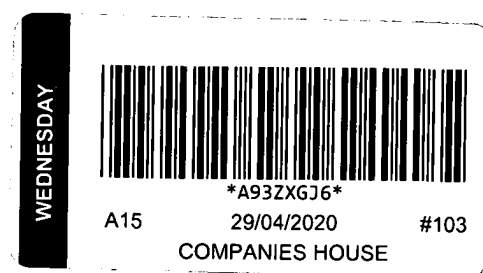


INGENIOUS GAMES LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2019



Limited Liability Partnership Number: OC314073

INGENIOUS GAMES LLP

**ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 28 FEBRUARY 2019**

CONTENTS

MEMBERS' REPORT.....	1
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS.....	3
PROFIT AND LOSS ACCOUNT.....	5
BALANCE SHEET.....	6
NOTES TO THE FINANCIAL STATEMENTS.....	7

INGENIOUS GAMES LLP

MEMBERS' REPORT YEAR ENDED 28 FEBRUARY 2019

The members submit the Annual Report and Financial Statements of Ingenious Games LLP ("the Partnership") for the year ended 28 February 2019.

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 2019.

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 and published a revised version of its decision in November 2017. The appeal hearing before the Upper Tribunal took place between 4 March 2019 to 10 April 2019.

Going Concern

After making enquiries, the members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Further details regarding the adoption of the going concern basis can be found in Note 1 of the financial statements.

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.

INGENIOUS GAMES LLP

MEMBERS' REPORT (CONTINUED) YEAR ENDED 28 FEBRUARY 2019

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.

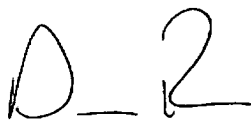
Auditors

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:



Duncan Reid, Director of
Hastings Games 1 Limited
Designated Member
Date: 27 April 2020

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 2019 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)'.

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 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Partnerships' affairs as at 28 February 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applicable to limited liability partnerships.

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.

In preparing the financial statements, the members are responsible for assessing the Partnership'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 members either intend to liquidate the Partnership 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 Financial Reporting Council's website. This description forms part of our auditor's report.

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.

INGENIOUS GAMES LLP

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

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 information, we are required to report that fact.

We have nothing to report in this regard.

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 in relation to which 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
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the members' report and from the requirement to prepare a strategic report.

Use of our report

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 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Applicable of Companies Act 2006) Regulations 2008. 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.

Stephen Joberns

Stephen Joberns (Senior Statutory Auditor)

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

Date:

27/4/2020

INGENIOUS GAMES LLP

PROFIT AND LOSS ACCOUNT YEAR ENDED 28 FEBRUARY 2019

	Notes	Year ended 28 February 2019 £ 000's	Year ended 28 February 2018 £ 000's
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Operating expenses	3	(3)	(175)
(Loss)/profit for the financial year before members' remuneration and (loss)/profit share		(3)	(175)
(Loss)/profit share available for discretionary division among members	7	(3)	(175)

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 7 to 10 form an integral part of the financial statements.

INGENIOUS GAMES LLP

BALANCE SHEET
AS AT 28 FEBRUARY 2019

	Notes	28 February 2019 £ '000s	28 February 2018 £ '000s
Current assets			
Debtors	4	-	1
Cash at bank		44	55
		<u>44</u>	<u>56</u>
Creditors: amounts falling due within one year	6	<u>(44)</u>	<u>(56)</u>
Net current assets		<u>-</u>	<u>-</u>
Net assets attributable to members		<u>-</u>	<u>-</u>
Represented by:			
Members' interests			
Members' capital account	7	28,917	28,917
Other reserves	7	<u>(28,917)</u>	<u>(28,917)</u>
Total members' interests		<u>-</u>	<u>-</u>

The notes on pages 7 to 10 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:



Duncan Reid, Director of
Hastings Games 1 Limited
Designated Member
Date: 27 April 2020

Limited Liability Partnership Number: OC314073

INGENIOUS GAMES LLP

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 28 FEBRUARY 2019

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 members would like to draw attention to the current Covid-19 pandemic and the potential economic impact the virus will have in the coming months. In establishing whether to continue to report under the going concern assumption the member have considered the following points:

- The impact on the day to day trade of the Partnerships' business.
- The impact on the Partnerships' cash position of a period of minimum activity.

Having assessed the risks facing the Partnership as described above, its financial position and profit and cash flow forecasts, the members believe that the Partnership is well placed to manage its business successfully and will be able to maintain positive cash flows for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

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 2019

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.

INGENIOUS GAMES LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **YEAR ENDED 28 FEBRUARY 2019**

3. Operating loss

	Year ended 28 February 2019 £ '000s	Year ended 28 February 2018 £ '000s
The operating profit/(loss) is stated after charging:		
Auditor's remuneration for audit services	3	3

4. Debtors

	28 February 2019 £ '000s	28 February 2018 £ '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 2018: £nil).

The average number of members in the year was 3 (year ended 28 February 2018: 3). The average allocation of loss was therefore £933 (year ended 28 February 2018: loss of £58,428). The maximum loss allocated to a member was £2,800 (year ended 28 February 2018: loss of £175,284).

6. Creditors: Amounts falling due within one year

	28 February 2019 £ '000s	28 February 2018 £ '000s
Other creditors	41	53
Accruals	3	3
	44	56

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 28 FEBRUARY 2019

7. Reconciliation of movement in members' interests

	2019			2018		
	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	(28,917)	-	-	-	175
Profit/(loss) for the financial year	-	(3)	(3)	-	(3)	(175)
Members' interests after loss for the financial year	28,917	(28,920)	(3)	-	(3)	-
Members' drawings	-	3	3	-	3	-
Balance at the end of the year	28,917	(28,917)	-	-	-	-

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 £799 (year ended 28 February 2018: £8,946).

8. Related party disclosures

Ingenious Games Limited ("the Corporate Member"), Ingenious Media Investments Limited ("the Operator"), Ingenious Games Services Limited, Glasine Limited (previously 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, Glasine Limited (previously 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.

10. Events after balance sheet date

On 26 July 2019 Ingenious Games LLP ("the Partnership") received the decision of the Upper Tribunal on its appeal against the decision of the First-tier Tax Tribunal. The Upper Tribunal concluded that the Partnership was not trading and did not have a view to profit. The finding that the Partnership did not have a view to profit means the Partnership (under the law as it existed in April 2018) would be taxed as a body corporate subject to corporation tax rather than as a partnership whose members are subject to tax. However, in the March 2020 budget the government announced its intention to introduce, in the Finance Bill 2020, retrospective legislation to ensure that a Limited Liability Partnership continues to be taxed as a partnership even where it is subsequently found to not have a view to profit. Should the final decision require adjustments to the income and costs recognised by the Partnership, these adjustments may need to be reflected in the financial statements of the Partnership. Any tax impact of the final decision is not expected to be reflected in the financial statements of the Partnership following the introduction of the retrospective legislation.

The Partnership was granted permission to appeal the decision of the Upper Tribunal on the issues of trading and trading with a view to profit by the Court of Appeal in February 2020. The appeal hearing before the Court of Appeal is expected to take place in 2021.