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**THE CREATIVE ASSEMBLY LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

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**THE CREATIVE ASSEMBLY LIMITED**

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**THE CREATIVE ASSEMBLY LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2013**

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The directors present their report on The Creative Assembly Limited ("the company") and the audited financial statements for the year ended 31 March 2013

**PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS**

The company operates a computer games software development business

Turnover for the year to 31 March 2013 was £18,229,523 compared to £17,021,202 for 2012. Turnover is primarily derived from services rendered in the development of titles and royalty income for titles owned by the company

The company reported an operating profit of £85,732 for the year ended 31 March 2013 compared to an operating profit of £384,426 for 2012 due to the challenging economic climate and significant changes within the interactive gaming industry

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company develops games in a highly competitive market whereby the success or failure of a title is consumer oriented. The company seeks to continue to enhance its portfolio of titles to exploit existing and new opportunities in the consumer market

At the year end, the company had entered into, and recognised income from, a number of development agreements. These agreements are priced to reflect the estimated cost of completing the development of the game, but delays or cost overruns may mean that the company can incur losses. Effective project management is therefore critical to the profitability of the company

**RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £756,029 (2012 - profit of £383,472)

The directors do not recommend the payment of a dividend (2012 - £Nil)

**DIRECTORS**

The directors of the company who served during the year ended 31 March 2013 and subsequently were as follows

M Hayes (resigned 29 June 2012)  
N Tsurumi (resigned 29 June 2012)  
D Ward  
J Post (appointed 1 June 2012)  
T Miyazaki (appointed 1 June 2012)

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

The directors who held office at the date of approval of this Directors' Report confirm that

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

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THE CREATIVE ASSEMBLY LIMITED

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DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2013

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**AUDITOR**

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor and will therefore continue in office

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



D Ward  
Director

Date 26/12/13

**Registered address**  
27 Great West Road  
Brentford  
Middlesex  
TW8 9BW

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**THE CREATIVE ASSEMBLY LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2013**

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The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CREATIVE ASSEMBLY LIMITED

We have audited the financial statements of The Creative Assembly Limited for the year ended 31 March 2013, set out on pages 5 to 14. 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).

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.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### 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 March 2013 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.

### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### 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 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.



Neil Hughes (Senior Statutory Auditor)  
for and on behalf of  
**KPMG LLP, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

Date 24 December 2013

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**THE CREATIVE ASSEMBLY LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2013**

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	Note	2013 £	2012 £
<b>TURNOVER</b>	1,2	<b>18,229,523</b>	17,021,202
Cost of sales		<u>(16,045,825)</u>	<u>(14,034,607)</u>
<b>GROSS PROFIT</b>		<b>2,183,698</b>	2,986,595
Administrative expenses		<u>(2,097,966)</u>	<u>(2,602,169)</u>
<b>OPERATING PROFIT</b>		<b>85,732</b>	384,426
Interest payable and similar charges		<u>-</u>	<u>(954)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	<b>85,732</b>	383,472
Taxation charge on profit on ordinary activities	7	<u>(841,761)</u>	<u>-</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	13	<u><b>(756,029)</b></u>	<u>383,472</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and Loss Account

The notes on pages 7 to 14 form part of these financial statements

**THE CREATIVE ASSEMBLY LIMITED**  
**REGISTERED NUMBER 03425917**

**BALANCE SHEET**  
**AS AT 31 MARCH 2013**

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	8		<b>1,962,526</b>		1,238,705
Investments	9		<b>648,281</b>		648,281
			<u><b>2,610,807</b></u>		<u>1,886,986</u>
<b>CURRENT ASSETS</b>					
Debtors	10	<b>57,805,306</b>		39,477,726	
Cash in hand		<b>548</b>		1,976	
		<u><b>57,805,854</b></u>		<u>39,479,702</u>	
<b>CREDITORS</b> amounts falling due within one year	11	<b>(57,283,765)</b>		<b>(37,477,763)</b>	
<b>NET CURRENT ASSETS</b>			<u><b>522,089</b></u>		<u>2,001,939</u>
<b>NET ASSETS</b>			<u><u><b>3,132,896</b></u></u>		<u><u>3,888,925</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		<b>100</b>		100
Share premium account	13		<b>33,735</b>		33,735
Profit and loss account	13		<b>3,099,061</b>		3,855,090
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	14		<u><u><b>3,132,896</b></u></u>		<u><u>3,888,925</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



**D Ward**  
 Director

Date **20/12/13**

The notes on pages 7 to 14 form part of these financial statements



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## THE CREATIVE ASSEMBLY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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#### 1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable UK accounting standards and the requirements of the United Kingdom Companies Act 2006, and under the historical cost convention

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review section of the Directors' Report. The company has been profitable and the directors expect this to continue. The company has cash resources and net assets. Accordingly, the directors believe that the company is well placed to manage its business risks successfully and are satisfied that the company has and will maintain sufficient financial resources to enable it to continue operating in the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the Directors' Report and financial statements.

By virtue of section 401 of the Companies Act 2006, the company is exempt from preparing consolidated financial statements as the results of this company are included in the financial statements of its ultimate parent company, SEGA Sammy Holdings Inc, which are publicly available.

##### 1.2 Turnover

Turnover is determined primarily with reference to costs incurred for the year, which are recharged for services provided to Sega Publishing Europe Limited as well as income from owned titles.

##### 1.3 Foreign currencies

In the company's financial statements, monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date of the transaction. All foreign currency exchange gains and losses are recognised in the Profit and Loss Account.

##### 1.4 Operating leases

Costs in respect of operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

##### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	over the remaining term of the lease
Fixtures, fittings & equipment	-	25% - 33%

##### 1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment, if any.

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**THE CREATIVE ASSEMBLY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

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**1 ACCOUNTING POLICIES (continued)**

**1.7 Deferred taxation**

Provision is made for deferred tax liabilities and assets, using full provision accounting, otherwise known as the incremental liability method, when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future in accordance with FRS 19 'Deferred tax'. A net deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**1.8 Research and development**

All research and development costs are charged to the Profit and Loss Account during the period in which they occur. Development costs contracted out to third parties for certain games are charged to the Profit and Loss Account in the same period as that in which the associated revenues are generated.

**1.9 Pension costs**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The contributions payable by the company to the defined contribution scheme are charged to the Profit and Loss Account when they are incurred.

**1.10 Cash flows**

The company is a wholly owned subsidiary of SEGA Holdings Europe Limited, which itself is a wholly owned subsidiary of SEGA Sammy Holdings Inc, which produces publicly available consolidated financial statements (Note 17). Consequently, the company is exempt under the terms of FRS 1 (Revised 1996) 'Cash flow statements' from publishing a cash flow statement.

**1.11 Related party disclosures**

FRS 8 'Related party disclosures' requires the disclosure of the details of material transactions between the reporting entity and any related parties. The company has taken advantage of the exemption from providing such information on group transactions, as it is a 100% owned subsidiary and the parent company's financial statements are publicly available.

**2. TURNOVER**

The turnover and profit before tax are attributable to the principal activity of the company. All turnover originates in the United Kingdom.

**3. DIRECTORS' EMOLUMENTS**

The directors received no emoluments for their services to the company during the year (2012 - £Nil).

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THE CREATIVE ASSEMBLY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013

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4. STAFF COSTS

Staff costs, were as follows

	2013 £	2012 £
Wages and salaries	8,208,858	6,585,671
Social security costs	908,219	753,944
Other pension costs (Note 15)	275,939	209,892
	<u>9,393,016</u>	<u>7,549,507</u>

The average monthly number of persons, employed by the company during the year was as follows

	2013 No	2012 No
Production	194	152
Administration	20	7
	<u>214</u>	<u>159</u>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2013 £	2012 £
Depreciation of tangible fixed assets		
- owned by the company (Note 8)	818,997	583,989
Operating lease rentals		
- land and buildings	304,568	282,161
Foreign exchange losses/(gains)	99,861	(35,299)
	<u>1,223,426</u>	<u>830,851</u>

**THE CREATIVE ASSEMBLY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**6. AUDITOR'S REMUNERATION**

The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) (Amendment) Regulations 2011 is mandatory for periods starting on/after 1 October 2011. The comparatives in respect of the disclosures of Auditor Remuneration have been restated accordingly.

	2013	As restated 2012
	£	£
Audit of these financial statements	<u>19,000</u>	<u>18,000</u>

Amounts receivable by the company's auditor and its associates in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the financial statements of the company's immediate parent undertaking, SEGA Holdings Europe Limited.

**7. TAXATION CHARGE ON PROFIT ON ORDINARY ACTIVITIES**

	2013	2012
	£	£
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on profit for the year	784,440	-
Adjustments in respect of prior year	57,321	-
<b>Tax charge on profit on ordinary activities</b>	<u>841,761</u>	<u>-</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2012 - lower than) the standard rate of corporation tax in the UK of 24% (2012 - 26%). The differences are explained below.

	2013	2012
	£	£
Profit on ordinary activities before tax	<u>85,732</u>	<u>383,472</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	20,576	99,703
<b>Effects of.</b>		
Expenses not deductible for tax purposes	44,238	49,700
Difference between capital allowances and depreciation charge	43,013	7,529
Utilisation of tax losses	(209,046)	-
Adjustments to tax charge in respect of prior periods	57,321	-
Deduction for qualifying research and development expenditure	(101,437)	(376,425)
Group relief surrendered for which no payment is due	(95,304)	219,493
APA adjustment	1,082,400	-
<b>Current tax charge for the year (see note above)</b>	<u>841,761</u>	<u>-</u>

**THE CREATIVE ASSEMBLY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**7. TAXATION CHARGE ON PROFIT ON ORDINARY ACTIVITIES (continued)**

**Factors that may affect future tax charges**

A deferred tax asset relating to trading losses of approximately £Nil (2012 - £1,732,000) carried forward has not been provided in the financial statements as the directors do not consider it more likely than not that future taxable profit will arise against which the potential deferred tax asset can be recovered

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's unprovided potential deferred tax asset accordingly.

**8 TANGIBLE FIXED ASSETS**

	Leasehold improve- ments £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 April 2012	920,659	2,530,726	3,451,385
Additions	329,483	1,213,335	1,542,818
At 31 March 2013	<u>1,250,142</u>	<u>3,744,061</u>	<u>4,994,203</u>
<b>Depreciation</b>			
At 1 April 2012	568,003	1,644,677	2,212,680
Charge for the year	163,932	655,065	818,997
At 31 March 2013	<u>731,935</u>	<u>2,299,742</u>	<u>3,031,677</u>
<b>Net book value</b>			
At 31 March 2013	<u>518,207</u>	<u>1,444,319</u>	<u>1,962,526</u>
At 31 March 2012	<u>352,656</u>	<u>886,049</u>	<u>1,238,705</u>

**THE CREATIVE ASSEMBLY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**9 FIXED ASSET INVESTMENTS**

	<b>Shares in group undertakings £</b>
<b>Cost</b>	
At 1 April 2012 and 31 March 2013	<b>648,281</b>

The fixed asset investments comprise 100% interest in the share capital of The Creative Assembly International Limited (Games development), The Creative Assembly Studios Limited (Dormant) and Total War Limited (Dormant)

**10 DEBTORS**

	<b>2013 £</b>	<b>2012 £</b>
Amounts due from parent company and fellow subsidiary undertakings	<b>57,419,720</b>	39,190,216
Other debtors	<b>9,341</b>	7,267
Prepayments and accrued income	<b>376,245</b>	280,243
	<b><u>57,805,306</u></b>	<b><u>39,477,726</u></b>

**11 CREDITORS:  
Amounts falling due within one year**

	<b>2013 £</b>	<b>2012 £</b>
Bank loans and overdrafts	<b>318,766</b>	282,466
Trade creditors	<b>356,574</b>	180,253
Amounts due to fellow subsidiary undertakings	<b>51,973,988</b>	33,540,256
Amounts due to subsidiary undertakings	<b>641,911</b>	641,911
Corporation tax	<b>841,761</b>	-
Amounts payable on long term contracts owed to subsidiary undertaking	<b>1,658,372</b>	1,848,176
Other creditors	<b>11,869</b>	11,869
Accruals and deferred income	<b>1,480,524</b>	972,832
	<b><u>57,283,765</u></b>	<b><u>37,477,763</u></b>

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THE CREATIVE ASSEMBLY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013

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12. SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid 100 Ordinary shares of £1 each	100	100

13. RESERVES

	Share premium account £	Profit and loss account £
At 1 April 2012	33,735	3,855,090
Loss for the financial year	-	(756,029)
At 31 March 2013	33,735	3,099,061

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Opening shareholders' funds	3,888,925	3,505,453
(Loss)/profit for the financial year	(756,029)	383,472
Closing shareholders' funds	3,132,896	3,888,925

15. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. Costs relating to this scheme are charged to the Profit and Loss Account when they are incurred. The cost for the year is £275,939 (2012 - £209,892).

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THE CREATIVE ASSEMBLY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013

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16. CAPITAL AND OPERATING LEASE COMMITMENTS

(a) Capital commitments

There were no capital commitments at 31 March 2013 (2012 - £Nil)

(b) Operating lease commitments

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2013	2012
	£	£
<b>Expiry date</b>		
Between 2 and 5 years	<u>574,664</u>	<u>401,667</u>

(c) Off balance sheet arrangements

The operating leases noted above are entered into to provide normal operational and trading support for the company. They consist of property leases obligations.

The total financial obligations over the remaining lease terms are

	2013	2012
	£	£
Property leases obligations	<u>2,539,542</u>	<u>2,144,791</u>

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is SEGA Holdings Europe Limited, a company incorporated in England and Wales. The company's ultimate parent company and controlling party is SEGA Sammy Holdings Inc.

SEGA Sammy Holdings Inc is the parent undertaking of the largest group of undertakings in which these financial statements are consolidated. Copies of the consolidated financial statements of SEGA Sammy Holdings Inc may be obtained from the head office Shiodome Sumitomo Building 1-9-2, Higashi Shimbashi, Minato-Ku, Tokyo 105-0021, Japan or from the company's website on [www.segasammy.co.jp](http://www.segasammy.co.jp)