Playground Games Holdings Limited

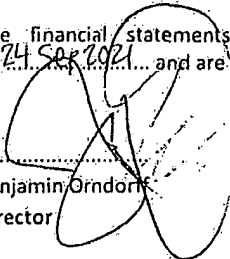
Balance sheet

As at 31 December 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Investments	6		14,380		14,380
Current assets					
Creditors: amounts falling due within one year	8	(100)		(100)	
Net current liabilities			(100)		(100)
Total assets less current liabilities			14,280		14,280
Net assets			14,280		14,280
Capital and reserves					
Called up share capital	9		14,280		14,280

The notes on pages 11 to 15 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 24 Sep 2021 and are signed on its behalf by:


Benjamin Ordon
Director

Company Registration No. 08848868

Playground Games Holdings Limited

**Statement of changes in equity
For the year ended 31 December 2020**

	Share capital £	Total £
At 1 January 2019	14,280	14,280
Profit and total comprehensive income for the year	-	-
At 31 December 2019	14,280	14,280
Profit and total comprehensive income for the year	-	-
At 31 December 2020	14,280	14,280

The notes on pages 11 to 15 form part of these financial statements.

Playground Games Holdings Limited

**Notes to the financial statements
For the year ended 31 December 2020**

1 General information

Playground Games Holdings Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The registered office is The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS. The principal activity of the company is that of a holding company, which serves to hold the investment in Playground Games Limited.

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with the Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

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

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements as permitted by the FRS 102 'The financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 'Statement of Cash Flows';
- the requirements of Section 12 'Other Financial Instruments' paragraphs 12.26 to 12.27, 12.29 (a), 12.29(b), 12.29A, and 12.30;
- the requirements of Section 26 'Share-based payment' paragraphs 26.18(b), 26.19 to 26.21 and 26.13; and
- the requirements of Section 33 'Related Party Disclosures': paragraph 33.7.

Where relevant, equivalent disclosures have been given in the consolidated financial statements of Microsoft Corporation as at 30 June 2020. These financial statements are available to the public and can be obtained as set out in note 10.

2.3 Consolidation

The Company has taken advantage of the exemption from preparing consolidated financial statements contained in Section 401 of the Companies Act 2006 on the basis that it is a wholly owned subsidiary of an immediate parent undertaking that is not established under the law of an EEA state.

The information is included in the consolidated financial statements of Microsoft Corporation as at 30 June 2020 and these financial statements may be obtained from the Investor Relations Department, Microsoft Corporation, 1 Microsoft Way, Redmond, Washington, 98052-6399, USA.

Playground Games Holdings Limited

Notes to the financial statements (continued)
For the year ended 31 December 2020

2 Accounting policies (continued)

2.4 Going concern

The Company has a letter of support that Microsoft Corporation will guarantee the solvency of the Company and provide it with sufficient financing resources for at least 12 months from the date of signing.

At the time of approving the financial statements, the directors have a reasonable expectation that the Company and Microsoft Corporation have adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

2.5 Profit and loss account

The company has not traded during the year or the preceding financial year. During this time the company received no income and incurred no expenditure and therefore no Profit and loss account is presented in these financial statements.

2.6 Valuation of Investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Impairment

A review of 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 inflow that are largely independent of the cash inflows from other assets or group of assets.

2.7 Financial Instruments

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Playground Games Holdings Limited

Notes to the financial statements (continued)
For the year ended 31 December 2020

2 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 directors do not consider there to be any estimates and assumptions which have a significant risk of causing material adjustment to the carrying amount of assets and liabilities.

4 Employees

The average monthly number of persons employed by the company during the current and preceding year was nil.

5 Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was £nil in the current and preceding year.

Playground Games Holdings Limited

Notes to the financial statements (continued)
For the year ended 31 December 2020

6 Fixed asset investments

	Investment in subsidiary companies £
Cost or valuation	
At 1 January 2020 & 31 December 2020	14,380
Net book value	
At 31 December 2020	14,380
At 31 December 2019	14,380

7 Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares held	% Held Direct Indirect	Nature of business
Playground Games Limited	Ordinary	100.00	- Development of video game software
Playground Mobile Limited	Ordinary	100.00	- Dormant
PG Game Development Limited	Ordinary	- 100.00	Development of video game software

The registered office for all of the above subsidiaries is:

The Broadgate Tower, Third Floor, 20 Primrose Street, London, EC2A 2RS

8 Creditors: amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	100	100
	100	100

Amounts owed to group undertakings are non-interest bearing and repayable on demand.

Playground Games Holdings Limited

Notes to the financial statements (continued)
For the year ended 31 December 2020

9 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
1,428,000 Ordinary shares of £0.01 each	<u>14,280</u>	<u>14,280</u>

10 Controlling party

The directors regard Microsoft Corporation, a company registered in the United States of America, as the ultimate parent company and controlling party.

Microsoft Corporation, a company incorporated in the state of Washington in the United States of America is the parent of both the smallest and largest group into which the results are consolidated. Copies of Microsoft Corporation's annual report are available on written request from the Investor Relations Department at their registered address Microsoft Corporation, 1 Microsoft Way, Redmond, Washington, 98052-6399, USA.