Company Registration No. 08703814 (England and Wales)

Foundry 42 Limited

Annual report and financial statements
for the year ended 31 December 2015

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 71 Queen Victoria Street London EC4V 4BE

Foundry 42 Limited

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Directors' report
For the year ended 31 December 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

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

Auditors
Saffery Champness were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

E D Roberts

....
Erin Roberts
Director
01.07.2016

Directors' responsibilities statement
For the year ended 31 December 2015

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.

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 2015 set out on pages 5 to 17. 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 Financial Reporting Standard 102.

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 page 2, 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 2015 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' Report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Directors' Report.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from preparing a strategic report.

Other matters - Prior period financial statements

In forming our opinion on the financial statements. which is not modified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited.

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

1/7/16

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Foundry 42 Limited

Profit and loss account
For the year ended 31 December 2015

	Notes	Year ended 31 December 2015 £	Period ended 31 December 2014 £
Turnover	2	15,169,773	5,700,000
Cost of sales		(14,548,986)	(5,552,057)
Gross profit		620,787	147,943
Administrative expenses		(401,007)	(156,311)
Operating profit/(loss)	3	219,780	(8,368)
Interest receivable and similar income		970	-
Interest payable and similar expenses		(41)	(125)
Profit/(loss) before taxation		220,709	(8,493)
Taxation	5	3,115,580	864,881
Profit for the financial year	10	3,336,289	856,388
Total comprehensive income for the year		3,336,289	856,388

Foundry 42 Limited

Balance sheet
As at 31 December 2015

	Notes	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Tangible assets	6		645,094		362,134
Current assets					
Debtors	7	4,423,425		1,029,205	
Cash at bank and in hand		171,845		649,512	
		4,595,270		1,678,717	
Creditors: amounts falling due within one year	8	(1,047,587)		(1,184,363)	
Net current assets			3,547,683		494,354
Total assets less current liabilities			4,192,777		856,488
Capital and reserves					
Called up share capital	9		100		100
Profit and loss reserves	10		4,192,677		856,388
Total equity			4,192,777		856,488

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 01.07.2016 and are signed on its behalf by:

....
Erin Roberts
Director

Company Registration No. 08703814

Foundry 42 Limited

Statement of cash flows
For the year ended 31 December 2015

	Notes	£	2015 £	£	2014 £
Cash flows from operating activities					
Cash generated from operations	**14**		181,961		1,137,016
Interest received			970		-
Interest paid			(41)		(125)
Net cash inflow from operating activities			182,890		1,136,891
Investing activities					
Purchase of tangible fixed assets		(641,996)		(506,040)	
Net cash used in investing activities			(641,996)		(506,040)
Financing activities					
Proceeds from issue of shares		-		100	
Repayment of borrowings		(18,561)		18,561	
Net cash (used in)/generated from financing activities			(18,561)		18,661
Net (decrease)/increase in cash and cash equivalents			(477,667)		649,512
Cash and cash equivalents at beginning of year			649,512		-
Cash and cash equivalents at end of year			171,845		649,512

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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.

1.2 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.

1.3 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:

Plant and machinery	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 Accounting policies (continued)

1.4 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.5 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.

1.6 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 statement of financial position 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.

1 Accounting policies (continued)

Basic financial assets

Basic financial assets, which include trade and other 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.

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 publically 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.

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.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies (continued)

Basic financial liabilities, including trade and other 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 receipts discounted at a market rate of interest.

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. Accounts payable are classified as 'creditors: amounts falling due within one year' if payment is due within one year or less. If not, they are presented as 'creditors: amounts falling due after more than one year'. 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.

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

1.7 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.

1.8 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.

1 Accounting policies (continued)

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.

1.9 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 Turnover and other revenue

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

	2015	2014
	£	£
Turnover		
	15,169,773	5,700,000

Turnover analysed by geographical market

	2015	2014
	£	£
United Kingdom	15,169,773	5,700,000

3 Operating profit/(loss)

Operating profit/(loss) for the year is stated after charging/(crediting):	2015 £	2014 £
Exchange losses/(gains)	16,833	405
Fees payable to the company's auditors for the audit of the company's financial statements	25,000	-
Depreciation of owned tangible fixed assets	359,036	143,906
Directors' remuneration including other benefits	192,915	187,500

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2015 Number	2014 Number
Total	132	52

5 Taxation

	2015	2014
	£	£
Current tax		
UK corporation tax on profits for the current period	(3,115,580)	(864,881)

The charge for the year can be reconciled to the profit/(loss) per the profit and loss account as follows:

	2015	2014
	£	£
Profit/(loss) before taxation	220,709	(8,493)
Expected tax charge based on a corporation tax rate of 20.25% (2014 - 21.81%)	44,694	(1,852)
Enhanced losses arising from the video games tax credit	(2,986,416)	(752,670)
Difference between the rate of corporation tax and the rate of relief under the video games tax credit	(591,998)	(110,359)
Unutilised tax losses carried forward	519,390	-
Capital allowances in excess of depreciation	(101,250)	-
Tax expense for the year	(3,115,580)	(864,881)

6 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2015	506,041
Additions	641,996
At 31 December 2015	1,148,037
Depreciation and impairment	
At 1 January 2015	143,907
Depreciation charged in the year	359,036
At 31 December 2015	502,943
Carrying amount	
At 31 December 2015	645,094
At 31 December 2014	362,134

7 Debtors

	2015	2014
Amounts falling due within one year:	£	£
Corporation tax recoverable	3,980,461	864,881
Amounts due from group undertakings	83,979	-
Other debtors	358,985	164,324
	4,423,425	1,029,205

8 Creditors: amounts falling due within one year

	2015	2014
	£	£
Trade creditors	248,678	219,392
Other taxation and social security	642,353	79,579
Other creditors	156,556	885,392
	1,047,587	1,184,363

9 Called up share capital

	2015	2014
	£	£
Ordinary share capital		
Issued and fully paid		
100 ordinary shares of £1 each	100	100

10 Profit and loss reserves

	2015	2014
	£	£
At beginning of year	856,388	-
Profit for the year	3,336,289	856,388
At end of year	4,192,677	856,388

11 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.

12 Parent company

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.

13 Transition to FRS 102

For the period ended 31 December 2014, the company prepared its financial statements in accordance with previously existent United Kingdom Generally Accepted Accounting Practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first that the company has prepared in accordance with FRS 102. Accordingly, the company has prepared these financial statements to comply with FRS 102 for period beginning on or after 23 September 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

The net effect of the recording items between the profit for the financial statements ended 31 December 2015 and the total equity as at 31 December 2014 between UK GAAP as previously reported and FRS 102 is £nil.

14 Cash generated from operations

	2015	2014
	£	£
Profit for the year	3,336,289	856,388
Adjustments for:		
Income tax receivable	(3,115,580)	(864,881)
Finance costs	41	125
Interest receivable	(970)	-
Depreciation and impairment of tangible fixed assets	359,036	143,906
Movements in working capital:		
(Increase) in debtors	(344,121)	(98,843)
(Decrease)/increase in creditors	(52,734)	1,100,321
Cash generated from operations	181,961	1,137,016