

Registered number 3425917

THE CREATIVE ASSEMBLY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

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THE CREATIVE ASSEMBLY LIMITED

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THE CREATIVE ASSEMBLY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009

The directors present their report on the company and the audited financial statements for the year ended 31 March 2009

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company operates a computer games software development business

Turnover for the year to 31 March 2009 was £10,152,891 compared to £9,699,402 for 2008. Turnover comprises royalty income received under publishing agreements on titles developed by the company and the recognition of milestone income receivable for games under development during the year.

The company reported an operating loss of £520,270 for the year ending 31 March 2009 compared to an operating profit of £406,220 for 2008. Operating margin for the year deteriorated as a result of the company incurring higher than expected costs on the completion of its latest product, Empire Total War.

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, of £257,440 (2008 - profit £422,474) will be transferred to reserves.

The directors do not recommend the payment of a dividend (2008 - £Nil).

DIRECTORS

The directors of the company during the year ended 31 March 2009 were as follows:

M Maeda (resigned 29 May 2009)
M Hayes
N Tsurumi (appointed 29 May 2009)

DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are 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 auditors are aware of that information.

THE CREATIVE ASSEMBLY LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2009**

CHARITABLE CONTRIBUTIONS

Charitable donations made by the company during the year amounted to £Nil (2008 - £Nil)

FINANCIAL INSTRUMENTS


The directors do not consider any additional disclosure is required under Schedule 7 5A of the Companies Act 1985

AUDITORS

In accordance with relevant legislation, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

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

Director

Date  20 May 2010

Registered address
27 Great West Road
Brentford
Middlesex
TW8 9BW

THE CREATIVE ASSEMBLY LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2009**

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)

The financial statements are required by law to 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 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 proper accounting records that 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 1985. 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



8 Salisbury Square
London
EC4Y 8BB

Independent auditors' 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 2009 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed. We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

27 May 2010

THE CREATIVE ASSEMBLY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2009**

	Note	2009 £	2008 £
TURNOVER	1,2	10,152,891	9,699,402
Cost of sales		<u>(8,970,363)</u>	<u>(7,809,047)</u>
GROSS PROFIT		1,182,528	1,890,355
Administrative expenses		<u>(1,702,798)</u>	<u>(1,484,135)</u>
OPERATING (LOSS)/PROFIT		(520,270)	406,220
Interest receivable and similar income		-	28,337
Interest payable and similar charges		<u>(2,222)</u>	<u>(3,822)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(522,492)	430,735
Taxation credit/(charge) on (loss)/profit on ordinary activities	6	<u>265,052</u>	<u>(8,261)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	14	<u>(257,440)</u>	<u>422,474</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 other than those included in the Profit and Loss Account

The notes on pages 8 to 16 form part of these financial statements

THE CREATIVE ASSEMBLY LIMITED

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2009**

	2009 £	2008 £
REPORTED (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(522,492)	430,735
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	3,684	3,684
HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(518,808)	434,419
HISTORICAL COST PROFIT FOR THE YEAR AFTER TAXATION	(253,756)	426,158

The notes on pages 8 to 16 form part of these financial statements

THE CREATIVE ASSEMBLY LIMITED
REGISTERED NUMBER: 3425917

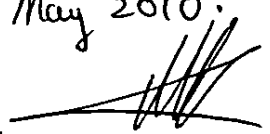
BALANCE SHEET
AS AT 31 MARCH 2009

	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Tangible fixed assets	7		1,505,816		1,778,470
Investments	8		648,281		648,281
			<u>2,154,097</u>		<u>2,426,751</u>
CURRENT ASSETS					
Debtors	9	21,646,005		17,536,454	
Cash at bank and in hand		118,433		30,685	
		<u>21,764,438</u>		<u>17,567,139</u>	
CREDITORS: amounts falling due within one year	10		<u>(20,882,733)</u>		<u>(16,071,821)</u>
NET CURRENT ASSETS			<u>881,705</u>		<u>1,495,318</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,035,802</u>		<u>3,922,069</u>
Provision for liabilities	11		-		(628,827)
NET ASSETS			<u>3,035,802</u>		<u>3,293,242</u>
CAPITAL AND RESERVES					
Called up share capital	13		100		100
Share premium account	14		33,735		33,735
Revaluation reserve	14		271,592		275,276
Profit and loss account	14		2,730,375		2,984,131
TOTAL EQUITY SHAREHOLDERS' FUNDS	15		<u>3,035,802</u>		<u>3,293,242</u>

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

20 May 2010.

Director



The notes on pages 8 to 16 form part of these financial statements

THE CREATIVE ASSEMBLY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

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 1985, and under the historical cost convention, modified to include the revaluation of certain fixed assets

1.2 Turnover

Turnover comprises royalty income received under publishing agreements on titles developed by the company and the recognition of milestone income receivable for games under development at year end

1.3 Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty Turnover for such contracts is stated at cost appropriate to the stage of completion plus attributable profits, less amounts recognised in previous years Cost includes attributable overheads Long term contract work in progress is included in debtors as amounts recoverable on contract Provision is made for any anticipated losses as soon as they are foreseen

1.4 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

1.5 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

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are recorded at cost or valuation less accumulated depreciation and any provision for impairment Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual values and any provision for impairment, on a straight line basis over the expected useful economic lives of the assets concerned The principal annual rates used for this purpose are

Freehold buildings	-	2%
Leasehold improvements	-	over the remaining term of the lease
Fixtures, fittings & equipment	-	25% - 33%
Motor vehicles	-	25%

Freehold land is not depreciated

THE CREATIVE ASSEMBLY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

1 ACCOUNTING POLICIES (continued)

1.7 Investments

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

1.8 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.

1.9 Research and development

All internal 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.

1.10 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.

1.11 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 (see note 19). Consequently, the company is exempt under the terms of FRS 1 (Revised 1996) 'Cash flow statements' from publishing a cash flow statement.

1.12 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 (loss)/profit before tax are attributable to the principal activity of the company. All turnover originates in the United Kingdom.

THE CREATIVE ASSEMBLY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

3 DIRECTORS' EMOLUMENTS

No directors received any emoluments from the company during the year (2009 - £Nil)

4 STAFF COSTS

Staff costs, including executive directors' remuneration, were as follows

	2009 £	2008 £
Wages and salaries	4,374,150	3,412,293
Social security costs	462,223	416,439
Other pension costs (see note 16)	159,818	108,280
	<u>4,996,191</u>	<u>3,937,012</u>

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

	2009 No	2008 No
Production	116	99
Administration	7	7
	<u>123</u>	<u>106</u>

5 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2009 £	2008 £
Depreciation of tangible fixed assets		
- owned by the company (see note 7)	389,613	317,774
Auditors' remuneration - audit of these financial statements	17,000	13,000
Auditors' remuneration - non-audit services	14,000	10,658
Operating lease rentals		
- land and buildings	177,979	168,251
Foreign exchange gains	(114,178)	(13,619)
	<u>484,424</u>	<u>615,874</u>

THE CREATIVE ASSEMBLY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

6 TAXATION (CREDIT)/CHARGE ON ORDINARY ACTIVITIES

	2009 £	2008 £
Analysis of tax charge in the year		
Current tax (see note below)		
Adjustments in respect of prior year	13,000	9,999
	<hr/>	<hr/>
Deferred tax		
Deferred tax current year	(51,894)	(73,600)
Adjustments in respect of prior year	(226,158)	71,862
	<hr/>	<hr/>
Total deferred tax (see note 12)	(278,052)	(1,738)
	<hr/>	<hr/>
Tax on (loss)/profit on ordinary activities	(265,052)	8,261
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2008 - lower than) the standard rate of corporation tax in the UK (28%, 2008 - 30%) The differences are explained below

	2009 £	2008 £
(Loss)/profit on ordinary activities before tax	(522,492)	430,735
	<hr/>	<hr/>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 30%)	(146,298)	129,221
Effects of:		
Expenses not deductible for tax purposes	16,980	103
Accelerated capital allowances and other timing differences	31,336	18,810
Utilisation of tax losses	-	(148,134)
Adjustments to tax charge in respect of prior periods	13,000	9,999
Group relief surrender	97,982	-
	<hr/>	<hr/>
Current tax charge for the year (see note above)	13,000	9,999
	<hr/> <hr/>	<hr/> <hr/>

Factors that may affect future tax charges

A deferred taxation asset has been provided in the financial statements as the directors consider it more likely than not that future taxable profit will arise against which the potential deferred tax asset can be recovered. The amount of the deferred tax asset recognised in the financial statements is shown in note 12

THE CREATIVE ASSEMBLY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

7. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold improvements £	Fixtures, fittings & equipment £	Total £
Cost or valuation				
At 1 April 2008	932,715	573,996	998,534	2,505,245
Additions	4,940	-	114,332	119,272
Disposals	-	(2,313)	-	(2,313)
At 31 March 2009	<u>937,655</u>	<u>571,683</u>	<u>1,112,866</u>	<u>2,622,204</u>
Depreciation				
At 1 April 2008	65,686	57,514	603,575	726,775
Charge for the year	6,816	107,049	275,748	389,613
At 31 March 2009	<u>72,502</u>	<u>164,563</u>	<u>879,323</u>	<u>1,116,388</u>
Net book value				
At 31 March 2009	<u>865,153</u>	<u>407,120</u>	<u>233,543</u>	<u>1,505,816</u>
At 31 March 2008	<u>867,029</u>	<u>516,482</u>	<u>394,959</u>	<u>1,778,470</u>

The Key Partnership, Chartered Surveyors, Valuers and Property Consultants, an external valuer, carried out a valuation of the freehold property in February 2005. The valuation was based upon market value, with vacant possession. The directors consider that this valuation is not materially different from the value at 31 March 2009.

In respect of certain fixed assets stated at valuation, the comparable historical cost and depreciation amounts are as follows:

	2009 £	2008 £
Historical cost		
Cost at 31 March	<u>720,444</u>	<u>720,444</u>
Depreciation		
At 1 April	144,667	130,667
Charge for the year	14,000	14,000
At 31 March	<u>158,667</u>	<u>144,667</u>
Net historical cost amount		
At 31 March	<u>561,777</u>	<u>575,777</u>

THE CREATIVE ASSEMBLY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

8. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Cost or valuation	
At 1 April 2008 and 31 March 2009	648,281

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)

9. DEBTORS

	2009 £	2008 £
Trade debtors	-	318
Amounts due from parent company and fellow subsidiary undertakings	19,854,076	16,817,592
Other taxation and social security	-	172,100
Corporation tax recoverable	-	145,072
Other debtors	5,312	41,249
Amounts recoverable on long term contracts owed by subsidiary undertaking	1,009,351	-
Prepayments and accrued income	171,187	32,096
Deferred tax asset (see note 12)	606,079	328,027
	21,646,005	17,536,454

10 CREDITORS:

Amounts falling due within one year

	2009 £	2008 £
Trade creditors	281,650	150,578
Amounts due to subsidiary undertakings	641,911	641,911
Amounts due to fellow subsidiary undertakings	17,860,304	14,135,306
Other taxation and social security	1,059,143	-
Amounts payable on long term contracts owed to subsidiary undertaking	-	441,907
Other creditors	11,871	59,219
Accruals and deferred income	1,027,854	642,900
	20,882,733	16,071,821

THE CREATIVE ASSEMBLY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

11. PROVISION FOR LIABILITIES

	2009 £	2008 £
Provision for long term contract losses	-	628,827

12 DEFERRED TAX ASSET

	2009 £	2008 £
At beginning of year	328,027	269,423
Recognised during year	278,052	58,604
At end of year	606,079	328,027

The deferred tax asset is made up as follows

	2009 £	2008 £
Other short term timing differences	121,050	(12,030)
Tax losses carried forward	485,029	340,057
	606,079	328,027

13 SHARE CAPITAL

	2009 £	2008 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

THE CREATIVE ASSEMBLY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

14. RESERVES

	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 April 2008	33,735	275,276	2,984,131
Loss for the year	-	-	(257,440)
Transfer between revaluation reserve and profit and loss account	-	(3,684)	3,684
At 31 March 2009	<u>33,735</u>	<u>271,592</u>	<u>2,730,375</u>

15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Opening shareholders' funds	3,293,242	2,870,768
(Loss)/profit for the year	(257,440)	422,474
Closing shareholders' funds	<u>3,035,802</u>	<u>3,293,242</u>

16 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 £159,818 (2008 - £108,280).

17. OPERATING LEASE COMMITMENTS

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2009 £	2008 £
Expiry date		
Between 2 and 5 years	-	194,175
After more than 5 years	<u>265,264</u>	<u>-</u>

18 CONSOLIDATED FINANCIAL STATEMENTS

By virtue of section 228 of the Companies Act 1985, the company is exempt from preparing consolidated financial statements as the results of this company are included in the accounts of its ultimate parent company SEGA Sammy Holdings Inc, which are publicly available.

THE CREATIVE ASSEMBLY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

19 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent company is SEGA Holdings Europe Limited incorporated in England and Wales. The company's ultimate parent company and controlling party is SEGA Sammy Holdings Inc. This company was created on 1 October 2004, following the merger between SEGA Corporation and Sammy Corporation.

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