

# **Ash Gaming Limited**

Report and Financial Statements

Year Ended

31 December 2012

Company Number 04070861

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# **Ash Gaming Limited**

## **Report and financial statements for the year ended 31 December 2012**

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### **Directors**

C P J Ash  
S Schrier  
R Waddell

### **Secretary and registered office**

P Wright, Fifth Floor, 61 Southwark Street, London, SE1 0HL

### **Company number**

04070861

### **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# Ash Gaming Limited

## Report of the directors for the year ended 31 December 2012

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The directors present their report together with the audited financial statements for the year ended 31 December 2012

### Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year

### Principal activities and review of business

The principal activity of the company during the year was computer software design

On 1 June 2012 the company sold its intellectual property to a fellow group undertaking of Playtech Limited, the ultimate parent company

Following that date, some of the company's activities and customer contracts have been transferred across to the same company and the principal activity of the business has become a development service centre for fellow group undertakings of Playtech Limited

### Directors

The directors of the company during the year were

C P J Ash  
S Schrier  
R Waddell

### Directors' responsibilities

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

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

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Ash Gaming Limited

## Report of the directors for the year ended 31 December 2012 (*continued*)

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### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing the director's report the directors have taken advantage of the exemptions allowed for small companies as set out in the Companies Act 2006.

### On behalf of the board

C P J Ash  
Director



24/6/13

# Ash Gaming Limited

## Independent auditor's report

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### To the members of Ash Gaming Limited

We have audited the financial statements of Ash Gaming Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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 statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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 company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

# Ash Gaming Limited

## Independent auditor's report (*continued*)

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### 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, or
- the directors were not entitled to prepare the directors' report in accordance with the small companies' regime



Kieran Storan (*senior statutory auditor*)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

24/6/13

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

# Ash Gaming Limited

## Profit and loss account for the year ended 31 December 2012

	Note	Year ended 31 December 2012 £	8 months ended 31 December 2011 £
<b>Turnover</b>	2	6,660,504	3,504,340
Cost of sales		3,866,320	1,584,463
<b>Gross profit</b>		2,794,184	1,919,877
Administrative expenses		746,473	486,397
<b>Operating profit</b>	3	2,047,711	1,433,480
Profit on disposal of intangible asset		44,168	-
<b>Profit on ordinary activities before interest and other income</b>		2,091,879	1,433,480
Other interest receivable and similar income		5,352	3,578
<b>Profit on ordinary activities before taxation</b>		2,097,231	1,437,058
Taxation on profit on ordinary activities	7	(545,280)	638,565
<b>Profit on ordinary activities after taxation</b>		1,551,951	2,075,623

All amounts relate to continuing activities

All recognised gains and losses in the current year and prior period are included in the profit and loss account

The notes on pages 7 to 18 form part of these financial statements

# Ash Gaming Limited

## Balance sheet at 31 December 2012

Company number 04070861

	Note	31 December 2012 £	31 December 2012 £	31 December 2011 £	31 December 2011 £
<b>Fixed assets</b>					
Intangible assets	9	-	-	-	1,377,778
Tangible assets	10		136,601		100,771
			<u>136,601</u>		<u>1,478,549</u>
<b>Current assets</b>					
Stocks	11	-	-	600,049	-
Debtors	12	2,243,195	-	1,788,653	-
Cash at bank and in hand		3,336,373	-	164,366	-
		<u>5,579,568</u>		<u>2,553,068</u>	
<b>Creditors: amounts falling due within one year</b>	13	1,579,597		1,524,320	
		<u>1,579,597</u>		<u>1,524,320</u>	
<b>Net current assets</b>			3,999,971		1,028,748
<b>Total assets less current liabilities</b>			4,136,572		2,507,297
<b>Provisions for liabilities</b>	14		16,338		16,338
			<u>4,120,234</u>		<u>2,490,959</u>
<b>Capital and reserves</b>					
Called up share capital	16		1,510		1,510
Share premium account	17		334,489		334,489
Capital contribution reserve	17		77,324		-
Profit and loss account	17		3,706,911		2,154,960
			<u>4,120,234</u>		<u>2,490,959</u>
<b>Shareholders' funds</b>	18		4,120,234		2,490,959

The financial statements were approved by the board of directors and authorised for issue on 24/6/13

C P J Ash  
Director



The notes on pages 7 to 18 form part of these financial statements



# Ash Gaming Limited

## Notes forming part of the financial statements for the year ended 31 December 2012

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention

The following principal accounting policies have been applied

#### *Turnover*

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of value added tax and trade discounts. Income is recognised at the point a game is made available to the customer.

Turnover in respect of development services to fellow group undertakings is recognised when those services are provided.

#### *Intangible fixed assets and amortisation*

Trademarks and licences are capitalised at cost and are amortised over the trademark/licence period of 3 years on a straight line basis.

#### *Research and development*

Development expenditure is written off in the year incurred unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation the expenditure is capitalised within intangible fixed assets and is amortised over the period from which the company is expected to benefit, which is normally 3 years.

In respect of games that are developed and licensed to customers, only the direct employment costs related to developing those games are capitalised within intangible fixed assets and are amortised over the period from which the company is expected to benefit, which is normally 3 years.

In respect of games that are developed and sold to customers, a proportion of development expenditure, based upon projected revenue, is recognised within debtors and amortised over the period from which the company is expected to benefit, which is normally 3 years.

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Short term leasehold property	- Straight line over the term of the lease
Fixtures and fittings	- 33 33% straight line
Computer equipment	- 33 33% straight line

#### *Work in progress and deferred income*

Payments received in advance are accounted for via deferred income.

Work in progress is valued at the lower of cost and net realisable value on a game by game basis.

# Ash Gaming Limited

## Notes forming part of the financial statements for the year ended 31 December 2012 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

#### *Foreign currency*

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

#### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

#### *Share-based payment*

Certain employees participate in the ultimate parent company's share option plan. The fair value of the options granted is charged to the profit and loss account over the vesting period and the credit is taken to reserves, based on the company's estimate of shares that will eventually vest. Fair value is determined by the Binomial valuation model. The share option plan does not have any performance conditions.

#### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Playtech Limited and the company is included in consolidated financial statements.

#### *Dividends*

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### *Leased assets*

All leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### *Progressive and other operators' jackpots*

Several of the company's licences participate in progressive jackpot games. Each time a progressive jackpot game is played, a preset amount is added to a cumulative jackpot for that specific game. The accrual for the jackpot at the balance sheet date is included in other creditors.

# Ash Gaming Limited

## Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

### 2 Turnover

Turnover is wholly attributable to the principal activity of the company

The analysis of turnover by geographical market required by paragraph 68 of Schedule 1 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 has not been provided as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company

### 3 Operating profit

	Year ended 31 December 2012 £	8 months ended 31 December 2011 £
This is arrived at after charging		
Research and development - amortisation of capitalised expenditure	333,220	526,191
Depreciation of tangible fixed assets	90,336	128,687
Amortisation of other intangible fixed assets	12,790	31,006
Hire of other assets - operating leases	144,639	67,486
Fees payable to the company's auditor for auditing of the company's annual accounts	15,000	12,500
Fees payable to the company's auditor or an associate of the company's auditor for other non-audit services	3,175	-
Exchange differences	2,076	22,898
Share-based payment (see note 19)	77,324	-
Pension costs	87,909	42,399
Fees payable to the company's auditor for other non-audit services	3,175	2,500
	<u>          </u>	<u>          </u>

### 4 Employees

Staff costs (including directors) consist of

	Year ended 31 December 2012 £	8 months ended 31 December 2011 £
Wages and salaries	2,544,533	648,376
Social security costs	243,822	135,215
Other pension costs	87,909	42,399
	<u>          </u>	<u>          </u>
	<u>2,876,264</u>	<u>825,990</u>

The average number of employees (including directors) during the year/period was 58 (2011 - 44)

# Ash Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 5 Directors' remuneration

	Year ended 31 December 2012 £	8 months ended 31 December 2011 £
Directors' emoluments	413,356	241,009
Company contributions to money purchase pension schemes	36,810	42,400

The total amount payable to the highest paid director in respect of emoluments was £181,165 (2011 - £111,009) Company pension contributions of £6,710 (2011 - £8,000) were made to a money purchase scheme on their behalf

## 6 Profit on disposal of intangible assets

On 1 June 2012, the company sold its intellectual property to a fellow group undertaking The profit on disposal was calculated as follows

	£
Proceeds	1,677,506
Intangible assets	(1,031,768)
Work in progress	(601,570)
Profit on disposal	44,168

# Ash Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 7 Taxation on profit on ordinary activities

	Year ended 31 December 2012 £	8 months ended 31 December 2011 £
<i>UK Corporation tax</i>		
Current tax on profits of the year/period	545,280	(638,565)

The tax assessed for the year/period is higher than/lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below

	Year ended 31 December 2012 £	8 months ended 31 December 2011 £
Profit on ordinary activities before tax	2,097,231	1,437,058
Profit on ordinary activities at the standard rate of corporation tax in the UK of 24.5% (2011 - 26%)	513,822	373,635
Effect of:		
Expenses not deductible for tax purposes	24,321	25,648
Depreciation for period in excess of capital allowances	4,516	10,002
Deduction for EMI shares exercised in the period	-	(1,095,447)
Losses carried forward	-	47,597
Other timing differences	2,621	-
Current tax charge/(credit) for the year/period	545,280	(638,565)

# Ash Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 8 Dividends

	Year ended 31 December 2012 £	8 months ended 31 December 2011 £
Ordinary shares		
Interim paid of £Nil (2011 - £15 60) per share	-	2,356,486
	<u>          </u>	<u>          </u>
Dividends paid to directors during the year amounted to £Nil (2011 - £1,641,898)		

## 9 Intangible fixed assets

	Development costs £	Trademarks and licences £	Total £
<i>Cost</i>			
At 1 January 2012	2,152,265	81,168	2,233,433
Disposals	(2,152,265)	(81,168)	(2,233,433)
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2012	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Amortisation</i>			
At 1 January 2012	803,011	52,644	855,655
Provided for the year	333,220	12,790	346,010
Disposals	(1,136,231)	(65,434)	(1,201,665)
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2012	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Net book value</i>			
At 31 December 2012	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2011	1,349,254	28,524	1,377,778
	<u>          </u>	<u>          </u>	<u>          </u>

On 1 June 2012, the company transferred its intangible fixed assets to a fellow group undertakings. See note 6 for further details.

# Ash Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 10 Tangible fixed assets

	Short term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>				
At 1 January 2012	66,199	67,247	169,000	302,446
Additions	39,818	39,793	46,555	126,166
	<u>106,017</u>	<u>107,040</u>	<u>215,555</u>	<u>428,612</u>
<i>Depreciation</i>				
At 1 January 2012	37,437	38,840	125,398	201,675
Provided for the year	32,871	19,775	37,690	90,336
	<u>70,308</u>	<u>58,615</u>	<u>163,088</u>	<u>292,011</u>
<i>Net book value</i>				
At 31 December 2012	<u>35,709</u>	<u>48,425</u>	<u>52,467</u>	<u>136,601</u>
At 31 December 2011	<u>28,762</u>	<u>28,407</u>	<u>43,602</u>	<u>100,771</u>

## 11 Stocks

	31 December 2012 £	31 December 2011 £
Work in progress	-	600,049

All work in progress was transferred across to the fellow group undertaking together with the intangible assets. Further details are provided in note 6 and 9.

# Ash Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (continued)

## 12 Debtors

	31 December 2012 £	31 December 2011 £
Amounts receivable within one year		
Trade debtors	682,026	1,379,221
Amounts owed by group undertakings	1,065,154	-
Corporation tax recoverable	-	24,944
Other debtors	10,295	8,719
Prepayments and accrued income	448,750	279,976
Amounts recoverable on long term contracts	36,970	38,679
	<u>2,243,195</u>	<u>1,731,539</u>
Amounts receivable after more than one year		
Amounts recoverable on long term contracts	-	57,114
	<u>-</u>	<u>57,114</u>
Total debtors	<u>2,243,195</u>	<u>1,788,653</u>

## 13 Creditors: amounts falling due within one year

	31 December 2012 £	31 December 2011 £
Trade creditors	52,281	32,698
Corporation tax	167,447	-
Other taxation and social security	165,418	153,200
Directors' loans	207	-
Other creditors	371,620	716,769
Accruals and deferred income	822,624	621,653
	<u>1,579,597</u>	<u>1,524,320</u>



# Ash Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 14 Provisions for liabilities

	Deferred taxation £
At 1 January 2012 and 31 December 2012	16,338

### *Deferred taxation*

	31 December 2012 £	31 December 2011 £
Accelerated capital allowances	12,934	12,934
Revaluation surplus	3,404	3,404
	<u>16,338</u>	<u>16,338</u>

## 15 Pensions

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 pension charge amounted to £87,909 (2011 - £42,400). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

## 16 Share capital

	31 December 2012 £	31 December 2011 £
<i>Allotted, called up and fully paid</i>		
151,035 Ordinary shares of £0.01 each	<u>1,510</u>	<u>1,510</u>

# Ash Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 *(continued)*

## 17 Reserves

	Share premium account £	Capital contribution reserve £	Profit and loss account £
At 1 January 2012	334,489	-	2,154,960
Profit for the year	-	-	1,551,951
Other movements	-	77,324	-
	<hr/>	<hr/>	<hr/>
At 31 December 2012	<b>334,489</b>	<b>77,324</b>	<b>3,706,911</b>
	<hr/>	<hr/>	<hr/>

## 18 Reconciliation of movements in shareholders' funds

	31 December 2012 £	31 December 2011 £
Profit for the year/period	<b>1,551,951</b>	2,075,623
Dividends	-	(2,356,486)
	<hr/>	<hr/>
	<b>1,551,951</b>	(280,863)
Other net recognised gains and losses relating to the year	<b>77,324</b>	-
Issue of shares	-	293
Premium on shares issued during the year	-	118,302
	<hr/>	<hr/>
Net additions to/(deductions from) shareholders' funds	<b>1,629,275</b>	(162,268)
Opening shareholders' funds	<b>2,490,959</b>	2,653,227
	<hr/>	<hr/>
Closing shareholders' funds	<b>4,120,234</b>	2,490,959
	<hr/>	<hr/>

# Ash Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (continued)

## 19 Share-based payments

The ultimate parent company introduced a Company Share Option Plan ("CSOP") for certain employees of the company during the year. Options granted under the plan vest on the first day on which they become exercisable which is three years after the grant date. Further details on the terms of this scheme are discussed in more detail in the group annual report.

	31 December 2012 Weighted average exercise price £	31 December 2012 Number	31 December 2011 Weighted average exercise price £	31 December 2011 Number
Outstanding at the beginning of the year/period	-	-	3.99	29,079
Granted during the year/period	3.48	420,000	-	-
Forfeited during the year/period	3.48	(40,000)	-	-
Exercised during the year/period	-	-	3.99	(29,079)
	<u>3.48</u>	<u>380,000</u>	<u>-</u>	<u>-</u>
Outstanding at the end of the year/period	3.48	380,000	-	-

For the options granted during the year the weighted average fair value at the date of grant was £1.41. The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based remuneration schemes operated by Ash Gaming Limited.

	31 December 2012	31 December 2011
<b>Equity-settled</b>		
Option pricing model used	Black-Scholes	Black-Scholes
Weighted average exercise price at grant date £	1.41	-
Exercise price £	3.48	-
Expected volatility	48.88 %	- %
Risk-free rate	1.82 %	- %
Dividend yield	2.95 %	- %

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years.

The share-based remuneration expense (note 3) comprises

	31 December 2012 £	31 December 2011 £
Equity-settled schemes	77,324	-

The company did not enter into any share-based payment transactions with parties other than employees during the current year or prior period.

# Ash Gaming Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 20 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 31 December 2012 £	Land and buildings 31 December 2011 £
Operating leases which expire		
Within one year	119,084	-
In two to five years	-	121,529

## 21 Related party disclosures

The company is a wholly owned subsidiary of Playtech Limited, and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Playtech Limited or other wholly owned subsidiaries within the group

## 22 Ultimate parent company and parent undertaking of larger group

The company's immediate parent company is Technology Trading IOM Limited, a company incorporated in the Isle of Man. The company's ultimate parent company is Playtech Limited, a company incorporated in the Isle of Man, and listed on the London Stock Exchange Main Market

The largest and smallest group in which the results of the company are consolidated is that headed by Playtech Limited. The consolidated accounts of this company are available to the public and may be obtained from the group's website ([www.playtech.com](http://www.playtech.com)). No other group accounts include the results of the company