Company registration number 04040067 (England and Wales)

SLITHERINE SOFTWARE UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

SLITHERINE SOFTWARE UK LIMITED

COMPANY INFORMATION

Directors	Mr J D McNeil Mr I R McNeil Mr P Veale Mr M Minoli
Secretary	Mr I R McNeil
Company number	04040067
Registered office	34 Anyards Road Cobham Surrey KT11 2LA
Auditor	Riches and Company 34 Anyards Road Cobham Surrey KT11 2LA
Business address	The Hermitage 45 Church Street Epsom Surrey KT17 4PW

SLITHERINE SOFTWARE UK LIMITED

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SLITHERINE SOFTWARE UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present the strategic report for the year ended 31 December 2023.

Review of the business
During the year, revenue was £17,176,121 (2022: £18,371,369) while the profit before tax for the year was £2,397,843 (2022: £2,566,773).

The current year performance includes sales relating to the Company's digital games of £15,689,484 (2022: £14,391,201) which has biggest contributor to the increase in revenue in the year.

The performance of the Company for the year ended 31 December 2023 was considered satisfactory considering the wider economic situation however the Directors will be cautious over the cost of living crisis affecting turnover in the future.

The Directors consider the digital game sale market versatile and therefore had limited disruption due to the Coronavirus pandemic.

Principal risks and uncertainties
The following are the principal risks and uncertainties faced by the Company:

The Company's working capital requirements are met principally out of cash generated from sales made in all revenue streams of the Company. The most significant risk remains to be that of the cost of living crisis, with inflation increasing the Bank of England have increased interest rates in an attempt to stem spending habits, this may have in an impact in customers ability to spend on digital games.

In addition, the Directors see changing customer trends and an increased level of competition in the gaming markets. The Company addresses these risks by conducting thorough research and development of its chosen field in order to continuously produce new or upgraded products at the highest quality and focused on customer satisfaction.

The Director's consider the Company has adequate cash reserves to cover the unlikely event turnover decreases.

On behalf of the board

....
Mr I R McNeil
Director

30 September 2024

SLITHERINE SOFTWARE UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

Principal activities

The principal activity of the company and group continued to be that of video game production.

Results and dividends

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

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

Directors

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

Mr J D NcNeil
Mr I R NcNeil
Mr P Veale
Mr M Minoli

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

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 auditor of the company is 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 auditor of the company is aware of that information.

Medium-sized companies exemption

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

On behalf of the board

....

Mr I R McNeil

Director

30 September 2024

SLITHERINE SOFTWARE UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SLITHERINE SOFTWARE UK LIMITED

Opinion

We have audited the financial statements of Slitherine Software UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including 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 the parent company's affairs as at 31 December 2023 and of the group's 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.

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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' 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 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 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
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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

[The auditor's assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur.] ICAEW guidance relating to reporting on irregularities, November 2020, based on ISA 700 A39-1 to A39-5

[Which laws and regulations the auditor identified as being of significance in the context of the entity.] ICAEW guidance relating to reporting on irregularities, November 2020, based on ISA 700 A39-1 to A39-5

[The auditor's explanation of its audit response will depend on the risks identified but may include:
- Enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing internal audit reports.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.]
ICAEW guidance relating to reporting on irregularities, November 2020, based on ISA 700 A39-1 to A39-5

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- Reviewing minutes of meetings of those charged with governance.
- Reviewing internal audit reports.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.]
ICAEW guidance relating to reporting on irregularities, November 2020, based on ISA 700 A39-1 to A39-5

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Bolton (Senior Statutory Auditor)
For and on behalf of Riches and Company

30 September 2024

Chartered Accountants
Statutory Auditor

34 Anyards Road
Cobham
Surrey
KT11 2LA

SLITHERINE SOFTWARE UK LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
Turnover	**3**	16,225,650	18,371,369
Cost of sales		(7,550,847)	(9,546,072)
Gross profit		8,674,803	8,825,297
Distribution costs		(3,860,096)	(2,922,335)
Administrative expenses		(3,604,678)	(2,175,505)
Other operating income		67	-
Operating profit	**4**	1,210,096	3,727,457
Interest receivable and similar income	**7**	1,364,369	99,964
Interest payable and similar expenses	**8**	(522)	(366)
Amounts written off investments	**9**	597,022	(1,268,412)
Profit before taxation		3,170,965	2,558,643
Tax on profit	**10**	(588,490)	(156,707)
Profit for the financial year		2,582,475	2,401,936

Profit for the financial year is all attributable to the owners of the parent company.

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	£	£
Profit for the year	2,582,475	2,401,936
Other comprehensive income	-	-
Total comprehensive income for the year	2,582,475	2,401,936

Total comprehensive income for the year is all attributable to the owners of the parent company.

SLITHERINE SOFTWARE UK LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Goodwill	11		293,147		-
Other intangible assets	11		108,803		112,000
Total intangible assets			401,950		112,000
Tangible assets	12		46,682		37,015
			448,632		149,015
Current assets					
Debtors	16	2,479,924		2,426,140	
Investments	17	17,023,863		13,768,639	
Cash at bank and in hand		1,350,952		1,893,482	
		20,854,739		18,088,261	
Creditors: amounts falling due within one year	18	(4,659,286)		(4,190,689)	
Net current assets			16,195,453		13,897,572
Total assets less current liabilities			16,644,085		14,046,587
Provisions for liabilities					
Deferred tax liability	20	3,730		3,071	
			(3,730)		(3,071)
Net assets			16,640,355		14,043,516
Capital and reserves					
Called up share capital	23		107		100
Profit and loss reserves			16,640,248		14,043,416
Total equity			16,640,355		14,043,516

These financial statements have been prepared in accordance with the provisions relating to medium-sized groups.

The financial statements were approved by the board of directors and authorised for issue on 30 September 2024 and are signed on its behalf by:

....

Mr I R McNeil

Director

Company registration number 04040067 (England and Wales)

SLITHERINE SOFTWARE UK LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Goodwill	**11**		293,147		-
Other intangible assets	**11**		98,000		112,000
Total intangible assets			391,147		112,000
Tangible assets	**12**		28,286		37,015
Investments	**13**		8,716		-
			428,149		149,015
Current assets					
Debtors	**16**	2,469,944		2,426,954	
Investments	**17**	17,023,863		13,768,639	
Cash at bank and in hand		1,207,117		1,874,305	
		20,700,924		18,069,898	
Creditors: amounts falling due within one year	**18**	(4,483,934)		(4,164,928)	
Net current assets			16,216,990		13,904,970
Total assets less current liabilities			16,645,139		14,053,985
Provisions for liabilities					
Deferred tax liability	**20**	3,730		3,071	
			(3,730)		(3,071)
Net assets			16,641,409		14,050,914
Capital and reserves					
Called up share capital	**23**		107		100
Profit and loss reserves			16,641,302		14,050,814
Total equity			16,641,409		14,050,914

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £2,590,488 (2022 - £2,409,334 profit).

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 30 September 2024 and are signed on its behalf by:

....

Mr I R McNeil

Director

Company registration number 04040067 (England and Wales)

SLITHERINE SOFTWARE UK LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 January 2022		100	11,641,480	11,641,580
Year ended 31 December 2022:				
Profit and total comprehensive income		-	2,401,936	2,401,936
Balance at 31 December 2022		100	14,043,416	14,043,516
Year ended 31 December 2023:				
Profit and total comprehensive income		-	2,582,475	2,582,475
Issue of share capital	**23**	7	-	7
Transfers		-	14,357	14,357
Balance at 31 December 2023		107	16,640,248	16,640,355

SLITHERINE SOFTWARE UK LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 January 2022		100	11,641,480	11,641,580
Year ended 31 December 2022:				
Profit and total comprehensive income for the year		-	2,409,334	2,409,334
Balance at 31 December 2022		100	14,050,814	14,050,914
Year ended 31 December 2023:				
Profit and total comprehensive income		-	2,590,488	2,590,488
Issue of share capital	23	7	-	7
Balance at 31 December 2023		107	16,641,302	16,641,409

SLITHERINE SOFTWARE UK LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Cash flows from operating activities					
Cash generated from operations	**25**		1,317,852		4,926,407
Interest paid			(522)		(366)
Income taxes paid			(201,755)		(174,507)
Net cash inflow from operating activities			1,115,575		4,751,534
Investing activities					
Purchase of intangible assets		(325,421)		-	
Purchase of tangible fixed assets		(47,136)		(16,370)	
Proceeds from disposal of tangible fixed assets		26,000		-	
Proceeds from disposal of investments		(3,255,224)		(3,803,766)	
Repayment of loans		(343)		(75,534)	
Interest received		20,961		12,498	
Dividends received		46,737		43,418	
Other income received from investments		1,893,693		(1,224,364)	
Net cash used in investing activities			(1,640,733)		(5,064,118)
Financing activities					
Proceeds from issue of shares		7		-	
Repayment of borrowings		(17,379)		62,432	
Net cash (used in)/generated from financing activities			(17,372)		62,432
Net decrease in cash and cash equivalents			(542,530)		(250,152)
Cash and cash equivalents at beginning of year			1,893,482		2,143,634
Cash and cash equivalents at end of year			1,350,952		1,893,482

1 Accounting policies

Company information

Slitherine Software UK Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is .

The group consists of Slitherine Software UK Limited and all of its subsidiaries.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1 Accounting policies **(Continued)**

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Slitherine Software UK Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the g roup.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

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

1.5 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.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1 Accounting policies **(Continued)**

1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.7 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is [XXXX].

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.8 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Software	5 years
Patents & licences	5 years

1.9 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 equipment	25% Straight line basis
Fixtures and fittings	25% Straight line basis
Motor vehicles	25% Reducing balance

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 recognised in the profit and loss account.

1 Accounting policies **(Continued)**

1.10 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.11 Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

1 Accounting policies **(Continued)**

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 at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.12 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.

1.13 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

1 Accounting policies **(Continued)**

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group 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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.14 Equity instruments

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

1.15 Taxation

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

1 Accounting policies **(Continued)**

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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is 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.

1.16 Employee benefits

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

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

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

1.17 Retirement benefits

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

1.18 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Digital game sales	14,739,013	14,391,201
Simulation software sales	1,486,595	3,585,327
Other revenue	42	394,841
	16,225,650	18,371,369

	2023	2022
	£	£
Turnover analysed by geographical market		
UK	16,058,246	18,371,369
USA	167,404	-
	16,225,650	18,371,369

	2023	2022
	£	£
Other revenue		
Interest income	1,317,632	56,546
Dividends received	46,737	43,418

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	165,283	(752,690)
Research and development costs	35,557	-
Fees payable to the group's auditor for the audit of the group's financial statements	8,000	8,000
Depreciation of owned tangible fixed assets	26,500	18,494
Profit on disposal of tangible fixed assets	(15,031)	-
Amortisation of intangible assets	49,828	14,000
Operating lease charges	34,708	-

5 Employees

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Software developers	17	17	17	17
Administrative staff	2	2	2	2
Directors & management	4	4	4	4
Total	23	23	23	23

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	4,023,946	2,903,154	3,308,971	2,903,154
Social security costs	136,181	-	-	-
Pension costs	47,159	43,027	44,383	43,027
	4,207,286	2,946,181	3,353,354	2,946,181

6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	602,167	512,608
Company pension contributions to defined contribution schemes	330	720
	602,497	513,328

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

	2023 £	2022 £
Remuneration for qualifying services	259,352	210,799

7 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Interest on bank deposits	20,961	12,498
Other income from investments		
Dividends received	46,737	43,418
Gains on financial instruments measured at fair value through profit or loss	1,296,671	44,048
Total income	1,364,369	99,964

	2023	2022
Investment income includes the following:	£	£
Interest on financial assets measured at fair value through profit or loss	1,296,671	44,048
Dividends from financial assets measured at fair value through profit or loss	46,737	43,418

8 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	522	366

9 Amounts written off investments

	2023	2022
	£	£
Fair value gains/(losses) on financial instruments		
Exchange gain/(loss) on financial assets held at fair value through profit or loss	597,022	(1,268,412)

10 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	587,832	156,707
Deferred tax		
Other adjustments	658	-
Total tax charge	588,490	156,707

10 Taxation **(Continued)**

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

	2023	2022
	£	£
Profit before taxation	3,170,965	2,558,643
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2022: 19.00%)	792,741	486,142
Tax effect of expenses that are not deductible in determining taxable profit	18,359	262,088
Tax effect of income not taxable in determining taxable profit	(186,746)	(8,249)
Permanent capital allowances in excess of depreciation	(8,149)	(4,307)
Tax at marginal rate	(27,715)	813
Enhanced research and development	-	(579,780)
Taxation charge	588,490	156,707

11 Intangible fixed assets

Group	Goodwill	Negative goodwill	Software	Patents & licences	Total
	£	£	£	£	£
Cost					
At 1 January 2023	226,117	-	-	140,000	366,117
Additions - separately acquired	325,719	(14,357)	5,170	-	316,532
Additions - business combinations	-	-	8,889	-	8,889
Other movements	-	14,357	-	-	-
At 31 December 2023	551,836	-	14,059	140,000	705,895
Amortisation and impairment					
At 1 January 2023	226,117	-	-	28,000	254,117
Amortisation charged for the year	32,572	-	3,256	14,000	49,828
At 31 December 2023	258,689	-	3,256	42,000	303,945
Carrying amount					
At 31 December 2023	293,147	-	10,803	98,000	401,950
At 31 December 2022	-	-	-	112,000	112,000

11 Intangible fixed assets **(Continued)**

Company	Goodwill	Patents & licences	Total
	£	£	£
Cost			
At 1 January 2023	226,117	140,000	366,117
Additions	325,719	-	325,719
At 31 December 2023	551,836	140,000	691,836
Amortisation and impairment			
At 1 January 2023	226,117	28,000	254,117
Amortisation charged for the year	32,572	14,000	46,572
At 31 December 2023	258,689	42,000	300,689
Carrying amount			
At 31 December 2023	293,147	98,000	391,147
At 31 December 2022	-	112,000	112,000

12 Tangible fixed assets

Group	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2023	-	75,840	26,000	101,840
Additions	8,865	22,771	-	31,636
Business combinations	15,500	-	-	15,500
Disposals	-	-	(26,000)	(26,000)
At 31 December 2023	24,365	98,611	-	122,976
Depreciation and impairment				
At 1 January 2023	-	49,794	15,031	64,825
Depreciation charged in the year	5,969	20,531	-	26,500
Eliminated in respect of disposals	-	-	(15,031)	(15,031)
At 31 December 2023	5,969	70,325	-	76,294
Carrying amount				
At 31 December 2023	18,396	28,286	-	46,682
At 31 December 2022	-	26,046	10,969	37,015

12 Tangible fixed assets (Continued)

Company	Fixtures and fittings	Motor vehicles	Total
	£	£	£
Cost			
At 1 January 2023	75,840	26,000	101,840
Additions	22,771	-	22,771
Disposals	-	(26,000)	(26,000)
At 31 December 2023	98,611	-	98,611
Depreciation and impairment			
At 1 January 2023	49,794	15,031	64,825
Depreciation charged in the year	20,531	-	20,531
Eliminated in respect of disposals	-	(15,031)	(15,031)
At 31 December 2023	70,325	-	70,325
Carrying amount			
At 31 December 2023	28,286	-	28,286
At 31 December 2022	26,046	10,969	37,015

13 Fixed asset investments

		Group		Company	
		2023	2022	2023	2022
	Notes	£	£	£	£
Investments in subsidiaries	14	-	-	8,716	-

Movements in fixed asset investments

Company	Shares in subsidiaries
	£
Cost or valuation	
At 1 January 2023	-
Additions	8,716
At 31 December 2023	8,716
Carrying amount	
At 31 December 2023	8,716
At 31 December 2022	-

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2023 are as follows:

14 Subsidiaries (Continued)

Name of undertaking	Registered office	Class of shares held	% Held Direct
Slitherine SRL	Italy	Ordinary	100.00
Slitherine Corporation	USA	Ordinary	100.00
Slitherine SOO	Poland	Ordinary	100.00

15 Financial instruments

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	17,023,863	13,768,639	17,023,863	13,768,639

16 Debtors

	Group 2023	2022	Company 2023	2022
Amounts falling due within one year:	£	£	£	£
Trade debtors	2,058,507	1,909,484	2,169,825	1,909,300
Other debtors	352,692	458,763	234,563	459,761
Prepayments and accrued income	68,725	57,893	65,556	57,893
	2,479,924	2,426,140	2,469,944	2,426,954

17 Current asset investments

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Unlisted investments	17,023,863	13,768,639	17,023,863	13,768,639

18 Creditors: amounts falling due within one year

		Group		Company	
		2023	2022	2023	2022
	Notes	£	£	£	£
Other borrowings	19	45,053	62,432	45,053	62,432
Trade creditors		562,490	750,990	524,995	750,990
Amounts owed to undertakings in which the group has a participating interest		45,515	-	45,515	-
Corporation tax payable		565,300	179,224	577,230	179,956
Other taxation and social security		58,847	45,368	26,302	47,000
Deferred income	21	1,734,471	1,286,887	1,734,471	1,286,887
Other creditors		724,423	793,177	695,642	793,177
Accruals and deferred income		923,187	1,072,611	834,726	1,044,486
		4,659,286	4,190,689	4,483,934	4,164,928

19 Loans and overdrafts

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Loans from group undertakings	45,053	62,432	45,053	62,432
Payable within one year	45,053	62,432	45,053	62,432

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities	Liabilities
	2023	2022
Group	£	£
Accelerated capital allowances	3,730	3,071

	Liabilities	Liabilities
	2023	2022
Company	£	£
Accelerated capital allowances	3,730	3,071

20 Deferred taxation **(Continued)**

	Group	Company
	2023	2023
Movements in the year:	£	£
Liability at 1 January 2023	3,071	3,071
Charge to profit or loss	659	659
Liability at 31 December 2023	3,730	3,730

[The deferred tax asset] set out above is expected to reverse within [12 months] and relates to the utilisation of tax losses against future expected profits of the same period. [The deferred tax liability] set out above is expected to reverse within [12 months] and relates to accelerated capital allowances that are expected to mature within the same period.

21 Deferred income

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Other deferred income	1,734,471	1,286,887	1,734,471	1,286,887

22 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	47,159	43,027

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

Group and company	2023	2022	2023	2022
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	107	100	107	100

24 Controlling party

The ultimate controlling party is Mr I R McNeil by virtue of his majority shareholding in the Company.

25 Cash generated from group operations

	2023	2022
	£	£
Profit for the year after tax	2,582,475	2,401,936
Adjustments for:		
Taxation charged	588,490	156,707
Finance costs	522	366
Investment income	(1,364,369)	(99,964)
Gain on disposal of tangible fixed assets	(15,031)	-
Amortisation and impairment of intangible assets	49,828	14,000
Depreciation and impairment of tangible fixed assets	26,500	18,494
Other gains and losses	(597,022)	1,268,412
Movements in working capital:		
(Increase)/decrease in debtors	(53,441)	265,608
(Decrease)/increase in creditors	(347,684)	629,386
Increase in deferred income	447,584	271,462
Cash generated from operations	1,317,852	4,926,407

26 Analysis of changes in net funds - group

	1 January 2023	Cash flows	31 December 2023
	£	£	£
Cash at bank and in hand	1,893,482	(542,530)	1,350,952
Borrowings excluding overdrafts	(62,432)	17,379	(45,053)
	1,831,050	(525,151)	1,305,899