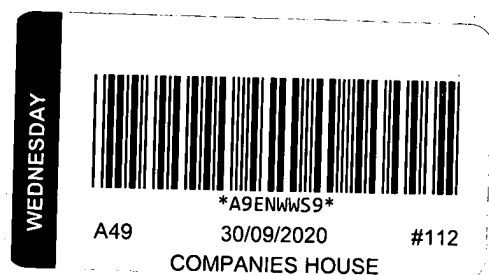


BEDE GAMING (HOLDINGS) LIMITED
Annual Report and Consolidated Financial Statements
for the Year Ended 31 December 2019



Bede Gaming (Holdings) Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 to 9
Consolidated Income Statement	10
Consolidated Statement of Financial Position	11
Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13
Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes to the Financial Statements	16 to 39

Bede Gaming (Holdings) Limited

Company Information

Directors	J J Dougal A Butcher M J Brady J W Saumarez Smith
Registered office	Bevan House 1 Esh Plaza Bobby Robson Way Newcastle Upon Tyne NE13 9BA
Solicitors	DLA Piper UK LLP 3 Noble Street London EC2V 7EE Square One Law LLP Anson House Fleming Business Centre Burdon Terrace Jesmond Newcastle upon Tyne NE2 3AE
Auditor	MHA Tait Walker Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

Bede Gaming (Holdings) Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Principal activity

The principal activity of the company is that of a holding company. The principal activity of the group during the year was that of software development and the ongoing provision of related services to its clients.

Fair review of the business

The company's key financial and other performance indicators during the year were as follows:

	Unit	2019	2018
Turnover	£	19,031,369	9,609,967
Gross Profit	%	13	22
Operating Loss	£	(2,441,799)	(2,289,587)

The group recorded turnover of £19,031,369 in the year, an increase of 98% on the level of £9,609,967 achieved in the previous financial period with the growth driven by activity supporting the roll-out of a new digital player platform solution for the Ontario Lottery and Gaming Corporation ("OLG") as part of its 2020 digital strategy. Mobilisation of the platform is expected in the summer of 2020 and delivery of this and the commencement of ongoing services to OLG will be a major focus for the group during 2020.

The significant increase in operating costs is principally driven by the short-term project resources required to support the delivery of the OLG digital platform.

On 13 March 2020, all of the share capital of Bede Gaming (Holdings) Limited was acquired by Falcon Topco Limited, a UK subsidiary of adp Gauselmann GmbH. With this acquisition, the Gauselmann Group will further expand its existing digital presence and at the same time create new opportunities for the anticipated opening of the German online gaming market from 2021.

Like all businesses in the global economy, the Group is carefully monitoring potential impacts of the COVID-19 pandemic and has implemented full business continuity arrangements to ensure that all essential client services can be maintained via off-site working utilising full cloud-based technology. The situation is being reviewed on a daily basis and the Group is maintaining compliance with all local requirements driven by the authorities in each jurisdiction it operates in.

Bede Gaming (Holdings) Limited

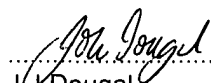
Strategic Report for the Year Ended 31 December 2019 (continued)

Principal risks and uncertainties

The Group considers the following to be the principal risks and uncertainties relating to its trade:

- COVID-19 virus - the Group is actively monitoring the potential impact of the global pandemic on its ability to continue to supply contracted levels of service provision to its clients. Operating in the digital sector, the Group is less exposed than many businesses in the gaming sector but recognises the need to remain vigilant and actively monitor its supply chain, internal resources including subject matter experts, the financial health of its clients and the ongoing need to remain compliant with government and regulatory requirements in each jurisdiction it operates in. The Group also remains cognisant of the need to ensure that its business continuity policy arrangements are continuously reviewed and adapted in the context of the evolving global response to the virus
- Regulatory and compliance risks - mitigated by the Group's investment in its internal compliance team and the accountabilities delegated to its Risk and Compliance Subcommittee to ensure that robust policies, processes and controls are in place and working effectively
- Access to and retention of appropriately skilled staff - mitigated by a proactive recruitment model within Bede's subsidiary companies in the UK, Canada and Bulgaria and having established learning and development programmes embedded across the Group
- Foreign exchange volatility and cash management - mitigated by continuous review and management of the Group's day-to-day cash balances and currency exposure in a proactive manner.

Approved by the Board on 14/7/20 and signed on its behalf by:


.....
JJ Dougal
Director

Bede Gaming (Holdings) Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their report and the consolidated financial statements for the year ended 31 December 2019.

Directors of the group

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

J J Dougal
A A Marsh (resigned 13 March 2020)
A Butcher
D R Smyth (resigned 13 March 2020)
M J Brady
C Cole-Johnson (resigned 23 May 2019)
J W Saumarez Smith

Financial instruments

Objectives and policies

The group finances its activities with a combination of loans, finance leases and hire purchase contracts, cash and short term deposits. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the groups operating activities.

Price risk, credit risk, liquidity risk and cash flow risk

Interest rate risk

The group borrows using loans whose tenure depends on the nature of the asset and management's view of the future direction of interest rates.

Credit risk

Credit risk is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Group policies are aimed at minimising such losses and require customers to satisfy credit worthiness procedures prior to acceptance of contracts. The group does not consider that it is currently materially exposed to credit risk but is actively monitoring this from the perspective of the impact of the COVID-19 virus on its clients.

Cash flow and liquidity risk

Cash flow and liquidity risk is the risk that a group's available cash will not be sufficient to meet its financial obligations. The Group actively manages its cash flow position including collection of debts and timely payment of creditors. As part of the acquisition of the Group in March 2020, a working capital facility of up to £5,000,000 was entered into at commercial rates.

Future developments

The group continues to maintain a diverse pipeline of further potential customer opportunities and is in the process of prioritising which commercial opportunities it will now jointly pursue with businesses within the wider Gauselmann group.

Bede Gaming (Holdings) Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

Going concern

At 31 December 2019 the group reported net current liabilities of £91,062 and net liabilities of £154,942. The net current liability position was mainly driven by short term loans of c£6.1m provided to the group by shareholders.

The group meets its day to day working capital requirements through cash generated from operations and shareholder borrowings.

At this time, the long term impact of the COVID-19 virus on the global economy and the subsequent impact on the group is unknown, however to date the group has not been significantly impacted. The group's workforce has been able to work remotely throughout the pandemic and, due to the sector in which the group's core activities are in, trade and operations have continued uninterrupted. Post year end the group was bought by adp Gauselmann GmbH which has resulted in additional funding being provided to the group. The short term loans from shareholders and the longer term third party loans have been replaced by longer term funding from the new owners and an additional significant working capital facility has been provided.


The group's forecasts and projections for the next twelve months show that the group should be able to continue in operational existence for that period and operate within the facilities currently available to it, taking into account reasonable possible changes in trading performance. In the directors assessment of possible changes they have considered availability of government support and potential cost savings which are reflective of their business continuity plan should the global economic impact of the COVID 19 pandemic widen.

Having considered the current cash forecasts of the group, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for a period of a least twelve months from the date of signing these financial statements. The group therefore continues to adopt the going concern basis in preparing its financial statements.

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 of which they know the auditor is unaware.

Approved by the Board on 14/7/20 and signed on its behalf by:


.....
J J Dougal
Director

Bede Gaming (Holdings) Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and parent company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bede Gaming (Holdings) Limited

Independent Auditor's Report to the Members of Bede Gaming (Holdings) Limited

Opinion

We have audited the financial statements of Bede Gaming (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019, which comprise the Consolidated Income Statement, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2019 and of the group's loss 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.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

Bede Gaming (Holdings) Limited

Independent Auditor's Report to the Members of Bede Gaming (Holdings) Limited (continued)

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 6), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Bede Gaming (Holdings) Limited

Independent Auditor's Report to the Members of Bede Gaming (Holdings) Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



.....
Christopher Potter BA (Hons) ACA (Senior Statutory Auditor)
For and on behalf of MHA Tait Walker
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 15/12/20

MHA Tait Walker is a trading name of Tait Walker LLP.

Bede Gaming (Holdings) Limited

Consolidated Income Statement for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	19,031,369	9,609,967
Cost of sales		<u>(16,514,642)</u>	<u>(7,491,467)</u>
Gross profit		2,516,727	2,118,500
Administrative expenses		<u>(4,958,526)</u>	<u>(4,408,087)</u>
Operating loss	4	(2,441,799)	(2,289,587)
Other interest receivable and similar income	5	2,521	9,395
Interest payable and similar expenses	6	<u>(404,137)</u>	<u>(188,721)</u>
Loss before tax		(2,843,415)	(2,468,913)
Taxation	10	<u>1,012,257</u>	<u>1,315,046</u>
Loss for the financial year		<u><u>(1,831,158)</u></u>	<u><u>(1,153,867)</u></u>

The group has no recognised gains or losses for the year other than the results above.

The notes on pages 16 to 39 form an integral part of these financial statements.

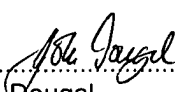
Bede Gaming (Holdings) Limited

(Registration number: 09038323)

Consolidated Statement of Financial Position as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	11	6,056,428	3,674,498
Tangible assets	12	<u>566,936</u>	<u>310,259</u>
		<u>6,623,364</u>	<u>3,984,757</u>
Current assets			
Debtors	14	11,942,805	4,063,451
Cash at bank and in hand		<u>2,045,097</u>	<u>2,033,016</u>
		13,987,902	6,096,467
Creditors: Amounts falling due within one year	16	<u>(14,078,964)</u>	<u>(2,420,725)</u>
Net current (liabilities)/assets		<u>(91,062)</u>	<u>3,675,742</u>
Total assets less current liabilities		6,532,302	7,660,499
Creditors: Amounts falling due after more than one year	16	(6,432,031)	(6,267,492)
Provisions for liabilities	18	<u>(255,213)</u>	<u>(381,804)</u>
Net (liabilities)/assets		<u>(154,942)</u>	<u>1,011,203</u>
Capital and reserves			
Called up share capital	20	14,754	14,743
Share premium reserve	21	5,436,002	5,435,067
Profit and loss account	21	<u>(5,605,698)</u>	<u>(4,438,607)</u>
Total equity		<u>(154,942)</u>	<u>1,011,203</u>

Approved and authorised by the Board on 14/7/20 and signed on its behalf by:



 J J Dougal
 Director

The notes on pages 16 to 39 form an integral part of these financial statements.

Bede Gaming (Holdings) Limited


(Registration number: 09038323)

Statement of Financial Position as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	11	7,716,155	2,145,028
Investments	13	6,631,877	5,967,810
		<u>14,348,032</u>	<u>8,112,838</u>
Current assets			
Debtors	14	1,221,389	3,947,441
Cash at bank and in hand		<u>1,387,132</u>	<u>-</u>
		2,608,521	3,947,441
Creditors: Amounts falling due within one year	16	<u>(6,133,520)</u>	<u>(20,131)</u>
Net current (liabilities)/assets		<u>(3,524,999)</u>	<u>3,927,310</u>
Total assets less current liabilities		10,823,033	12,040,148
Creditors: Amounts falling due after more than one year	16	<u>(6,432,031)</u>	<u>(6,267,492)</u>
Net assets		<u>4,391,002</u>	<u>5,772,656</u>
Capital and reserves			
Called up share capital		14,754	14,743
Share premium reserve		5,534,891	5,533,956
Profit and loss account		<u>(1,158,643)</u>	<u>223,957</u>
Total equity		<u>4,391,002</u>	<u>5,772,656</u>

The company made a loss after tax for the financial year of £2,046,667 (2018 - loss of £591,611).

Approved and authorised by the Board on 14/7/20 and signed on its behalf by:


 J. L. Dougal
 Director

The notes on pages 16 to 39 form an integral part of these financial statements.

Bede Gaming (Holdings) Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2019

Equity attributable to the parent company

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total £
At 1 January 2018	12,003	1,823,297	112,386	(3,502,703)	(1,555,017)
Loss for the year	-	-	-	(1,153,867)	(1,153,867)
Total comprehensive income	-	-	-	(1,153,867)	(1,153,867)
New share capital subscribed	2,740	3,499,384	-	-	3,502,124
Transfers	-	112,386	(112,386)	-	-
Share based payment transactions	-	-	-	217,963	217,963
At 31 December 2018	<u>14,743</u>	<u>5,435,067</u>	<u>-</u>	<u>(4,438,607)</u>	<u>1,011,203</u>
	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total £
At 1 January 2019	14,743	5,435,067	-	(4,438,607)	1,011,203
Loss for the year	-	-	-	(1,831,158)	(1,831,158)
Total comprehensive income	-	-	-	(1,831,158)	(1,831,158)
New share capital subscribed	11	935	-	-	946
Share based payment transactions	-	-	-	664,067	664,067
At 31 December 2019	<u>14,754</u>	<u>5,436,002</u>	<u>-</u>	<u>(5,605,698)</u>	<u>(154,942)</u>

The notes on pages 16 to 39 form an integral part of these financial statements.

Bede Gaming (Holdings) Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total £
At 1 January 2018	12,003	1,922,186	112,386	597,605	2,644,180
Loss for the year	-	-	-	(591,611)	(591,611)
Total comprehensive income	-	-	-	(591,611)	(591,611)
New share capital subscribed	2,740	3,499,384	-	-	3,502,124
Transfers	-	112,386	(112,386)	-	-
Share based payment transactions	-	-	-	217,963	217,963
At 31 December 2018	14,743	5,533,956	-	223,957	5,772,656

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total £
At 1 January 2019	14,743	5,533,956	-	223,957	5,772,656
Loss for the year	-	-	-	(2,046,667)	(2,046,667)
Total comprehensive income	-	-	-	(2,046,667)	(2,046,667)
New share capital subscribed	11	935	-	-	946
Share based payment transactions	-	-	-	664,067	664,067
At 31 December 2019	14,754	5,534,891	-	(1,158,643)	4,391,002

The notes on pages 16 to 39 form an integral part of these financial statements.

Bede Gaming (Holdings) Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Loss for the year		(1,831,158)	(1,153,867)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	899,290	687,460
(Profit)/loss on disposal of tangible assets		(874)	64
Loss on disposal of intangible assets		97,490	-
Finance income	5	(2,521)	(9,395)
Finance costs	6	404,137	188,721
Income tax expense	10	(1,012,257)	(1,315,046)
Share-based payment expense - equity settled		664,067	217,963
		(781,826)	(1,384,100)
Working capital adjustments			
Increase in debtors	14	(7,586,170)	(1,301,561)
Increase in creditors	16	5,105,479	684,950
Cash generated from operations		(3,262,517)	(2,000,711)
Income taxes received	10	1,022,683	1,071,291
Net cash flow from operating activities		(2,239,834)	(929,420)
Cash flows from investing activities			
Interest received		2,521	9,395
Acquisitions of tangible assets		(391,852)	(108,070)
Proceeds from sale of tangible assets		2,509	-
Acquisition of intangible assets	11	(3,245,170)	(2,681,123)
Net cash flows from investing activities		(3,631,992)	(2,779,798)
Cash flows from financing activities			
Interest paid	6	(117,039)	(188,721)
Proceeds from issue of ordinary shares, net of issue costs		946	1,372
Proceeds from other borrowing draw downs		6,000,000	4,135,072
Repayment of other borrowing		-	(284,364)
Payments to finance lease creditors		-	(12,579)
Net cash flows from financing activities		5,883,907	3,650,780
Net increase/(decrease) in cash and cash equivalents		12,081	(58,438)
Cash and cash equivalents at 1 January		2,033,016	2,091,454
Cash and cash equivalents at 31 December		2,045,097	2,033,016

The notes on pages 16 to 39 form an integral part of these financial statements.

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is Bevan House, 1 Esh Plaza, Bobby Robson Way, Newcastle Upon Tyne, NE13 9BA.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

These financial statements are prepared in sterling which is the functional currency of the entity.

Summary of disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) Disclosures in respect of share-based payments have not been presented.
- (e) No disclosure has been given for the aggregate remuneration of key management personnel.

The Company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2019.

No Income Statement is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a loss after tax for the financial year of £2,046,667 (2018 - loss of £591,611).

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

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

The results of subsidiaries acquired or disposed of during the year are included in the Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Going concern

At 31 December 2019 the group reported net current liabilities of £91,062 and net liabilities of £154,942. The net current liability position was mainly driven by short term loans of c£6.1m provided to the group by shareholders.

The group meets its day to day working capital requirements through cash generated from operations and shareholder borrowings.

At this time, the long term impact of the COVID-19 virus on the global economy and the subsequent impact on the group is unknown, however to date the group has not been significantly impacted. The group's workforce has been able to work remotely throughout the pandemic and, due to the sector in which the group's core activities are in, trade and operations have continued uninterrupted. Post year end the group was bought by adp Gauselmann GmbH which has resulted in additional funding being provided to the group. The short term loans from shareholders and the longer term third party loans have been replaced by longer term funding from the new owners and an additional significant working capital facility has been provided.

The group's forecasts and projections for the next twelve months show that the group should be able to continue in operational existence for that period and operate within the facilities currently available to it, taking into account reasonable possible changes in trading performance. In the directors assessment of possible changes they have considered availability of government support and potential cost savings which are reflective of their business continuity plan should the global economic impact of the COVID 19 pandemic widen.

Having considered the current cash forecasts of the group, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for a period of at least twelve months from the date of signing these financial statements.

The group therefore continues to adopt the going concern basis in preparing its financial statements.

Judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Assessing indicators of impairment - In assessing whether there have been indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability.

Assessing the useful economic lives of assets - Intangible assets and fixed assets are amortised or depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue over, which are periodically reviewed for continued appropriateness.

Capitalisation of intangibles - the cost of internally generated assets are capitalised as intangible assets where it is determined by management's judgement that the ability to develop the assets is technically feasible, will be completed, and that the asset will generate economic benefit.

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of intangible assets - The annual amortisation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation. The value of the amortisation charged to the income statement during the year was £765,750 (2018 - £576,031).

Share-based payment expense - The estimation of share-based payment costs requires the selection of an appropriate valuation model together with assumptions in respect of the key inputs into the model, the likelihood of the options vesting and the length of the vesting period. Differences arising from actual experience may be reflected in future years. The carrying amount is £882,030 (2018 - £217,963).

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for services rendered, net of discounts and Value Added Tax.

Royalty income relates to licenced technology. The income is based on the underlying gaming revenue earned by the licencees and is recognised in the accounting periods in which the gaming transactions occur.

Income includes revenue derived from the provision of certain services and licenced technology for which charges are based on a fixed-fee and stepped according to the usage of the service/technology in each accounting period. Income is recognised over the period of service once the obligations under the contracts have passed. Where amounts are billed and obligations not met, revenue is deferred.

Other income receivable under fixed-term arrangements is recognised as revenue over the term of the agreement on a straight line basis.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the performance model.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Asset class	Depreciation method and rate
Property improvements	10% straight line
Fixtures and fittings	20% straight line
Office equipment	25 - 33.33% straight line

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Expenditure incurred on development activities including the company's software development is capitalised only where the expenditure will lead to new or substantially improved products, the products are technically and commercially feasible and the company has sufficient resources to complete development.

Subsequent expenditure on capitalised intangible assets is capitalised only where it clearly increases the economic benefits to be derived from the asset to which it relates. All other expenditure, including that incurred in order to maintain an intangible asset's current level of performance, is expensed as incurred.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Development costs	20% straight line

Research and development

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance costs in the Income Statement and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Share based payments

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The corresponding credit is recognised in retained earnings as a component of equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The financial effect of awards by the parent company of options over its equity shares to the employees of subsidiary undertakings are recognised by the parent company in its individual financial statements. In particular the parent company records an increase in its investment in subsidiaries with a credit to equity equivalent to the cost in the subsidiary undertakings.

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2019	2018
	£	£
Rendering of services	<u>19,031,369</u>	<u>9,609,967</u>

The analysis of the group's turnover for the year by market is as follows:

	2019	2018
	£	£
Europe	4,962,694	6,832,820
Rest of world	<u>14,068,675</u>	<u>2,777,147</u>
	<u>19,031,369</u>	<u>9,609,967</u>

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

4 Operating loss

Arrived at after charging/(crediting)

	2019	2018
	£	£
Depreciation expense	133,540	111,429
Amortisation expense	765,750	576,031
Foreign exchange gains	(27,419)	(13,991)
(Profit)/loss on disposal of property, plant and equipment	<u>(874)</u>	<u>64</u>

5 Other interest receivable and similar income

	2019	2018
	£	£
Interest income on bank deposits	2,521	9,034
Other finance income	-	361
	<u>2,521</u>	<u>9,395</u>

6 Interest payable and similar expenses

	2019	2018
	£	£
Interest expense on other finance liabilities	<u>404,137</u>	<u>188,721</u>

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
	£	£
Wages and salaries	7,718,759	6,051,210
Social security costs	681,474	538,584
Pension costs, defined contribution scheme	305,281	214,039
Share-based payment expenses	664,067	217,963
	<u>9,369,581</u>	<u>7,021,796</u>

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

	2019	2018
	No.	No.
Administration and support	202	126
Other departments	6	6
	<u>208</u>	<u>132</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019	2018
	£	£
Remuneration	377,790	390,383
Contributions paid to money purchase schemes	20,385	21,350
	<u>398,175</u>	<u>411,733</u>

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

	2019	2018
	No.	No.
Accruing benefits under money purchase pension scheme	<u>4</u>	<u>5</u>

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

8 Directors' remuneration (continued)

In respect of the highest paid director:

	2019	2018
	£	£
Remuneration	150,414	141,306
Company contributions to money purchase pension schemes	<u>7,272</u>	<u>7,036</u>

9 Auditors' remuneration

	2019	2018
	£	£
Audit of these financial statements	6,000	6,000
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>9,000</u>	<u>9,000</u>
	<u>15,000</u>	<u>15,000</u>

Audit fees are borne by one of the company's subsidiaries.

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Taxation

Tax charged/(credited) in the income statement

	2019 £	2018 £
Current taxation		
UK corporation tax	(888,672)	(1,319,938)
UK corporation tax adjustment to prior periods	-	(289,990)
	<u>(888,672)</u>	<u>(1,609,928)</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(195,826)	348,258
Arising from changes in tax rates and laws	72,241	(53,376)
	<u>(123,585)</u>	<u>294,882</u>
Total deferred taxation	<u>(123,585)</u>	<u>294,882</u>
Tax receipt in the income statement	<u>(1,012,257)</u>	<u>(1,315,046)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Loss before tax	<u>(2,843,415)</u>	<u>(2,468,913)</u>
Corporation tax at standard rate	(540,249)	(469,093)
Increase/(decrease) from effect of different UK tax rates on some earnings	44,564	(68,309)
Effect of expense not deductible in determining taxable profit (tax loss)	1,085,707	51,617
Surrender of losses for R&D credit	1,653,318	1,796,241
Decrease in UK and foreign current tax from adjustment for prior periods	-	(307,000)
Tax increase from effect of exercise of employee share options	241,212	-
Deduction for R&D expenditure	<u>(3,496,809)</u>	<u>(2,318,502)</u>
Total tax credit	<u>(1,012,257)</u>	<u>(1,315,046)</u>

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Taxation (continued)

Deferred tax

Group

Deferred tax assets and liabilities

	Liability £
2019	
Accelerated capital allowances	976,308
Unused tax losses	(716,432)
Short term timing differences	(4,664)
	<u>255,212</u>
	<u>£</u>
2018	
Accelerated capital allowances	663,933
Unused tax losses	(282,048)
Short term timing differences	(81)
	<u>381,804</u>
	<u>£</u>

11 Intangible assets

Group

	Development costs £
Cost or valuation	
At 1 January 2019	5,439,627
Additions internally developed	3,245,170
Disposals	(106,604)
At 31 December 2019	<u>8,578,193</u>
Amortisation	
At 1 January 2019	1,765,129
Amortisation charge	765,750
Amortisation eliminated on disposals	(9,114)
At 31 December 2019	<u>2,521,765</u>
Carrying amount	
At 31 December 2019	<u>6,056,428</u>
At 31 December 2018	<u>3,674,498</u>

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

11 Intangible assets (continued)

Company

	Intellectual property £	Development costs £	Total £
Cost or valuation			
At 1 January 2019	4,700,000	-	4,700,000
Additions internally developed	-	6,919,668	6,919,668
Disposals	-	(106,604)	(106,604)
At 31 December 2019	<u>4,700,000</u>	<u>6,813,064</u>	<u>11,513,064</u>
Amortisation			
At 1 January 2019	2,554,972	-	2,554,972
Amortisation charge	485,301	765,750	1,251,051
Amortisation eliminated on disposals	-	(9,114)	(9,114)
At 31 December 2019	<u>3,040,273</u>	<u>756,636</u>	<u>3,796,909</u>
Carrying amount			
At 31 December 2019	<u>1,659,727</u>	<u>6,056,428</u>	<u>7,716,155</u>
At 31 December 2018	<u>2,145,028</u>	<u>-</u>	<u>2,145,028</u>

Development costs associated with the production of software platforms were acquired by Bede Gaming (Holdings) Limited in the year from Bede Gaming Limited. There was no impact at a group level.

Intangible assets relating to the cost of the intellectual property for the Bede Platform arose on acquisition from Bede Gaming Limited and are removed at a consolidated level.

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

12 Tangible assets

Group

	Fixtures and fittings £	Property improvements £	Office equipment £	Total £
Cost or valuation				
At 1 January 2019	408,430	293,736	144,709	846,875
Additions	111,081	232,244	48,527	391,852
Disposals	(2,509)	-	-	(2,509)
At 31 December 2019	517,002	525,980	193,236	1,236,218
Depreciation				
At 1 January 2019	313,492	107,318	115,806	536,616
Charge for the year	67,814	41,229	24,497	133,540
Eliminated on disposal	(874)	-	-	(874)
At 31 December 2019	380,432	148,547	140,303	669,282
Carrying amount				
At 31 December 2019	136,570	377,433	52,933	566,936
At 31 December 2018	94,938	186,418	28,903	310,259

13 Investments

Group

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
Bede Software Bulgaria	Floor 6, 3 Vitosha Blvd. Sredets District, Sofia Bulgaria	Ordinary	100%	100%

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Bede Gaming Malta (Holdings) Limited	Tower Gate Place, Tal-Qroqq Street, Msida MSD 1703 Malta	Ordinary	100%	100%
Bede Gaming Malta Limited	Tower Gate Place, Tal-Qroqq Street, Msida MSD 1703 Malta	Ordinary	100%	100%
Bede Gaming Limited*	Bevan House, 1 Esh Plaza, Sir Bobby Robson Way, Newcastle upon Tyne, NE13 9BA England	Ordinary	100%	100%
Bede Canada Limited*	2800 Park Place, 666 Burrard Street, Vancouver BC V6C2Z7 Canada	Ordinary	100%	100%

Subsidiary undertakings

Bede Software Bulgaria

The principal activity of Bede Software Bulgaria is software development

Bede Gaming Malta (Holdings) Limited

The principal activity of Bede Gaming Malta (Holdings) Limited is software development

Bede Gaming Malta Limited

The principal activity of Bede Gaming Malta Limited is software development

Bede Gaming Limited

The principal activity of Bede Gaming Limited is software development

Bede Canada Limited

The principal activity of Bede Canada Limited is software development

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Company

	2019 £	2018 £
Investments in subsidiaries	<u>6,631,877</u>	<u>5,967,810</u>

Subsidiaries

Cost or valuation

At 1 January 2019		5,967,810
Additions		<u>664,067</u>

At 31 December 2019		<u>6,631,877</u>
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Carrying amount

At 31 December 2019		<u>6,631,877</u>
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At 31 December 2018		<u>5,967,810</u>
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* - directly held by company

The closing investment balance is inclusive of loans to group undertakings of £5,639,137. In Bede Gaming Limited this amount is included as a capital contribution.

14 Debtors

	2019 £	Group 2018 £	2019 £	Company 2018 £
Trade debtors	483,586	2,081,362	-	131
Amounts owed by group undertakings	-	-	1,220,454	3,947,310
Other debtors	148,876	63,550	935	-
Prepayments and accrued income	9,655,639	557,019	-	-
Corporation tax asset	<u>1,654,704</u>	<u>1,361,520</u>	-	-
	<u>11,942,805</u>	<u>4,063,451</u>	<u>1,221,389</u>	<u>3,947,441</u>

15 Cash and cash equivalents

	2019 £	Group 2018 £	2019 £	Company 2018 £
Cash at bank	1,995,097	1,983,016	1,387,132	-
Short-term deposits	<u>50,000</u>	<u>50,000</u>	-	-
	<u>2,045,097</u>	<u>2,033,016</u>	<u>1,387,132</u>	<u>-</u>

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

16 Creditors

	Note	2019 £	Group 2018 £	2019 £	Company 2018 £
Due within one year					
Trade creditors		1,565,053	739,972	-	-
Amounts due to group undertakings		-	-	-	578
Social security and other taxes		211,868	359,467	-	-
Outstanding defined contribution pension costs		54,876	955	-	-
Other creditors		39,576	549	10,961	-
Accruals and deferred income		5,616,256	1,278,201	-	-
Corporation tax liability		468,776	41,581	-	19,553
Directors loan accounts	25	6,122,559	-	6,122,559	-
		<u>14,078,964</u>	<u>2,420,725</u>	<u>6,133,520</u>	<u>20,131</u>
Due after one year					
Loans and borrowings	17	<u>6,432,031</u>	<u>6,267,492</u>	<u>6,432,031</u>	<u>6,267,492</u>

17 Loans and borrowings

	2019 £	Group 2018 £	2019 £	Company 2018 £
Non-current loans and borrowings				
Other borrowings	<u>6,432,031</u>	<u>6,267,492</u>	<u>6,432,031</u>	<u>6,267,492</u>

Borrowings are repayable in 6 quarterly instalments commencing on the 5th anniversary of the loan date which is 30 March 2018. Original capital amount was £6,101,019.59 and it is interest bearing and accruing at a rate of 2% per annum above LIBOR.

18 Deferred tax and other provisions

Group

	Deferred tax £	Total £
At 1 January 2019	381,804	381,804
Increase (decrease) in existing provisions	<u>(126,591)</u>	<u>(126,591)</u>
At 31 December 2019	<u>255,213</u>	<u>255,213</u>

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

19 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £305,281 (2018 - £214,039).

Contributions totalling £54,876 (2018 - £955) were payable to the scheme at the end of the year and are included in creditors.

20 Share capital

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary of £0.01 each	<u>1,475,379</u>	<u>14,754</u>	<u>1,474,274</u>	<u>14,743</u>

On 18 December 2019 5 ordinary shares were issued at £0.05 per share and 1,100 ordinary shares were issued at £0.86 per share.

21 Reserves

Group

Called up share capital

This represents the nominal value of shares that have been issued.

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account

This reserve records retained earnings and accumulated losses.

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

22 Obligations under leases and hire purchase contracts

Group

Finance leases

Operating leases

The total of future minimum lease payments is as follows:

	2019	2018
	£	£
Not later than one year	180,680	124,490
Later than one year and not later than five years	684,720	497,960
Later than five years	27,223	143,931
	<u>892,623</u>	<u>766,381</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £124,490 (2018 - £124,490).

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

23 Share-based payments

Bede Gaming (Holdings) Limited EMI Share Option Plan

Scheme details and movements

The group established the Bede Gaming (Holdings) Limited EMI Share Option Plan for the grant of share options to eligible employees of the company and its subsidiaries. The option is intended to qualify as an EMI share option.

The company grants the option to the employee, which is a right to acquire the option shares at the exercise price, on the terms set out in the EMI Option Agreement.

The earliest date on which the option may be exercised shall (i) in the case of a share sale or asset sale, be immediately prior to or on the date which a share sale or asset sale occurs, and (ii) in the case of a listing the date which a listing occurs. This date is referred to as the vesting date.

The option shall be exercised in accordance with the rules. The exercise price is £0.86 per option share. This may be adjusted in accordance with the Plan if the company varies its share capital.

The option would lapse on the 10th anniversary of the date of grant of the option, assuming it was not exercised before then and no event occurred to cause it to lapse earlier under the rules. The option shall normally lapse if the holder ceases to be an employee.

The fair value of share options that are expected to vest are treated as an equity-settled share based payment.

The exercise of the option is not subject to any exercise conditions.

Subsequent to the year end, there was a share sale of the company's share which triggered the vesting and exercise dates.

The fair value of the services received have been measured by reference to the fair value of options granted. The estimated fair value of the option granted has been calculated using the Black Scholes option pricing model based on there being no observable market price for the equity instrument granted.

The movements in the number of share options during the year were as follows:

	2019 Number	2018 Number
Outstanding, start of period	39,623	-
Granted during the period	-	39,623
Outstanding, end of period	<u>39,623</u>	<u>39,623</u>

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

23 Share-based payments (continued)

The movements in the weighted average exercise price of share options during the year were as follows:

	2019 £	2018 £
Outstanding, start of period	0.86	-
Granted during the period	-	0.86
Outstanding, end of period	<u>0.86</u>	<u>0.86</u>

24 Analysis of changes in net debt

Group

	At 1 January 2019 £	Financing cash flows £	Other non-cash changes £	At 31 December 2019 £
Long term borrowings	6,267,492	-	164,539	6,432,031
Short term borrowings	-	6,000,000	122,559	6,122,559
	<u>6,267,492</u>	<u>6,000,000</u>	<u>287,098</u>	<u>12,554,590</u>

25 Related party transactions

Group

Intellectual Property & Software Limited were a related party by virtue of having common directors and shareholders. During the year the group made sales of £nil (2018 - £942,078) to Intellectual Property & Software Limited. Included within debtors at the year end was £nil (2018 - £nil) owed from Intellectual Property & Software Limited.

Rocket 9 Limited were a related party by virtue of having common directors and shareholders. During the year the group made sales of £nil (2018 - £229,552) to Rocket 9 Limited. Included within debtors at the year end was £nil (2018 - £nil) owed from Rocket 9 Limited.

Sports Gaming Limited are a related party by virtue of having common directors and shareholders. During the year Sports Gaming Limited provided an office furniture lease with associated interest payments of £nil (2018 - £17,400). Included within creditors at the year end was £nil (2018 - £nil) owed to Sports Gaming Limited.

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the group was £395,162 (2018 - £411,733).

Bede Gaming (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

25 Related party transactions (continued)

Company

Intellectual Property & Software Limited are a related party by virtue of having common directors and shareholders. During the year the company accrued interest on a loan provided from Intellectual Property & Software Limited of £164,539 (2018 - £135,072) and received a further loan of £nil (2018 - £4,000,000). Included in creditors due over 1 year is an amount of £6,432,031 (2018 - £6,267,492) owed to Intellectual Property & Software Limited.

Transactions with directors

	Advances from directors £	Interest on advances £	At 31 December 2019 £
2019			
J W Saumarez Smith	<u>3,562,500</u>	<u>52,141</u>	<u>3,614,641</u>
M J Brady	<u>675,000</u>	<u>19,125</u>	<u>694,125</u>
D R Smyth	<u>1,762,500</u>	<u>51,293</u>	<u>1,813,793</u>

26 Parent and ultimate parent undertaking

On 13 March 2020, all of the share capital of Bede Gaming (Holdings) Limited was acquired by Falcon Topco Limited, a UK subsidiary of adp Gauselmann GmbH.