Company Registration No. 01940045

RAL LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2020

RAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2020

CONTENTS

RAL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T Allison
A Glennon (appointed 28 January 2020)
P Hyman
Z Mersich
N Paramore (resigned 28 January 2020)

COMPANY SECRETARY

A Glennon

REGISTERED OFFICE

Fifth Avenue Plaza
Queensway
Team Valley Trading Estate
Gateshead
Tyne and Wear
United Kingdom
NE11 0BL

BANKERS

Barclays Bank PLC
Barclays House
5 St Ann's Street
Newcastle Upon Tyne
Tyne and Wear
United Kingdom
NE1 3DX

AUDITOR

Deloitte LLP
Statutory Auditor
Bristol
United Kingdom

RAL LIMITED

STRATEGIC REPORT

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

REVIEW OF THE BUSINESS

RAL Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the company's registered office is shown on page 1.

The principal activity of the company during the period was the provision of leisure services and entertainment activities via adult gaming centres.

The results of the company for the year ended 31 December 2020 are shown in the Profit and Loss Account on page 12.

The directors are satisfied with the performance for the year to 31 December 2020 considering the impact from the Covid-19 pandemic. Due to the pandemic, the UK government imposed a number of restrictions, including national lockdowns, regional restrictions and curfews, which impacted on the company's ability to trade during the year. Pre Covid-19 activity delivered strong sales and conversion to profit from the company's business. When government restrictions were lifted, revenues returned very positively to almost pre Covid-19 levels. Continued investment in new machines and games content combined with focused marketing initiatives ensured the business remained competitive in the market.

KEY PERFORMANCE INDICATORS

The directors deem turnover and loss before tax as the key performance indicators within the business. Turnover is the key driver for the business and is reported on a daily, weekly and monthly basis. Ongoing investment with business intelligence tools allows improved interrogation of all business activity. The turnover for the year ended 31 December 2020 was £50,260,982, compared to the year ended 31 December 2019 of £86,836,030, the reduction a direct result of the Covid-19 pandemic and government-imposed restrictions to trading. The pre-tax loss for the year ended 31 December 2020 was £5,587,211, compared to a pre-tax profit of £11,903,224 for the year ended 31 December 2019, the decrease due to the Covid-19 pandemic and restrictions to trade.

Net current assets at 31 December 2020 were £798,406 (2019: £5,324,612), the decrease driven mainly by the decrease in cash as a direct result of the disruption to trade by the Covid-19 pandemic. In the context of the competitiveness of the market and general economic climate the directors were satisfied with the performance of these measures.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to a variety of financial risks which result from both its operating and investing activities. The board is responsible for coordinating the company's risk management and focuses on actively securing the company's short to medium term cash flows.

The future profitability of the company could be at risk due to the environment it operates within, including changes in government legislation that could impact the gambling industry. While gaming legislation continues to evolve the UK remains a highly regulated market with a long tradition of socially responsible gambling. The directors are satisfied that appropriate strategies have been developed to ensure the company operates strictly within the relevant legislation, offering market leading products which can be adapted for any future legislative amendments.

The directors have specifically assessed the exposure in areas that may be affected by Brexit:

- The customer base is very diverse in all areas of the business. The company has an element of European customers but is not reliant on these customers.
- The company operates a non-discriminatory employment policy and consideration is giving to all potential employees that can prove they are eligible to work in the United Kingdom. The company has European employees as a result of its employment policies but does not consider the business is reliant on this element of the workforce.
- Primary equipment is sourced within the United Kingdom and from the Austrian based parent company Novomatic AG. To date the company has not seen any impact to lead times and costs post Brexit.

The directors are satisfied that appropriate strategies have been developed, to ensure the company is able to minimise the effect of any adverse impacts which could affect company results. The company has demonstrated in previous years its ability to react to adverse economic conditions to protect the profitability of the business.

Covid-19

The outbreak of Covid-19 and subsequent UK wide lockdown resulted in the closure of the company's Adult Gaming Centre venues, from 21 March to 15 August 2020. From 24 September 2020 further curfew restrictions were announced, along with local lockdown restrictions. This restricted trading period continued until 5 November 2020 when a further national lockdown started in England. Lockdown restrictions continued until the end of 2020 and in to 2021. The company's trading venues have re-opened on 17 May 2021.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Covid-19 (continued)

Following the first national lockdown the company experienced a positive trading period with revenues only marginally adverse to pre Covid levels.

FINANCIAL RISK MANAGEMENT

The company does not actively engage in the trading of financial assets and has no financial derivatives.

The most significant financial risk to which the company is exposed to is described below.

Liquidity risk
The company seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Working capital requirements are met principally out of cash.

FUTURE DEVELOPMENTS

The company continues to focus on investment to ensure it provides its customers, current and new, with the best possible offer. This will include continual focus on investment in machines, people and processes. To ensure venues complement the machine estate and meet customer expectations, internal refurbishments will continue during the new financial year.

S172 STATEMENT

The directors of the company are focussed on continued growth in the UK while ensuring compliance with gambling legislation, corporate governance and social responsibility rules are given high priority throughout the company's operation.

The company operates in a highly regulated industry and our approach to providing safe gambling is embedded in our culture, values and business model: sustaining a culture of customer protection, encouraging safe gambling, and operating with integrity. We are a member of several trade associations, taking an active role in the development and implementation of industry best practice.

There are a number of growth opportunities the company considers;

- Customer acquisition, increase market share;
- Business acquisitions;
- New venue developments; and
- Legislation.

Any investments are reviewed over a 5-year period. Directors consider the breakeven requirements for any investment as well as realistic and optimistic projections as part of the decision-making process.

Detailed due diligence is also undertaken when reviewing any business acquisitions ensuring all opportunities and risks have been assessed.

Customer enjoyment and retention is a key focus for the company. The company uses third party organisations to report on venue operations ensuring company policies and procedures are adhered to. There is also a clear complaints procedure on display in venues allowing customers to contact management to report any issues. The company also makes continued investment in products and premises ensuring customers can play the latest machines and games in a comfortable environment.

Employees are key to the success of the company and ensuring the company objectives and goals are achieved.

- Recruitment – the company has recently engaged a recruitment specialist to assist in recruiting the correct calibre of staff required in the ongoing development of the business.
- Development and training – the company has recently expanded its Learning and Development department. Internal training is continually reviewed and updated ensuring staff have the skills to execute their duties to the highest standards. External training has been sourced allowing staff to develop and enhance their skills, adding value to the business but also improving their own personal development.
- Staff retention is recognised as a key focus. A settled and experienced workforce assists the company in achieving its objectives. As well as encouraging career and personal development the company also ensures schemes are in place to reward staff for loyalty and exceptional performance.

S172 STATEMENT (continued)

- The company ensures staff are informed of company performance and future development plans. The company produces an internal magazine on a quarterly basis informing all staff of ongoing business activities and plans.
- Staff are encouraged to feedback to their line managers their own ideas and observations about the company. Management encourage the two-way communications as it is key to review feedback from frontline staff as they are dealing daily with our customers.
- Staff welfare is key, and the company offers an employee assistance program allowing employees to seek various forms of support via a 24 hour confidential helpline.

The directors of the company recognise the need to support its business relationship with its suppliers. Standards of work and services from third parties are as important as the company's own internal standards. This all contributes to the overall customer experience when visiting one of the company venues. The company has a number of preferred suppliers who they see as business partners. In return for their services they received prompt payments and continuity of work leading to stability for their businesses and staff.

The directors of the company recognises the need to ensure it operates in an environmentally friendly approach. Recent changes and considerations include;

- Engaging with a waste management supplier to advise and improve recycling and waste generated by the business operation.
- Switching to LED lighting.
- Moving away from plastic waste products by utilising alternative paper products or recyclable solutions.

The company prides itself on maintaining its reputation for being a responsible operator ensuring compliance and high standards at all times.

- The company launched its Executive Team in 2017 to ensure there was the correct focus level on all aspects of the business including;
  - Corporate governance
  - Social responsibility
  - Gambling compliance
  - Financial standards compliance
- The company engages third parties to advise and audit our practices which further supports the internal management team and controls.

In 2019, the company was accredited and certified by the Global Gambling Guidance Group (G4).

GOING CONCERN

The UK group, headed by Novomatic UK Limited, has a bank overdraft facility which is secured by a cross-company guarantee. The bank has confirmed that they have no reason to believe the facility will not be extended beyond the next 12 months from signing. The company has sufficient headroom within this facility to meet its liabilities for the next 12 months from the date of signing.

The directors of the company, along with the directors of Novomatic UK Limited, have carefully considered the impact of the pandemic on the group's trading entities and the group cash flow forecasts to ensure the group operates within the agreed overdraft limit. As part of the detailed review the directors have completed an estimated worst-case scenario which includes a potential fourth national lockdown in Autumn 2021, this scenario is based on the assumption that government support for any future mandated closures would continue at similar levels to previous mandated closures, particularly the CJRS scheme.

This careful analysis and scenario planning mean that the directors have a reasonable expectation that the company has adequate resources to meet its financial obligations as they fall due and to continue in operational existence for the next 12 months from the date of signing. It is therefore appropriate to adopt the going concern basis in preparing the annual financial statements.

Approved by the Board of Directors
and signed on behalf of the Board

Z Mersich
Director
16 June 2021

RAL LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2020.

A discussion of likely future developments, going concern, principal risks and uncertainties and financial risk management has been made within the Strategic Report on pages 2 to 4.

Engagement with customers, suppliers and staff are all recognised as key measures in the company's objectives. Reference is made within the S172 statement in the Strategic Report on pages 3 and 4.

DIVIDENDS

During the year the directors declared and paid a final dividend of £nil (2019: £nil) to Talarius Limited. This equates to £nil per ordinary share (2019: £nil per ordinary share). The directors do not recommend the payment of any further dividends.

DIRECTORS

The directors of the company, who served throughout the financial year and subsequently, are as shown on page 1.

EVENTS AFTER THE BALANCE SHEET DATE

The UK Government imposed a third national lockdown effective from 5 January 2021, as a result of the Covid-19 pandemic. As a result of this, all of the company's Adult Gaming and Family Entertainment Centre venues were closed until 17 May 2021. The management of the company continued to work remotely throughout the lockdown period, while a large proportion of staff were furloughed under the Government's Coronavirus Job Retention Scheme. When the company was permitted to trade post the first national lockdown on 4 July 2020 the company's venues performed strongly, and the Directors were satisfied with the trading results. The company has initially made a positive return to trade following reopening on 17 May 2021.

The directors have considered the possible impacts that Covid-19 might have on the business, along with the cash requirements of the UK business, and prepared forecasts accordingly. These forecasts have been prepared as a realistic scenario, based on trading post lockdown and assuming a phased return to pre Covid-19 levels of trading.

The Directors are pleased to report that the company has responded well to these changes and wish to thank all staff for their efforts during this difficult phase.

DISABLED PERSONS

During the period, the company has given as much consideration as possible to applications for employment submitted by disabled persons, having regard to their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career development within the company. Employees who become disabled are retained in their existing post wherever possible or retrained for suitable alternative employment.

EMPLOYEE INVOLVEMENT

During the period, the company's well established system of briefing has continued in order to provide employees with information on matters of concern to them and regarding the company's activities and progress generally. This includes:

- Admiral News issued quarterly to all employees advising of new developments, investments, company and group updates, incentive schemes and charity events.
- Admiral Academy introduced in 2018 to advise staff of training opportunities to improve their personal development and the opportunity of future promotion.
- Incentive schemes operate for all employees throughout the year, encouraging staff to take a greater interest in the company's performance.
- Regular communications updating staff with performance indicators.
- The company holds a weekly Executive Meeting where amongst key business issues that are discussed, there is opportunity for senior staff to brief the board of any staffing matters. The Directors can then engage with the appropriate response depending on the nature of the matters raised.

RAL LIMITED

DIRECTORS' REPORT (continued)

ENERGY AND CARBON REPORTING

We have reported on all sources of Greenhouse gas (GHG) emissions and energy usage as required under *The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008* as amended.

GHG emissions and energy usage

GHG emissions and energy usage data for period 1 January 2020 to 31 December 2020

	UK and offshore 2020
Emissions from combustion of gas (Scope 1 – tonnes of CO_2e)	1.22
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO_2e)	1,888.35
Total gross CO_2e based on above	**1,889.57**
Energy consumption used to calculate emissions - kwh	8,106,269
Intensity measurement tonnes of CO_2e per £m revenue	0.00004

RAL Limited energy consumption is derived from;

- Electricity providing power, lighting and heat all our UK premises.
- Gas providing heating to 3 venues.

In 2020 RAL Limited generated a total of 8,106,269kWh of energy from electricity and natural gas.

Emissions
The energy consumption includes electricity and natural gas. In 2020, the total CO2 footprint was 1,890 tonnes of CO2.

Energy efficiency actions taken

- Standard light bulb fittings changed to LED.
- All other light fittings changed to LED as part of any venue refurbishment.

Future planning

- Encourage refurbishment contractors to use energy efficient products in our venues (examples include air condition units, fridges, water heaters).

AUDITOR

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves 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 indicated their willingness to continue in office as the company's auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Z Mersich
Director

16 June 2021

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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 MEMBER OF RAL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of RAL Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF RAL LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This included the company's ongoing compliance with the Gambling Commission regulations in order to maintain its operating licence.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF RAL LIMITED (continued)

Report on other legal and regulatory requirements

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

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Michelle Hopton (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom

16 June 2021

RAL LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2020

	Note	2020	2019
		£	£
Turnover	4	**50,260,982**	**86,836,030**
Cost of sales		(37,979,446)	(47,934,957)
Gross profit		**12,281,536**	**38,901,073**
Other income	5	5,831,576	-
Administrative expenses		(22,750,260)	(25,879,712)
Operating (loss)/profit		**(4,637,148)**	**13,021,361**
Loss on disposal of assets		(195,644)	(233,450)
(Loss)/profit before interest		**(4,832,792)**	**12,787,911**
Interest payable and similar expenses	6	(754,419)	(884,687)
(Loss)/profit before taxation	7	**(5,587,211)**	**11,903,224**
Tax on (loss)/profit	10	639,354	(2,403,376)
(Loss)/profit for the financial year		**(4,947,857)**	**9,499,848**

All amounts derive from continuing operations.

There have been no recognised gains and losses for the current or the prior financial year other than as stated in the profit and loss account and, accordingly, no separate Statement of Comprehensive Income is presented.

The notes on pages 15 to 31 form an integral part of these financial statements.

RAL LIMITED

BALANCE SHEET
As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible fixed assets	11	2,157,414	2,187,569
Right-of-use assets	12	24,508,232	30,643,216
Tangible fixed assets	13	21,559,359	21,350,016
		48,225,005	**54,180,801**
Current assets			
Stocks	14	7,209	26,670
Debtors:			
- due within one year	15	3,398,431	3,843,394
- due after one year	15	2,186,177	2,281,901
Cash at bank and in hand		12,033,487	16,391,141
		17,625,304	**22,543,106**
Creditors: amounts falling due within one year	16	**(16,826,898)**	**(17,218,494)**
Net current assets		**798,406**	**5,324,612**
Total assets less current liabilities		**49,023,411**	**59,505,413**
Creditors: amounts falling due after more than one year	16	(20,974,554)	(26,601,362)
Provisions for liabilities	17	(1,785,416)	(1,692,753)
Net assets		**26,263,441**	**31,211,298**
Capital and reserves			
Called-up share capital	18	5,000,000	5,000,000
Revaluation reserve	18	514,175	514,175
Profit and loss account	18	20,749,266	25,697,123
Shareholder's funds		**26,263,441**	**31,211,298**

The financial statements of RAL Limited, registered number 01940045, were approved by the Board of Directors and authorised for issue on 16 June 2021.

Signed on behalf of the Board of Directors

A Glennon

A Glennon
Director

The notes on pages 15 to 31 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Called up share capital (note 18) £	Revaluation reserve (note 18) £	Profit and loss account (note 18) £	Total £
Balance at 1 January 2019	**5,000,000**	**514,175**	**16,197,275**	**21,711,450**
Profit for the year being total comprehensive income	-	-	9,499,848	9,499,848
Balance at 31 December 2019	**5,000,000**	**514,175**	**25,697,123**	**31,211,298**
Loss for the year being total comprehensive income	-	-	(4,947,857)	(4,947,857)
Balance at 31 December 2020	**5,000,000**	**514,175**	**20,749,266**	**26,263,441**

The notes on pages 15 to 31 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. GENERAL INFORMATION

RAL Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the company's registered office is shown on page 1. The nature of the company's operations and its principal activities are set out in the business review on page 2.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the company operates.

These financial statements are separate financial statements. The company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Novomatic AG. The group accounts of Novomatic AG are available to the public and can be obtained as set out in note 22.

Adoption of new and revised Standards

Impact of initial application of other amendments to IFRS Standards and Interpretations

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards

The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The standard which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IAS 1 and IAS 8 Definition of material

The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of Novomatic AG.

Going concern

The directors have assessed the balance sheet and likely future cash flows of the company for at least 12 months from the date of approving the financial statements. The company has net current assets of £798,406 (2019: £5,324,612).

The UK group, headed by Novomatic UK Limited, has a bank overdraft facility which is secured by a cross-company guarantee. The bank has confirmed that they have no reason to believe the facility will not be extended beyond the next 12 months from signing. The company has sufficient headroom within this facility to meet its liabilities for the next 12 months from the date of signing.

The directors of the company, along with the directors of Novomatic UK Limited, have carefully considered the impact of the pandemic on the group's trading entities and the group cash flow forecasts to ensure the group operates within the agreed overdraft limit. As part of the detailed review the directors have completed an estimated worst-case scenario which includes a potential fourth national lockdown in Autumn 2021, this scenario is based on the assumption that government support for any future mandated closures would continue at similar levels to previous mandated closures, particularly the CJRS scheme.

This careful analysis and scenario planning mean that the directors have a reasonable expectation that the company has adequate resources to meet its financial obligations as they fall due and to continue in operational existence for the next 12 months from the date of signing. It is therefore appropriate to adopt the going concern basis in preparing the annual financial statements.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised within administrative expenses on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The intangible asset arising from the purchase of software by the company is amortised over a period of five years.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The intangible asset arising from Goodwill is reviewed in line with the impairment policy below.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Tangible fixed assets

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts as described below. Depreciation on revalued buildings is charged to income. On the subsequent sale or scrappage of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible fixed assets (continued)

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss..

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold properties	50 years
Short leasehold properties	Term of lease
Fixtures and fittings	5 to 67% per annum
Machines	10 to 50% per annum

Residual value is calculated on prices prevailing at the date of acquisition or revaluation. Useful lives and residual values are reviewed at the end of every reporting period.

Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated 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. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

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

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

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the period. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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 the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised 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 income statement, 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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

Current tax and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Turnover

The company recognises revenue from the following major sources:
- Sale of goods, being cash receipts from the provision of leisure services and entertainment facilities
- Rental income from subleased properties.

Revenue is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of the service to a customer. Advance cash receipts are included as deferred income and recognised over the period of usage of leisure facilities.

All revenue is stated net of VAT.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented within the creditors line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of tangible and intangible assets' policy.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Company as lessor

The Company enters into lease agreements as a lessor with respect to its right-of-use assets.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Loans and receivables
Trade debtors, loans, and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Finance costs
As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in profit or loss within finance costs.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and released to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities

In line with IAS 37, a contingent liability will be disclosed when the company has a possible obligation depending on whether some uncertain future event occurs or a present obligation but payment is not probable or the amount cannot be measured reliably.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 2 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies
The directors do not deem there to be any critical judgements made in the process of applying the company's accounting policies.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Goodwill impairment (see note 11)

Goodwill arose on the acquisition of adult gaming centres. Goodwill is not amortised but is reviewed for impairment at least annually. Impairment testing requires estimations of the goodwill's recoverable amount against its carrying value, which involves an assessment of its value in use. An impairment review was performed as at 31 December 2020 where a value in use calculation was performed, using estimated future cash flows expected to arise and a suitable discount rate in order to calculate a present value.

The key inputs / assumptions used in the goodwill impairment review were as follows:
1. The discount rate used was 10.24% (2019: 9.5%)
2. The forecasts used in the calculation were the approved 5-year budgets, with a future growth rate of 2% assumed into perpetuity (2019: 2%)

Dilapidations provision (see note 17)

The company makes estimates regarding the provisions required for dilapidations on each of its operating properties. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. The provision is measured using the cash flows estimated to settle the present obligation and its carrying amount is the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

4. TURNOVER

An analysis of the company's revenue (including turnover) by category is as follows. All revenue was earnt within the United Kingdom.

	2020	2019
	£	£
Continuing operations		
Sales of goods	50,115,189	86,637,834
Rendering of services	747	765
Rental income	132,066	179,931
IFRS16 remeasurement	12,980	17,500
Total turnover	**50,260,982**	**86,836,030**

Management has determined the operating segments based on the reports reviewed by the Board that are used for strategic decisions. An analysis of the company's turnover by class of business is set out below:

	2020	2019
	£	£
Turnover:		
Arcade operations	49,911,425	86,578,278
Tanning studios	49,878	59,081
Other services	286,699	181,171
IFRS16 remeasurement	12,980	17,500
	50,260,982	**86,836,030**

5. OTHER INCOME

In March 2020 the UK Government made available Coronavirus Job Retention Scheme grants and local authority rates relief schemes to enable businesses whose trading volumes were impacted by the Covid-19 national and regional lockdowns to retain staff who were unable to work. The company utilised these schemes and secured grants totalling £5,831,576 (2019: £nil). There are no unfulfilled conditions or other contingencies attaching to these grants.

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Other interest payable	4	2,471
Unwinding of discounting of provisions	19,320	30,992
IFRS16 interest on lease liabilities	735,095	851,224
	754,419	**884,687**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

7. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before taxation is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets: owned	6,284,439	5,657,212
Amortisation of software included in administrative expenses	30,155	30,072
Depreciation on right-of-use assets	4,830,265	5,305,594
Loss on the disposal of assets	195,644	233,450
Cost of stock recognised as an expense	25,165	141,123
Other lease rentals	744,287	640,338
Staff costs (see note 9)	18,400,287	18,661,999

8. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the company's financial statements were £38,250 (2019: £48,250).

9. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2020 £	2019 £
Wages and salaries (including directors)	16,979,739	17,176,077
Social security (including directors)	1,131,963	1,171,156
Pension contributions (including directors)	288,585	314,766
	18,400,287	**18,661,999**

The average monthly number of employees during the period (including directors) was as follows:

	No.	No.
Arcade operations	1,117	1,097

T Allison, A Glennon and Z Mersich were remunerated by the parent company, Novomatic UK Limited, for their services to the group. It is not possible to apportion amounts between services to each company individually.

Full disclosure of remuneration to directors is provided in the financial statements of Novomatic UK Limited.

10. TAX ON (LOSS)/PROFIT

	2020 £	2019 £
Current taxation		
Current tax on income for the period at 19% (2019: 19%)	(703,543)	2,046,599
Adjustment in respect of prior years	(31,537)	(8,281)
Total current tax	**(735,080)**	**2,038,318**
Deferred tax		
Current period	332,649	395,595
Adjustment in respect of previous periods	28,217	11,105
Effect of change of tax rates	(265,140)	(41,642)
	95,726	365,058
Tax for the year	**(639,354)**	**2,403,376**

The difference between the current taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows. The effective tax rate is higher (2019: higher) than the standard rate of tax:

	2020 £	2019 £
(Loss)/Profit before tax	**(5,587,211)**	**11,903,224**
	£	£
Tax on (loss)/profit at 19% (2019: 19%)	(1,061,570)	2,261,613
Factors affecting charge for the year		
Adjustment in respect of prior years	(3,320)	2,824
Expenses not deductible for tax purposes	184,019	180,581
Tax rate changes	(265,140)	(41,642)
Effect of group relief/other reliefs	506,657	-
Current tax (credit)/charge for the year	**(639,354)**	**2,403,376**

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would not be material to disclose.

The deferred tax liability at 31 December 2020 is calculated at 19% (2019: 17%), being the rate at which it is expected that the deferred tax liability will unwind, based on previously enacted rates.

11. INTANGIBLE FIXED ASSETS

	Goodwill £	Software £	Total £
Cost or valuation			
At 1 January 2020 & 31 December 2020	5,380,522	150,444	5,530,966
Amortisation and impairment			
At 1 January 2020	3,275,673	67,724	3,343,397
Charge for the year	-	30,155	30,155
At 31 December 2020	3,275,673	97,879	3,373,552
Net book value			
At 31 December 2020	**2,104,849**	**52,565**	**2,157,414**
At 31 December 2019	2,104,849	82,720	2,187,569

The goodwill arose on the acquisition of adult gaming centres.

Goodwill is tested annually for impairment. Impairment is assessed on geographical region, and the recoverable amount of goodwill is calculated with reference to the value in use based on annual budget figures. Key sources of estimation of uncertainty in relation to the impairment of goodwill have been included in note 3.

No impairment entries have been processed as at 31 December 2020 (2019: £nil).

The software cost relates to Microsoft Navision, a financial accounting system installed within various Novomatic UK subsidiaries. The amortisation period for the costs incurred is five years.

12. RIGHT-OF-USE ASSETS

	Buildings £	Total £
Cost		
At 1 January 2020	35,948,810	35,948,810
Additions	2,157,236	2,157,236
Disposals	(3,971,920)	(3,971,920)
At 31 December 2020	**34,134,126**	**34,134,126**
Accumulated depreciation		
At 1 January 2020	5,305,594	5,305,594
Charge for the year	4,830,265	4,830,265
Disposals	(509,965)	(509,965)
At 31 December 2020	**9,625,894**	**9,625,894**
Carrying amount		
At 31 December 2020	**24,508,232**	**24,508,232**
At 31 December 2019	30,643,216	30,643,216

The Company leases buildings. The average remaining lease term is 6 years.

Amounts recognised in profit and loss	2020 £	2019 £
Depreciation expense on right-of-use assets	4,830,265	5,305,594
Interest expense on lease liabilities	735,095	851,224
Income remeasurement right-of-use assets	12,980	17,500

At 31 December 2020, the Company is not committed to any short-term leases (2019:£216).

The total cash outflow for leases for the year ended 31 December 2020 amount to £5,238,330 (2019: £5,662,880).

13. TANGIBLE FIXED ASSETS

	Freehold properties £	Short leasehold properties £	Fixtures and fittings £	Machines £	Total £
Cost or valuation					
At 1 January 2020	**982,785**	**24,162,240**	**23,476,013**	**32,199,057**	**80,820,095**
Additions	-	1,104,465	689,241	5,224,461	7,018,167
Disposals	-	(1,337,955)	(1,247,796)	(1,568,331)	(4,154,082)
At 31 December 2020	**982,785**	**23,928,750**	**22,917,458**	**35,855,187**	**83,684,180**
Depreciation					
At 1 January 2020	**249,243**	**20,062,184**	**17,679,750**	**21,478,902**	**59,470,079**
Disposals	-	(1,325,082)	(1,072,291)	(1,232,324)	(3,629,697)
Charge for the year	12,691	643,383	1,058,447	4,569,918	6,284,439
At 31 December 2020	**261,934**	**19,380,485**	**17,665,906**	**24,816,496**	**62,124,821**
Net book value					
At 31 December 2020	**720,851**	**4,548,265**	**5,251,552**	**11,038,691**	**21,559,359**
At 31 December 2019	733,542	4,100,056	5,796,263	10,720,155	21,350,016

14. STOCKS

	2020 £	2019 £
Consumables	**7,209**	**26,670**

Consumables charged to the profit and loss in the period totalled £25,165 (2019: £141,123).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

15. DEBTORS

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	61,584	183,343
Amounts owed by group undertakings	-	5,139
Other debtors	289,753	32,861
CJRS debtor	775,259	-
Prepayments and accrued income	1,466,666	3,622,051
Corporation tax receivable	799,774	-
VAT receivable	5,395	-
	3,398,431	**3,843,394**

Amounts owed by group undertakings are unsecured, payable on demand and attract no interest.

Amounts falling due after more than one year:

Deferred tax	Accelerated tax depreciation £	Temporary trading differences £	Total £
At 1 January 2020	2,185,983	95,918	2,281,901
Prior year adjustment	(28,217)	-	(28,217)
Charged to profit and loss for the year	(76,610)	9,103	(67,507)
At 31 December 2020	**2,081,156**	**105,021**	**2,186,177**

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected reverse based on tax rates and law that have been enacted or substantively enacted by the balance sheet date.

16. CREDITORS

	2020 £	2019 £
Amounts falling due within one year:		
Trade creditors	1,957,584	1,826,032
Amounts owed to group undertakings	1,291,765	140,763
Corporation tax payable	-	2,046,599
Other taxation and social security	7,430,292	5,098,800
Other creditors	271,342	1,303,351
Lease liabilities	4,212,463	4,510,069
Accruals and deferred income	1,663,452	2,292,880
	16,826,898	**17,218,494**

Amounts owed to group undertakings are unsecured, repayable on demand and attract no interest.

16. CREDITORS (continued)

	2020 £	2019 £
Amounts falling due after more than one year:		
Lease liabilities	20,974,554	26,601,362

Analysis of lease liabilities

	2020 £	2019 £
Amount due for settlement:		
Between one and five years	14,996,800	17,203,691
After five years	8,307,753	12,787,900
	23,304,553	29,991,591
On demand or within one year	4,842,867	5,286,042
	28,147,420	35,277,633

17. PROVISIONS

	Onerous lease £	Property provision £	Total £
At 1 January 2020	**27,895**	**1,664,858**	**1,692,753**
Additional provision in the period	362,053	287,521	649,574
Utilisation of provision	(22,610)	(553,621)	(576,231)
Discounting	415	18,905	19,320
At 31 December 2020	**367,753**	**1,417,663**	**1,785,416**

The provision for property represents the present value of the future payments that the company is estimated to make as determined by the lease in place, which could be upon vacating the premises. The average timescale of outflows of economic benefits in regards to property provisions is 2 years.

The provision for onerous leases represents the present value of estimated future unavoidable costs of meeting obligations under lease contracts exceeding the economic benefits expected to be received under it. The average timescale of outflows of economic benefits in regards to onerous lease provisions is 3 years.

18. CALLED-UP SHARE CAPITAL AND RESERVES

	2020	2019
	£	£
Allotted, authorised, called-up and fully-paid		
5,000,000 ordinary shares of £1 each	**5,000,000**	**5,000,000**

The company has one class of ordinary shares which carry no right to fixed income.

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

During the year the directors declared and paid a final dividend of £nil (2019: £nil) to Talarius Limited, the company's immediate parent company.

The total of dividends paid in the year equates to £nil per share (2019: £nil per share).

The revaluation reserve represents the fair value movements in freehold land and buildings.

19. DEFINED CONTRIBUTION SCHEMES

The company operates defined contribution retirement benefit schemes for all qualifying employees. The total cost charged to income of £288,585 (2019: £314,766) represents contributions payable to these schemes by the company at rates specified in the rules of the plans. As at 31 December 2020, contributions of £101,104 (2019: £47,619) due in respect of the current year had not been paid over to the schemes.

20. FINANCIAL COMMITMENTS

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

	2020	2019
Land and buildings	£	£
- within one year	-	216
- between one and five years	-	-
- after five years	-	-
	-	**216**

Operating lease payments represent rentals payable by the group for certain of its arcades, office properties and contract car hire. Leases are negotiated for an average term of 10 years with five-year rent reviews. Leases of land and buildings provide for the lessee to pay all insurance, maintenance and repair costs.

21. CONTINGENT LIABILITIES

A contingent liability has arisen in respect of a counter claim following a European Court of Justice case (Linneweber).

HMRC have sought to challenge the treatment of certain S16 machines and reclassify them as "subject to VAT" and a higher rate of machine licence duty. Previously HMRC had given rulings to the British Amusement Catering Trade Association (BACTA) that these were exempt from Value Added Tax and subject to Amusement Machine Licence Duty (AMLD) band A (£250 per machine).

The contingent liability is approximately £5m. Based on professional advice received the directors believe that it is probable that an amount will be payable. Any change in the risk profile remains the liability of the historical ultimate parent undertaking Tatts Group Limited.

In addition the company is party to a group bank overdraft facility which is secured by a cross-company guarantee. The guarantee was entered into on 18 September 2015 and covers a number of UK entities under the ownership and control of Novomatic UK Limited. The facility limit was renegotiated and extended in June 2020, the overdraft is repayable on demand with interest charged at base rate (or equivalent) plus a margin of 1.75% for GBP.

22. ULTIMATE PARENT COMPANY

The immediate parent company is Talarius Limited, a company registered in the United Kingdom.

The ultimate parent company is Novo Invest GmbH, a company registered in Austria.

Novomatic AG is the parent of the smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the group financial statements of Novomatic AG can be obtained from Novomatic AG, Wiener Strasse 158, A-2352 Gumpoldskirchen, Austria, which is the registered office of the company.

Novo Invest GmbH is the parent of the largest group of which the company is a member and for which group financial statements are drawn up. Copies of the group financial statements of Novo Invest GmbH can be obtained from Novo Invest GmbH, IZ NÖ-Süd, Straße 6, Objekt 28, A-2355 Wiener Neudorf, Austria, which is the registered office of the company.

23. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr Johann F Graf.

24. SUBSEQUENT EVENTS

The UK Government imposed a third national lockdown effective from 5 January 2021, as a result of the Covid-19 pandemic. As a result of this, the company's Adult Gaming Centre venues were closed until 17 May 2021.