

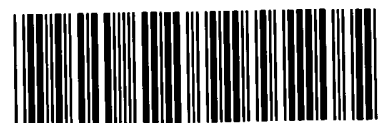
INGENIOUS GAMES LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2017

Limited Liability Partnership Number: OC314073

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INGENIOUS GAMES LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS YEAR ENDED 28 FEBRUARY 2017

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**MEMBERS' REPORT
YEAR ENDED 28 FEBRUARY 2017**

The members submit the Annual Report and Financial Statements of Ingenious Games LLP ("the Partnership") for the year ended 28 February 2017.

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.

Review of the year

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 2017.

On 2 August 2016 Ingenious Games LLP 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.

Any financial impact of the decision will not be reflected in the financial statements of the Partnership because it affects members' share of profits/ losses for tax purposes 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 2017

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 period. 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 period. 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;
- state whether applicable United Kingdom 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 Partnership will continue in business.

The members are responsible for keeping proper 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:

Date: 03/10/2017

Registered Office

15 Golden Square

London, W1F 9JG

Limited Liability Partnership Number: OC314073

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS GAMES LLP

We have audited the financial statements of Ingenious Games LLP for the year ended 28 February 2017 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 9. 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 Partnership's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 as modified by limited liability partnerships. 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.

Respective responsibilities of members and auditors

As explained more fully in the Statement of members' responsibilities, the members are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 Partnerships' 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 annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Partnerships' affairs as at 28 February 2017 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 modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Opinion 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 the information given in the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

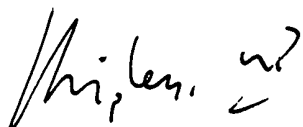
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS GAMES LLP (CONTINUED)

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, 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: 4/10/17

INGENIOUS GAMES LLP

PROFIT AND LOSS ACCOUNT Year ended 28 February 2017

	Notes	Year ended 28 February 2017 £ 000's	Year ended 29 February 2016 £ 000's
Cost of Sales		-	380
Gross profit		-	380
Operating expenses	3	(4)	(249)
(Loss)/profit for the financial year before members' remuneration and (loss)/profit share		(4)	131
(Loss)/profit share available for discretionary division among members	7	(4)	131

All of the Partnership's (loss)/profit is derived from continuing operations during the current and prior year.

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

The notes on pages 7 to 10 form an integral part of the financial statements.

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BALANCE SHEET AS AT 28 FEBRUARY 2017

	Notes	28 February 2017 £ '000s	29 February 2016 £ '000s
Current assets			
Debtors	4	-	364
Cash at bank		<u>637</u>	<u>336</u>
		637	700
Creditors: amounts falling due within one year	6	<u>(462)</u>	<u>(521)</u>
Net current assets		<u>175</u>	<u>179</u>
Net assets attributable to members		<u>175</u>	<u>179</u>
Represented by:			
Members' interests			
Members' capital account	7	28,917	28,917
Other reserves	7	<u>(28,742)</u>	<u>(28,738)</u>
Total members' interests		<u>175</u>	<u>179</u>

The notes on pages 7 to 10 form an integral part of the financial statements.

The 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 and in accordance with the provisions of FRS 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:

Date: 03/10/2017

Limited Liability Partnership Number: OC314073

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28 FEBRUARY 2017**

1. Accounting policies

Ingenious Games LLP was incorporated in the United Kingdom as a limited liability partnership under the Limited Liability Partnerships Act 2000.

The financial statements have been prepared under the historical cost convention, and in accordance with the provisions of FRS 102 Section 1 A Small Entities. The principal accounting policies adopted in the preparation of the financial are set out below:

Taxation

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

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.

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.

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.

Joint Arrangement Not an Entity ("JANE")

In a prior year the Partnership entered into Games Services Agreements with Ingenious Media Services Limited to source and undertake various game-related activities on its behalf.

The Games Services Agreements have been terminated. Following termination, all funds advanced thereunder were returned to the Partnership.

Cash flow statement

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **YEAR ENDED 28 FEBRUARY 2017**

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:

Impairment of investments

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 28 FEBRUARY 2017

3. Operating (loss)/profit

	Year ended 28 February 2017 £ '000s	Year ended 29 February 2016 £ '000s
The operating (loss)/profit is stated after charging:		
Auditor's remuneration for audit services	4	4

Fees payable to the Partnership's auditors for non-audit services provided in the year were £nil (year ended 29 February 2016: £nil).

4. Debtors

	2017 £ '000s	2016 £ '000s
Other debtors	-	364

5. Information relating to members

No member received any salaried remuneration from the Partnership during the year (year ended 29 February 2016: £nil).

The average number of members in the year was 3 (year ended 29 February 2016: 3). The average allocation of loss was therefore £1,207 (year ended 29 February 2016: profit of £43,853). The maximum loss allocated to a member was £3,622 (year ended 29 February 2016: profit of £131,560).

6. Creditors: Amounts falling due within one year

	2017 £ '000s	2016 £ '000s
Other creditors	458	458
Accruals	4	59
Trade creditors	-	4
	462	521

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 28 FEBRUARY 2017

7. Reconciliation of movement in members' interests

	2017			2016		
	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	(28,738)	179	-	179	238
(Loss)/profit for the financial year	-	(4)	(4)	-	(4)	131
Members' interests after (loss)/profit for the financial year	28,917	(28,742)	175	-	175	369
Members' drawings	-	-	-	-	-	(190)
Balance at the end of the year	28,917	(28,742)	175	-	175	179

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 £229,408 (year ended 29 February 2016: £229,408).

8. Related party disclosures

P A McKenna and D M Reid, who were members of the Executive Committee during the year, were also directors of Ingenious Media Investments Limited (the Operator) during the year. D M Reid was also a director of Hastings Games 1 Limited and Hastings Games 2 Limited (the Designated Members), Ingenious Games Limited (the Corporate Member), Ingenious Media Services Limited, Ingenious Games Services Limited, Ingenious Resources Limited and Ingenious Treasury Services Limited during the year. P A McKenna was also the director of Ingenious Asset Management Limited during part of the year.

All of the above-named companies, with the exception of Ingenious Asset Management Limited, are wholly-owned subsidiaries of Ingenious Media Limited, which is itself a wholly-owned subsidiary of Ingenious Media Holdings Limited. This Group is under the control of P A McKenna. Ingenious Asset Management Limited was a wholly owned subsidiary of Ingenious Asset Management Holdings Limited, which was a subsidiary of Ingenious Media Limited. Ingenious Asset Management Holdings Limited was sold to Tilney BestInvest on 29 April 2016.

Member	Annuity due £
P A McKenna	887
D M Reid	887
D Austin	1,997
A Pisker	18,487

P A McKenna, D M Reid, D Austin and A Pisker retired from the Partnership on 6 April 2011.

9. Controlling Party

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