

**Ensco 962 Limited**

**Annual report and financial statements**

**Registered number 08268114**

**Period ended 14 March 2015**

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## Strategic report

The directors present their annual strategic report and the audited financial statements for the period ended 14 March 2015.

### Principal activities

The principal activity of the group was the provision of entertainment and gaming equipment to customers across the United Kingdom.

### Business review

A second consecutive highly successful year for Playnation, post its independence as a standalone entity in February 2013, has helped the company consolidate further its position as the UK's leading provider of family entertainment solutions to the leisure industry. During the year Playnation has extended and diversify its machine operation offer, with the acquisition and successful integration of the Fun House Leisure business, a specialist in the operation of vending and amusement products in the pub market. Fun House Leisure's customer base includes Whitbread, Greene King and Marstons PLC.

The Group now operates in excess of 20,000 machines across the UK, providing tailor made solutions, advice and support with development opportunities, and a total managed service to both inland and seaside leisure venues.

Majority owned by Palatine Private Equity, the Group owns and operates amusement machines across over 2,000 sites in the UK, partnering with the market leaders in the leisure sector across holiday parks, motorway service stations, family pubs, bowling alleys, and major airports.

EBITDA before exceptional items and profit on disposals of £11.1m (2014: £9.5m) has been generated in the second period of trading, representing an increase of 17% on the prior period. Turnover of £35.1m is an increase from £31.2m in the prior period, with the Fun House Leisure business contributing £2.4m of this increase.

During the year, Playnation has continued to expand its market leading Server Based Gaming offer, signed up new business with Talarius and many independent high street AGC operators, and importantly further extending its contracts with each of Moto, Welcome Break and Roadchef.

In addition key contracts have been renewed or extended with Park Resorts, Heathrow and Manchester Airports.

New innovative Arcade format design continues to be a USP of Playnation. During the year we have launched our Player's Lounge brand in partnership with the new motorway's services operation at Cornish Gateway.

### Principal risks and uncertainties

The directors consider the principal risks and uncertainties to the group to be:

- **Customer risk** – As leisure spend is discretionary there is a risk that at times of economic downturn customer sites may have either reduced attendances. There is also concentration risk, with significant portions of the company's business being performed with several key clients. Notwithstanding this, a large part of the company's business is performed on holiday parks within the UK and in times of recession there may be an increase in footfall at these parks as consumers look to the 'staycation' to reduce holiday expenditure. The directors seek to manage these risks by attempting to expand the company's customer base to reduce the risk of concentration on one particular customer and/or on one particular type of business.
- **Competitor risk** – as with any other business the group continually faces the risk of competitive pressure but has built a solid reputation based on providing quality products and exceptional service. The directors seek to manage this risk by continually improving all areas of its offering and working closely with customers and suppliers to build strong, mutually beneficial trading relationships.
- **Regulatory risk** – the group's major asset class is traditional amusement machines rather than gaming machines. There is a risk that regulatory changes in the gaming industry could impact gaming machines or reduce margins which may reduce the company's returns on certain customer sites. However, there is no such review of any machines in Playnation's portfolio of equipment currently taking place or planned to take place to our knowledge. The directors seek to manage this risk by ensuring the group has a balanced portfolio of equipment.

## **Strategic report (continued)**

### **Key Performance Indicators**

Key performance indicators are used to monitor the business. All aspects of operations are subject to performance measurement and the group is constantly looking to improve operating performances and generate higher return on its asset base. The group's key performance indicators are gross revenue, operating profitability, cash generated from operations, return on assets and Earnings before interest, tax, depreciation and amortisation ("EBITDA").

By order of the board



**R Hyde**  
*Director*

Ensco 962 Limited  
17 Berkeley Court  
Manor Park  
Runcorn  
WA7 1TQ

## **Directors' report**

The directors present their annual directors' report and the audited financial statements for the period ended 14 March 2015.

### **Proposed dividend**

The directors do not recommend the payment of a dividend.

### **Directors**

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

A Hodges  
R Hyde  
A Preston  
G Tipper  
B Houghton  
E Doherty  
M Chapman

### **Employees**

It is group policy to give every practical consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities, and to ensure that those who are appointed receive the same opportunities as their colleagues for training, career development and promotions. If and when existing employees become disabled, every reasonable effort is made to ensure that their employment and training will continue as stated above.

### **Political contributions**

Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure during the period.

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director 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.

### **Auditor**

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

By order of the board



R Hyde  
Director

Ensco 962 Limited  
17 Berkeley Court  
Manor Park  
Runcorn  
WA7 1TQ

## **Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

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

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

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 group and the parent company will continue in business.

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



**KPMG LLP**

1 St Peter's Square  
Manchester  
M2 3AE  
United Kingdom

**Independent auditor's report to the members of Ensco 962 Limited**

We have audited the financial statements of Ensco 962 Limited for the period ended 14 March 2015 set out on pages 7 to 26. The financial reporting framework that has been applied in the preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

**Respective responsibilities of Directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://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 group and parent company's affairs as at 14 March 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Ensco 962 Limited (continued)**

### **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.



Frances Whittle (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
1 St Peter's Square  
Manchester  
M2 3AE

10 July 2015

**Consolidated profit and loss account**  
for the period ended 14 March 2015

	Note	2015 £000 Pre- exceptional	2015 £000 Exceptional	2015 £000 Total	2014 £000 Pre- exceptional	2014 £000 Exceptional	2014 £000 Total
Turnover	2	35,063	-	35,063	31,189	-	31,189
Cost of sales		(22,317)	-	(22,317)	(19,919)	-	(19,919)
<b>Gross profit</b>		<b>12,746</b>	<b>-</b>	<b>12,746</b>	<b>11,270</b>	<b>-</b>	<b>11,270</b>
Administrative expenses		(8,813)	(366)	(9,179)	(8,282)	(342)	(8,624)
<b>Group operating profit</b>	3-5	<b>3,933</b>	<b>(366)</b>	<b>3,567</b>	<b>2,988</b>	<b>(342)</b>	<b>2,646</b>
Depreciation and amortisation		7,192	-	7,192	6,558	-	6,558
Earnings before interest, tax, depreciation and amortisation		11,125	(366)	10,759	9,546	(342)	9,204
Profit on disposal of fixed assets		-	171	171	-	-	-
Other interest receivable and similar income	6	10	-	10	11	-	11
Interest payable and similar charges	7	(1,887)	-	(1,887)	(1,922)	-	(1,922)
<b>Profit on ordinary activities before taxation</b>		<b>2,056</b>	<b>(195)</b>	<b>1,861</b>	<b>1,077</b>	<b>(342)</b>	<b>735</b>
Tax on profit on ordinary activities	8	(734)	-	(734)	(296)	-	(296)
<b>Profit for the financial period</b>		<b>1,322</b>	<b>(195)</b>	<b>1,127</b>	<b>781</b>	<b>(342)</b>	<b>439</b>

All activities relate to continuing operations. Turnover of £2,398,000 and operating profit of £338,000 was derived from activities acquired during the period. In the prior period all activities related to acquisition performed during that period.

The notes on pages 12 to 26 form an integral part of these financial statements.

The group has no recognised gains or losses other than those reported above and therefore no statement of total recognised gains or losses has been presented.

**Consolidated balance sheet**  
**at 14 March 2015**

	<i>Note</i>	<b>2015</b> <b>£000</b>	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>	<b>2014</b> <b>£000</b>
<b>Fixed assets</b>					
Goodwill	9	5,099		7,013	
Tangible assets	10	16,913		13,754	
			22,012		20,767
<b>Current assets</b>					
Stocks	12	2,224		2,315	
Debtors	13	4,236		3,752	
Cash at bank and in hand		3,788		3,146	
		10,248		9,213	
		(9,320)		(9,917)	
<b>Creditors: amounts falling due within one year</b>	14				
<b>Net current assets / (liabilities)</b>			928		(704)
<b>Total assets less current liabilities</b>			22,940		20,063
<b>Creditors: amounts falling due after more than one year</b>	15		(20,627)		(18,877)
<b>Net assets</b>			2,313		1,186
<b>Capital and reserves</b>					
Called up share capital	18		10		10
Share premium account	19		737		737
Profit and loss account	19		1,566		439
<b>Total shareholders' funds</b>			2,313		1,186

The notes on pages 12 to 26 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 16 Jul 15 and were signed on its behalf by:



**R Hyde**  
**Director**

Company registered number: 08258418

**Company balance Sheet**  
**at 14 March 2015**

	Note	2015 £000	2015 £000	2014 £000	2014 £000
<b>Fixed assets</b>					
Investments	11	-			
Debtors	13	745		729	
			745		729
<b>Current assets</b>					
Cash at bank and in hand		2		18	
			2		18
<b>Net current assets</b>					
			2		18
<b>Total assets less current liabilities</b>			747		747
<b>Net assets</b>			747		747
<b>Capital and reserves</b>					
Called up share capital	18		10		10
Share premium account	19		737		737
Profit and loss account	19		-		-
<b>Total shareholders' funds</b>			747		747

The notes on pages 12 to 26 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 16 July 15 and were signed on its behalf by:



**R Hyde**  
 Director

Company registered number: 08258418

**Consolidated cash flow statement**  
*for the period ended 14 March 2015*

	<i>Note</i>	<b>2015 £000</b>	<b>2014 £000</b>
<b>Cash flow statement</b>			
Cash flow from operating activities	21	10,682	9,328
Taxation		(609)	-
Returns on investments and servicing of finance	22	(701)	(575)
Capital expenditure and financial investment	22	(6,305)	(6,865)
Acquisitions and disposals	22	(1,605)	(19,517)
		<hr/>	<hr/>
Cash inflow / (outflow) before management of liquid resources and financing		1,462	(17,629)
Financing	22	(820)	20,775
		<hr/>	<hr/>
Increase in cash in the period		642	3,146
		<hr/>	<hr/>
<b>Reconciliation of net cash flow to movement in net debt</b>	22		
Increase in cash in the period		642	3,146
Cash outflow / (inflow) from change in net debt		635	(20,166)
		<hr/>	<hr/>
Change in net debt resulting from cash flows		1,277	(17,020)
		<hr/>	<hr/>
Movement in net debt in the period		1,277	(17,020)
Non-cash items*		(128)	-
Net debt at the start of the period		(17,020)	-
		<hr/>	<hr/>
Net debt at the end of the period		(15,871)	(17,020)
		<hr/>	<hr/>

\*non-cash items relates to amortisation of debt issue costs.

The notes on pages 12 to 26 form an integral part of these financial statements.

**Reconciliation of Movements in Shareholders' Funds**  
*for the period ended 14 March 2015*

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Profit for the financial period	1,127	439	-	-
New share capital subscribed (net of issue costs)	-	747	-	747
<b>Net addition to shareholders' funds</b>	<b>1,127</b>	<b>-</b>	<b>-</b>	<b>747</b>
Opening shareholders' funds	1,186	1,186	747	-
<b>Closing shareholders' funds</b>	<b>2,313</b>	<b>1,186</b>	<b>747</b>	<b>747</b>

The notes on pages 12 to 26 form an integral part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

#### *Going concern*

The Directors of Ensko 962 have prepared detailed forecasts and trading projections for at least 12 months following the date of approval of these financial statements. The Directors' forecasts, updated for the current trading and the director's latest view of market conditions, demonstrate that the Group will be able to meet its projected working capital requirements and satisfy its liabilities as they arise, including liabilities arising on its financing obligations, throughout this period. The directors have also considered a number of sensitised forecasts to reflect the inherent uncertainty in the economic climate and are satisfied that there is sufficient headroom under all of the finance facilities to continue to meet terms including covenant compliance. Taking the above into account, the directors of Ensko 962 Limited consider it appropriate to prepare the accounts on a going concern basis.

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 14 March 2015. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

#### *Goodwill and negative goodwill*

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation/business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. Goodwill is amortised over 4-5 years.

#### *Investments*

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost less any applicable impairment.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets and depreciation*

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

Plant and machinery	-	4 to 7 years
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The carrying amounts of the group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historical cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

#### *Calculation of recoverable amount*

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

#### *Reversals of impairment*

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### *Foreign currencies*

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

The assets and liabilities are translated at the closing exchange rates. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

#### *Leases*

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

## Notes (continued)

### 1 Accounting policies (continued)

#### *Post-retirement benefits*

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### *Stocks*

Stocks comprise redemption prizes available to customers and machinery spares. Stocks are stated at the lower of cost and net realisable value. In determining the cost of stocks the FIFO method is used.

#### *Taxation*

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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Interest bearing borrowings*

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

#### *Turnover*

Typically revenue is generated on a revenue share basis with the machine gross takings split between the Group and its customers after the deduction of applicable sales and gaming related taxes. The group recognises the net amounts receivable from customers after applicable sales and gaming related taxes and after the customer revenue share.

#### *Dividends on shares presented within equity*

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

#### *Cash and liquid resources*

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

#### *Exceptional items*

Items that are material in size and/or non-recurring in nature are presented as exceptional items in the profit and loss account. The directors are of the opinion that the separate recording of exceptional items provides helpful information about the group's underlying business performance. Events which may give rise to the classification of items as exceptional include restructuring of businesses, changes to business processes, gains or losses on the disposal or impairment of assets and other significant non-recurring gains or losses.

### 2 Segmental analysis

All operations originate in the UK and relate to one operating segment.

## Notes (continued)

### 3 Notes to the profit and loss account

	2015 £000	2014 £000
<i>Profit on ordinary activities before taxation is stated after charging/crediting)</i>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	4,627	3,788
Leased	24	-
Amortisation of goodwill	2,541	2,648
Profit on disposal	(171)	-
Hire of other assets-operating leases- vehicles	485	571
Amounts paid to third parties in respect of directors' services	95	99
Exceptional items	366	342

During the period a significant customer contract expired and was not renewed. This event led to redundancy costs of £96,000 and logistical costs of £270,000 in respect of the removal, storage and redeployment of machines. These costs are considered to be exceptional. Exceptional items in the previous period relate to costs of relocation and set up of new head office facilities following the acquisition of business from Inspired Gaming Limited.

The profit and loss account includes the following amounts in relation to acquisitions; cost of sales £1,107,000 and administrative expenses £953,000. In the prior period the entirety of the profit and loss account related to acquisitions performed during that period.

#### Auditor's remuneration:

	2015 £000	2014 £000
Audit of these financial statements	5	5
Audit of subsidiary financial statements	30	25

### 4 Remuneration of directors

	2015 £000	2014 £000
Directors' emoluments	483	435
Company contributions to money purchase pension schemes	32	24
Amounts paid to third parties in respect of directors' services	95	99

	2015 Number	2014 Number
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	4

The aggregate emoluments of the highest paid director were £240,000.

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2015 Number	2014 Number
Management	136	131
Administration	30	29
Operations and sales	375	401
	<u>541</u>	<u>561</u>

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	10,036	10,282
Social security costs	852	890
Other pension costs	175	173
	<u>11,063</u>	<u>11,345</u>

### 6 Other interest receivable and similar income

	2015 £000	2014 £000
Net exchange gains	-	11
Bank interest	10	-
	<u>10</u>	<u>11</u>

### 7 Interest payable and similar charges

	2015 £000	2014 £000
On bank loans and overdrafts	629	699
On all other loans	1,068	1,085
Amortisation of loan issue costs	128	138
Hire purchase interest	18	-
Net exchange losses	44	-
	<u>1,887</u>	<u>1,922</u>

## Notes (continued)

### 8 Taxation

#### Analysis of charge in period

	2015 £000	2014 £000
<i>UK corporation tax</i>		
Current tax charge on income for the period	736	343
Adjustment in respect of previous periods	249	-
<b>Total current tax</b>	<b>985</b>	<b>343</b>
<i>Deferred tax credit (see note 16)</i>		
Origination/reversal of timing differences	(107)	(47)
Adjustment in respect of previous periods	(136)	-
Effect of changes in tax rates	(8)	-
<b>Total deferred tax</b>	<b>(251)</b>	<b>(47)</b>
<b>Tax on profit on ordinary activities</b>	<b>734</b>	<b>296</b>

#### Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2014: higher) than the standard rate of corporation tax in the UK of 21.09% (2014: 23%). The differences are explained below.

	2015 £000	2014 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,861	735
<b>Current tax at 21.09% (2014: 23%)</b>	<b>392</b>	<b>169</b>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	46	127
Capital allowances for period in excess of depreciation	53	47
Movement in short term timing differences	245	-
Adjustment in respect of previous periods	249	-
<b>Total current tax charge</b>	<b>985</b>	<b>343</b>

#### Factors affecting the tax charge in future years

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2014. This will reduce the group's future current tax charge accordingly. Deferred tax has been calculated at the rate substantively enacted at the balance sheet date of 20%.

## Notes (continued)

### 9 Intangible fixed assets

	Goodwill £000
<i>Cost</i>	
At 16 March 2014	9,661
Arising on Acquisition	627
	<hr/>
<b>At end of period</b>	<b>10,288</b>
	<hr/>
<i>Amortisation</i>	
At 16 March 2014	2,648
Charged in period	2,541
	<hr/>
<b>At end of period</b>	<b>5,189</b>
	<hr/>
<i>Net book value</i>	
At 14 March 2015	5,099
	<hr/>
At 16 March 2014	7,013
	<hr/>

Goodwill in the current year arose on the acquisition of the entire issued share capital of Fun House Leisure Limited and Fun House Leisure Sales Limited on 1 April 2014. In the prior year goodwill arose on the acquisition of the trading assets of the Leisure Projects division of Inspired Gaming Limited on 8 February 2014.

### 10 Tangible fixed assets

	Plant and machinery £000	Fixtures fittings, tools and equipment £000	Motor vehicles £000	Total £000
<i>Group</i>				
<i>Cost</i>				
At 16 March 2014	16,863	659	-	17,522
Arising on Acquisition	1,426	10	92	1,528
Additions	6,121	318	7	6,446
Disposals	(575)	(5)	(12)	(592)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At end of period</b>	<b>23,835</b>	<b>982</b>	<b>87</b>	<b>24,904</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 16 March 2014	3,716	52	-	3,768
Charged for period	4,441	186	24	4,651
Disposals	(425)	-	(3)	(428)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At end of period</b>	<b>7,732</b>	<b>238</b>	<b>21</b>	<b>7,991</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 14 March 2015	16,103	744	66	16,913
	<hr/>	<hr/>	<hr/>	<hr/>
At 16 March 2014	13,147	607	-	13,754
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 10 Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above is £66,000 (2014: £nil).

### 11 Fixed asset investments

The company has tangible fixed asset investments totalling £1.

The company has a long term intercompany receivable due from Playnation Limited of £745,000 (2014: £729,000).

The undertakings in which the Group's has an interest at the period end is as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Ensko 961 Limited	United Kingdom	Holding company	100% Ordinary
Playnation Limited	United Kingdom	Provision of machine gaming equipment	100% Ordinary
Leisure Projects Limited	United Kingdom	Dormant	100% Ordinary
Fun House Leisure Limited	United Kingdom	Provision of prize dispensing vending machines	100% Ordinary
Fun House Leisure Sales Limited	United Kingdom	Provision of machine prize stock	100% Ordinary

### 12 Stocks

	2015 £000	2014 £000
Machinery spares & consumables	1,035	931
Redemption & vending materials	1,010	1,266
Stock held for sale	179	118
	<u>2,224</u>	<u>2,315</u>

### 13 Debtors

	2015 £000	2014 £000
<b>Group</b>		
Trade debtors	2,533	1,607
Deferred tax assets	186	47
Other debtors	127	156
Prepayments and accrued income	1,366	1,044
VAT	24	898
	<u>4,236</u>	<u>3,752</u>
<b>Company</b>		
Long term intercompany debtors (see note 11)	<u>745</u>	<u>729</u>

**Notes (continued)**

**14 Creditors: amounts falling due within one year**

	2015 £000	2014 £000
Bank loans and overdrafts	1,185	2,374
Trade creditors	3,456	2,970
Other taxation and social security	716	408
Corporation tax	755	343
Interest payable	104	124
Other creditors	335	950
Accruals and deferred income	2,549	2,748
Deferred consideration	200	-
Net obligations under hire purchase agreements	20	-
	<u>9,320</u>	<u>9,917</u>

**15 Creditors: amounts falling due after more than one year**

	Group 2015 £000	Group 2014 £000
Other loans	10,936	9,836
Bank loans and overdrafts	7,538	7,956
Accrued interest	2,153	1,085
	<u>20,627</u>	<u>18,877</u>

Bank loans and overdrafts include £9,307,000 (2014: £10,950,000) due to Lloyds Bank plc secured by a fixed and floating charge over all assets of the group. This loan carries interest at 5% and is repayable by instalments over the next 5 years.

Other loans include £10,936,000 (2014: £9,836,000) due to Palatine Private Equity LLP carrying interest at 10% and repayable in full on 8 February 2018.

The maturity of borrowing obligations is as follows:

	2015 £000	2014 £000
<b>Bank loans and overdrafts</b>		
Within one year	1,336	2,500
In the second to fifth years	7,971	8,450
	<u>9,307</u>	<u>10,950</u>
<b>Less: unamortised issue costs</b>		
Within one year	(151)	(126)
In the second to fifth years	(433)	(494)
	<u>(584)</u>	<u>(620)</u>
	<u>8,723</u>	<u>10,330</u>

**Notes (continued)**

**15 Creditors: amounts falling due after more than one year (continued)**

	2015	2014
	£000	£000
Other loans		
In the second to fifth years	10,936	9,836
	<u>10,936</u>	<u>9,836</u>

**16 Deferred tax**

	2015	2014
	£000	£000
At start of period	47	-
Credit to the profit and loss for the period	251	47
Liability acquired during the period	(112)	-
	<u>186</u>	<u>47</u>
At end of period	186	47

The elements of deferred taxation are as follows:

	2015	2014
	£000	£000
Difference between accumulated depreciation and amortisation and capital allowances	82	47
Short term timing differences	104	-
	<u>186</u>	<u>47</u>

## Notes (continued)

### 17 Acquisitions

On 1<sup>st</sup> April 2014 the Group acquired the entire issued share capital of Fun House Leisure Limited and Fun House Leisure Sales Limited. The resulting goodwill of £626,000 was capitalised and will be written off over 5 years which reflects the average life of customer contracts acquired.

	Book value £000	Re-valuation £000	Fair value £000
<b>Fixed assets</b>			
Tangible	1,298	230	1,528
Goodwill	1	(1)	-
<b>Current assets</b>			
Stock	439	-	439
Debtors	320	-	320
Cash	7	-	7
<b>Total assets</b>	<b>2,065</b>	<b>229</b>	<b>2,294</b>
<b>Liabilities</b>			
Creditors	(1,109)	-	(1,109)
<b>Total liabilities</b>	<b>(1,109)</b>	<b>-</b>	<b>(1,109)</b>
<b>Net assets</b>	<b>956</b>	<b>229</b>	<b>1,185</b>
Goodwill			627
<b>Purchase consideration and costs of acquisition</b>			<b>1,812</b>

Acquisition related costs of £146,000 are included within purchase consideration.

Following the acquisition, the directors have reassessed the carrying value of plant and machinery assets resulting in a fair value adjustment of £230,000.

### 18 Called up share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
4,642,857 Preferred Ordinary shares of £0.001 each	4,643	4,643
2,553,570 Ordinary shares of £0.001 each	2,554	2,554
252,643 Ordinary A Shares of £0.001 each	253	253
2,143,875 Ordinary B shares of £0.001 each	2,144	2,144
	<b>9,594</b>	<b>9,594</b>

## Notes (continued)

### 18 Called up share capital (continued)

#### Dividends rights

The holders of the Preferred Ordinary shares are entitled to receive dividends. The holders of the B Ordinary Shares shall be entitled to receive 1/100th of any dividend declared to the Preferred Ordinary Shareholders. The holders of the Ordinary shares and the Ordinary B shares are not entitled to any dividends.

#### Return on capital

On a Realisation or on a return of capital, whether on liquidation, capital reduction or otherwise (but excluding a purchase of own shares), any surplus assets of the Company remaining after the payment of its liabilities shall be applied in the following order of priority:

Order	Class of share	Amount
1	Preferred Ordinary Shares	The issue price together with any dividends arrears.
2	Ordinary Shares and A Ordinary Shares	The issue price together with any dividends arrears.
3	Preferred Ordinary Shares, A Ordinary Shares and Ordinary Shares (as if they constituted one class)	The distribution up to and including £75,200,000 in aggregate.
4	B Ordinary Shares	£1,647.90 in aggregate.
5	Preferred Ordinary Shares, A Ordinary Shares and Ordinary Shares (as if they constituted one class)	The balance, if any, of any surplus assets.

Where the surplus assets available for distribution to any particular class of share is less than the total amount specified to be distributed to that class, the available assets shall be distributed amongst the holders of shares of that class pro rata according to the number of shares of the relevant class held by each of them respectively.

#### Voting rights

The holders of the Preferred Ordinary Shares shall be entitled to one vote for each Preferred Ordinary Share held by them. The holders of the B Ordinary Shares shall be entitled to one vote for each B Ordinary Share held by them. The holders of the Ordinary Shares shall be entitled to half of one vote for each Ordinary Share held by them. The holders of the A Ordinary shares do not have any voting rights.

### 19 Share premium and reserves

	Share premium account £000	Profit and loss account £000
<b>Group</b>		
At beginning of period	737	439
Profit for the period	-	1,127
<b>At end of period</b>	<b>737</b>	<b>1,566</b>
	Share premium account £000	Profit and loss account £000
<b>Company</b>		
At beginning and end of the period	737	-

**Notes (continued)**

**20 Commitments**

Annual commitments under non-cancellable operating leases are as follows:

	2015 Land and buildings £000	2015 Other £000	2014 Land and buildings £000	2014 Other £000
<b>Group</b>				
Operating leases which expire:				
Within one year	-	10	-	196
In the second to fifth years inclusive	-	437	-	147
Over five years	32	-	32	-
	<u>32</u>	<u>447</u>	<u>32</u>	<u>343</u>

**Notes (continued)**

**21 Reconciliation of operating profit to operating cash flows**

			2015 £000	2014 £000
Operating profit			3,567	2,646
Depreciation charges			4,651	3,910
Amortisation			2,541	2,648
Decrease / (increase) in stocks			530	(247)
Increase in debtors			(25)	(2,458)
(Decrease) / increase in creditors			(582)	2,829
<b>Net cash inflow from operating activities</b>			<b>10,682</b>	<b>9,328</b>
<b>Analysis of cash flows</b>				
	2015 £000	2015 £000	2014 £000	2014 £000
<b>Returns on investment and servicing of finance</b>				
Interest paid	(711)		(575)	
Interest received	10		-	
		(701)		(575)
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets	(6,640)		(6,869)	
Sale of tangible fixed assets	335		4	
		(6,305)		(6,865)
<b>Acquisitions and disposals</b>				
Purchase of subsidiary undertaking, net of cash acquired	(1,605)		(19,517)	
		(1,605)		(19,517)
<b>Financing</b>				
Issue of ordinary share capital	-		747	
Debt due within one year:				
Repayment of secured loans	(2,643)		(1,300)	
New secured loans	428		-	
Debt due after more than one year:				
New secured loans	1,672		22,086	
Loan issue costs	(92)		(758)	
Capital element of finance lease repayments	(185)		-	
		(820)		20,775

**Notes (continued)**

**22 Analysis of net debt**

	At beginning of period £000	Non-cash items £000	Reanalysis of aging £000	Cash flow £000	At end of period £000
Cash in hand, at bank	3,146	-	-	642	3,788
Debt due after one year	(17,792)	-	946	(1,628)	(18,474)
Debt due within one year	(2,374)	(128)	(946)	2,263	(1,185)
	(20,166)	(128)	-	635	(19,659)
<b>Total</b>	<b>(17,020)</b>	<b>(128)</b>	<b>-</b>	<b>1,277</b>	<b>(15,871)</b>

Non-cash items relates to amortisation of debt issue costs.

**23 Related party disclosures**

As mentioned in note 15, interest accrues at a rate of 10% per annum on £10,936,000 (2014: £9,836,000) of loans from Palatine Private Equity LLP. There was no interest paid during the period with £2,153,000 (2014: £1,085,000) accrued at the period end

During the year, management fees of £60,691 (2014: £70,426) were paid to Palatine Private Equity LLP.

**24 Ultimate parent undertaking and controlling party**

No other company prepares group financial statements including this company and/or any of its subsidiaries. In the directors' opinion the ultimate controlling party is Palatine Private Equity LLP.