Company Registration No. 08703814 (England and Wales)

Foundry 42 Limited

Annual report and financial statements
for the year ended 31 December 2016

Foundry 42 Limited

Company information

Directors	Ortwin Freyermuth Christopher Roberts Erin Roberts
Company number	08703814
Registered office	Freedom House Church Street Wilmslow Cheshire SK9 1AX
Independent auditors	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE

Foundry 42 Limited

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Foundry 42 Limited

Strategic report
For the year ended 31 December 2016

The directors present the strategic report for the year ended 31 December 2016.

Principal Activities

Established since September 2013 Foundry 42 Limited operates mainly in the UK, invoicing its UK parent Cloud Imperium Games Limited and its principal activity continues to be video game production and development. It is the largest production and development facility within the Cloud Imperium Games Group having continued to grow during the year as it progresses principally the Squadron 42 game with support and input into the Star Citizen Game universe.

Business Review

As reported on the profit and loss account on page 6, the Company has seen a significant rise in turnover by 22% compared to the prior year, although this reflects the increase in costs in the year, 19% compared to the prior year, as the Company has grown its development resource to deliver the technology, design and content required for the game and the wider Star Citizen universe. Operating profit, after the games tax credit, which has been and remains an important factor in the business, has consequently risen £393,650 to £1,297,144.

This year reflects the Company's main objective of planned and sustainable growth as it spends on fundamental areas within the business that will enhance the game and create a platform for future development and deployment. The Company continues to invest in innovation, research and development to deliver the game envisioned by Chris Roberts, the designers and all those contributing to its progress.

The economic and competitive environment is expected to remain challenging during the year ahead but the directors are confident that the current business model will continue to operate efficiently and effectively and with continued investment into the infrastructure of the development team the Company will maintain its competitive position within the industry and continue the significant progress made in the game development.

Principal risks and uncertainties
The key business risks affecting the Company are competition in the market place, reduction in market demand and the cost of the development resource required for delivering the game.

The Company's management mitigate these risks by monitoring numerous key performance indicators and by carrying out regular strategic and operational business reviews.

Key performance indicators
Key performance indicators are monitored on a regular basis. For this development Company specifically these are focused around labour efficiencies and the quality and quantity of output against benchmarked comparators and the development objectives of the business. The business regularly scrutinizes, reviews and explores development schedules and customer service levels and satisfaction for both internal and external goals.

Financial Risk Management

The Company does not actively use financial instruments as part of its financial risk management. The Company is exposed to a limited number of financial risks as it invoices its parent for work competed.

The Company has adequate financing facilities in place via cash generated from operating activities and banking facilities to meet its funding requirements.

Our People

The Company maintains the belief that its people are the key to the long-term success of the business. The Company has continued to carefully and selectively invest in engineers, designers, artists, animators, production managers, audio experts, musicians and other support staff together with the managerial infrastructure to support this growing group of people. To create a game as ambitious as that being developed was never going to be easy but the success to date and the belief in the future success of this venture is down to the skill and expertise of the people engaged in that process.

On behalf of the board

ERoberts
....
Erin Roberts
Director
1st June 2017

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities
The principal activity of the company was that of video game production and development.

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

Ortwin Freyermuth
Christopher Roberts
Erin Roberts

Results and dividends
The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditors
Saffery Champness LLP have expressed their willingness to continue in office.

Statement of directors' responsibilities
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). 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;
- 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.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

E Roberts
....
Erin Roberts
Director
1st June 2017

Foundry 42 Limited

Independent auditors' report
To the members of Foundry 42 Limited

We have audited the financial statements of Foundry 42 Limited for the year ended 31 December 2016 set out on pages 7 to 22. 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 auditors
As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, 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 annual report 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 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 December 2016 and of its profit 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.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our 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.

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report and the 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.

Moses Nyachae (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

1/6/17

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Foundry 42 Limited

Statement of total comprehensive income
For the year ended 31 December 2016

	Notes	31 December 2016 £	31 December 2015 as restated £
Turnover	4	15,487,873	12,737,713
Cost of sales		(17,329,947)	(14,548,986)
Gross loss		(1,842,074)	(1,811,273)
Administrative expenses		(470,517)	(401,007)
Other operating income	6	3,609,735	3,115,774
Operating profit	3	1,297,144	903,494
Interest receivable and similar income	7	1,166	970
Interest payable and similar expenses	8	(38)	(41)
Profit before taxation		1,298,272	904,423
Taxation	10	(233)	(194)
Profit for the financial year		1,298,039	904,229
Total comprehensive income for the year		1,298,039	904,229

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Foundry 42 Limited

Balance sheet
As at 31 December 2016

	Notes	£	2016 £	£	2015 as restated £
Fixed assets					
Tangible assets	11		707,569		645,094
Current assets					
Debtors	12	3,826,994		4,339,446	
Cash at bank and in hand		593,028		171,845	
		4,420,022		4,511,291	
Creditors: amounts falling due within one year	13	(2,068,835)		(3,395,668)	
Net current assets			2,351,187		1,115,623
Total assets less current liabilities			3,058,756		1,760,717
Capital and reserves					
Called up share capital	15		100		100
Profit and loss reserves			3,058,656		1,760,617
Total equity			3,058,756		1,760,717

The financial statements were approved by the board of directors and authorised for issue on 19 JUNE 2017 and are signed on its behalf by:

E D Roberts
....
Erin Roberts
Director

Company Registration No. 08703814

Foundry 42 Limited

Statement of changes in equity
For the year ended 31 December 2016

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
As restated for the period ended 31 December 2015:				
Balance at 1 January 2015		100	856,388	856,488
Year ended 31 December 2015:				
Profit and total comprehensive income for the year		-	-	-
Prior year adjustment		-	904,229	904,229
Balance at 31 December 2015		100	1,760,617	1,760,717
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	1,298,039	1,298,039
Balance at 31 December 2016		100	3,058,656	3,058,756

1 Accounting policies

Company information
Foundry 42 Limited is a private company limited by shares incorporated in England and Wales. The registered office is Freedom House, Church Street, Wilmslow, Cheshire, United Kingdom, SK9 1AX.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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 £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Under FRS 102 (section 1), the company is exempt from the requirement to prepare a cash flow statement on the ground that its parent company (Cloud Imperium Games UK Limited) included the company's cash flow in its own published consolidated statements.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1 Accounting policies (continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	20%
Fixtures, fittings & equipment	33.3%
Computer equipment	50%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies (continued)

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets
Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

1 Accounting policies (continued)

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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.

Other financial liabilities
Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1 Accounting policies (continued)

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1 Accounting policies (continued)

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 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 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Operating profit

	2016	2015
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange (gains)/losses	(41,670)	16,833
Fees payable to the company's auditors for the audit of the company's financial statements	12,019	25,000
Depreciation of owned tangible fixed assets	500,237	359,036

4 *Turnover and other revenue*

An analysis of the company's turnover is as follows:

	2016	2015
	£	£
		as restated
Turnover	15,487,873	12,737,713

4 Turnover and other revenue (continued)

Turnover analysed by geographical market

	2016	2015
	£	£
		as restated
United Kingdom	15,487,873	12,737,713

5 Directors' remuneration

	2016	2015
	£	£
Remuneration for qualifying services	230,000	152,750
Company pension contributions to defined contribution schemes	6,000	40,165
	236,000	192,915

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	230,000	152,750
Accrued pension at the end of the year	6,000	40,165

6 Other operating income

Included in other operating income is the video games tax credit payable to the company of £3,319,220 (2015: £3,115,774).

7 Interest receivable and similar income

	2016	2015
	£	£
Interest income		
Interest on bank deposits	1,166	970

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,166	970

8 Interest payable and similar expenses

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	38	41

9 Employees

	2016	2015
	Number	Number
Total	221	132
	221	132

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	8,522,283	5,116,040
Social security costs	1,017,386	581,032
Pension costs	275,451	220,758
	9,815,120	5,917,830

10 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	233	194

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016	2015
	£	£
Profit before taxation	1,298,272	904,423
Expected tax charge based on a corporation tax rate of 20.00% (2015: 20.25%)	259,654	183,146
Enhanced losses arising from the video games tax credit	(3,528,071)	(3,124,869)
Difference between the rate of corporation tax and the rate of relief under the video games tax credit	(663,891)	(591,997)
Unutilised tax losses carried forward	566,053	519,390
Capital allowances in excess of depreciation	47,034	(101,250)
Income not taxable	3,319,454	3,115,774
Tax expense for the year	233	194

11 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2016	205,657	221,675	720,595	1,147,927
Additions	88,899	195,058	278,865	562,822
At 31 December 2016	294,556	416,733	999,460	1,710,749
Depreciation and impairment				
At 1 January 2016	57,975	65,688	379,280	502,943
Depreciation charged in the year	54,401	97,715	348,121	500,237
At 31 December 2016	112,376	163,403	727,401	1,003,180
Carrying amount				
At 31 December 2016	182,180	253,330	272,059	707,569
At 31 December 2015	147,682	155,989	341,423	645,094

12 Debtors

	2016	2015
Amounts falling due within one year:	£	£ as restated
Corporation tax recoverable	3,319,220	3,980,461
Other debtors	401,061	302,815
Prepayments and accrued income	106,713	56,170
	3,826,994	4,339,446

13 Creditors: amounts falling due within one year

	2016	2015
	£	£
		as restated
Trade creditors	125,444	248,678
Amounts due to group undertakings	794,998	2,348,081
Other taxation and social security	856,601	642,353
Other creditors	37,549	39,753
Accruals and deferred income	254,243	116,803
	2,068,835	3,395,668

14 Retirement benefit schemes

	2016	2015
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	275,451	220,758

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

15 Share capital

	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
100 ordinary shares of £1 each	100	100

16 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016	2015
	£	£
Within one year	249,301	272,907
Between two and five years	1,056,270	1,486,063
	1,305,571	1,758,970

17 Related party transactions

The company has taken advantage of the exemption granted in FRS 8 "Related party disclosures" from disclosure of transactions entered into with the ultimate parent company, as it is wholly owned by a member of group headed by that company.

18 Controlling party

The company's parent undertaking is Cloud Imperium Games UK Limited, a company registered in England and Wales.

The ultimate controlling party is Christopher Roberts due to his majority shareholding in Cloud Imperium Games UK Limited.

19 Prior period adjustment

In previous years, turnover was recognised as an amount equal to the cost of development incurred by the company net of any tax credits received in the year by the company plus a 5% mark-up. During the year it was deemed more appropriate to recognise turnover as an amount equal to the cost of development incurred by the company net of any tax credits receivable, rather than amounts actually received in the year, plus a 5% mark-up. A prior year adjustment has been made to turnover to maintain a consistency with the prior year comparatives.

Changes to the balance sheet

	At 31 December 2015		
	As previously reported	**Adjustment**	**As restated**
	£	**£**	**£**
Current assets			
Debtors due within one year	4,423,425	(83,979)	4,339,446
Creditors due within one year			
Other creditors	(405,234)	(2,348,081)	(2,753,315)
Net assets	4,192,777	(2,432,060)	1,760,717
Capital and reserves			
Profit and loss	4,192,677	(2,432,060)	1,760,617

19 Prior period adjustment (continued)

Changes to the profit and loss account

	Period ended 31 December 2015		
	As previously reported	Adjustment	As restated
	£	£	£
Turnover	15,169,773	(2,432,060)	12,737,713
Other operating income	-	3,115,774	3,115,774
Taxation	3,115,580	(3,115,774)	(194)
Profit for the financial period	3,336,289	(2,432,060)	904,229