

Namco Bandai Partners UK Limited

**Directors' report and financial
statements**

Registered number 2133521

31 March 2012

SATURDAY



A1DNDEN4

A02 21/07/2012 #109
COMPANIES HOUSE

A07 12/07/2012 #300
COMPANIES HOUSE

Contents

Directors' report	1
Statement of Directors' responsibilities in respect of the Directors' report and the financial statements	3
Independent auditor's report to the members of Namco Bandai Partners UK Limited	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2012

Results and dividends

The loss for the year, after taxation, was £1,310,633 (2011 loss £138,409) The directors do not recommend the payment of a dividend (2011 £nil)

Principal activities and business review

The company's principal activity during the year was the publishing and distribution of interactive entertainment software The company's directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year

The ultimate parent company, Bandai Namco Holdings Inc manages its operations as a unified business For this reason the directors believe that key performance indicators are not necessary or appropriate for an understanding of the development, performance or position of the business The performance of Bandai Holdings Inc , which includes this company, is discussed in the Group's annual report, which does not form part of these statements

Directors

The directors who held office during the year, and to the date of this report, were as follows

S Takahara
N Katashima
J Galloway
M Passam

Principal risks and uncertainties

The company's purchases from Europe and the rest of the world are made in foreign currency and the company is therefore exposed to the movement of these currencies against the Sterling exchange rate Namco Bandai Partners SAS, an immediate parent company, manages this risk at a group level and so the company does not take out any forward contracts to limit this exposure at a company level

The company does not have overdraft arrangements and therefore is not subject to interest rate risk exposure

The liquidity of the company is managed at a group level by its immediate parent company, Namco Bandai SAS, from whom it purchases a large portion of its products Payments are made to this company when surplus cash arises and any balance overdue is converted into a loan until such cash is available

Directors' report *(continued)*

Going concern

The company has experienced difficult trading conditions which have resulted in significant losses being made over the last few years. In addition the risks and uncertainties discussed within the directors report and the current economic conditions mean that there are inherent future uncertainties that may impact the business. Although the directors consider that there is a reasonable expectation that the company should return to profitability this is not expected to occur in the next twelve months and therefore the viability of the company, in the short term, is entirely dependent on the company continuing to receive ongoing support from the Group. After making enquiries and considering the uncertainties described above, on the basis of the commitment of financial support provided by the intermediate parent company, Namco Bandai Games Europe, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. It is for these reasons that they believe it is appropriate to adopt the going concern basis of accounting in preparing the annual financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Political and charitable contributions

The company made no political contributions during the year (2011 £nil). Donations to UK charities during the year amounted to £nil (2011 £nil).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Director

MARK PASSAN

Landmark House
Hammersmith Bridge Road
London
W6 9EJ

2 July 2012

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
15 Canada Square
London
E14 5GL

Independent auditor's report to the members of Namco Bandai Partners UK Limited

We have audited the financial statements of Namco Bandai Partners UK Limited for the year ended 31 March 2012 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, 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 Directors' Report for the financial year 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.

1-5-2012
T J Rush (Senior Statutory Auditor),
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

5th July 2012

Profit and loss account

for the year ended 31 March 2012

	Note	Year ended 31 March 2012 £	Year ended 31 March 2011 £
Turnover	1,2	17,135,521	21,619,514
Cost of sales		(13,387,286)	(16,030,168)
Gross profit		3,748,235	5,589,346
Distribution costs		(3,540,502)	(4,008,308)
Administrative expenses		(1,598,032)	(2,146,516)
Operating loss		(1,390,299)	(565,478)
Interest receivable and similar income	6	25,778	14,236
Interest payable and similar charges	7	(941)	-
Loss on ordinary activities before tax	3	(1,365,462)	(551,242)
Tax on loss on ordinary activities	8	54,829	412,833
Loss for the financial year	16	(1,310,633)	(138,409)

The company results stated above are all derived from continuing operations

A note on historical cost profits and losses has not been included as part of these financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis

There were no other recognised gains or losses for the year other than the results as described above

The notes on pages 7 to 14 form part of these financial statements

Balance sheet

at 31 March 2012

	Note	2012		2011	
		£	£	£	£
Fixed assets					
Tangible assets	9		7,575		28,925
			<u>7,575</u>		<u>28,925</u>
Current assets					
Stocks	10	1,275,091		1,890,948	
Debtors	11	2,865,627		5,736,610	
Cash at bank and in hand		785,872		4,027,733	
		<u>4,926,590</u>		<u>11,655,291</u>	
Creditors: amounts falling due within one year	12	(4,118,683)		(9,624,101)	
		<u></u>		<u></u>	
Net current assets			807,907		2,031,190
			<u></u>		<u></u>
Total assets less current liabilities			815,482		2,060,115
			<u></u>		<u></u>
Provision for liabilities and charges	13	(145,028)		(79,028)	
		<u></u>		<u></u>	
Net assets			670,454		1,981,087
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	14	28,000,000		28,000,000	
Share premium account	16	461,997		461,997	
Profit and loss account	16	(27,791,543)		(26,480,910)	
		<u></u>		<u></u>	
Equity shareholders' funds	15	670,454		1,981,087	
		<u></u>		<u></u>	

The notes on pages 7 to 14 form part of these financial statements

These financial statements were approved by the board of directors on 2 July 2012 and were signed on its behalf by


Director
MARK PASSAM

Company registered number 2133521

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with applicable accounting standards in the United Kingdom and under historical cost accounting rules

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of Bandai Namco Holdings Inc (incorporated in Japan), the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

Going concern

The company has experienced difficult trading conditions which have resulted in significant losses being made over the last few years. In addition the risks and uncertainties discussed within the directors report and the current economic conditions mean that there are inherent future uncertainties that may impact the business. Although the directors consider that there is a reasonable expectation that the company should return to profitability this is not expected to occur in the next twelve months and therefore the viability of the company, in the short term, is entirely dependent on the company continuing to receive ongoing support from the Group.

After making enquiries and considering the uncertainties described above, on the basis of the commitment of financial support provided by the intermediate parent company, Namco Bandai Games Europe, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. It is for these reasons that they believe it is appropriate to adopt the going concern basis of accounting in preparing the annual financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre tax profit, all of which arises in the United Kingdom, is attributable to the principal activity of the company. Revenues are recognised when the product is despatched to the client.

Investments

Investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

Fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided by the company to write off the cost, less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short-term leasehold improvements	-	Over the term of the lease
Fixtures, fittings, tools and equipment	-	25% per annum
Motor vehicles	-	25% per annum

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of goods purchased for sale, the weighted average purchase price is used. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Taxation

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or receive more tax. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Post retirement benefits

The company operated a defined contribution pension scheme during the period. All related costs have been expensed in the profit and loss account as incurred.

Royalties and licensing arrangements

The company enters into royalty and licensing arrangements. Licensing charges and royalties are charged to the profit and loss account in the period in which the liability is incurred. However, in cases where the company is required to make advance payments, these are recorded as a prepayment and a proportion of these costs is written off as the unit sales of the related computer software or games cartridges are made. Royalty income is included in the profit and loss account as turnover at the time the software master disks are released.

Notes (continued)

2 Turnover

Geographical analysis by destination

	2012 £	2011 £
United Kingdom	13,961,314	18,627,524
European Union (excluding United Kingdom)	1,542,865	1,373,340
Rest of the World	1,631,342	1,618,650
	<u>17,135,521</u>	<u>21,619,514</u>

3 Loss on ordinary activities before tax

	2012 £	2011 £
<i>Loss on ordinary activities before tax is stated after charging</i>		
Reorganisation costs	-	33,752
Depreciation of owned fixed assets	24,236	23,843
Hire of plant and machinery - operating leases	4,004	6,355
Hire of other assets - operating leases	153,139	90,412
Exchange gains/ (losses)	273,914	(238,257)
	<u>273,914</u>	<u>(238,257)</u>

The reorganisation in 2011 related to the termination and redundancy costs following the restructure of the marketing organisation

Auditors' remuneration

	2012 £	2011 £
Audit of these financial statements	26,500	28,500
Amounts receivable by the auditors and their associates in respect of Other services relating to taxation	<u>20,000</u>	<u>20,000</u>

Notes (continued)

4 Remuneration of directors

	2012 £	2011 £
Directors' emoluments	407,875	182,498
Pension contributions	13,327	7,797
	<u>421,202</u>	<u>190,295</u>

The highest paid director received emoluments totalling £250,926 in the year

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows

	Number of employees	
	2012	2011
Sales, marketing and distribution	17	16
	<u>17</u>	<u>16</u>

The aggregate payroll costs of these persons were as follows

	2012 £	2011 £
Wages and salaries	1,043,395	1,005,353
Social security costs	143,996	113,405
Other pension costs	27,909	27,243
	<u>1,215,300</u>	<u>1,146,001</u>

6 Interest receivable and similar income

	2012 £	2011 £
Interest received from other group undertakings	25,778	14,082
Bank interest	-	154
	<u>25,778</u>	<u>14,236</u>

Notes (continued)

7 Interest payable and similar charges

	2012 £	2011 £
Interest paid to other group undertakings	941	-
	<u>941</u>	<u>-</u>

8 Tax credit on loss on ordinary activities

	2012 £	2011 £
UK corporation tax at 26% (2010 28%) on taxable loss for the year	-	-
Adjustments in respect of prior periods	(54,829)	(412,833)
Deferred tax	-	-
	<u>(54,829)</u>	<u>(412,833)</u>
Total current tax credit	<u>(54,829)</u>	<u>(412,833)</u>

Factors affecting the tax charge for the current period

The tax assessed for the year is higher (31 March 2011 lower) than the standard rate of corporation tax in the UK of 26% (2011 28%). The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before taxation	(1,365,462)	(551,242)
Expected current tax at 26% (2011 28%)	(355,020)	(154,348)
Effects of		
Losses carried forward	335,321	132,953
Expenses not deductible for tax purposes	26,000	28,000
Differences between capital allowances for period and depreciation	(6,301)	(6,605)
Adjustments in respect of prior periods	(54,829)	(412,833)
	<u>(54,829)</u>	<u>(412,833)</u>
Current tax credit	<u>(54,829)</u>	<u>(412,833)</u>

During the year, the Company surrendered tax losses to other Group companies. The Company was reimbursed for these losses at the standard tax rate resulting in a tax credit of £54,829 being recognised (2011 tax credit of £412,833).

A deferred tax asset of £11,255,050 (2011 £11,800,290) has not been recognised in respect of losses carried forward, provisions and capital allowances in excess of depreciation due to the uncertainty of future taxable profits.

Notes (continued)

9 Tangible fixed assets

	Short- term leasehold improvements £	Fixtures, fittings, tools and equipment £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 April 2011	38,242	278,792	19,645	336,679
Additions	-	2,886	-	2,886
At 31 March 2012	38,242	281,678	19,645	339,565
<i>Depreciation</i>				
At 1 April 2011	23,902	272,392	11,460	307,754
Charge for period	14,340	4,984	4,912	24,236
At 31 March 2012	38,242	277,376	16,372	331,990
<i>Net book value</i>				
At 31 March 2012	-	4,302	3,273	7,575
At 31 March 2011	14,340	6,400	8,185	28,925

10 Stocks

	2012 £	2011 £
Finished goods and goods for resale	1,275,091	1,890,948

11 Debtors

	2012 £	2011 £
Trade debtors	33,162	4,527,512
Amounts owed by group undertakings	2,616,061	1,002,531
Other debtors	210,178	131,775
Prepayments and accrued income	6,226	74,792
	2,865,627	5,736,610

Notes (continued)

12 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	718,056	1,591,510
Amounts owed to group undertakings	2,260,279	4,691,719
Accruals and deferred income	1,140,348	3,340,872
	<u>4,118,683</u>	<u>9,624,101</u>

13 Provisions for liabilities

	Dilapidations £
At 1 April 2011	79,028
Increase in year	66,000
	<u>145,028</u>
At 31 March 2012	<u>145,028</u>

The provision relates to dilapidations on leases for office accommodation held by the company. The utilisation is expected to be at the end of the lease in March 2017. The movement in the year was contributed by another group undertaking to cover its part of the overall dilapidation costs.

14 Called up share capital

	2012 £	2011 £
<i>Authorised</i>		
28,000,000 ordinary shares of £1 each	28,000,000	28,000,000
	<u>28,000,000</u>	<u>28,000,000</u>
<i>Called up, allotted and fully paid</i>		
28,000,000 ordinary shares of £1 each	28,000,000	28,000,000
	<u>28,000,000</u>	<u>28,000,000</u>

15 Reconciliation of shareholders' funds / (deficit)

	2012 £	2011 £
Loss for the financial year	(1,310,633)	(138,409)
Opening shareholders' funds/ (deficit)	1,981,087	(880,504)
Shareholders contribution in year	-	3,000,000
	<u>670,454</u>	<u>1,981,087</u>
Closing shareholders' funds	<u>670,454</u>	<u>1,981,087</u>

Notes (continued)

16 Reserves

	Share premium account £	Profit and loss account £
At 1 April 2011	461,997	(26,480,910)
Loss for the financial year	-	(1,310,633)
At 31 March 2012	461,997	(27,791,543)

17 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2012		2011	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Within one year	-	-	151,613	-
In the second to fifth years inclusive	162,800	-	-	-
	162,800	-	151,613	-

The total commitment payable for the 5 year duration of the lease is £814,000

18 Related party transactions

As the company is a wholly owned subsidiary of Bandai Namco Holdings Inc, the company has taken advantage of the exemption in Financial Reporting Standard No 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Bandai Namco Holdings Inc can be obtained from the address given in note 19

19 Ultimate parent undertaking

At 31 March 2012, the immediate parent company was Namco Bandai Partners SAS, a company incorporated in France

The ultimate parent company is Bandai Namco Holdings Inc a company incorporated in Japan The accounts of the group can be obtained from its registered office at 4-5-15, Higashi-Shinagawa, Shinagawa-ku, Tokyo 140-8590, Japan