KALIXA ACCEPT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Registration number: 05433326

CONTENTS

Directors	Kaveh Sheik-Hestani P Seymour
Company Secretary	R G Hoskin
Registered Office	The Corn Mill 1 Roydon Road Stanstead Abbotts Hertfordshire SG12 8XL
Auditors	BDO LLP 55 Baker Street London W1U 7EU

Organisational Overview

The company is part of the Kalixa Payments Group, which includes Kalixa Payments Group Limited, Kalixa Pay Limited, Kalixa Services GmbH and PXP Solutions Limited. The principal activity of the Company is to provide payment services to businesses accepting electronic payments. In order to carry out that activity, the Company is regulated and licensed as a payment institution by the Financial Conduct Authority (FCA). It is a principal Member of Visa and MasterCard and is PCI DSS compliant. The Company has strategic partners in place to help to deliver this service.

Business model

Kalixa Accept is a complete, end-to-end payment service that helps businesses make and receive payments online globally. Kalixa Accept gives access to a wide variety of payment options including card payments and alternative payments and manages the entire payment flow in a secure environment for both their customers and their customer's customers.

The Company regards its operations as being split into three main business areas:

- Global Gateway - providing a technical e-commerce payment gateway to merchants to connect them with payment providers in a safe and secure manner as well as providing consolidated risk, reconciliation and reporting services.
- Card Acquiring - Processing Visa, MasterCard and Maestro branded credit and debit card transactions in Europe in nine settlement currencies (EUR, USD, GBP, CHF, AUD, CAD, SEK, NOK, DKK).
- Settlement Services - processing transactions via direct connections to over 50 alternative payment methods, providing a single combined settlement to merchants to enable them to offer a wide variety of alternative payment methods to customers without the need to contract and reconcile with those providers individually.

It can service merchants in 28 countries in Europe offering a robust technical solution that allows it to operate 24 hours a day, 365 days a year, safely, securely and continuously.

Strategy

Our aim is to be one of the largest providers of electronic payment services worldwide. We currently operate with a pan European license in 28 countries and our strategy is to not only grow our customer base in these markets by leveraging the customers of the wider Kalixa partners, but also to penetrate into wider geographical markets.

To assist in achieving this the directors intend to expand the breadth of services and settlement currencies available to customers and to continue to follow an omni-channel strategy to help meet the future payment needs of merchants as the boundaries between in-store and e-commerce transaction processing start to blur. Kalixa Accept added the Nordic currencies SEK, NOK and DKK as settlement currencies in 2015 and will further expand its offering to meet customer demands.

In 2015 the Kalixa Group acquired PXP Solutions Limited which provides a card focused technical payment gateway solution to merchants. The PXP payment gateway has historically been primarily focused on processing in-store transactions and as such the directors believe that there will be good opportunities to cross sell its e-commerce gateway capabilities, card acquiring and settlement services to the PXP customer base going forwards.

Performance assessment, financial review and key performance indicators

Key revenue drivers for the company are the value of transactions processed, which increased by 3% (2014: decreased 0.3%) and the number of merchants which grew 39% in 2015 compared to the prior period (2014: 35%).

Risk and uncertainties

Risk management is an integral part of managing our business and the Kalixa Group formally maintains and reviews its risk register on a regular basis. Due to the nature of the financial products offered, a key risk to the company is the possibility of money laundering and fraud by external parties. In order to mitigate these risks, the Company has robust policies and procedures in place.

Risk and uncertainties (continued)

IT Risk

The Company is exposed to significant IT risks through the operation of its trading activities on a proprietary e-payment platform which it licences from Kalixa Group Limited.

Credit Risk

Credit risk is the risk of financial loss to the Company that a customer will fail to meet their contractual obligations. The Company mainly has agreements with merchants to provide net settlement whereby charges are deducted before funds are settled. This helps to reduce the risk to the Company, however there may be arrangements in place where the Company settles funds prior to receiving them. In specific instances where credit is provided through pre-funding, flexible payment terms are agreed and these are monitored by the Company in order to reduce the risk.

Foreign Exchange Risk

Kalixa Accept aggregates and aquires transactions in mutiple currencies for merchants in 28 European countries. Wherever possible the company will receive settlements from payment providers and card schemes in the same currency as the underlying transaction and will settle in this currency to its merchants. Some merchants may request settlement in a currency different from the underlying transaction and the company is able to generate foreign exchange income from providing this service.

Foreign exchange risk also occurs when transactions are entered into which are not denominated in the functional currency of the Company. Kalixa Accept aims to mitigate against this risk by naturally hedging its assets and liabilities.

Corporate governance

As an FCA licenced payment institution, we are obliged to abide by their regulations. The Kalixa Group has established compliance and risk management processes through the use of workshops, committees and regular timely reporting to ensure that risks are identified, monitored and controlled on an on-going basis and that significant risks are escalated to the Board of directors when necessary. The Board considers that the company has complied with these regulations throughout the year.

Approved by the Board of directors on ..15/8/16.... and signed on its behalf by:

....

P Seymour
Director

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors of the company

The directors who held office during the year were as follows:

J Leigh (Resigned 30 June 2016)

J Bennett (Resigned 30 April 2016)

E Chandler (Resigned 3 July 2015)

R Steytler (Resigned 30 September 2015)

K Sheik-Hestani (Appointed 5 Janaury 2016)

P Seymour (Appointed 17 June 2016)

Change in accounting framework

The company has adopted FRS 101 "Reduced Disclosure Framework" for the first time this year. In previous years, the company has applied applicable UK accounting standards.

Principal activity

The principal activity of the Company is to provide online payment services to merchants. In order to provide some of these payment services, the company is authorised and regulated by the Financial Conduct Authority under the Payment Services Regulations 2009. The Company is also a principal member of Visa and MasterCard for card acquiring.

The Company holds commercial agreements with merchants to supply payment services including payment gateway, aggregation or settlement services and card acquiring. The payment gateway service offers the merchant a technical connection to many payment providers via a technical payment platform. The aggregation service offers the merchant a turnkey payment processing solution where technical and commercial relationships are handled by the Company including a full cash management service. As a card acquirer for Visa and MasterCard, the Company can directly enter into contracts with merchants to offer merchant acquiring services.

In order to offer payment services, the Company has entered into agreements with various payment service providers to make their local multi-currency payment services available on the payment platform.

Results

The company made a profit for the year ended 31 December 2015 of £3,876,401 (31 December 2014: £2,296,362).

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Political and charitable donations

There were charitable donations of £400 during the year (2014: nil). There were no political donations in the year.

Supplier payment policy

The company subscribes to the Better Payment Practice Code, the four principles of which are: to agree payment terms at the outset to them; to explain payment procedures to suppliers; to pay bills in accordance with any contract agreed with the supplier or as required by law; and to tell suppliers without delay when an invoice is contested and settles disputes quickly. Copies of, and information about, the Code is available from The Department of Trade and Industry, No. 1 Victoria Street, London SW1H 0ET. The Company's suppliers are paid to agreed contractual terms and no later than 45 days after transaction or invoice date.

Re-appointment of auditors

The auditors, BDO LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Directors' indemnities

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action bought against its directors. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year ended 31 December 2015 in relation to certain losses and liabilities which the directors may incur to third parties.

Post balance sheet events

Kalixa Accept currently holds one share in Visa Europe as part of its membership of Visa. In December 2015 Visa Europe confirmed the sale of 100% of their shares to Visa Inc with the sale anticipated to be completed within the third quarter of 2016. Kalixa Accept has therefore classified this share as being held for sale at 31st Dec 2015 at its fair value of £7.8m. The sale completed on 21st June 2016 and the upfront consideration of £5m for the sale of the shares was received with a further deferred cash consideration of £0.5m due in 3 years time.

On 29 January 2016 the entire issued share capital of Bwin.party Digital Entertainment Plc was acquired by GVC Holidings Limited. GVC Holdings PLC received a loan of €400m in order to complete this acquisition and as part of the granting on the loan, security was placed against certain Bwin.party Digital Entertainment Plc companies. Kalixa Accept Limited has been included within the security.

Statement of Directors' Responsibilities

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board on 15/8/16 and signed on its behalf by:

P Seymour
Director

We have audited the financial statements of Kalixa Accept Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member 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 member 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 member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

• give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;

• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

• have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

• the financial statements are not in agreement with the accounting records and returns; or

• certain disclosures of directors' remuneration specified by law are not made; or

• we have not received all the information and explanations we require for our audit.

....

Leigh Wormald (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

55 Baker Street, London, W1U 7EU, United Kingdom

Date: 15 August 2016.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

KALIXA ACCEPT LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	£ 2015	£ 2014
Continuing Operations			
Revenue	2	**14,081,640**	12,949,227
Other revenue		**98,207**	-
Cost of sales		**(9,386,853)**	(7,543,444)
Gross profit		**4,792,994**	5,405,782
Administrative expenses		**(395,601)**	(2,537,918)
Write off of Inventory		**(83,764)**	-
Disposal	11	**(1)**	(123,930)
Profit from operating activities		**4,313,628**	2,743,934
Finance income	6	**1,087**	1,439
Finance expense	7	**(88)**	(1,616)
Comprehensive income before tax		**4,314,627**	2,743,757
Tax on profit on operating activities	8	**(438,226)**	(447,395)
Total comprehensive income for the financial year		**3,876,401**	2,296,362

The Company has no recognised gains or losses for the year other than the profits above and therefore no separate Statement of Total Recognised Gains and Losses has been prepared.

The notes on pages 11 to 20 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Non-current assets			
Intangible assets	10	**23,905**	74,983
Investments	11	**9**	10
		23,914	74,993
Current assets			
Assets held for sale	12	**8,007,244**	-
Inventories	13	**-**	88,394
Trade and other receivables	14	**18,701,897**	16,504,271
Cash and cash equivalents	15	**8,909,428**	8,362,788
		35,618,569	24,955,453
Total Assets		**35,642,483**	25,030,446
Current liabilities	16	**(18,172,475)**	(19,395,133)
Deferred tax	9	**(1,572,007)**	-
Net assets		**15,898,001**	5,635,313
Equity			
Share capital	17	**810,467**	810,467
Own shares	21	**31,083**	15,384
Available-for-sale reserve		**6,370,589**	-
Retained earnings	18	**8,685,862**	4,809,462
Total equity		**15,898,001**	5,635,313

The financial statements were approved by the Board of directors on .15/8/16...... and signed on its behalf by:

....

P Seymour

Director

The notes on pages 11 to 20 form an integral part of these financial statements.

	Share capital	Stock option reserve	Available for sale	Retained earnings	**Total**
	£	£	£	£	**£**
01 January 2015	**810,467**	**15,384**	**-**	**4,809,462**	**5,635,313**
Unrealised gain transferred to equity	-	-	6,370,589	-	6,370,589
Profit for the year	-	-	-	3,876,401	3,876,400
Increase in stock option reserve	-	15,699	-	-	15,699
31 December 2015	**810,467**	**31,083**	**6,370,589**	**8,685,862**	**15,898,001**

The financial statements were approved by the Board of directors on ..15/8/16..... and signed on its behalf by:

....
P Seymour
Director

The notes on pages 11 to 20 form an integral part of these financial statements.

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain properties and financial instruments. The presentation currency is sterling.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred

- certain comparative information as otherwise required by EU endorsed IFRS
- a statement of cash flows
- the effect of future accounting standards, not yet adopted
- disclosure of related party transactions with other wholly owned members of the group headed by bwin.party Digital Entertainment PLC

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosure is included in the consolidated financial statements of Bwin.party Digital Entertainment PLC. These financial statements do not include certain disclosures in respect of:

- business combinations;
- share based payments;
- financial instruments;
- fair value measurements; or
- impairment of assets

Going Concern

The Company is profit making and has no requirements to be funded by its parent company, Kalixa Payments Group Limited. The directors are therefore satisfied that the Company's financial statements can be prepared on a going concern basis.

Own shares

The company has adopted and granted awards as a reward and retention incentive for employees. When share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. All options granted are time vesting nil cost share options. The Company has used the Black-Scholes option pricing model to value these options unless the Monte Carlo option pricing is deemed more appropriate. An appropriate discount has been applied to reflect the fact that dividends are not paid on options that have not vested or have vested and have not been exercised.

Revenue

Revenue represents amounts chargeable in respect of services to customers and is recognised when the service is provided. The Company has three revenue models - payment gateway, aggregation services and card acquiring.

The payment gateway service offers the merchant a technical connection to many payment providers via the technical payment platform. This service may be charged on a fixed fee or per transaction with the revenue recognised as the service is provided and invoiced accordingly.

The aggregation service offers the merchant a turnkey payment processing solution where technical and commercial relationships are handled by the Company including a full cash management service. This service may be offered on a gross or net settlement basis and the revenue is recognised once the transaction has settled.

As a card acquirer for Visa and MasterCard, the Company can directly enter into contracts with merchants to offer merchant acquiring services. Customers are charged a fee on a transactional basis and revenue is recognised once the transaction has settled.

1. Accounting policies (continued)

Intangible Assets

Intangible assets are recognised at cost less accumulated amortisation and any provision for impairment. Amortisation is charged on all intangible fixed assets at rates calculated to write-off the cost of each asset on a straight line basis over its estimated useful life from the date it was brought into use.

Asset class	Amortisation method and rate
Licence costs	20% straight line basis

Inventory

Inventory is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving inventory. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

Taxation

Income tax expense represents the sum of the directors best estimate of taxation exposures and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of revenue or cost that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of all timing differences where transactions or events that have originated but not reversed at the balance sheet date result in an obligation to pay more tax in the future, or a right to pay less tax in the future.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Financial assets

Trade and other receivables

Trade and other receivables are attributable to activities relating to the acquiring and aggregation of transactions. Trade and other receivables are recognised when an invoice is raised and credit control processes are in place to collect any debts which have not been paid within the designated payment terms. Payment services and chargeback provisions are funds waiting to settle in regards to the acquiring and aggregation of transactions and represent the balances awaiting to be received by Kalixa Accept on behalf of merchants. Other trade and other receivables consist of security deposits and receivables from merchants in respect of gross settlement arrangements.

Trade receivables are measured at fair value.

1. Accounting policies (continued)

Cash and cash equivalents

Cash held at bank consists of the company's funds generated through trading activities and funds held on behalf of merchants that have been settled by the card schemes or other payment providers to the company, but have yet to be settled to the merchant. There is a corresponding merchant payable or intercompany payable balance for all cash balances held on behalf of merchants.

Available for sale assets

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the company's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value, other than those arising due to exchange rate fluctuations and interest calculated using the effective interest rate, recognised in other comprehensive income and accumulated in the available-for-sale reserve. Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method are recognised in profit or loss.

Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve.

On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

Financial Liabilities

Trade and other payables

Trade and other payables are generated through the normal means of trading and are recognised on the accruals basis. All suppliers terms and credit periods are adhered to by the Company. Merchant payables consist of funds which are due to be paid to merchants once the settlement process has been completed. Other payables shows balances which are due to be paid on behalf of employee related creditors.

Trade payables are measured at fair value.

First time applications of FRS 101

In the current year the company has adopted FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards. This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements.

2. Net revenue

An analysis of net revenue by geographical location is given below:

	2015	2014
	£	£
Sales - UK	**1,184,139**	833,996
Sales - Europe	**12,683,074**	11,737,873
Sales - Rest of world	**214,427**	377,358
	14,081,640	12,949,227

3. Profit from operating activities

Profit from operating activities is stated after charging:

	2015 £	2014 £
Auditor's remuneration - The audit of the company's annual accounts	**55,500**	50,000
Foreign currency (gains)	**(2,143,721)**	(836,060)
Amortisation	**51,078**	51,078
Salaries and wages	**1,679,293**	1,570,100
Other personnel costs	**61,105**	18,255

4. Particulars of employees

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

	2015 No.	2014 No.
Finance	**2**	2
Product	**1**	2
Marketing	**-**	1
Sales	**2**	5
	5	10

The aggregated payroll costs were as follows:

	2015 £	2014 £
Wages and salaries	**1,609,699**	1,470,475
Social security costs	**69,594**	99,625
	1,679,293	1,570,100

5. Director's remuneration

	2015 £	2014 £
Remuneration (including benefits in kind)	**176,511**	175,007

There were matching company pension contributions made during the year of £1,500.

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2015 No.	2014 No.
Accruing benefits under money purchase pension scheme (including highest paid director)	**1**	**1**

6. Finance income

	2015 £	2014 £
Bank interest received	**1,087**	1,439

7. Finance expense

	2015 £	2014 £
Bank interest and similar charges	**88**	1,616

8. Taxation

Analysis of tax charge in the year

	2015 £	2014 £
Current tax		
UK corporation tax charge on profit for the year	**438,226**	447,395

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK at 20%.

The differences are reconciled below:

	2015 £	2014 £
Profit on ordinary activities before tax	**4,314,627**	2,743,757
Tax on profit on ordinary activities as standard CT rate of 20% (2014: 21%)	**873,712**	589,633
Effects of:		
Expenses not deductable for tax purposes	**41,774**	91,912
Income not taxable for tax purposes	**(43,422)**	(33,655)
Other permanent differences	**(4,975)**	(708)
Group relief claimed	**(428,863)**	(296,328)
Adjustments to tax charge in respect of previous periods	-	96,176
Other short term timing differences	-	365
Tax charge for the period	**438,227**	447,395

The company has a deferred tax liability of £331,003 being 20.25% of £1,545,697.13 (2014: asset £339) in respect of short term timing differences.

9. Deferred tax

	Total £
As at 1 Janaury 2015	-
Reclassified as held for sale	1,572,007
As at 31 December 2015	1,572,007

Deferred tax liabilities of £1.5m (2014: £nil) relate primarily to temporary differences arising from fair value adjustments of fair value uplift of investments. The deferred tax asset relates primarily to temporary timing differences in respect of taxes in certain jurisdictions.

10. Intangible assets

	Licence costs	Total
	£	£
Cost		
At 1 January 2015	255,391	**255,391**
At 31 December 2015	255,391	**255,391**
Amortisation		
At 1 January 2015	180,408	**180,408**
Charge for the year	51,078	**51,078**
At 31 December 2015	231,486	**231,486**
Net book value		
At 31 December 2015	23,905	**23,905**
At 31 December 2014	74,983	**74,983**

11. Investments

	Available for sale investments	Investment in subsidiaries	**Total**
	£	£	£
At 1 January 2014		9	9
Additions		123,931	123,931
Write down of investment		(123,930)	(123,930)
At 31 December 2014		10	10
At 1 January 2015		10	10
Unrealised gain transferred to equity	0		0
Transfer to assets held for sale	0		0
Disposal		(1)	(1)
	-	**9**	9

Company name	Kalixa USA, Inc.
Country of incorporation	United States of America
Date incorporated	25.April.2013
Percentage of Ownership	100%
Principal Activity	Provision of gateway services

The carrying value of the investment in Visa Europe Limited which was previously not capable of reliable measurement and carried at cost was revalued during the period to £7.8m. As a result of the proposed acquisition of Visa Europe Limited by Visa Inc this asset was subsequently transferred to assets held for sale (see note 12).

12. Assets held for sale

	2015	2014
	£	£
Cost		
At 1 January 2015	-	-
Reclassified as held for sale:		-
Cash	4,416,278	
Stock	3,296,548	
Contingent	294,419	
At 31 December 2015	8,007,244	-

The Company has classified its investment in Visa Europe Limited as held for sale. This investment was previously carried as an available for sale investment and has been reclassified to assets held for sale at its fair value of £7.8m following the announcement in 2015 that this asset will be acquired by Visa Inc as part of its acquisition of Visa Europe Limited. This acquisition is expected to complete within the third quarter of 2016. The carrying value of the Visa Europe Limited investment is recorded at fair value.

13. Inventories

	2015	2014
	£	£
Finished Goods	-	88,394

14. Trade and other receivables

	2015	2014
	£	£
Payment service providers	14,152,905	12,757,472
Amounts owed by group undertakings and undertakings in which the company has a participating interests	3,643,050	2,761,780
Other debtors	905,942	985,020
	18,701,897	16,504,271

15. Cash and cash equivalents

	2015	2014
	£	£
Cash held for settlement to merchants	8,353,069	8,263,435
Cash generated through trading activities	556,359	99,353
	8,909,428	8,362,788

16. Trade and other payables

	2015 £	2014 £
Merchant payables	**6,256,090**	3,625,539
Amounts owed to group undertakings	**11,223,348**	15,347,720
Other taxes and social security	**482,247**	189,865
Accruals and deferred income	**210,790**	232,009
	18,172,475	19,395,133

17. Share capital

Allotted, called up and fully paid shares

	2015	
	No.	£
Ordinary shares of £1 each	810,467	810,467

18. Retained earnings

	2015 £	2014 £
At 1st January	**4,809,462**	2,513,100
Profit for the year	**3,876,400**	2,296,362
At 31 December	**8,685,862**	4,809,462

19. Reconciliation of movement in shareholders' funds

	2015 £	Total £
Shareholders funds at 1 January 2015	5,619,929	**5,619,929**
Profit attributable to the members of the company	3,876,400	**3,876,400**
Shareholders' funds at 31 December 2015	9,496,329	**9,496,329**

20. Financial instruments

	2015 £	2014 £
Financial assets		
Trade and other receivables	**18,701,897**	16,504,271
Cash and cash equivalents	**8,909,428**	8,362,788
Financial liabilities		
Trade and other payables	**6,738,337**	3,815,404
Amounts owed to group undertakings	**11,223,348**	15,347,720

A description of the principal risk relating to financial instruments and how they are managed is given below:

IT Risk

The Company is exposed to significant IT risks through the operation of its trading activities on a proprietary e-payment platform which it licences from Kalixa Group Limited.

20. Financial instruments (Continued)

Credit Risk

Credit risk is the risk of financial loss to the Company that a customer will fail to meet their contractual obligations. The Company mainly has agreements with merchants to provide net settlement whereby charges are deducted before funds are settled. This helps to reduce the risk to the Company, however there may be arrangements in place where the Company settles funds prior to receiving them. In specific instances where credit is provided through pre-funding, flexible payment terms are agreed and these are monitored by the Company in order to reduce the risk.

Foreign Exchange Risk

Kalixa Accept aggregates and acquires transactions in mutiple currencies for merchants in 28 European countries. Wherever possible the company will receive settlements from payment providers and card schemes in the same currency as the underlying transaction and will settle in this currency to its merchants. Some merchants may request settlement in a currency different from the underlying transaction and the company is able to generate foreign exchange income from providing this service.

Foreign exchange risk also occurs when transactions are entered into which are outside of the functional currency of the Company. Kalixa Accept aims to mitigate against this risk by naturally hedging its assets and liabilities.

21. Own shares

	2015 £	2014 £
Share-based payments	**31,083**	15,384
	31,083	15,384

The BSP (Bonus Share Plan) plan covers a three year period with annual performance targets set at the beginning of each year. If the targets are met the participant will receive nil-cost share-options which vest in equal instalments over the next three years. The BSP plan was wound up on the acquisition of bwin.party Digital Entertainment plc on 1st February 2016. No further grants of shares were made in 2016 and all options were vested and exercised on this date under the scheme rules.

Bonus and Share Plan ("BSP")

	2015 No.	2014 No.
Outstanding at beginning of year	**2,661**	-
Granted during the year	**21,031**	7,827
Exercised during the year	**(22,778)**	(5,166)
Outstanding at end of year	**914**	2,661

There were no share options that lapsed during the year.

The GSP plan is an award of free shares worth up to a maximum of £25,000 (or equivalent) which may be made to each eligible employee each year. The award may be subject to performance conditions. There is flexibility to grant different types of free share award including nil-cost options, conditional awards of shares and restricted shares where the employee is the owner of the shares from the date of award.

Group Share Plan ("GSP")

	2015 No.	2014 No.
Outstanding at beginning of year	**3,978**	-
Granted during the year	**300**	3,978
Exercised during the year	**(100)**	-
Outstanding at end of year	**4,178**	3,978

There were no share options that lapsed during the year.

22. Commitments

The company had no annual commitments in 2015 (2014: nil).

23. Related party transactions

The Company has taken advantage of the exemption available under FRS101 paragraph 8(k), not to disclose any transactions with wholly owned subsidiaries included in the consolidated financial statements of its parent company.

24. Post balance sheet events

Kalixa Accept currently holds one share in Visa Europe as part of its membership of Visa. In December 2015 Visa Europe confirmed the sale of 100% of their shares to Visa Inc with the sale anticipated to be completed within the third quarter of 2016. Kalixa Accept has therefore classified this share as being held for sale at 31st Dec 2015 at it's fair value of £7.8m. The sale completed on 21st June 2016 and the upfront consideration of £5m for the sale of the shares was received with a further deferred cash consideration of £0.5m due in 3 years time.

On 29 January 2016 the entire issued share capital of Bwin.party Digital Entertainment Plc was acquired by GVC Holidings Limited. GVC Holdings PLC received a loan of €400m in order to complete this acquisition and as part of the granting on the loan, security was placed against certain Bwin.party Digital Entertainment Plc companies. Kalixa Accept Limited has been included within the security.

25. *Ultimate parent undertaking and controlling party*

As at the year end the Company was a subsidiary undertaking of Bwin.party Digital Entertainment plc which is the ultimate holding company. Subsequently GVC Holdings plc has acquired bwin.party Digital Entertainment plc so is now the ulimate holding company. The Company's immediate holding company during the year was Kalixa Payments Group Limited.

The consolidated accounts of Bwin.party Digital Entertainment plc are available to the public and may be obtained at 711 Europort, Gibraltar.

26. *First time adpotion of FRS 101 "Reduced Disclosure Framework"*

This is the first time that the company has adopted FRS 101 having previously applied applicable UK Accounting standards. The date of transition to FRS 101 was 1 January 2014.

Other than the adoption of the reduced disclosures there was no material effect of appliying FRS 101 for the first time. The disclosure exemptions adopted are included in note 1 to the financial statements. The following table summarises the effects on the company's equity and total comprehensive income of applying FRS101 for the first time.

Reconciliation of equity at 1 January 2015	**£**
Shareholders' funds as reported previously in accordance with applicable UK accounting standards	5,619,929
Transaction adjustments	
Holiday pay	17,610
Shareholders' funds as reported in accordance with FRS101	5,637,539

Reconciliation of equity at 31 December 2015	**£**
Shareholders' funds as reported previously in accordance with applicable UK accounting standards	9,496,329
Transaction adjustments	
Holiday pay	11,002
Shareholders' funds as reported in accordance with FRS101	9,507,331

Reconciliation of total comprehensive income for the year ended 31 December 2015	**£**
Shareholders' funds as reported previously in accordance with applicable UK accounting standards	9,496,329
Transaction adjustments	
Holiday pay	11,002
Shareholders' funds as reported in accordance with FRS101	9,507,331

KALIXA ACCEPT LIMITED
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015		2014	
	£	£	£	£
Revenue		14,081,640		12,949,227
Other Revenue		98,207		-
Cost of sales		(9,386,853)		(7,543,444)
Gross profit		4,792,993		5,405,782
Administrative expenses				
Salaries and wages	1,679,293		1,570,100	
Personnel costs	61,105		18,255	
Travelling	28,412		69,611	
Printing, postage and stationary	889		2,933	
Rent	56,038		273,742	
Sundry expenses	(172)		8,201	
Accountancy/consultancy fees	260,222		507,332	
Auditors remuneration	55,500		50,000	
Legal and professional fees	35,628		108,741	
Distribution cost	135,780		442,969	
Bank charges	186,872		206,539	
Foreign currency (gains)/losses	(2,143,721)		(836,060)	
Amortisation of license costs	51,078		51,078	
Write off of bad debt	(11,322)		64,478	
		(395,601)		(2,537,918)
Write off inventory		(83,764)		-
Profit or loss on sale of investments		(1)		(123,930)
Other interest receivable and similar income		1,087		1,439
Interest payable and similar charges		(88)		(1,616)
Profit on ordinary activities before taxation		4,314,626		2,743,757