

FSB Technology (UK) Limited

Financial Statements

For Filing with Registrar

For the year ended 31 December 2020

Company Registration No. 06401555 (England and Wales)

FSB Technology (UK) Limited

Company Information

Directors	D McDowell M R Blandford S B Lawrence M A Wagman M K Kansal
Secretary	D McDowell
Company number	06401555
Registered office	2nd Floor 167-169 Great Portland Street London W1W 5PF
Auditor	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

FSB Technology (UK) Limited

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FSB Technology (UK) Limited

Balance Sheet

As at 31 December 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	3	111,409		139,247	
Investments	4	7,751		-	
		<u>119,160</u>		<u>139,247</u>	
Current assets					
Debtors	6	2,886,264	3,425,068		
Cash at bank and in hand		163,418	1,437,074		
		<u>3,049,682</u>	<u>4,862,142</u>		
Creditors: amounts falling due within one year	7	<u>(3,849,640)</u>	<u>(2,600,178)</u>		
Net current (liabilities)/assets		<u>(799,958)</u>		<u>2,261,964</u>	
Total assets less current liabilities		<u>(680,798)</u>		<u>2,401,211</u>	
Provisions for liabilities	8	<u>(542,871)</u>		<u>(669,421)</u>	
Net (liabilities)/assets		<u><u>(1,223,669)</u></u>		<u><u>1,731,790</u></u>	
Capital and reserves					
Called up share capital	9	104,758	74,490		
Share premium account		17,655,167	14,658,600		
Profit and loss reserves		<u>(18,983,594)</u>	<u>(13,001,300)</u>		
Total equity		<u><u>(1,223,669)</u></u>		<u><u>1,731,790</u></u>	

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 30 April 2021 and are signed on its behalf by:

D McDowell
Director

Company Registration No. 06401555

FSB Technology (UK) Limited

Statement of Changes in Equity

For the year ended 31 December 2020

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2019		461,720	4,145,315	(8,200,983)	(3,593,948)
Year ended 31 December 2019:					
Loss and total comprehensive income for the year		-	-	(4,800,317)	(4,800,317)
Issue of share capital	9	68,194	7,453,258	-	7,521,452
Conversion of loan to shares	9	(455,424)	3,060,027	-	2,604,603
Balance at 31 December 2019		74,490	14,658,600	(13,001,300)	1,731,790
Year ended 31 December 2020:					
Loss and total comprehensive income for the year		-	-	(5,982,294)	(5,982,294)
Issue of share capital	9	30,268	2,996,567	-	3,026,835
Balance at 31 December 2020		104,758	17,655,167	(18,983,594)	(1,223,669)

FSB Technology (UK) Limited

Notes to the Financial Statements

For the year ended 31 December 2020

1 Accounting policies

Company information

FSB Technology (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2nd Floor, 167-169 Great Portland Street, London, W1W 5PF.

1.1 Accounting convention

These financial statements have been prepared in accordance with section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime.

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

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

1.2 Going concern

At the balance sheet date the company had net liabilities of £1,223,669 (2019: net assets of £1,731,790) and made a loss in the year of £5,982,294 (2019: £4,800,317). As a result of the impact of coronavirus and the measures taken, the company made losses above its initial forecast due to the reduction in sporting events worldwide. The company has cash reserves in excess of £0.9m at the date of approval of the financial statements which will enable it to continue to meet its liabilities as they fall due for at least the next three months however after that, if the situation does not improve, the company will need to obtain additional finance. The company's controlling party, Clairvest Group Inc., has provided funding after the balance sheet date to support the company and has also provided written confirmation that it will continue to support the company for a period of at least twelve months from the date of approval of these financial statements.

The directors have therefore, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and at least one year from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

The company reports the gains and losses on all betting and gaming activities as turnover, which is measured at the fair value of consideration received or receivable from customers less free bets, promotions, bonuses, and other fair value of adjustments.

Turnover is also recognised at the fair value of consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

1.4 Tangible fixed assets

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

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

Leasehold land and buildings	Straight line over the lease term
Office equipment	3 year straight line
Fixtures and fittings	3 year straight line

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

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

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

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

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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 years. 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.

1.7 Cash at bank and in hand

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

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

1.8 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

1.9 Equity instruments

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

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Research and Development Expenditure Credit (RDEC) claims made by the company are accounted for in the year to which the related costs are incurred. The credit is shown above the line as other operating income with the related tax recognised in the tax charge for the year.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.12 Employee benefits

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

1.13 Retirement benefits

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

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

1.14 Leases

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

1.15 Foreign exchange

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

1.16 Sports betting open positions

The company provides a turnkey service to client companies in the gaming industry including the option to operate under the company's gaming license. At the year end, there were open positions under the company's license on behalf of client companies. Accounting standards require open positions on sports bets to be accounted for at fair value and it is the responsibility of the client companies to so account. Funds representing open bets are not included on the company's balance sheet.

1.17 Client funds

Client funds held and the corresponding liability are not recognised on the balance sheet of the company as the company obtains no economic benefit from holding these funds.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 125 (2019 - 107).

3 Tangible fixed assets

	Land and buildings £	Office equipment £	Plant and machinery £	Total £
Cost				
At 1 January 2020	57,657	288,238	58,712	404,607
Additions	-	44,669	-	44,669
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	57,657	332,907	58,712	449,276
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
At 1 January 2020	57,525	149,123	58,712	265,360
Depreciation charged in the year	34	72,473	-	72,507
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	57,559	221,596	58,712	337,867
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At 31 December 2020	98	111,311	-	111,409
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	132	139,115	-	139,247
	<hr/>	<hr/>	<hr/>	<hr/>

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

4 Fixed asset investments

	2020 £	2019 £
Investments	7,751	-

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2020	-
Additions	7,751
At 31 December 2020	7,751
Carrying amount	
At 31 December 2020	7,751
At 31 December 2019	-

5 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
FSB Technology (USA) Inc	United States	Gaming software provider	Ordinary	100.00 0

The registered office of FSB Technology (USA) Inc. is 9E Loockerman Street, Suite 311, Dover, Delaware, 19901, United States.

6 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	2,245,940	1,585,794
Corporation tax recoverable	81,624	93,899
Amounts due from group undertakings	171,360	1,323,098
Other debtors	387,340	422,277
	2,886,264	3,425,068

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

7 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	875,519	804,964
Amounts due to group undertakings	4,340	-
Other taxation and social security	1,388,973	719,298
Other creditors	1,580,808	1,075,916
	<u>3,849,640</u>	<u>2,600,178</u>

8 Provisions for liabilities

	2020 £	2019 £
Provisions for liabilities	523,450	650,000
Deferred tax liabilities	19,421	19,421
	<u>542,871</u>	<u>669,421</u>

Provisions for liabilities relate to a settlement agreed with the UK Gambling Commission for £600,000 in response to a claim which was made in 2019. Associated legal costs were estimated at £50,000. Payments of £126,550 were made during the year with the balance expected to be paid within 12 months of the year end.

9 Called up share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
10,475,812 Ordinary shares of 1p each	104,758	74,490
	<u>104,758</u>	<u>74,490</u>

On 20 February 2020, 1,500,000 ordinary shares were issued for £1,500,000 and subsequently on 31 July 2020, 1,526,835 ordinary shares were issued for £1,526,835.

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Jamie Sherman.

The auditor was Moore Kingston Smith LLP.

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

11 Operating lease commitments

Lessee

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

2020	2019
£	£
-	54,950
<u> </u>	<u> </u>

12 Related party transactions

Included in other creditors at the year end is £nil (2019: £nil) owed to a company which was controlled by a director. The loan accrued interest at 8% per annum and £nil (2019: £62,807) was charged in the year.

13 Parent company

The immediate parent company is FSB Holdings (UK) Limited, a company registered in England and Wales.

The ultimate parent company is Clairvest Equity Partners V Limited Partnership, a partnership registered in Canada. There is no single controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.