Game Retail Limited

Annual Report & Accounts

52 weeks ended 26 July 2014

Registered Number: 7837246

Contents

Strategic Report

The directors of Game Retail Limited (the 'Directors' or the 'Board') present their strategic report on the affairs of Game Retail Limited ('GAME' or 'the Company') for the 52 weeks ended 26 July 2014.

Principal activities

The Company is the UK's leading specialist retailer of video gaming software, hardware and related entertainment products, trading via retail outlets and e-commerce.

Business review

The year ended 26 July 2014 was a year of market and structural transformation for the Company. The launch of new gaming consoles and key gaming franchises provided market stimulus and the platform for the Company to grow market share, revenue (+41%) and gross profit (+29%). Operating profit before non-recurring costs increased from a profit of £3.3m to £28.0m.
In addition, the corporate restructuring which culminated in the successful IPO of the Group saw the bringing together of the GAME businesses in the UK and Spain and the removal of debt from the Company, strengthening the Company balance sheet. As at 26 July 2014 GAME was trading from 321 stores (2013: 318 stores) in the UK.

On 11 June 2014 the Group was listed on the Premium Listing segment of the Official List of the UK Listing Authority and trading on the main market of the London Stock Exchange. On 10 June 2014, all liabilities under the revolving credit facility owed by GAME Retail Limited to Game Digital Holdings Limited (formerly Capitex Holdings Limited), including accrued interest and termination fee, were capitalised through the issue of 128 million ordinary shares by GAME to Game Digital Holdings Limited (formerly Capitex Holdings Limited) at £1.00 each.

During the Company's period under review the business delivered revenue of £645m (2013: £456m) and loss before taxation decreased to £14.2m (2013: £17.3m). This loss was after charging interest and facility fees of £36.0m, the majority of which will not be repeated following the repayment of the Company debt. In addition, the non-recurring costs of £6.2m, largely relate to costs incurred during the IPO.

Capital investment of £11.1m (2013: £4.3m) was made during the year. This included investment in UK stores in advance of the launch of Xbox One and PlayStation 4, improvements to the eCommerce site game.co.uk, infrastructure to support the customer insight programme and various investments in digital infrastructure, including the GAME App, GAME Wallet, GAME Marketplace and Codebank.

Future capital expenditure requirements are expected to include IT upgrade initiatives, further refurbishment of the existing estate (for example, to support the roll-out of GAMEtronics) as well as the investments in eCommerce, digital infrastructure (both in-store and in the GAME App) and other strategic growth initiatives.

During the period the business recorded an operating profit before non-recurring items of £28.0m (2013: £3.3m) and generated £41.3m of cash (before repayments on the inter-company loan) (2013: £2.9m), after taking account of the level of investment above and after incurring £6.2m (2013: £8.8m) of non-recurring costs and £36.0m (2013: £11.8m) of finance costs.

Strategically the Company has made significant progress. Management's goal is to firmly establish GAME as the number one destination for the UK's community of gamers. An omni-channel strategy is key to achieving this, allowing the business to connect with gamers face-to-face and through a well developed digital offering. The business has forged strong partnerships with the world's leading hardware and software developers and publishers, enabling GAME to offer the strongest proposition to UK gamers in terms of exclusive content and exciting launch events, including groundbreaking trials of new releases some time before their actual launch. Through local activities and social media, GAME's local and national community reach continues to grow. Investment in our stores has added new product lines and improved layout, fittings and in-store service. Important enhancements have been made to the GAME App and the Game.co.uk website. GAME's award-winning Reward programme continues to deliver value to customers while providing our strengthened customer insight team with a wealth of data from which to be able to improve and personalise customer offers and service.

The growth of turnover in the year resulted from the launch of the next generation of gaming consoles. Through its strong relationship with Microsoft and Sony, GAME secured high levels of availability of the new consoles and grew market share in the UK (up 4% to 33%). GAME, as the UK's leading specialist video games retailer, was uniquely well positioned to capitalise on this new games technology cycle. During the period, GAME has re-established itself at the heart of the one of the world's largest and most engaged gaming communities and consolidated its position as a key conduit to market for the major industry content suppliers, with whom the Company is working closely in partnership. We have been able to significantly improve our terms of trade during the period but more importantly these partnerships are also informing our decision-making processes and enabling the Company to make intelligent investments in its mobile and digital channels. It is GAME's position at the heart of the UK's gaming industry that gives the Directors confidence that omni-channel growth will be achieved in the coming years.

Finally, the Company's achievements could not have been accomplished without the expertise and dedication to customer service of the specialised sales teams throughout the GAME stores network, and the diligent support of the GAME support centre and distribution teams. The Company has been reinvigorated in a short space of time and this is thanks in no small part to the enthusiasm and hard work of our teams and their dedication to giving gamers the best experience possible.

Strategic Report (continued)

Risk at Game

The Board believes that recognising and managing risks is the key to an effectively run business. The monitoring of risk is delegated to the Management Team which reviews monthly risk in a consistent manner. Risk identification takes place in conjunction with a review of financial and operational performance focusing on identifying all risks that could potentially prevent the Company from delivering its agreed strategy. Every identified risk is examined and mitigating activities are put in place.

Risk Type	Impact	Risk Mitigation
Technology		
Speed of change and growth of technology in the marketplace	The digital world is evolving quickly. If we do not adapt to the changes we run the risk of failing to deliver a truly multichannel offering to our customers.	We are investing in the mobile and digital future to ensure we can serve our customers in whichever medium they wish to purchase games, be that digital download, web or in store.
Competition		
The video games market continues to be an attractive place to do business. Competition may come from a number of sources including physical and online retailers (specialist and general) and mobile operators selling directly to consumers.	If we are unable to compete we run the risk of losing our customers and our market share.	We are recognised by the gaming community for the value we add to the experience of buying gaming products. Our significant number of loyalty card holders is testament to this. Key suppliers in the market also understand this and partner closely with GAME, enabling the business to find exclusive products and offer attractive prices that customers cannot get elsewhere. This is where our position as a specialist in the marketplace must give us the edge. We provide exclusive offerings for our customers that they cannot get anywhere else. Our preowned offerings, trade-in promotions and the use of loyalty card points as currency allows our customers to enjoy popular and new products at great value.
Reputational		
Customer loyalty has been built up over many years. Game is a trusted brand. Our customers demand that we stock the broadest range of products but trust us to sell those products appropriately. Some of our video games, for instance, are age restricted and mis-selling is illegal. Through our loyalty card programmes we have built up a valuable database of information about our customers. Our customers give us personal information so that we can keep them up to date with offers and new releases of interest to them. It is vital that this data is protected and secure.	Damage to our reputation could lead to loss of revenue and shareholder value.	We protect our reputation by ensuring that our staff are highly trained and know their obligations to protect and respect our customers. We demand that our teams follow regular rigorous training programmes, and adhere to strict policies and procedures relating to age-rated products, and data protection. We invest in data security to minimise the likelihood of data breaches.
Major business interruption	Like all businesses any disruption to our capacity to do business will affect our profitability.	The Company has an experienced team, familiar with the contingency plans for the business. Contingency plans exist to manage a loss of IT systems, while the loss of the distribution capability is mitigated by a combination of insurance and availability of alternate facilities.
People and change	Business change cannot be delivered if we fail to attract, develop and retain the right people in the right roles.	Every aspect of the Company's reward and development programmes is regularly reviewed to ensure that it keeps pace with our business needs and market conditions.

Strategic Report (continued)

Risk at Game (continued)

Liquidity Significant working capital is required for the investment in stock for the Company's peak trading period.	Failure to secure adequate credit and facilities for investment in stock would hamper the Company's ability to deliver a broad customer proposition befiting of a specialist retailer.	The Company engages with all its key trading partners and their credit insurers and has secured additional trade and loan credit to be able to purchase the stock required to deliver its plans.

Strategy and future developments

Our strategy is to drive profitable growth and create shareholder value by building on GAME's position as the leading specialist retailer of video games in the UK. We aim to achieve this by providing a compelling offer to our customers whilst growing our digital sales and new business initiatives. We are focused on developing our world-class insight capabilities to improve and increase customer engagement with the aim of strengthening GAME's position at the centre of the supplier-customer relationship and delivering on our mission to build the most valuable community of gamers.

We continue to invest in our online platforms to improve usability, functionality and integration with other channels. In February 2015 we have launched our online initiative GAME Marketplace. The platform allows us to generate a single view of customer behaviour across our stores and websites, helping us to improve our services.

We are exploring new ways in which we can further enhance the engagement we have with our gaming communities to make our customer loyalty count. For example, we are developing an enhanced reward programme for our most valuable customers, called GAME VIP, which will ensure we reward and retain our most important customers.

Financial key performance indicators

Gross profit		**Gross profit margin**		**OpEx to sales**	
2014	£157m	**2014**	24.4%	**2014**	20.0%
2013	£122m	**2013**	26.8%	**2013**	26.0%

Non-financial key performance indicators

Share of mint UK video games retail market		**Registered Game App users (000s**		**Average lease length (years)**	
2014	33%	**2014**	749	**2014**	2.5
2013	29%	**2013**	393		

Strategic Report (continued)

Going concern

These financial statements have been prepared on the going concern basis. The Directors have reviewed the going concern principle in the light of the guidance provided by the FRC. The Company's business activities, and the factors likely to affect its future development, are set out in the business review and note 1 to the financial statements, and include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to credit and liquidity risks.

A review of business performance is included on page 2, which demonstrates that during the Company's period under review the business delivered revenue of £645m with gross profit of £157m and an operating profit before non-recurring items of £28m. During the period the business generated £23m of cash before movements in inter-company loans.

The Directors have prepared profit and loss and cash flow projections for the Company which they consider are based on reasonable assumptions for the future development of the market sector in which the Company operates, the Company's expected performance in that market and the infrastructure of the business, in addition to considering the commercial, financial, operational and liquidity risks facing the business as discussed earlier. The UK console, software and digital games market grew significantly in the financial period, led by the release of next generation games consoles in November 2013 and a number of new games titles. As the UK's leading specialist electronic games retailer, the Company's turnover, profits and cash flow are forecast to continue to grow over the months and years ahead, at least in line with the growth in the market.

The Company's projections indicate that the Company will have sufficient resources to meet its liabilities as they fall due for at least 12 months from the date of signing these financial statements. On 10 June 2014 all liabilities under the Revolving Credit Facility owed by GAME to its holding company, Game Digital Holdings Limited (formerly Capitex Holdings Limited), including accrued interest and termination fee, were capitalised through the issue of 127,928,429 shares in Game Retail Limited of £1.00 each. A new Stock Finance Facility of £50m was entered into with HSBC to manage working capital peaks in the forthcoming year. Further details of the terms of this facility are disclosed in notes 13 and 14 to the financial statements.

Following the IPO, the Company has significant additional liquidity from trade credit facilities provided from its key trading partners. Looking forward, the higher level of cash flow to be generated from increased sales and from the absence of the level of this period's non-recurring costs and finance costs will further boost liquidity.

Accordingly, having reviewed each of the factors that could impact on the going concern of the business, the Directors have concluded that no material uncertainties exist that cast significant doubt about the ability of the Company to continue as a going concern for at least the next 12 months and the financial statements have therefore been prepared on the going concern basis.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's governance policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes. As at the balance sheet date the only derivative contract entered into is with HSBC to hedge the exposure to any change in the price of the phantom shares issued to customers during the IPO process (see note 14).

Cash flow risk
The Company's activities do not expose it to significant financial risks relating to changes in foreign currency exchange rates or interest rates.

Credit risk
The Company's principal financial assets are bank balances and cash, and trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk
To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Benedict Smith

Benedict Smith
Director
26 April 2015

Directors' Report

The directors of Game Retail Limited (the 'Directors' or the 'Board') present their report on the affairs of Game Retail Limited ('GAME' or 'the Company'), together with the financial statements and auditor's report, for the 52 weeks ended 26 July 2014.

Dividends

On 12 March 2015 the Directors declared a payment of £10m dividend to ordinary shareholders (2013: £nil).

Directors

The Directors who served through the period and up to the date of this report, except as noted, were as follows:

David Hamid	Resigned: 22 July 2014	Chairman
Martyn Gibbs		Chief Executive Officer
Benedict Smith		Chief Financial Officer

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the period and remain in force at the date of this report.

Fixed assets

In the opinion of the Directors, the current open market value of the Company's interests in land and buildings is in line with the book value.

Supplier payment policy

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Company at 26 July 2014 were equivalent to 14 days' purchases (2013: 13 days), based on the average daily amount invoiced by suppliers during the period.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, the Company Intranet Grid and regular updates to stores and head office teams. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed to be reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

Benedict Smith

Benedict Smith
Director
28 April 2015

Directors' Responsibilities Statement

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- *properly select and apply accounting policies;*
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the members of Game Retail Limited

We have audited the financial statements of Game Retail Limited for the period ended 26 July 2014 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 26 July 2014 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Gregory Cul. W

Gregory Culshaw ACA
(Senior Statutory Auditor)
and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Southampton, United Kingdom
29 April 2015

Statement of Comprehensive Income

for the 52 weeks ended 26 July 2014

	Note	52 weeks ended 26 July 2014 £'000	52 weeks ended 27 July 2013 £'000
Revenue		644,664	455,877
Cost of sales		(487,592)	(333,807)
Gross profit		157,072	122,070
Other operating expenses	1	(135,298)	(127,592)
Operating profit before exceptional costs		27,989	3,293
Exceptional costs	2	(6,215)	(8,815)
Operating profit/(loss)	3	21,774	(5,522)
Finance income	4	49	-
Finance costs	5	(36,058)	(11,767)
Loss before taxation		(14,235)	(17,289)
Taxation	7	(4,571)	1,322
Loss and total comprehensive loss for the period attributable to equity holders of the Company		(18,806)	(15,967)

All amounts relate to continuing activities.

The notes on pages 20 to 32 form part of these financial statements.

Balance Sheet

26 July 2014

	Note	26 July 2014 £'000	Restated 27 July 2013 £'000
Non-current assets			
Property, plant and equipment	8	15,031	9,909
Intangible assets	9	46,850	52,041
Deferred tax asset	15	375	4,757
		62,256	66,707
Current assets			
Inventories	10	31,172	25,513
Trade and other receivables	11	19,416	16,886
Cash and cash equivalents		41,287	8,554
		91,875	50,953
Total assets		154,131	117,660
Current liabilities			
Trade and other payables	12	63,470	55,004
Leasehold property incentives	16	1,373	1,436
Amounts due to Parent Company	13	14,056	96,179
		78,899	152,619
Non-current liabilities			
Deferred tax liabilities	15	1,573	1,806
Leasehold property incentives	16	3,277	3,419
		4,850	5,225
Total liabilities		83,749	157,844
Net assets/(liabilities)		70,382	(40,184)
Equity attributable to equity holders of the Company			
Share capital	17	1,279	-
Share premium	18	126,649	-
Other reserves	20	194	-
Retained earnings	20	(57,740)	(40,184)
Total shareholder's funds/(deficit)		70,382	(40,184)

The financial statements of GAME Retail Limited, registered number 7837246, were approved by the Board of Directors and authorised for issue on 28 April 2015 and were signed on its behalf by:

Benedict Smith

Benedict Smith
Director

The notes on pages 20 to 32 form part of these financial statements

Statement of Changes in Equity

for the 52 weeks ended 26 July 2014

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 29 July 2012	-	-	-	**(15,327)**	**(15,327)**
Loss and total comprehensive loss for the period	-	-	-	(15,967)	(15,967)
Total comprehensive expense	-	-	-	**(15,967)**	**(15,967)**
At 27 July 2013	-	-	-	**(31,294)**	**(31,294)**
Prior year adjustment	-	-	-	(8,890)	(8,890)
At 28 July 2013 (restated)	-	-	-	**(40,184)**	**(40,184)**
Loss and total comprehensive loss for the period	-	-	-	(18,806)	(18,806)
Total comprehensive expense	-	-	-	**(18,806)**	**(18,806)**
Issue of share capital to settle debt	1,279	126,649	-	-	127,928
Share-based payments	-	-	194	-	194
Capital contribution	-	-	-	1,250	1,250
At 26 July 2014	**1,279**	**126,649**	**194**	**(57,740)**	**70,382**

Statement of Cash Flows

for the 52 weeks ended 26 July 2014

	Note	52 weeks ended 26 July 2014 £'000	52 weeks ended 27 July 2013 £'000
Cash flow from operating activities			
Operating profit/(loss)		21,774	(5,522)
Depreciation		1,888	1,659
Amortisation		9,303	8,631
Share-based payments expense		194	-
Loss on disposal of non-current assets		23	159
		33,182	4,927
Increase in trade and other receivables		(1,280)	(851)
(Increase)/decrease in inventories		(5,659)	7,501
Increase in payables		22,986	1,667
(Decrease)/increase in leasehold incentives		(205)	4,735
Cash generated by operations		49,024	17,979
Finance costs paid		(12,195)	(10,805)
Net cash from operating activities		36,829	7,174
Cash flows from investing activities			
Interest received		49	-
Purchase of property, plant and equipment		(7,033)	(1,944)
Purchase of intangible assets		(4,112)	(2,360)
Proceeds from sale of equipment		-	8
Net cash used in investing activities		(11,096)	(4,296)
Cash flows from financing activities			
Drawdown of inter-company loan		46,000	-
Repayment of inter-company loan		(39,000)	(7,612)
Dividends paid		-	(443)
Net cash used in financing activities		7,000	(8,055)
Net increase/(decrease) in net cash and cash equivalents		32,733	(5,177)
Cash and cash equivalents at beginning of period		8,554	13,731
Cash and cash equivalents at end of period	22	41,287	8,554

The notes on pages 20 to 32 form part of these financial statements.

Statement of Accounting Policies

for the 52 weeks ended 26 July 2014

General information

Game Retail Limited is a company incorporated in the United Kingdom under the Companies Act.

Basis of preparation

The accounting reference date of Game Retail Limited is 31 July. The current year's results are for the 52-week period ended 26 July 2014, being within 7 days of the accounting reference date, as permitted by s390 of the Companies Act 2006.

The financial statements have been prepared on a historical cost basis.

The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies reporting under IFRS and those IFRSs and IFRIC interpretations issued and effective and endorsed by the European Union as at the time of preparing these financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period date used in preparing this additional financial information are:

Inventory provisions

As inventories are stated at the lower of cost and net realisable value, this requires the estimation of the eventual sales price of goods. A high degree of judgement is applied when estimating the impact on the carrying value of inventories to take into account factors such as slow-moving items, shrinkage and obsolescence. There is uncertainty in the assessment of the provisions because the calculations require management to make assumptions and to apply judgement regarding inventory ageing, forecast consumer demand, the promotional environment and technological obsolescence.

The shrinkage provision involves uncertainty because the calculations require management to make assumptions and to apply judgement regarding a number of factors, including historical results and expectations of current inventory loss trends. The quantity, age and condition of inventories are reviewed and assessed through the inventory count process undertaken throughout the year and across the Company.

Loyalty provision

Management calculates the net cost of loyalty rewards issued and estimate the amount that will be redeemed. The resulting value is recorded as a deduction to revenue and recognised as deferred income on the balance sheet. The key judgement used is the estimated redemption rate. Management uses historical redemption rates experienced under the loyalty programme and continually reviews the methodology and assumptions based on developments in redemption patterns. Changes in this redemption rate have the effect of increasing or decreasing the provision through the current period.

Valuation of brand recognised on acquisition

A valuation was performed on the value of the 'GAME' brand name employed by the UK businesses as at 1 April 2012, resulting in the recognition of an intangible asset of £54,913,000. The royalty income method was employed to determine the brand valuation. The royalty income method includes uncertainties and requires estimates of key inputs, such as the royalty rate, the discount rate and a growth rate applied to revenue flows. The royalty rate was determined by reference to the rate employed by other comparable businesses. The discount rate was calculated using the Capital Asset Pricing Model adjusted for a risk rate reflecting the relative risk profile of the UK and Spain markets.

Gift card provision and customer deposits

Provisions for future redemptions of gift cards, gift vouchers and customer deposits are estimated by management on the basis of historical transactions and redemption patterns.

During the year ended 26 July 2014 the Directors revised their gift card redemption estimate from a 100% deferral of revenue to a percentage based on historical redemptions based on additional information received pertaining to the actual redemption rate over the two previous financial periods. This has resulted in a £2.4m decrease in the liability, with a corresponding adjustment to revenue compared to the previous estimation procedure.

Impairment of tangible and intangible assets

The Company reviews the valuation of brand, other intangibles and tangible assets for impairment annually or if events and changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows.

Statement of Accounting Policies (continued)

for the 52 weeks ended 26 July 2014

Going concern

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A review of business performance is included on page 2, which demonstrates that during the Company's period under review the business delivered revenue of £645m with gross profit of £157m and an operating profit before non-recurring items of £28.2m.

The Directors have prepared profit and loss and cash flow projections for the Company which they consider are based on reasonable assumptions for the future development of the market sector in which the Company operates, the Company's expected performance in that market and the infrastructure of the business, in addition to considering the commercial, financial, operational and liquidity risks facing the business as discussed in the Strategic Report.

On 10 June 2014 all liabilities under the Revolving Credit Facility owed by GAME to its holding company, Game Digital Holdings Limited (formerly Capitex Holdings Limited), including accrued interest and termination fee, were capitalised through the issue of 127,928,429 shares in Game Retail Limited of £1.00 each. A new Stock Finance Facility of £50m was entered into with HSBC to manage working capital peaks in the forthcoming year. Further details of the terms of this facility are disclosed in notes 13 and 14 to the financial statements.

Following the IPO, the Company has significant additional liquidity from trade credit facilities provided from its key trading partners. Looking forward, the higher level of cash flow to be generated from increased sales and from the absence of the level of this period's non-recurring costs and finance costs will further boost liquidity.

The Company's projections indicate that the Company should have sufficient resources, allowing for reasonable sensitivities regarding key factors such as sales growth, cost base and supplier credit, to meet its liabilities as they fall due for at least 12 months from the date of signing these financial statements.

Accordingly, having reviewed each of the factors that could impact on the going concern of the business, the Directors have concluded that no material uncertainties exist that cast significant doubt about the ability of the Company to continue as a going concern for at least the next 12 months and the financial statements have therefore been prepared on the going concern basis.

Standards and Interpretations in issue not yet adopted

The following new and revised standards and interpretations have been applied in the financial statements where appropriate. Their adoption has not had any significant impact on the amounts reported in the financial statements:

Annual Improvements to IFRSs: 2009-2011 Cycle (May 2012)	Annual Improvements to IFRSs
Amendments to IFRS 1 (December 2012)	Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters
Amendments to IFRS 1	Government Grants
Amendments to IFRS 7 (Dec 2011)	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 1 (June 2012)	Presentation of items of other comprehensive income
Amendments to IAS 36 (May 2013)	Recoverable Amount Disclosures for Non-Financial Assets (early adopted)
IAS 19 (revised June 2011)	Employee Benefits
IFRS 13	Fair Value Measurement
Amendments to IAS 12	Deferred Tax
IFRS 12	Disclosure of Interests in Other Entities
IFRS 11	Joint Arrangements
IAS 27 (revised May 2011)	Separate Financial Statements
Amendments to IFRS 7	Offsetting Financial Assets and Liabilities (Disclosures)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group:

Amendments to IAS 39 (Jun 2013)	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to IAS 36 (May 2013)	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IFRS 10, IFRS 12 and IAS 27 (Oct 2012)	Investment Entities
Amendments to IAS 32 (Dec 2011)	Offsetting Financial Assets and Financial Liabilities
IFRS 9	Financial Instruments
IFRIC 21	Levies

The Directors have evaluated the impact of the adoption of the above standards and interpretations in future periods and concluded that their impact will be immaterial.

Statement of Accounting Policies (continued)

for the 52 weeks ended 26 July 2014

Revenue

Revenue, which consists of content, hardware, pre-owned and other categories, comprises the value of sales (excluding VAT and similar taxes and trade discounts) of goods provided in the normal course of business. Revenue is recognised at the point of sale, for high street retailing, to the extent that it is probable that the economic benefits will flow to the Company. Online revenue is recognised when the goods are despatched. Revenue for goods, such as third party gift cards and digital content, sold on a commission basis is recognised net of associated purchase costs. A provision is made within cost of sales for the reduction in revenue from estimated customer returns.

Loyalty card scheme

The Company operates loyalty card programmes which allow members to accumulate points on purchases, get exclusive offers and other special benefits. Pursuant to IFRIC 13 (Customer Loyalty Programmes), the fair value of the points awarded to customers is accounted for as a separately identifiable component of a sales transaction. In determining the fair value, the Comapny considers, amongst other things, the amount of the discounts and incentives that would otherwise be offered to customers who have not earned points from an initial sale and the proportion of points that are not expected to be redeemed by customers.

When the points are redeemed and the Company fulfils its obligations pursuant to the programmes, the revenue that was allocated to the points is recognised. Points awarded expire following a period of 18 months of inactivity.

Gift cards and vouchers

Revenue from gift cards and gift vouchers sold by the Company is recognised on the redemption of the gift voucher or gift card. Monies received represent deferred revenue prior to redemption and are disclosed within accruals. The valuation of the accrual is adjusted to release amounts relating to outstanding gift card balances unlikely to be redeemed, which is released against revenue taking into account relevant expiry rates. This is calculated based on the historical redemption rates.

Exceptional costs

The Company presents as "Exceptional costs" on the face of the statement of comprehensive income those costs which, because of the nature and expected infrequency of events giving rise to them, merit separate presentation to allow the users of the financial statements to understand better the financial performance in the period. The Company's policy is to expense these costs in the period in which they are incurred (note 2).

Foreign currencies

The functional and presentational currency of the Company is pounds sterling.

Foreign currency transactions of the Company are translated at the exchange rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates.

Interest

Interest payable is charged to the statement of comprehensive income as incurred.

Dividends

Dividends proposed by the Board but unpaid at the period-end are not recognised in the financial statements until they have been approved by shareholders at the Annual General Meeting. Interim dividends are recognised when paid. No dividends were proposed or paid in either the current or the prior period.

Impairment of tangible and intangible assets (excluding goodwill)

At the end of each reporting period, 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 the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value-in-use. 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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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 been adjusted.

An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Statement of Accounting Policies (continued)

for the 52 weeks ended 26 July 2014

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided to write off the cost less estimated residual values of all property, plant and equipment (other than freehold land and assets under construction) on a straight-line basis, over their expected useful lives at the following annual rates:

Improvements to leasehold property	– over the lesser of 10 years or the remaining period of the lease
Freehold property	– 2%
Fixtures, fittings and equipment	– 10% to 33%
Computer hardware	– 33%

The residual values, useful lives and depreciation methods of property, plant and equipment are re-assessed prospectively on an annual basis.

Assets under the course of construction are recognised as costs are incurred in their development. Once complete they are allocated to the respective category of property, plant and equipment and depreciated. No depreciation is charged while they are under construction.

Intangibles – computer software and brands

The development of computer software and website costs are accounted for as intangible assets where the criteria of IAS 38 (Intangible Assets) have been met. These intangible assets are valued at cost and are amortised on a straight-line basis over five years. Amortisation is charged to the other operating expenses line in the statement of comprehensive income. Intangible assets with finite lives are reviewed for impairment if there is any indication that the carrying value may not be recoverable.

A brand intangible was recognised as part of the acquisition in respect of the 'GAME' masthead in the UK. The brand was initially recognised at fair value using the royalty income method at the acquisition date. Subsequent to the initial recognition, the brand is reported at deemed cost, being the fair value less accumulated amortisation. The brand is being amortised over eight years.

Assets under the course of construction are recognised as costs are incurred in their development. Once complete they are allocated to the respective category of intangible assets and amortised. No amortisation is charged while they are under construction.

Leased assets

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. In some instances, the Company will agree to revenue-based lease agreements where a portion of the rent is contingent upon future sales of the store. The costs associated with the revenue-based portion of the lease are recognised as a period expense within other operating expenses.

Premiums paid or lease incentives received on the acquisition of short leasehold properties are transferred to the statement of comprehensive income on a straight-line basis over the length of the lease within other operating expenses. The rent-free amounts are recognised within prepayments and accrued income prior to being released to the statement of comprehensive income on a straight-line basis over the contracted period of the lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated to include, where applicable, duties, handling, transport and other directly attributable costs.

Net realisable value is based on estimated normal selling prices less further costs expected to be incurred in selling and distribution, with a provision being made against lines identified as slow-moving, old or at risk of obsolescence. A further shrinkage provision is made to provide for stock loss.

Provisions

A provision is recognised when the Company has a legal or constructive present obligation as a result of a past event and it is probable that an outflow of economic benefits, which can be reliably estimated, will be required to settle the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects the risks specific to the liability. Calculations of these provisions require judgements to be made, which include forecast consumer demand and inventory loss trends.

Statement of Accounting Policies (continued)

for the 52 weeks ended 26 July 2014

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 period. Taxable profit differs from the loss before taxation as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods 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 period-end.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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.

Deferred tax assets are recognised for deductible temporary differences arising on trading losses which can be offset against expected future taxable profits.

The carrying amount of deferred tax assets is reviewed at each period-end 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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Pension contributions

The Company makes payments to a number of defined contribution pension schemes. The assets of these schemes do not form part of the assets of the Company. The pension cost charge represents contributions payable during the period (note 6).

Share-based compensation

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 19.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

As these options relate to shares in GAME Digital PLC the company recognises the fair value of the award in its profit and loss account with an associated increase in reserves to reflect the deemed capital contribution from the Parent Company.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost, less provision for impairment. As at the period-end, management had not identified any objective evidence that indicated an impairment had occurred. To the extent an indicator of impairment is identified, a provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. This provision represents the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the statement of comprehensive income.

Cash and cash equivalents include cash in hand, deposits at call with banks and unpresented cheques. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Statement of Accounting Policies (continued)

for the 52 weeks ended 26 July 2014

Financial assets held at fair value through profit and loss ("FVTPL")

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements. Derivative financial instruments are measured at fair value on the contract date and are subsequently valued at fair value at each reporting date. The Company designates certain derivatives as hedges of the change of fair value of recognised assets and liabilities ('fair value hedges'). Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, no longer qualifies for hedge accounting or the Company chooses to end the hedging relationship.

Other financial liabilities

Trade and other payables are recognised on the trade date of the related transactions. Trade payables are not interest-bearing and are stated at their nominal value.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Financial risk management

The Company's treasury function is responsible for the management and control of liquidity and foreign exchange.

The Company's principal financial instruments comprise revolving credit facilities and cash. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial instruments such as trade receivables and trade payables which arise directly from its operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are liquidity risk, credit risk, and interest rate risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

Liquidity risk

The Company's policy on liquidity is to ensure that there are sufficient medium and long-term committed borrowing facilities to meet the medium-term funding requirements.

Credit risk

The Company trades only with recognised, creditworthy third parties. The Company does not enter into derivatives to manage its credit risk. At the balance sheet date there were no concentrations of credit risk.

Interest rate risk

The Company's principal source of funding is the revolving credit facility which attracts interest at 7.5% above the base rate of Barclays Bank PLC. As any anticipated changes in base rate are expected to be relatively low, the Company's exposure to changes in interest rate risk is considered low. Given interest payable under this facility is paid to the Company's Immediate Parent Company, the Board does not consider hedging of this exposure to be beneficial.

Statement of Accounting Policies (continued)

for the 52 weeks ended 26 July 2014

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. This provision represents the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the statement of comprehensive income.

Cash and cash equivalents include cash in hand, deposits at call with banks, bank overdrafts and unpresented cheques. Bank overdrafts where there is no right of set off are shown within borrowings in current liabilities on the balance sheet.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Notes to the Financial Statements

for the 52 weeks ended 26 July 2014

1 Other operating expenses

	52 weeks ended 26 July 2014 £'000	52 weeks ended 27 July 2013 £'000
Selling and distribution	97,109	90,835
Administrative expenses	38,189	36,757
	135,298	127,592

Administrative expenses include exceptional costs of £6,215,000 (2013: £8,815,000). (See note 2).

2 Exceptional costs

In the current period administrative expenses include exceptional costs of £6,215,000 (2013: £8,815,000). Current period exceptional costs relate principally to costs incurred relating to the delivery of the IPO and costs incurred with external advisers in strategically restructuring the business.

	52 weeks ended 26 July 2014 £'000	52 weeks ended 27 July 2013 £'000
Business establishment and set-up costs	(438)	5,301
Cost of settling acquired liabilities	1,014	2,961
Cost of rebranding	-	553
IPO costs	5,639	-
	6,215	8,815

Restructuring (income)/costs associated with the administration of the former GAME Group plc in the 52-week period ended 26 July 2014 principally relate to income and recoveries relating to VAT in respect of gift card liabilities and in the 52-week period ended 27 July 2013 to costs of consultancy fees and lease negotiations following the administration of the former GAME Group plc.

The cost of settling acquired liabilities relates to legal costs of litigation involving a number of institutional landlords and the administrators of the former GAME Group plc in relation to the payment of certain outstanding rent and other sums in place at the date of acquisition of the business. GAME Retail Limited agreed to indemnify the former GAME Group plc and its administrators in relation to the payment of such sums, to the extent that they are held by the court to be payable as an expense of the administration.

Exceptional costs in relation to the IPO were £5,639,000. These costs include the cost of preparing to become a listed Group, cash payments under employee bonus arrangements and the cost of the Virtual Loyalty Share Plan offered to 20,000 of the Company's most loyal customers in the UK. A £194,000 charge in respect of share awards relating to the IPO have been classified as non-exceptional on the basis the charge will recur.

3 Operating profit/(loss)

		52 weeks ended 26 July 2014 £'000	52 weeks ended 27 July 2013 £'000
This is stated after charging:			
Depreciation charge		1,888	1,659
Amortisation of intangible fixed assets		9,303	8,631
Foreign exchange differences		40	-
Operating lease rentals	– leasehold premises	24,728	24,572
	– other	205	318
Auditor's remuneration	– Fees payable to the Company's auditor for the audit of the Company's annual accounts	227	145
	– Audit related assurance service	11	12
	– Tax compliance services	60	53
	– Tax advisory services	291	-
	– Other advisory services	-	58
	– Services related to corporate finance transactions	110	335

In addition the group paid a total of £1,805,000 to Deloitte in their role as reporting accountants as GAME Digital PLC listed on the London Stock Exchange

Notes to the Financial Statements (continued)

for the 52 weeks ended 26 July 2014

4 Finance income

	52 weeks ended 26 July 2014 £'000	52 weeks ended 27 July 2013 £'000
Interest on bank deposits	49	-

5 Finance costs

	52 weeks ended 26 July 2014 £'000	52 weeks ended 27 July 2013 £'000
Interest expense for borrowings at amortised cost	36,058	11,767

The Revolving Credit Facility interest and the termination fee owed by GAME to its holding company, Game Digital Holdings Limited (formerly Capitex Holdings Limited), amounts to £31,545,000 of total interest expense.

Included in interest expense is £3,712,000 interest (2013: £2,595,000) on an asset-based revolving loan facility with an indirect related party which was terminated on IPO.

Finance costs include an £800,000 arrangement fee for the asset-based revolving loan facility of up to £50,000,000 with HSBC Invoice (UK) Limited signed as part of the reorganisation in relation to the IPO.

6 Employees

Staff costs for all employees (including Directors) consist of:

	52 weeks ended 26 July 2014 £'000	52 weeks ended 27 July 2013 £'000
Wages and salaries	46,183	39,295
Social security costs	2,988	2,524
Other pension costs	357	291
	49,528	42,110

The average number of employees of the Company during the period, including Directors, was as follows:

	52 weeks ended 26 July 2014 Number	52 weeks ended 27 July 2013 Number
Selling	3,520	3,216
Administration and distribution	369	277
	3,889	3,493

The key management personnel of the business are limited to the Board of Directors.

The total remuneration and fees for Directors in aggregate was £982,000 (2013: £1,367,000), including £56,000 (2013: £50,000) in respect of company contributions to pension schemes. Director's fees include an amount of £479,000 (2013: £679,000) payable to the highest paid Director during the period.

Notes to the Financial Statements (continued)

for the 52 weeks ended 26 July 2014

7 Taxation

(a) Analysis of charge in the period

	52 weeks ended 26 July 2014 £'000	52 weeks ended 27 July 2013 £'000
Current tax		
UK corporation tax expense	422	-
Total current tax	422	-
Deferred tax		
Current period movement	3,710	(1,322)
Adjustment in respect of prior periods	439	-
Total deferred tax	4,149	(1,322)
Taxation charge/(credit) on loss on ordinary activities	4,571	(1,322)

(b) Factors affecting the tax charge/(credit) for the period

	52 weeks ended 26 July 2014 £'000	52 weeks ended 27 July 2013 £'000
Loss on ordinary activities before taxation	(14,235)	(17,289)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22.34% (2013: 23.66%)	(3,180)	(4,090)
Effects of:		
Expenses not deductible for tax purposes	7,365	1,507
Effect of changes in tax rate	(425)	527
Adjustments to tax charge in respect of previous periods	864	734
Group relief	(10)	-
Other items	(43)	-
Tax charge/(credit) for the period	4,571	(1,322)

The forthcoming changes in the corporation tax rate to 20% in future years will not materially affect the future tax charge.

Notes to the Financial Statements (continued)

for the 52 weeks ended 26 July 2014

8 Property, plant and equipment

	Freehold land and property £'000	Improvements to leasehold property £'000	Computer hardware £'000	Fixtures, fittings and equipment £'000	Assets under construction £'000	Total £'000
Cost						
At 28 July 2013	7,575	1,427	750	2,527	-	12,279
Additions	-	201	926	5,278	628	7,033
Disposals	-	(18)	(12)	(17)	-	(47)
At 26 July 2014	**7,575**	**1,610**	**1,664**	**7,788**	**628**	**19,265**
Accumulated depreciation and impairment						
At 28 July 2013	158	386	559	1,267	-	2,370
Charge for the period	119	371	404	994	-	1,888
Disposals	-	(7)	(10)	(7)	-	(24)
At 26 July 2014	**277**	**750**	**953**	**2,254**	**-**	**4,234**
Carrying amount						
At 26 July 2014	**7,298**	**860**	**711**	**5,534**	**628**	**15,031**
At 27 July 2013	7,417	1,041	191	1,260	-	9,909

The carrying value of the property, plant and equipment is not materially different to its fair value.

9 Intangible fixed assets

	Goodwill £'000	Brands £'000	Computer software £'000	Assets under construction £'000	Total £'000
Cost					
At 28 July 2013	8,890	54,913	8,575	-	72,378
Prior period adjustment (see note 21)	(8,890)	-	-	-	(8,890)
At 28 July 2013 restated	**-**	**54,913**	**8,575**	**-**	**63,488**
Additions	-	-	2,790	1,322	4,112
At 26 July 2014	**-**	**54,913**	**11,365**	**1,322**	**67,600**
Amortisation					
At 28 July 2013	-	9,152	2,295	-	11,447
Charge for the period	-	6,864	2,439	-	9,303
At 26 July 2014	**-**	**16,016**	**4,734**	**-**	**20,750**
Carrying amount					
At 26 July 2014	**-**	**38,897**	**6,631**	**1,322**	**46,850**
At 27 July 2013	-	45,761	6,280	-	52,041

Brands include £38,896,708 (2013: £45,760,833) in respect of the Game brand which has a remaining useful economic life of 5.7 years (2013: 6.7 years). On acquisition, the total useful economic life of the Game brand was considered by the Directors to be eight years.

Goodwill arose on the initial acquisition of the Company's assets. During the 52-week period ended 26 July 2014 further information relating to the wider transaction in which the goodwill arose has led to a restatement of the opening balance sheet and removal of the £8,890,000 goodwill (see note 21).

The Company prepares cash flow forecasts derived from the most recent financial projections approved by management and extrapolates cash flows to approximate a value to perpetuity. The rate used to discount cash flows is 11.7% (2013: 12.2%). The resultant value derived did not indicate any impairment to the carrying value.

Notes to the Financial Statements (continued)

for the 52 weeks ended 26 July 2014

10 Inventories

	26 July 2014 £'000	27 July 2013 £'000
Finished goods and goods held for resale	31,172	25,513

The Directors consider that the replacement value of inventories is not materially different from their carrying value. There are no individual items of inventory held at fair value less costs to sell. The stock provision as at 26 July 2014 is £2,524,000 (2013: £2,268,000) which estimates the difference between the cost of stock and its estimated net realisable value.

The cost of inventories recognised as an expense includes £238,000 (2013: £736,000) in respect of write-downs of inventory to net realisable value.

No inventory was pledged as security at 26 July 2014 (2013: £nil)

11 Trade and other receivables

	26 July 2014 £'000	27 July 2013 £'000
Amounts falling due within one year:		
Trade receivables	8,177	7,319
Other receivables	6,934	2,756
Total trade and other receivables	15,111	10,075
Prepayments and accrued income	4,305	6,811
	19,416	16,886

A large proportion of the other receivables of the Company relates to customers using credit cards or similar arrangements to purchase goods. The Company bears no risk of recovery and, as a result, the risk of impairment of accounts receivable is not considered by the Directors to be significant.

As at 26 July 2014 there were no amounts which were impaired (2013: £nil).

None of the receivables is past due with respect to contract terms.

The fair values of trade and other receivables are the same as book values as credit risk has been addressed as part of impairment provisioning and due to the short-term nature of the amounts receivable they are not subject to other fluctuations in market rates.

12 Trade and other payables

	26 July 2014 £'000	27 July 2013 £'000
Amounts falling due within one year:		
Trade payables	21,548	12,385
Other payables	4,064	6,533
Tax and social security costs	4,323	3,016
VAT payables	8,177	3,509
Accruals and deferred income	25,358	29,561
	63,470	55,004

Trade payables are non-interest bearing. Settlement terms vary from 7-21 days for consignment stock purchases, with other stock and services normally settled on 30 days or 60 days following the end of the month of receipt.

Book values approximate to fair value at 26 July 2014 due to the short-term nature of these items and taking into account the credit risk of the Company. The difference between the book and fair values is not considered to be material.

Accruals and deferred income includes gift card liabilities of £8,775,000 (2013: £11,747,000) and liabilities in respect of the loyalty programme of £9,362,000 (2013: £9,782, 000).

Notes to the Financial Statements (continued)

for the 52 weeks ended 26 July 2014

13 Amounts owed to Parent Company

	26 July 2014 £'000	27 July 2013 £'000
Amounts owed to Parent Company	14,056	96,179

On 10 June 2014 all liabilities under the Revolving Credit Facility owed by GAME to its holding company, Game Digital Holdings Limited (formerly Capitex Holdings Limited), including accrued interest and termination fee, were capitalised through the issue of 127,928,429 shares in Game Retail Limited of £1.00 each.

14 Financial Instruments

Financial risk management

The Company's finance function provides a service for the provision of finance and the management and control of liquidity, foreign exchange and interest rates. The function operates to reduce risk in accordance with policies approved by the Board.

The Company's principal financial instruments comprise revolving credit facilities and cash. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial instruments such as trade receivables and trade payables which arise directly from its operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are liquidity risk, credit risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks.

Categories of financial instruments

	Loans and receivables	
Financial assets	**26 July 2014 £'000**	**27 July 2013 £'000**
Current financial assets		
Trade and other receivables (note 11)	13,861	10,075
Net cash and cash equivalents (note 22)	41,287	8,554
Financial assets held at fair value through profit and loss		
Cash-settled equity forward (note 11)	1,250	-
	56,398	18,629

On 6 June 2014, GAME Retail Limited entered into a derivative contract with HSBC in order to finance and hedge its liabilities under the Loyalty Shares Plan. The derivative contract takes the form of a cash-settled equity forward transaction (the "Forward"). The underlying shares in GAME Digital plc were sold at nominal value to HSBC by the selling shareholder on IPO. The benefit of this transfer has been reflected in the Company's reserves as a capital contribution (note 20).

Under the Forward, if the customers participating in the Virtual Loyalty Share Plan redeem Virtual Loyalty Shares, GAME Retail Limited will communicate this to HSBC and HSBC will reduce the number of Ordinary Shares under the Forward by the same number of the Virtual Loyalty Shares that have been redeemed. HSBC will pay to GAME Retail Limited the amount that would be received if a number of Ordinary Shares equal to the number of Ordinary Shares by which the Forward has been reduced were sold at then-current market prices. The cash-settled Forward is carried as a current asset and recognised at fair value through profit and loss. The carrying amount reflected above represents the Company's maximum exposure to credit risk for such loans and receivables.

There have been no movements in the fair value of the Forward other than the initial recognition and the revaluation movement at the end of the reporting period.

The Forward has been classified as a Level 1 financial asset in accordance with the fair value hierarchy. The cash ultimately to be received by the Company is derived from GAME Digital plc's share price, which is publicly available, and its shares are quoted on an active market.

Notes to the Financial Statements (continued)

for the 52 weeks ended 26 July 2014

14 Financial instruments (continued)

Financial liabilities	Financial liabilities measured at amortised cost 26 July 2014 £'000	27 July 2013 £'000
Current financial liabilities		
Trade and other payables (note 12)	63,470	55,004
Leasehold property incentives (note 16)	1,373	1,436
Amounts owed to Parent Company (note 13)	14,056	96,179
Total current financial liabilities	78,899	152,619
Non-current financial liabilities		
Deferred tax liability (note 15)	1,573	-
Leasehold property incentives (note 16)	3,277	3,419
Total non-current financial liabilities	4,850	3,419
Total financial liabilities	**83,749**	**156,038**

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Credit risk

The Company trades only with recognised, creditworthy third parties. The Company does not enter into derivatives to manage its credit risk. At the balance sheet date there were no concentrations of credit risk.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

The maximum exposure to credit risk at the reporting date is represented by the carrying value of the financial assets in the balance sheet.

Liquidity risk

The Company's policy on liquidity is to ensure that there are sufficient committed borrowing facilities to meet the medium-term funding requirements.

(a) Interest rate of borrowings

The interest rate exposure of the Company's borrowings is shown below:

	26 July 2014 £'000	27 July 2013 £'000
Floating rate Sterling borrowings	-	96,179

Revolving Credit Facility (RCF) has been terminated on IPO. A new Stock Finance Facility of £50m was entered into with HSBC to manage working capital peaks in the forthcoming year. Facility accrues interest at a rate of 3.75% per annum above the base rate of the Bank of England from time to time on drawn balances and 1.3% per annum for undrawn commitments. The facility was undrawn at 26 July 2014.

Interest rate risk

Due to the floating rate of interest on the Company's principal borrowings, the Company is exposed to interest rate risk. Given the interest is payable to the Company's immediate Parent Company, no hedging is carried out.

Notes to the Financial Statements (continued)

for the 52 weeks ended 26 July 2014

14 Financial instruments (continued)

(b) Interest rate and currency of cash balances

The currency and interest rate exposure of the Company's floating rate cash balances is shown below:

	26 July 2014 £'000	27 July 2013 £'000
Sterling	41,205	8,323
Euro	50	155
US Dollar	32	25
	41,287	8,503

(c) Sensitivity analysis

At the balance sheet date the Company's principal funding facility is the asset-based revolving loan facility of up to £50m with HSBC Invoice Finance (UK) Limited, which was undrawn at 26 July 2014. The interest on drawn balances attracts a floating rate interest. A 1% increase in the floating interest rate would increase interest payable by an immaterial amount. There was no drawn balance at the current or prior year reporting date.

Changes in foreign currency rates are not considered material to the Company's disclosures.

(d) Fair value of borrowings and financial assets

Set out below is an analysis of all the Company's borrowings and financial assets by category.

	26 July 2014 £'000	27 July 2013 £'000
Trade and other receivables	13,861	10,075
Cash-settled equity forward	1,250	-
Net cash and cash equivalents	41,287	8,554
Amounts owed to Parent Company	(14,056)	(96,179)

The Directors believe that as they are short-term, the fair values for all items equate to their book value.

(e) The Company had no material monetary assets or liabilities that are not denominated in the functional currency of the Company.

Capital risk management

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

15 Deferred taxation

	Accelerated capital allowances £'000	Tax losses £'000	On acquisition £'000	Other £'000	Total £'000
At 28 July 2013	(94)	4,757	(1,712)	-	2,951
Adjustments in respect of prior periods	512	(1,053)	-	102	(439)
(Charged)/credited to profit or loss	(140)	(3,704)	139	(5)	(3,710)
At 26 July 2014	278	-	(1,573)	97	(1,198)

	26 July 2014 £'000	27 July 2013 £'000
Deferred tax liabilities	(1,573)	(1,806)
Deferred tax asset	375	4,757
At end of period	(1,198)	2,951

Notes to the Financial Statements (continued)

for the 52 weeks ended 26 July 2014

16 Leasehold property incentives

Leasehold property incentives are amortised to the statement of comprehensive income on a straight-line basis, over the shorter of the remaining life of the lease period to expiry or renewal.

Rent-free periods and reverse premiums	26 July 2014 £'000	27 July 2013 £'000
At start of period	4,855	120
Rent-free periods and reverse premiums received during the period	1,432	6,293
Disposals	(92)	(37)
Released to statement of comprehensive income	(1,545)	(1,521)
At end of period	4,650	4,855
Due within one year	1,373	1,436
Due greater than one year	3,277	3,419
At end of period	4,650	4,855

17 Called-up share capital

	26 July 2014	
	£'000	Number
Allotted, called-up and fully paid ordinary shares of 1p each		
At start of the period	-	100
Share capital issued	1,279	127,928,429
At end of period	1,279	127,928,529

On 10 June 2014 all liabilities under the Revolving Credit Facility owed by GAME to its holding company, Game Digital Holdings Limited (formerly Capitex Holdings Limited), including accrued interest and termination fee, were capitalised through the issue of 127,928,429 shares in Game Retail Limited of £1.00 each. This led to £126,459,000 of share premium being recognised.

18 Share premium account

	26 July 2014 £'000	27 July 2013 £'000
At start of period	-	-
Premium arising on issue of equity shares	126,649	-
At end of period	126,649	-

Notes to the Financial Statements (continued)

for the 52 weeks ended 26 July 2014

19 Share-based payments

The Company has established a performance share plan (the "PSP"), an all-employee share incentive plan (the "SIP") and an all-employee sharesave plan (the "SAYE Plan").

The net charge recognised for share-based payments in the 52 weeks ended 26 July 2014 was £194,000 (2013: £nil).

On IPO, shares were transferred into the GAME Digital plc Employee Benefit Trust (the "EBT") by the selling shareholder to meet the cost of certain IPO-related incentive and bonus plans. These IPO-related incentive and bonus plans vest over 12 to 36 months. As a consequence IFRS 2 requires that the Company recognises a charge because the benefit of the services for which these shares are remunerated will flow to the Company. The fair value of the shares at the date of grant will be recognised over the vesting period.

One-off awards of ordinary shares were made on 11 June 2014 and 16 June 2014 under the PSP and the SIP respectively. No awards have been made or granted under the SAYE Plan.

The Senior Employee IPO Awards

Nil cost options over 890,354 shares in aggregate have been granted to certain other senior employees ("the Senior Employee IPO Awards"). In general, there is a vesting period of 12 months for part of the award and a vesting period of 24 months for the remainder of the award, at the end of which the Senior Employee IPO Awards will vest. The Senior Employee IPO Awards will not be subject to performance conditions other than continued employment. Consequently the options are valued at the grant price. The Senior Employee IPO Awards will be satisfied by the transfer of Ordinary Shares currently held in the EBT.

Movements in the Senior Employee IPO Awards and options for the 52 weeks ended 26 July 2014 and 27 July 2013 are as follows:

	Number of shares '000
Outstanding at 29 July 2012	-
Granted	-
Exercised	-
Forfeited	-
Expired	-
Outstanding at 27 July 2013	-
Granted	890
Exercised	-
Forfeited	(49)
Expired	-
Outstanding at 26 July 2014	841
Fair value of options granted during the period (pence)	198.0p
Weighted average remaining contract life (years)	1.1 year

The shares relating to Senior Employee IPO Awards were transferred directly to the EBT on IPO by the selling shareholder as a package of IPO-related incentives.

Share incentive plan

The SIP is an HMRC approved scheme open to all UK employees at the date of invitation. During the financial year ended 26 July 2014 the plan made an award of free shares under the SIP to participating employees, with individual values being pro rated on salary and length of service. There are no performance conditions other than remaining in employment for three years from the date of award; hence there is a vesting period of two years from the award date. Shares are generally held in the GAME Digital plc Share Incentive Plan Trust (the "SIP Trust") for at least three years and are capable of being released to participants at any time thereafter.

The fair value of awards under the SIP are equal to the share price on the date of award as there is no price to be paid.

The shares relating to the initial award of shares under the SIP were transferred directly to the EBT on IPO by the selling shareholder as a package of IPO-related incentives and form part of the 170 million issued ordinary shares of the Company as at 26 July 2014. Subsequently, on 16 June 2014, they were transferred to the SIP Trust following the award of free shares.

The weighted average share price during the period was 203p (2013: not applicable).

Notes to the Financial Statements (continued)

for the 52 weeks ended 26 July 2014

19 Share-based payments (continued)

Shares held in the EBT and SIP Trust

The EBT was established to hold and purchase shares on behalf of the Group, in connection with the obligation to satisfy current and future share awards under the PSP and any other employee incentive schemes. The SIP Trust was established to hold and purchase shares on behalf of the Group for the benefit of employees, in connection with the SIP.

The EBT has waived its rights to receive dividends on any shares held by them, unless otherwise instructed by GAME Digital plc, if required by the terms of an employee share scheme, or by reference to other requirements set out in the EBT Trust Deed. GAME Digital plc may direct that the Trustee can vote at any general meeting. If the Trustee does vote, the Group cannot direct the manner in which the Trustee votes. In the absence of such circumstances, the Trustee of the EBT will abstain from voting at any general meeting.

The Trustees of the SIP Trust shall waive any dividends and other distributions on any unawarded shares which form part of the Trust, unless otherwise instructed by GAME Digital plc, in line with the terms set out in the SIP Trust Deed. The Trustees of the SIP Trust will abstain from voting in relation to any unallocated shares held in the SIP Trust at any general meeting. In respect of allocated shares in the SIP Trust, the Trustees shall vote in accordance with the participants' instructions. In the absence of any instruction, the Trustees shall not vote.

As at 26 July 2014, the SIP Trust held 501,515 ordinary shares of 1p each; and the EBT held 1,303,265 ordinary shares of 1p each.

20 Reserves

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 28 July 2013	-	-	-	(31,294)	(31,294)
Prior year adjustment (see note 21)	-	-	-	(8,890)	(8,890)
At 28 July 2013 - restated	-	-	-	(40,184)	(40,184)
Loss for the period	-	-	-	(18,806)	(18,806)
Issue of new shares	1,279	126,649	-	-	127,928
Capital contribution	-	-	-	1,250	1,250
Share-based payments	-	-	194	-	194
At 26 July 2014	1,279	126,649	194	(57,740)	70,382

Share capital – the amount subscribed for share capital at nominal value.

Share premium – the amount subscribed for share capital, in excess of the nominal value

Other reserves – net charge recognised for share-based payments

Retained earnings – relates to retained earnings, being the cumulative net gains and losses recognised in the statement of comprehensive income.

Capital contribution – relates to a gift from the former ultimate parent company Duodi Investments SARL of 625,000 shares in GAME Digital plc to the company's EBT to cover the share options given to staff as a reward for the successful IPO

Notes to the Financial Statements (continued)

for the 52 weeks ended 26 July 2014

21 Revisions to the opening statement of financial position

On 30 March 2012 (which is a prior financial period) GAME acquired the UK trade and assets of the former GAME Group plc. During the current period further information relating to this acquisition has led to a restatement of the opening balance sheet of the Company, removing £8,890,000 of goodwill from the balance sheet. The adjustments reflect conditions which existed at the acquisition date and for which additional evidence has now been identified.

	Fair value at acquisition £'000	Subsequent adjustments £'000	Adjusted fair value £'000
Property, plant and equipment	10,565	-	10,565
Inventories	19,043	-	19,043
Trade and other receivables	22,879	-	22,879
Trade and other payables	(34,934)	-	(34,934)
Deferred tax – non-qualifying assets	(1,283)	-	(1,283)
Cash and cash equivalents	277	-	277
Intangible fixed assets – brand	54,913	-	54,913
Intangible fixed assets – other	5,845	-	5,845
Retained earnings	-	8,890	8,890
Total net assets	77,305		86,195
Goodwill	8,890	(8,890)	-
Satisfied by cash consideration	86,195		86,195
Net cash consideration (including acquired cash balances)	85,918		85,918

22 Analysis of net funds/(debt)

	26 July 2014 £'000	27 July 2013 £'000
Cash and cash equivalents	41,287	8,554
Net cash and cash equivalents	41,287	8,554
Loan from Parent Company	-	(96,179)
Net funds/(debt)	41,287	(87,625)

23 Operating lease commitments

The Company leases certain land and buildings on short-term leases. The rents payable under these leases are subject to re-negotiation at various intervals specified in the leases. At the balance sheet date, the Company has outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	26 July 2014		27 July 2013	
	Motor vehicles £'000	Land and buildings £'000	Motor vehicles £'000	Land and buildings £'000
The total future minimum lease payments are due as follows:				
Not later than one year	-	20,682	25	22,256
Later than one year but not later than five years	-	49,300	1	62,964
Later than five years	-	9,760	-	15,175
	-	79,742	26	100,395

Notes to the Financial Statements (continued)

for the 52 weeks ended 26 July 2014

24 Related party transactions

The company made payments of £1,330,000 (2013: £1,225,000) in respect of consultancy fees to certain companies which the Directors understand hold indirect investments in the shares of the Company. These arrangements were terminated on IPO and will not recur.

Financing costs related to the arranging and provision of long-term loans from Duodi Investments S.à r.l. (the Company's previous parent company) and an inventory financing facility from an indirect related party entity in respect of which Elliott Advisors (UK) Limited is a sub-adviser to that entity's investment services provider.

Interest payable to related parties comprises:

- interest of £3,712,000 (2013: £2,595,000) on the asset-based revolving loan facility with an indirect related party which was terminated on IPO and replaced with the asset-based revolving loan facility of up to £50m from HSBC.
- interest and termination fee of £31,545,000 (2013: £9,163,000) to its parent undertaking, Game Digital Holdings Limited (formerly Capitex Holdings Limited). The Revolving Credit Facility (RCF) has been terminated on IPO.

25 Principal risks and uncertainties

Risk at Game

Our Board believes that recognising and managing risks is the key to an effectively run business. The monitoring of risk is delegated to the Management Team which reviews monthly risk in a consistent manner. The risk identification takes place in conjunction with a review of financial and operational performance focusing on identifying all risks that could potentially prevent the Company from delivering our agreed strategy. Every identified risk is examined and mitigating activities are put in place. Details of the risk, impacts and mitigation are stated in the Strategic Report.

26 Post balance sheet events

Following the period-end, the amount available under short-term asset-based revolving loan facility with HSBC Invoice Finance (UK) Limited has been reduced to £15m as a result of the increase in supplier credit terms and improved liquidity.

Additionally, as a result of capital restructuring, the whole share premium reserve has been transferred to distributable reserves.

On 12 March 2015 Game Retail Limited has announced a £10m dividend payment to its parent company Game Digital Holdings Limited (formerly Capitex Holdings Limited).

27 Ultimate controlling party

The immediate parent undertaking is Game Digital Holdings Limited (formerly Capitex Holdings Limited). The ultimate controlling party is GAME Digital plc, a company registered in England and Wales and quoted on the main market of the London Stock Exchange. GAME Digital plc represents the largest and smallest group into which the Company's results should be consolidated. A copy of the accounts of Game Digital Holdings Limited (formerly Capitex Holdings Limited) and GAME Digital plc are available from the Register of Companies at Companies House.

Directors and Advisers

Directors:
Martyn Gibbs – Chief Executive Officer
Benedict Smith – Chief Financial Officer

Registered office
Unity House
Telford Road
Basingstoke
RG21 6YJ

Principal Bankers:
Barclays Bank plc
1 Churchill place
London
E14 5HP

Independent auditor:
Deloitte LLP
Southampton, United Kingdom

Solicitors:
Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Shoosmiths LLP
Thames Valley Office
Apex Plaza
Forbury Road
Reading
RG1 1SH

Registered number
7837246