

# Green Man Gaming Limited

Report and Financial Statements

Year Ended

31 December 2017

Company Number 05271628

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# **Green Man Gaming Limited**

**Report and financial statements  
for the year ended 31 December 2017**

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## **Directors**

P Sulyok  
S Giamas  
B Tompkins  
C Jay  
F Galaria

## **Secretary and registered office**

T L Saxton, Mutual House, 70 Conduit Street, London, W1S 2GF

## **Company number**

05271628

## **Auditor**

BDO LLP, 55 Baker Street, London, W1U 7EU

# Green Man Gaming Limited

Strategic report  
for the year ended 31 December 2017

## Business model

Green Man Gaming are an eCommerce store and community platform offering millions of gamers a single destination for all things gaming. With customers in 195 countries, Green Man Gaming stocks over 6,600 multi-platform digital games from more than 700 game publishers and developers. The community platform provides the gaming community with the latest game data tracking, reviews, news and discussions. Green Man Gaming's publishing arm also works with independent development studios globally to market their own games and increase visibility of games in a challenging marketplace. It has published 29 games and DLC to date including Bafta-nominated The Bunker game.

Leveraging our patented technology, we also partner with game publishers and leading hardware manufacturers such as Lenovo and Intel to support their marketing initiatives. In 2017, Green Man Gaming partnered with Intel to build and manage their software distribution hub which offers digital games to hundreds of hardware partners as part of the Intel Technology Provider Gold and Platinum Partners Program.

Our goal is to bring the magic of videogames and the wonder and joy they can bring into as many people's lives as possible.

## Strategy

Green Man Gaming's strategy is focused on three main pillars: Customer, Community and Commercial. With the customer at the centre of everything we do, the company's growth will be driven by data and our industry-leading platform, our community and strong brand as well as our strong partnerships.

## Review of the Business and future developments

The directors are pleased with the results for the year. Turnover has grown to £47.5m in the year to December 2017 compared with £37.2m in the prior 12 months, an increase of 28%. Gross Margin also increased to 13 % of turnover (2016 - 12%) and the Operating loss improved by £1.4m.

## Key performance indicators

	2017	2016
Turnover from continuing operations (£m)	47.5	37.2
Annual turnover growth (%)	28%	26%

*As the prime measure of our economic output, revenue growth is key to measuring shareholder return and the success of our expansion strategies.*

Gross margin from continuing operations (%)	13%	12%
Gross margin from continuing operations (£m)	6.0	4.4

*Gross margin provides an indication of the quality of turnover growth and is also a measure of value added by the group, reflecting the quality of our marketing and customer service.*

Trust Pilot Review Score at 31 December (out of 10)	9	9
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*The quality of our customer service is vital to our brand. Customer feedback is the best independent indication we can get of how our products are received.*

# Green Man Gaming Limited

Strategic report  
for the year ended 31 December 2017 (*continued*)

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## Principal risks and uncertainties

### *Product Release Dates*

Green Man Gaming is dependent on the release dates of key gaming titles to drive its sales and delays in releasing titles may lead to reduced revenue as customers wait for a specific game.

### *Product Quality*

Video games are highly complex products to develop and there is a risk that a product may be released for sale which fails to achieve a high review score, due to poor gameplay or bugs not being picked up in the QA process. Green Man Gaming Ltd may have to refund gamers who have purchased these game titles if the game is not playable, or may suffer reduced sales expectations if a game fails to deliver its promised content.

### *Effectiveness of the supply chain*

There is a risk that suppliers of games could go bankrupt before a key game release, which may lead to reduced sales due to lack of stock and an alternative supplier not being sourced in time for the release.

### *Staffing*

Our staff are key to running our business and there is a risk that excessive staff turnover could impact our ability to provide good customer service.

## Approval

This Strategic Report was approved on behalf of the Board on

14 May 2018

  
Callum Jay  
Director

# Green Man Gaming Limited

## Report of the directors for the year ended 31 December 2017

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The directors present their report together with the audited financial statements for the year ended 31 December 2017.

### Results

The income statement is set out on page 8 and shows the loss for the year.

### Principal activities

The principal activity of the company continued to be that of an online computer game retailer.

### Directors

The directors of the company during the year were:

P Sulyok  
S Giamas  
B Tompkins  
C Jay  
F Galaira

### Directors' responsibilities

The directors are responsible for preparing the strategic report, 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 group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether appropriate UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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.

# Green Man Gaming Limited

Report of the directors  
for the year ended 31 December 2017 (*continued*)

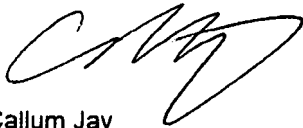
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## Auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

## On behalf of the Board



Callum Jay

## Director

Date 14 May 2018

# Green Man Gaming Limited

## Independent auditor's report

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### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GREEN MAN GAMING LIMITED

#### Opinion

We have audited the financial statements of Green Man Gaming Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2017 which comprise the consolidated income statement, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 and of the Group's 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# Green Man Gaming Limited

## Independent auditor's report (*continued*)

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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 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.

# Green Man Gaming Limited

## Independent auditor's report (*continued*)

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Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

*BDO LLP*

Andrew Viner (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London

Date

*14 May 2018*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Green Man Gaming Limited

## Consolidated income statement for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Turnover	3	47,507	37,176
Cost of sales		(41,544)	(32,808)
<b>Gross profit</b>		<b>5,963</b>	<b>4,368</b>
Administrative expenses		(6,788)	(6,635)
<b>Operating loss</b>	4	<b>(825)</b>	<b>(2,267)</b>
Interest payable and similar charges	7	(106)	(109)
<b>Loss on ordinary activities before taxation</b>		<b>(931)</b>	<b>(2,376)</b>
Taxation on loss on ordinary activities	8	755	743
<b>Loss for the financial year</b>		<b>(176)</b>	<b>(1,633)</b>

All amounts relate to continuing operations.

There are no other items of comprehensive income in either reporting period.

The notes on pages 16 to 30 form part of these financial statements.

# Green Man Gaming Limited

## Consolidated balance sheet at 31 December 2017

<i>Company number 05271628</i>	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
<b>Fixed assets</b>					
Intangible assets	10		2,594		1,960
Tangible assets	11		90		49
			2,684		2,009
<b>Current assets</b>					
Stocks	13	797		516	
Debtors	14	2,897		2,907	
Cash at bank and in hand		4,388		3,513	
		8,082		6,936	
<b>Creditors: amounts falling due within one year</b>	15	(17,002)		(15,170)	
<b>Net current liabilities</b>			(8,920)		(8,234)
<b>Net liabilities</b>			(6,236)		(6,225)
<b>Capital and reserves</b>					
Called up share capital	17		-		-
Share premium			6,499		6,499
Merger reserve			442		442
Profit and loss account			(13,177)		(13,166)
			(6,236)		(6,225)

The financial statements were approved by the Board of Directors and authorised for issue on

*14 May 2018*

  
Callum Jay  
Director

The notes on pages 16 to 30 form part of these financial statements.

# Green Man Gaming Limited

## Consolidated statement of changes in equity for the year ended 31 December 2017

	Share capital £'000	Share premium £'000	Merger reserve £'000	Profit and loss account £'000	Total equity £'000
<b>1 January 2017</b>	-	6,499	442	(13,166)	(6,225)
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(176)	(176)
<b>Total comprehensive income for the year</b>	-	-	-	(176)	(176)
<b>Contributions by and distributions to owners</b>					
Share based payment charge	-	-	-	165	165
<b>Total contributions by and distributions to owners</b>	-	-	-	165	165
<b>31 December 2017</b>	-	6,499	442	(13,177)	(6,236)

The notes on pages 16 to 30 form part of these financial statements.

## Green Man Gaming Limited

### Consolidated statement of changes in equity for the year ended 31 December 2016

	Share capital £'000	Share premium £'000	Merger reserve £'000	Profit and loss account £'000	Total equity £'000
<b>1 January 2016</b>	-	6,499	442	(12,047)	(5,106)
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(1,633)	(1,633)
<b>Total comprehensive income for the year</b>	-	-	-	(1,633)	(1,633)
<b>Contributions by and distributions to owners</b>					
Share based payment charge	-	-	-	514	514
<b>Total contributions by and distributions to owners</b>	-	-	-	514	514
<b>31 December 2016</b>	-	6,499	442	(13,166)	(6,225)

The notes on pages 16 to 30 form part of these financial statements.

# Green Man Gaming Limited

## Consolidated statement of cash flows for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
<b>Cash flows from operating activities</b>			
<b>Loss for the financial year</b>		(176)	(1,633)
Adjustments for:			
Depreciation and amortisation of fixed assets and intangibles	10/11	1,057	463
Loss on disposal of fixed assets		7	1
Net interest payable	7	106	109
Taxation credit	8	(755)	(743)
Share based payment charges	18	165	514
(Increase) / decrease in trade and other debtors		(328)	492
(Increase) in stocks		(280)	(197)
Increase /(decrease) in trade and other creditors		2,965	(3,674)
Increase in accruals		1,117	820
		<hr/>	<hr/>
<b>Cash generated from / (used in) operations</b>		<b>3,878</b>	<b>(3,848)</b>
Interest paid		(106)	(109)
Tax credit received		1,092	400
		<hr/>	<hr/>
<b>Net cash generated from / (used in) operating activities</b>		<b>4,864</b>	<b>(3,557)</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets	11	-	1
Purchases of tangible fixed assets	11	(88)	(62)
Purchases of intangible assets	10	(1,651)	(1,015)
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(1,739)</b>	<b>(1,076)</b>
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Loan drawdown	15	-	2,250
Loan repayment	15	(2,250)	-
		<hr/>	<hr/>
<b>Net cash generated from financing activities</b>		<b>(2,250)</b>	<b>2,250</b>
		<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>		<b>875</b>	<b>(2,383)</b>
Cash and cash equivalents at beginning of year		3,513	5,896
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>		<b>4,388</b>	<b>3,513</b>
		<hr/>	<hr/>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand		4,388	3,513
		<hr/>	<hr/>
		<b>4,388</b>	<b>3,513</b>
		<hr/>	<hr/>

The notes on pages 16 to 30 form part of these financial statements.

# Green Man Gaming Limited

## Company balance sheet at 31 December 2017

Company number 05271628	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
<b>Fixed assets</b>					
Intangible assets	10		2,453		1,809
Tangible assets	11		90		49
Investments	12		-		-
			2,543		1,858
<b>Current assets</b>					
Stocks	13	797		516	
Debtors	14	3,130		3,150	
Cash at bank and in hand		3,982		3,048	
		7,909		6,714	
<b>Creditors: amounts falling due within one year</b>	15	(16,898)		(15,031)	
<b>Net current liabilities</b>			(8,989)		(8,317)
<b>Net liabilities</b>			(6,446)		(6,459)
<b>Capital and reserves</b>					
Called up share capital	17		-		-
Share premium account			6,499		6,499
Profit and loss account			(12,945)		(12,958)
			(6,446)		(6,459)

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the company for the year was £152,000 (2016 - £1,705,000).

The financial statements were approved by the Board of Directors and authorised for issue on 14 May 2018

  
Callum Jay  
Director

The notes on pages 16 to 30 form part of these financial statements.

# Green Man Gaming Limited

## Company statement of changes in equity for the year ended 31 December 2017

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity £'000
1 January 2017	-	6,499	(12,958)	(6,459)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(152)	(152)
<b>Total comprehensive income for the year</b>	-	-	(152)	(152)
<b>Contributions by and distributions to owners</b>				
Share based payment	-	-	165	165
<b>Total contributions by and distributions to owners</b>	-	-	165	165
31 December 2017	-	6,499	(12,945)	(6,446)

The notes on pages 16 to 30 form part of these financial statements.

# Green Man Gaming Limited

## Company statement of changes in equity for the year ended 31 December 2016 (continued)

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity £'000
1 January 2016	-	6,499	(11,767)	(5,268)
Comprehensive income for the year				
Loss for the year	-	-	(1,705)	(1,705)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(1,705)</b>	<b>(1,705)</b>
<b>Contributions by and distributions to owners</b>				
Share based payment	-	-	514	514
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>514</b>	<b>514</b>
<b>31 December 2016</b>	<b>-</b>	<b>6,499</b>	<b>(12,958)</b>	<b>(6,459)</b>

The notes on pages 16 to 30 form part of these financial statements.

# Green Man Gaming Limited

## Notes forming part of the financial statements for the year ended 31 December 2017

### 1 Accounting policies

Green Man Gaming Limited is a private company, limited by shares and incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

#### *Parent company disclosure exemptions*

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure as been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

#### *Basis of consolidation*

The consolidated financial statements present the results of Green Man Gaming Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2015. Therefore, the group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

#### *Revenue*

Revenue from the sales of goods is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Group will receive the previously agreed upon payment. These criteria are considered to be met when the game key has been issued to the customer. Revenue from co-operative marketing transactions is recognised when the service has been performed.

# Green Man Gaming Limited

## Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets*

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

#### *Depreciation*

Depreciation on assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Leasehold land and buildings	-	The term of the lease
Plant, machinery and vehicles	-	3 years
Fixtures, fittings, tools and equipment	-	3 years
Office equipment	-	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

#### *Website development costs*

Where group companies' websites are expected to generate future revenues in excess of the costs of developing those websites, expenditure on the functionality of the website is capitalised and treated as an intangible fixed asset. Expenditure incurred on maintaining websites and expenditure incurred on developing websites used only for advertising and promotional purposes are written off as incurred. The estimate useful life is 3 years.

#### *Valuation of investments*

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

#### *Impairment of fixed assets and goodwill*

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

# Green Man Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (*continued*)

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## 1 Accounting policies (*continued*)

### *Stocks*

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price. The impairment loss is recognised immediately in profit or loss.

### *Foreign currency translation*

#### *(a) Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the company's functional and the group's presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

#### *(b) Transactions and balances*

Foreign currency transactions are translated into the group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

# Green Man Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (*continued*)

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## 1 Accounting policies (*continued*)

### *Intangible assets*

#### *a) Goodwill*

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. Goodwill is being amortised over 20 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

#### *(b) Research and development costs*

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their expected useful economic lives, which is estimated to be 3 years.

The expected useful economic life of development costs are estimated based on business plans which set out the development plan and time to market for the associated project.

If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only.

### *Current and deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

# Green Man Gaming Limited

## Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

### 1 Accounting policies (continued)

#### *Current and deferred taxation (continued)*

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### *Share-based payments*

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with the fair value of goods and services received.

#### *Operating leases*

Operating lease rentals are charged to profit or loss on a straight-line basis over the term of the lease.

#### *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Judgement in managements distinction between research and development costs. Specifically, determining which costs meet the development criteria specific by FRS 102. All other costs that do not meet these development criteria are expensed through the income statement; and
- Intangible fixed assets are amortised on a straight line basis over the useful economic lives taking into account residual values, where appropriate. Further intangible assets are reviewed for impairment at the end of the first financial year following acquisition and in other periods if events or changes in the circumstances indicate that the carrying value may not be recovered

## Green Man Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (continued)

	2017	2016
	£'000	£'000
<b>3 Analysis of turnover</b>		
Analysis by class of business:		
Computer games retailing	45,707	37,176
	<hr/>	<hr/>
Analysis of turnover by country of destination:		
United Kingdom	2,611	2,567
Rest of Europe	10,868	10,800
Rest of the world	34,028	23,809
	<hr/>	<hr/>
	47,507	37,176
	<hr/>	<hr/>
<b>4 Operating loss</b>		
	2017	2016
	£'000	£'000
This is arrived at after charging:		
Research and development		
- current year's expenditure	435	1,101
Depreciation of tangible fixed assets	40	37
Amortisation of intangible assets, including goodwill	1,017	426
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	50	47
Fees payable to the company's auditor and its associates for other services to the group:		
- Taxation compliance services	16	16
Exchange differences	(71)	672
Directors' remuneration	561	463
Share based payment	165	514
	<hr/>	<hr/>
<b>5 Employees</b>		
	2017	2016
	£'000	£'000
Staff costs (including directors) consist of:		
Wages and salaries	4,502	3,624
Social security costs	402	329
Pension costs	30	22
	<hr/>	<hr/>
	4,934	3,975
Capitalised as part of intangible assets	(1,562)	(914)
	<hr/>	<hr/>
	3,372	3,061
	<hr/>	<hr/>

# Green Man Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (*continued*)

## 5 Employees (*continued*)

The average number of employees (including directors) during the year was as follows:

	2017 Number	2016 Number
Development	19	17
Sales and marketing	41	29
Administration and Operations	27	27
	<hr/>	<hr/>
	87	73
	<hr/>	<hr/>

## 6 Directors' remuneration

	2017 £'000	2016 £'000
Directors' emoluments	561	463
	<hr/>	<hr/>

Emoluments of the highest paid director were £-296,000 (2016 - £247,000).

## 7 Interest payable and similar charges

	2017 £'000	2016 £'000
Bank loans and overdrafts	102	108
Other interest	4	1
	<hr/>	<hr/>
	106	109
	<hr/>	<hr/>

# Green Man Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (continued)

8 Taxation	2017 £'000	2016 £'000
<i>UK corporation tax</i>		
Current tax on loss of the year at 19.25% (2016: 20%)	717	728
Adjustments in respect of prior years (inc Double Taxation Relief)	38 -	15 1
	<u>755</u>	<u>744</u>
<i>Foreign tax</i>		
Current tax on foreign income for the year	-	(1)
	<u>755</u>	<u>743</u>
Total current tax	<u>755</u>	<u>743</u>
Taxation on loss on ordinary activities	<u>755</u>	<u>743</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2017 £'000	2016 £'000
Loss on ordinary activities before tax	(931)	(2,376)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19.25.% (2016 - 20.0%)	(179)	(475)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	52	112
Additional deduction for R&D expenditure	(703)	(568)
Surrender of losses for R&D tax credit refund	236	276
Depreciation in excess of capital allowances	1	3
Adjustments to brought forward values	-	198
Foreign tax credits	(1)	-
Adjustments to deferred tax rates	(15)	38
Deferred tax not recognised	(110)	(310)
Adjustments in respect of prior periods	(36)	(15)
Other	-	(2)
Total tax credit for period	<u>(755)</u>	<u>(743)</u>

The Group does not have any deferred tax balances which it recognises.

#### *Factors that may affect future tax charges*

The company has £9,079,000 (2016 - £9,201,000) of available carried forward tax losses and other tax differences. The potential deferred tax asset of £970,000 (2016 - £1,098,000) has not been recognised as there is not sufficient visibility over future profits.

## Green Man Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (*continued*)

### 9 Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the year was £152,000 (2016 - £1,705,000).

### 10 Intangible assets

Group	Goodwill £'000	Website development costs £'000	Total £'000
<i>Cost</i>			
At 1 January 2017	195	2,226	2,421
Additions	-	1,651	1,651
	<hr/>	<hr/>	<hr/>
At 31 December 2017	<b>195</b>	<b>3,877</b>	<b>4,072</b>
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 January 2017	44	417	461
Charge for the year	10	1,007	1,017
	<hr/>	<hr/>	<hr/>
At 31 December 2017	<b>54</b>	<b>1,424</b>	<b>1,478</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2017	<b>141</b>	<b>2,453</b>	<b>2,594</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2016	151	1,809	1,960
	<hr/>	<hr/>	<hr/>

# Green Man Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 *(continued)*

## 10 Intangible assets *(continued)*

Company	Website development costs £'000
<i>Cost</i>	
At 1 January 2017	2,226
Additions	1,651
	3,877
At 31 December 2017	3,877
<i>Amortisation</i>	
At 1 January 2017	417
Charge for the year	1,007
	1,424
At 31 December 2017	1,424
<i>Net book value</i>	
At 31 December 2017	2,453
At 31 December 2016	1,809

## 11 Tangible fixed assets

Group and Company	Land and buildings £'000	Office equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 January 2017	50	197	247
Additions	18	70	88
Disposals	(50)	(1)	(51)
	18	266	284
At 31 December 2017	18	266	284
<i>Depreciation</i>			
At 1 January 2017	39	159	198
Provision for year	7	33	40
Disposals	(43)	(1)	(44)
	3	191	194
At 31 December 2017	3	191	194
<i>Net book value</i>			
At 31 December 2017	15	75	90
At 31 December 2016	11	38	49

# Green Man Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (continued)

## 12 Fixed asset investments

Company	Group undertakings £
Cost	
At 1 January 2017 and 31 December 2017	44

*Subsidiary undertakings, associated undertakings and other investments*

Company	Country of registration or incorporation	Class	Shares held %
ThisAd Limited	England and Wales	Ordinary	100.00
Playfire Ltd	England and Wales	Ordinary	100.00
Green Man Gaming US Ltd	England and Wales	Ordinary	100.00
Green Man Gaming Inc	United States	Ordinary	100.00
GMG Label Ltd	England and Wales	Ordinary	100.00

The registered office address of all the group's subsidiaries incorporated in England and Wales is Mutual House, 70 Conduit Street, London, W1S 2GF.

The registered Agent address of Green Man Gaming Inc is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, Delaware, USA.

### *Subsidiary audit exemption*

In order to avail of exemption from the requirement to obtain an audit under section 479A of the Companies Act 2006, the company has guaranteed the liabilities of the following subsidiaries:

Company	Registered number
Playfire Limited	06359658

# Green Man Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (continued)

13 Stocks	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Finished goods and goods for resale	797	516	797	516
<hr/>				
14 Debtors	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade debtors	861	1,118	834	1,084
Amounts owed by group undertakings	-	-	298	304
Corporation tax receivable	717	1,053	717	1,054
Other debtors	1,081	408	1,044	380
Prepayments and accrued income	238	328	237	328
	<hr/>	<hr/>	<hr/>	<hr/>
	2,897	2,907	3,130	3,150
<hr/>				
15 Creditors: amounts falling due within one year	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade creditors	5,367	2,990	5,306	2,974
Amounts owed to group undertakings	-	-	73	16
Taxation and social security	1,435	847	1,435	847
Bank loan	-	2,250	-	2,250
Accruals and deferred income	10,200	9,082	10,084	8,944
	<hr/>	<hr/>	<hr/>	<hr/>
	17,002	15,170	16,898	15,031
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# Green Man Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (*continued*)

## 16 Financial instruments

The Group's and Company's financial instruments may be analysed as follows:

	Group 2017 £'000	Group 2016 £'000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	1,942	1,526
	<u>          </u>	<u>          </u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(15,567)	(14,322)
	<u>          </u>	<u>          </u>

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by joint ventures and associated undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors.

## 17 Share capital

	2017	2016
<i>Allotted, called up and fully paid</i>		
361,360 (2016 - 361,360) ordinary shares of £0.001 each	361	361
	<u>          </u>	<u>          </u>

During the year £ Nil (2016 -£Nil) ordinary shares of £0.001 each were allotted and fully paid for a consideration of £ Nil (2016 - £Nil).

	Ordinary shares			
	2017 Number	2017 £	2016 Number	2016 £
In issue at 1 January 2017 and 31 December 2017	361,360	361	361,360	361

# Green Man Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (continued)

## 18 Share based payments

Green Man Gaming Limited operates an equity-settled share based remuneration scheme for employees. All UK employees are eligible to participate in the long term incentive scheme, the only vesting condition being that the individual remains an employee of the group over the three year vesting period, with one third of the options issued each time vesting every 12 months from grant.

	Weighted average exercise price £ 2017	Number 2017	Weighted average exercise price £ 2016	Number 2016
Outstanding at the beginning of the year	£11.69	59,775	£11.58	57,225
Granted during the year	£14.33	5,200	£14.33	7,000
Forfeited during the year	£14.33	(6,850)	£14.33	(4,450)
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at the end of the year	£11.62	58,125	£11.69	59,775
	<hr/>	<hr/>	<hr/>	<hr/>

The exercise price of options outstanding at the end of the year ranged between £0.01 and £14.33 (2016 - £0.01 and £14.33) and their weighted average contractual life was 3.0 years (2016 - 3.0 years).

Of the total number of options outstanding at the end of the year, 46,325 (2016 - 37,362) had vested and were exercisable at the end of the year.

The following information is relevant in the determination of the fair value of options granted during the current and previous years under the equity-settled share based remuneration schemes operated by Green Man Gaming Limited.

	2017	2016
<b>Equity-settled</b>		
Option pricing model used	Black-Scholes	Black-Scholes
Weighted average share price at grant date	£62	£62
Exercise price	£14.33	£14.33
Weighted average contractual life (days)	751	816
Expected volatility	20%	20%
Expected dividend growth rate	0%	0%
Risk-free interest rate	4%	4%
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The Black-Scholes option pricing model was used to value the share-based payment awards as it was considered that this approach would result in materially accurate estimate of the fair value of options granted.

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years of comparable publically quoted companies.

# Green Man Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (continued)

## 18 Share based payment (continued)

The share-based remuneration expense comprises:

	2017 £'000	2016 £'000
Equity-settled schemes	165	514

The group did not enter into any share-based payment transactions with parties other than employees during the current or previous periods.

## 19 Commitments under operating leases

The group and the company had minimum lease payments under non-cancellable operating leases as set out below:

	2017 £'000	2016 £'000
Not later than 1 year	387	100
Later than one year and not later than five years	904	-
Later than five years	-	-

## 20 Related party disclosures

There is no ultimate controlling party Green Man Gaming Limited. The company has taken advantage of the exemption from disclosing individual transactions and balances with entities owned 100% by the Group.

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. Total value of remuneration provided to key management personnel during the year was £1,677,000 (2016 - £1,742,000).