Company registration number 04040067 (England and Wales)

SLITHERINE SOFTWARE UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022

The directors present the strategic report for the year ended 31 December 2022.

Review of the business
During the year, revenue was £18,371,369 (2021: £16,069,345) while the profit before tax for the year was £2,573,893 (2021: £4,910,242).

The current year performance includes sales relating to the Company's digital games of £14,391,201 (2021: £11,767,228) which has biggest contributor to the increase in revenue in the year.

The performance of the Company for the year ended 31 December 2022 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 Group:

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 Group 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 J D McNeil
Director

29 September 2023

SLITHERINE SOFTWARE UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Results and dividends
The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final 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 McNeil
Mr I R McNeil
Mr P Veale
Mr M Minoli

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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board

Mr J D McNeil
Director

29 September 2023

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 'company') for the year ended 31 December 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 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 company and its 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 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 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.

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

29 September 2023

Chartered Accountants
Statutory Auditor

34 Anyards Road
Cobham
Surrey
KT11 2LA

SLITHERINE SOFTWARE UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	18,371,369	16,069,345
Cost of sales		(9,546,072)	(7,426,588)
Gross profit		8,825,297	8,642,757
Research and development costs		(2,922,335)	(2,936,939)
Administrative expenses		(2,167,375)	(1,297,219)
Operating profit	4	3,735,587	4,408,599
Interest receivable and similar income	7	99,964	443,736
Interest payable and similar expenses	8	(366)	-
Amounts written off investments	9	(1,268,412)	57,907
Profit before taxation		2,566,773	4,910,242
Tax on profit	10	(157,439)	(429,149)
Profit for the financial year		2,409,334	4,481,093

The profit and loss account has been prepared on the basis that all operations are continuing operations.

SLITHERINE SOFTWARE UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	£	£
Profit for the year	2,409,334	4,481,093
Other comprehensive income	-	-
Total comprehensive income for the year	2,409,334	4,481,093

SLITHERINE SOFTWARE UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Intangible assets	**11**		112,000		126,000
Tangible assets	**12**		37,015		39,139
			149,015		165,139
Current assets					
Debtors	**14**	2,426,954		2,616,213	
Investments	**15**	13,768,639		9,964,873	
Cash at bank and in hand		1,874,305		2,143,634	
		18,069,898		14,724,720	
Creditors: amounts falling due within one year	**16**	(4,164,928)		(3,245,209)	
Net current assets			13,904,970		11,479,511
Total assets less current liabilities			14,053,985		11,644,650
Provisions for liabilities					
Deferred tax liability	**17**	3,071		3,071	
			(3,071)		(3,071)
Net assets			14,050,914		11,641,579
Capital and reserves					
Called up share capital	**20**		100		100
Profit and loss reserves			14,050,814		11,641,479
Total equity			14,050,914		11,641,579

The financial statements were approved by the board of directors and authorised for issue on 29 September 2023 and are signed on its behalf by:

Mr J D McNeil
Director

Company Registration No. 04040067

SLITHERINE SOFTWARE UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2021	100	7,160,386	7,160,486
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	4,481,093	4,481,093
Balance at 31 December 2021	100	11,641,479	11,641,579
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
Closing PY differs from opening CY	-	1	1

SLITHERINE SOFTWARE UK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	**23**		4,907,230		3,653,750
Interest paid			(366)		-
Income taxes (paid)/refunded			(174,507)		5,965
Net cash inflow from operating activities			4,732,357		3,659,715
Investing activities					
Purchase of tangible fixed assets		(16,370)		(19,748)	
Proceeds from disposal of investments		(3,803,766)		(4,664,741)	
Repayment of loans		(75,534)		75,609	
Interest received		12,498		44	
Dividends received		43,418		16,589	
Other income received from investments		(1,224,364)		485,010	
Net cash used in investing activities			(5,064,118)		(4,107,237)
Financing activities					
Repayment of borrowings		62,432		(4,671)	
Net cash generated from/(used in) financing activities			62,432		(4,671)
Net decrease in cash and cash equivalents			(269,329)		(452,193)
Cash and cash equivalents at beginning of year			2,143,634		2,595,827
Cash and cash equivalents at end of year			1,874,305		2,143,634

1 Accounting policies

Company information

Slitherine Software UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 34 Anyards Road, Cobham, Surrey, KT11 2LA. The principal place of business is The Hermitage, 45 Church Street, Epsom, KT17 4PW.

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. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company 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.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for 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.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses 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 remaining expected life, which is four years.

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.

1.5 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:

Intellectual Property	10 years

1 Accounting policies **(Continued)**

1.6 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:

Computer equipment	25% - straight line
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 credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

1.8 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.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

1 Accounting policies **(Continued)**

Basic financial assets
Basic financial assets, which include 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.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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

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.

1 Accounting policies **(Continued)**

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 company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company 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 company.

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies **(Continued)**

1.12 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.

1.13 Retirement benefits

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

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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

	2022	2021
	£	£
Turnover analysed by class of business		
Digital game sales	14,391,201	11,767,228
Simulation software sales	3,585,327	4,284,458
Other revenue	394,841	17,659
	18,371,369	16,069,345

	2022	2021
	£	£
Other revenue		
Interest income	56,546	427,147
Dividends received	43,418	16,589

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2022 £	2021 £
Exchange (gains)/losses	(753,651)	41,995
Fees payable to the company's auditor for the audit of the company's financial statements	8,000	8,000
Depreciation of owned tangible fixed assets	18,494	19,151
Amortisation of intangible assets	14,000	14,000

5 Employees

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

	2022 Number	2021 Number
Software developers	17	16
Administrative staff	2	2
Directors & management	4	4
Total	23	22

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	2,903,154	1,263,124
Pension costs	43,027	3,194
	2,946,181	1,266,318

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	512,608	492,125
Company pension contributions to defined contribution schemes	720	-
	513,328	492,125

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

	2022 £	2021 £
Remuneration for qualifying services	210,799	219,140

7 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	12,498	44
Other income from investments		
Dividends received	43,418	16,589
Gains on financial instruments measured at fair value through profit or loss	44,048	427,103
Total income	99,964	443,736

	2022	2021
Investment income includes the following:	£	£
Interest on financial assets not measured at fair value through profit or loss	12,498	44
Interest on financial assets measured at fair value through profit or loss	44,048	427,103
Dividends from financial assets measured at fair value through profit or loss	43,418	16,589

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	366	-

9 Amounts written off investments

	2022	2021
	£	£
Fair value gains/(losses) on financial instruments		
Exchange (loss)/gain on financial assets held at fair value through profit or loss	(1,268,412)	57,907

10 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	157,439	191,059
Deferred tax		
Origination and reversal of timing differences	-	238,090
Total tax charge	157,439	429,149

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:

	2022	2021
	£	£
Profit before taxation	2,566,773	4,910,242
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	487,687	932,946
Tax effect of expenses that are not deductible in determining taxable profit	262,088	6,060
Tax effect of income not taxable in determining taxable profit	(8,249)	(14,154)
Tax effect of utilisation of tax losses not previously recognised	-	9,141
Permanent capital allowances in excess of depreciation	(4,307)	(4,903)
Research and Development additional deduction	(579,780)	(517,114)
Deferred tax movement on accelerated capital allowances	-	17,173
Taxation charge for the year	157,439	429,149

11 Intangible fixed assets

	Goodwill	Intellectual Property	Total
	£	£	£
Cost			
At 1 January 2022 and 31 December 2022	226,117	140,000	366,117
Amortisation and impairment			
At 1 January 2022	226,117	14,000	240,117
Amortisation charged for the year	-	14,000	14,000
At 31 December 2022	226,117	28,000	254,117
Carrying amount			
At 31 December 2022	-	112,000	112,000
At 31 December 2021	-	126,000	126,000

12 Tangible fixed assets

	Computer equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1 January 2022	59,470	26,000	85,470
Additions	16,370	-	16,370
At 31 December 2022	75,840	26,000	101,840
Depreciation and impairment			
At 1 January 2022	34,956	11,375	46,331
Depreciation charged in the year	14,838	3,656	18,494
At 31 December 2022	49,794	15,031	64,825
Carrying amount			
At 31 December 2022	26,046	10,969	37,015
At 31 December 2021	24,514	14,625	39,139

13 Financial instruments

	2022	2021
	£	£
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	13,768,639	9,964,873

14 Debtors

	2022	2021
Amounts falling due within one year:	£	£
Trade debtors	1,909,300	2,226,652
Other debtors	459,761	94,556
Prepayments and accrued income	57,893	295,005
	2,426,954	2,616,213

15 Current asset investments

	2022	2021
	£	£
Unlisted investments	13,768,639	9,964,873

16 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Other borrowings		62,432	-
Trade creditors		750,990	263,182
Corporation tax		179,956	197,024
Other taxation and social security		47,000	23,975
Deferred income	18	1,286,887	1,015,425
Other creditors		793,177	927,932
Accruals and deferred income		1,044,486	817,671
		4,164,928	3,245,209

17 Deferred taxation

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

Balances:	Liabilities 2022 £	Liabilities 2021 £
Accelerated capital allowances	-	3,071

Statutory database figures differ from the trial balance:		
Deferred tax balances	3,071	3,071
Difference	(3,071)	-

There were no deferred tax movements in the year.

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.

18 Deferred income

	2022 £	2021 £
Other deferred income	1,286,887	1,015,425

19 Retirement benefit schemes

Defined contribution schemes	2022 £	2021 £
Charge to profit or loss in respect of defined contribution schemes	43,027	3,194

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2022	2021	2022	2021
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

21 Related party transactions

The company was owed £129,222 (2021: £53,688) by two of its directors. These amounts were interest free and repayable on demand.

During the year the company rented its premises from Slitherine Limited (SL) a company under common control. The balance brought forward in the year was £22,529 owed to the company. During the year the rent charged was £15,120 and repairs were paid for on SL's behalf. SL also transferred £90,000 to the company. Therefore, the balance to from SL was £62,432 at year end.

22 Ultimate controlling party

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

23 Cash generated from operations

	2022	2021
	£	£
Profit for the year after tax	2,409,334	4,481,093
Adjustments for:		
Taxation charged	157,439	429,149
Finance costs	366	-
Investment income	(99,964)	(443,736)
Amortisation and impairment of intangible assets	14,000	14,000
Depreciation and impairment of tangible fixed assets	18,494	19,151
Other gains and losses	1,268,412	(57,907)
Movements in working capital:		
Decrease/(increase) in debtors	264,794	(1,276,997)
Increase/(decrease) in creditors	602,893	(526,428)
Increase in deferred income	271,462	1,015,425
Cash generated from operations	4,907,230	3,653,750

24 Analysis of changes in net funds

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	2,143,634	(269,329)	1,874,305
Borrowings excluding overdrafts	-	(62,432)	(62,432)
	2,143,634	(331,761)	1,811,873