

Company Registration No. 06663645 (England and Wales)

Hello Games Ltd

**Annual report and financial statements
for the year ended 31 October 2022**

Hello Games Ltd

Company information

Director S Murray

Secretary L Murray

Company number 06663645

Registered office Dolphin House
3 North Street
Guilford
Surrey
GU1 4AA

Independent auditor Saffery LLP
71 Queen Victoria Street
London
EC4V 4BE

Hello Games Ltd

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Hello Games Ltd

Strategic report

For the year ended 31 October 2022

The director presents the strategic report for the year ended 31 October 2022.

Fair review of the business

Hello Games has continued to focus on the game No Man's Sky during this financial year and has released new content at no extra cost to the players and continue to improve the gaming experience for our customers.

Key performance indicators

The Company monitors various KPIs for the purpose of reviewing the financial and business performance of the Company.

£'000	YE 31 Oct 22	YE 31 Oct 21
Revenue	39,736	27,403
Operating Profit	40,536	18,883
OP %	102%	69%

Principal risks and uncertainties

The market in which the Company operates is highly competitive and consumer oriented, therefore the potential success or failure of a title is hard to predict during development.

The Company is mitigating these risks by investing in the development of new content and enhancing our existing titles to maintain market presence during the creation of new titles.

An uncertain economic climate

As expected, the impact of COVID-19 on the global economy has been significant and the economic outlook continues to be uncertain with new factors such as the war in Ukraine continues, inflation and other financial uncertainties add to the cost of living pressures, all increasing the challenges to businesses and consumers alike. This all continues to impact economies still striving to recover.

Despite this, the directors recognise that the computer games industry continues to show resilience in uncertain economic times and Hello Games continues to build on their previous successes.

The transition of the team back to the workplace has happened with no impact on productivity, showing the team's ongoing ability to be agile, adjust to changing needs, and create a product that continues to generate demand from consumers.

On behalf of the board

S Murray

Director

20 October 2023

Hello Games Ltd

Director's report

For the year ended 31 October 2022

The director presents his annual report and financial statements for the year ended 31 October 2022.

Principal activities

The principal activity of the company continued to be that of games development.

Director

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

S Murray

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Future developments

Hello Games will continue to develop and release new content for No Man's Sky, whilst simultaneously developing new titles.

Auditor

The auditor, Saffery LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of director's responsibilities

The director is responsible for preparing the strategic report and director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

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

The director is 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. He is 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.

Hello Games Ltd

Director's report (continued)
For the year ended 31 October 2022

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

S Murray
Director
20 October 2023

Hello Games Ltd

Independent auditor's report

To the members of Hello Games Ltd

Opinion

We have audited the financial statements of Hello Games Ltd (the 'company') for the year ended 31 October 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 20 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Hello Games Ltd

Independent auditor's report (continued)

To the members of Hello Games Ltd

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's report.

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

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

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Hello Games Ltd

Independent auditor's report (continued)

To the members of Hello Games Ltd

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the director, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with director and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

Hello Games Ltd

Independent auditor's report (continued)

To the members of Hello Games Ltd

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of our report

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

Moses Nyachae

Senior Statutory Auditor

For and on behalf of Saffery LLP

23 October 2023

Chartered Accountants

Statutory Auditors

71 Queen Victoria Street

London

EC4V 4BE

Hello Games Ltd

Statement of comprehensive income
For the year ended 31 October 2022

		2022	2021
	Notes	£'000	£'000
Turnover	3	39,736	27,403
Cost of sales		(6,187)	(3,882)
Gross profit		33,549	23,521
Administrative expenses		6,988	(4,638)
Operating profit	4	40,537	18,883
Interest receivable and similar income	6	35	27
Profit before taxation		40,572	18,910
Tax on profit	7	(7,685)	(674)
Profit for the financial year		32,887	18,236

The income statement has been prepared on the basis that all operations are continuing operations.

Hello Games Ltd

Statement of financial position

As at 31 October 2022

		31 October		31 October	
		2022		2021	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	8		147		195
Current assets					
Debtors	10	7,100		3,696	
Cash at bank and in hand		138,092		101,568	
		<u>145,192</u>		<u>105,264</u>	
Creditors: amounts falling due within one year	11	<u>(9,226)</u>		<u>(2,233)</u>	
Net current assets			<u>135,966</u>		<u>103,031</u>
Total assets less current liabilities			<u>136,113</u>		<u>103,226</u>
Capital and reserves					
Called up share capital	13		1		1
Profit and loss reserves			<u>136,112</u>		<u>103,225</u>
Total equity			<u>136,113</u>		<u>103,226</u>

The financial statements were approved and signed by the director and authorised for issue on 20 October 2023

S Murray
Director

Company Registration No. 06663645

Hello Games Ltd

Statement of changes in equity
For the year ended 31 October 2022

	Share capital	Profit and loss reserves	Total
	£'000	£'000	£'000
Balance at 1 November 2020	1	84,989	84,990
Year ended 31 October 2021:			
Profit and total comprehensive income for the year	-	18,236	18,236
	<hr/>	<hr/>	<hr/>
Balance at 31 October 2021	1	103,225	103,226
Year ended 31 October 2022:			
Profit and total comprehensive income for the year	-	32,887	32,887
	<hr/>	<hr/>	<hr/>
Balance at 31 October 2022	<u>1</u>	<u>136,112</u>	<u>136,113</u>

Hello Games Ltd

Statement of cash flows
For the year ended 31 October 2022

		2022	2021
	Notes	£'000	£'000
Cash flows from operating activities			
Cash generated from operations	17	40,117	22,061
Income taxes (paid)/refunded		(3,627)	4,473
Net cash inflow from operating activities		<u>36,490</u>	<u>26,534</u>
Investing activities			
Purchase of tangible fixed assets		-	(91)
Interest received		35	27
Net cash generated from/(used in) investing activities		<u>35</u>	<u>(64)</u>
Net increase in cash and cash equivalents		<u>36,524</u>	<u>26,471</u>
Cash and cash equivalents at beginning of year		101,568	75,097
Cash and cash equivalents at end of year		<u><u>138,092</u></u>	<u><u>101,568</u></u>

Hello Games Ltd

Notes to the financial statements For the year ended 31 October 2022

1 Accounting policies

Company information

Hello Games Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Dolphin House, 3 North Street, Guilford, Surrey, GU1 4AA.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Consolidated financial statements

The Company has taken advantage of the exemption in section 400 of Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the Company as a single entity.

1.3 Going concern

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

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for products provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

Accrued income balances arise when sales have been made by distributors to the end user, but royalty payments have not been made to Hello Games Ltd.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Notes to the financial statements (continued)

For the year ended 31 October 2022

1 Accounting policies (continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	20% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

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

1.7 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

1 Accounting policies (continued)

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

1 Accounting policies (continued)

Basic financial liabilities

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

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.9 Equity instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.10 Taxation

The tax expense represents the sum of the tax currently payable, tax currently recoverable under video games tax relief legislation, and deferred tax.

1 Accounting policies (continued)

Current tax

The tax currently payable is based on taxable profit and video games tax credit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Video games tax credit is an additional deduction relating to qualifying video game development expenditure. The company's tax position is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.11 Employee benefits

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

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

1.12 Retirement benefits

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

1.13 Leases

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

1.14 Foreign exchange

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

Notes to the financial statements (continued)
For the year ended 31 October 2022

2 Critical accounting judgements and key sources of estimation uncertainty

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

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

The key judgement impacting the financial statements are in respect of the inputs and judgements associated with the video games tax relief claim. Changes to these judgements would result in a higher or lower corporation tax credit.

3 Turnover and other revenue

	2022	2021
	£'000	£'000
Turnover analysed by class of business		
Video game sales	39,736	27,403
	<u> </u>	<u> </u>
	2022	2021
	£'000	£'000
Turnover analysed by geographical market		
UK	4,510	5,424
Europe	120	135
Rest of the world	35,103	21,844
	<u> </u>	<u> </u>
	39,736	27,403
	<u> </u>	<u> </u>
	2022	2021
	£'000	£'000
Other significant revenue		
Interest income	35	27
	<u> </u>	<u> </u>

Hello Games Ltd

Notes to the financial statements (continued)
For the year ended 31 October 2022

4 Operating profit

	2022	2021
	£'000	£'000
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(9,506)	2,104
Fees payable to the company's auditor for the audit of the company's financial statements	27	23
Depreciation of owned tangible fixed assets	48	156
Operating lease charges	160	160
	<u> </u>	<u> </u>

5 Employees

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

	2022	2021
	Number	Number
Game development	43	38
Administration	2	2
	<u> </u>	<u> </u>
Total	45	40
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2021
	£'000	£'000
Wages and salaries	4,206	2,853
Social security costs	386	320
Pension costs	140	117
	<u> </u>	<u> </u>
	4,732	3,290
	<u> </u>	<u> </u>

6 Interest receivable and similar income

	2022	2021
	£'000	£'000
Interest income		
Interest on bank deposits	35	27
	<u> </u>	<u> </u>

Hello Games Ltd

Notes to the financial statements (continued)

For the year ended 31 October 2022

7 Taxation

	2022	2021
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	7,685	674
	<u>7,685</u>	<u>674</u>

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

	2022	2021
	£'000	£'000
Profit before taxation	40,572	18,910
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2021: 19%)	7,709	3,593
Tax effect of expenses that are not deductible in determining taxable profit	9	-
Enhanced losses arising from the video game tax credit	(415)	(2,871)
Losses	382	(48)
	<u>7,685</u>	<u>674</u>

Hello Games Ltd

Notes to the financial statements (continued)

For the year ended 31 October 2022

8 Tangible fixed assets

	Land and buildings Leasehold	Motor vehicles	Total
	£'000	£'000	£'000
Cost			
At 1 November 2021 and 31 October 2022	189	163	352
	<hr/>	<hr/>	<hr/>
Depreciation and impairment			
At 1 November 2021	71	85	156
Depreciation charged in the year	16	32	48
	<hr/>	<hr/>	<hr/>
At 31 October 2022	87	118	205
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 31 October 2022	102	45	147
	<hr/>	<hr/>	<hr/>
At 31 October 2021	117	78	195
	<hr/>	<hr/>	<hr/>

9 Subsidiaries

Details of the company's subsidiaries at 31 October 2022 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Hello Labs Limited	1	Dormant	Ordinary	100.00	-
Hello Developments Limited	1	Dormant	Ordinary	100.00	-

Registered office addresses (all UK unless otherwise indicated):

1 Dolphin House, 3 North Street, Guildford, Surrey, England, GU1 4AA

Hello Games Ltd

Notes to the financial statements (continued)

For the year ended 31 October 2022

10 Debtors

	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	2,609	2,106
Corporation tax recoverable	1,894	-
Other debtors	28	-
Prepayments and accrued income	2,564	1,515
	<u>7,095</u>	<u>3,621</u>
	<u><u>7,095</u></u>	<u><u>3,621</u></u>
Amounts falling due after more than one year:		
Other debtors	5	75
	<u>5</u>	<u>75</u>
	<u><u>5</u></u>	<u><u>75</u></u>
Total debtors	<u><u>7,100</u></u>	<u><u>3,696</u></u>

11 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	246	159
Corporation tax	7,685	1,733
Other taxation and social security	112	118
Other creditors	30	15
Accruals and deferred income	1,043	98
Dilapidation provision	110	110
	<u>9,226</u>	<u>2,233</u>
	<u><u>9,226</u></u>	<u><u>2,233</u></u>

Hello Games Ltd

Notes to the financial statements (continued)

For the year ended 31 October 2022

12 Retirement benefit schemes

Defined contribution schemes

	2022	2021
	£'000	£'000
Charge to profit or loss in respect of defined contribution schemes	140	25

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

13 Share capital and reserves

Share capital

	31 October	31 October
	2022	2021
	£	£
Ordinary share capital		
Issued and fully paid		
650 Ordinary of £1 each	650	650
130 Ordinary A of £1 each	130	130
130 Ordinary B of £1 each	130	130
130 Ordinary C of £1 each	130	130
	<u>1,040</u>	<u>1,040</u>

Each share is entitled to one vote in any circumstances.

Reserves

	2022	2021
	£'000	£'000
Profit and loss account	103,225	84,989
Cumulative profit and loss net of distributions to owners	40,571	18,236
	<u>143,796</u>	<u>103,225</u>

Hello Games Ltd

Notes to the financial statements (continued)

For the year ended 31 October 2022

14 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£'000	£'000
Within one year	160	160
Between two and five years	570	640
In over five years	-	90
	<u>730</u>	<u>890</u>
	<u><u>730</u></u>	<u><u>890</u></u>

15 Controlling party

The company is controlled by the sole director and majority shareholder, S Murray.

16 Analysis of changes in net funds

	1 November	Cash flows	31 October
	2021		2022
	£'000	£'000	£'000
Cash at bank and in hand	101,568	36,524	138,092
	<u>101,568</u>	<u>36,524</u>	<u>138,092</u>
	<u><u>101,568</u></u>	<u><u>36,524</u></u>	<u><u>138,092</u></u>

Hello Games Ltd

Notes to the financial statements (continued)

For the year ended 31 October 2022

17 Cash generated from operations

	2022	2021
	£'000	£'000
Profit for the year after tax	32,887	18,236
Adjustments for:		
Taxation charged	7,685	674
Investment income	(35)	(27)
Depreciation and impairment of tangible fixed assets	49	47
Movements in working capital:		
(Increase)/decrease in debtors	(1,510)	3,073
Increase in creditors	1,041	58
Cash generated from operations	<u>40,117</u>	<u>22,061</u>

18 Share-based payments

An option to acquire 3% of shares in issue at the date of exercise at an exercise price of £1 per share was issued on 1 May 2014 to a third party and remains in force. This option is subject to certain defined preconditions.

Options issued on 4 June 2015 over a further 285 shares with exercise price of £978.90 per share also subsist at the balance sheet date in favour of 5 employees. These options are subject to preconditions relating to duration of service and company performance.

All options may be fulfilled by either the issue of new shares or the transfer of existing shares.

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