

Company Registration No. 5425266 (England and Wales)

**GAMING TECHNOLOGY SOLUTIONS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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# **GAMING TECHNOLOGY SOLUTIONS LIMITED**

## **COMPANY INFORMATION**

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|                          |  |
|--------------------------|--|
| <b>Directors</b>         | A Ambrose<br>A Porter  |
| <b>Secretary</b>         | B Moore  |
| <b>Company number</b>    | 5425266  |
| <b>Registered office</b> | 55 Baker Street<br>London<br>W1U 7EU                                       |
| <b>Auditors</b>          | BDO LLP<br>55 Baker Street<br>London<br>W1U 7EU                            |
| <b>Business address</b>  | 2nd Floor Waterfront House<br>Wherry Quay<br>Ipswich<br>Suffolk<br>IP4 1AS |

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# **GAMING TECHNOLOGY SOLUTIONS LIMITED**

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# GAMING TECHNOLOGY SOLUTIONS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2014**

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The directors present their report and financial statements for the year ended 31 December 2014.

### Principal activities

The principal activity of the company is the provision of development and administrative services to fellow group undertakings in respect of their online gaming activities.

The company is a wholly owned subsidiary undertaking of Playtech PLC, a company which is listed on the London Stock Exchange Main Market, and contracts with online and land-based gaming operators. A detailed review of Playtech PLC, which includes the financial performance and financial position of Gaming Technology Solutions Limited, is available in the annual report of Playtech PLC for the year ended 31 December 2014.

### Review of the business

The principal risks and uncertainties of the company are very similar to those disclosed in the annual report of Playtech Limited for the year ended 31 December 2014.

The key financial performance indicators used by the Board to monitor the financial performance of the company and its results for 2014 are as follows:

Turnover increased from £11.9m to £13.8m, growth of 14%

Costs increased by 16% from £10.9m to £13.0m

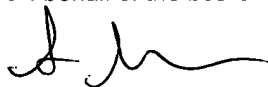
Profit before tax decreased to £0.8m compared to profit before tax in 2013 of £1.0m

The Board also uses non financial performance indicators such as headcount to ensure staff levels remain at the optimum level to maximise performance.

### Financial risk management

The company makes little use of financial instruments other than operational bank accounts. Hence its exposure to price, credit, counterparty and liquidity risks is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

On behalf of the board



.....  
A Ambrose  
Director  
.....

# **GAMING TECHNOLOGY SOLUTIONS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2014**

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The directors present their report and financial statements for the year ended 31 December 2014.

#### **Results and dividends**

The results for the year are set out on page 6.

The directors do not recommend a final dividend for the year (2013 - £nil).

#### **Directors**

The following directors have held office since 1 January 2014:

|              |                             |
|--------------|-----------------------------|
| P S K Wright | (Resigned 5 December 2014)  |
| C P J Ash    | (Resigned 9 February 2015)  |
| P D Morris   | (Resigned 16 April 2014)    |
| A Ambrose    | (Appointed 8 December 2014) |
| A Porter     | (Appointed 5 December 2014) |

#### **Auditors**

In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditors of the company will be put at a General Meeting.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, 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.

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## DIRECTORS' REPORT (CONTINUED)

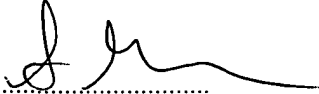
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



A Ambrose

Director

29 September 2015

# **GAMING TECHNOLOGY SOLUTIONS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF GAMING TECHNOLOGY SOLUTIONS LIMITED**

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We have audited the financial statements of Gaming Technology Solutions Limited for the year ended 31 December 2014 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 auditors' 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 Financial Reporting Councils (FRC's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](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 2014 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 strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF GAMING TECHNOLOGY SOLUTIONS LIMITED

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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.



David Campbell (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

29/9/15

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



# GAMING TECHNOLOGY SOLUTIONS LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 DECEMBER 2014**

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|   | Notes | 2014<br>£      | 2013<br>£      |
|---|-------|----------------|----------------|
| Turnover                                      | 2     | 13,774,815     | 11,861,545     |
| Administrative expenses                       |       | (12,955,726)   | (10,853,149)   |
|   |       | <hr/>          | <hr/>          |
| Profit on ordinary activities before taxation | 3     | 819,089        | 1,008,396      |
| Tax on profit on ordinary activities          | 4     | (285,014)      | (350,561)      |
|   |       | <hr/>          | <hr/>          |
| Profit for the year                           | 13    | <u>534,075</u> | <u>657,835</u> |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 8 to 18 form part of these financial statements.

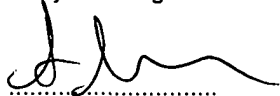
# GAMING TECHNOLOGY SOLUTIONS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2014

|   | Notes | 2014<br>£         | £                | 2013<br>£         | £                |
|---|-------|-------------------|------------------|-------------------|------------------|
| <b>Fixed assets</b>                                   |       |                   |                  |                   |                  |
| Intangible assets                                     | 5     |                   | 3,411            |                   | 6,709            |
| Tangible assets                                       | 6     |                   | 1,857,981        |                   | 927,655          |
| Investments   | 7     |                   | 2,127,125        |                   | 2,127,125        |
|   |       |                   | <u>3,988,517</u> |                   | <u>3,061,489</u> |
| <b>Current assets</b>                                 |       |                   |                  |                   |                  |
| Debtors   | 8     | 18,537,624        |                  | 11,370,760        |                  |
| Cash at bank and in hand                              |       | 811,852           |                  | 978,369           |                  |
|   |       | <u>19,349,476</u> |                  | <u>12,349,129</u> |                  |
| <b>Creditors: amounts falling due within one year</b> | 9     | (18,757,923)      |                  | (11,364,623)      |                  |
| <b>Net current assets</b>                             |       |                   | <u>591,553</u>   |                   | <u>984,506</u>   |
| <b>Total assets less current liabilities</b>          |       |                   | <u>4,580,070</u> |                   | <u>4,045,995</u> |
| <b>Capital and reserves</b>                           |       |                   |                  |                   |                  |
| Called up share capital                               | 12    |                   | 2,250,005        |                   | 2,250,005        |
| Share premium account                                 | 13    |                   | 130,273          |                   | 130,273          |
| Capital contribution reserve                          | 13    |                   | 387,019          |                   | 387,019          |
| Profit and loss account                               | 13    |                   | 1,812,773        |                   | 1,278,698        |
| <b>Shareholders' funds</b>                            | 14    |                   | <u>4,580,070</u> |                   | <u>4,045,995</u> |

The financial statements were approved by the Board of directors and authorised for issue on 29 September 2015  
They were signed on its behalf by:



A Ambrose  
Director

Company Registration No. 5425266

The notes on pages 8 to 18 form part of these financial statements.

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The company has taken advantage of the exemption conferred by Financial Reporting Standard No 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights of the company are controlled within the group headed by Playtech PLC and the company is included in consolidated financial statements.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.4 Intellectual property rights

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

#### 1.5 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the director's are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

|                                |  |
|--------------------------------|--|
| Land and buildings leasehold   | Straight line over the length of the lease |
| Computer equipment             | 33 1/3% straight line                      |
| Fixtures, fittings & equipment | 20% straight line                          |

#### 1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

#### 1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

# **GAMING TECHNOLOGY SOLUTIONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

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### **1 Accounting policies**

**(Continued)**

#### **1.9 Pensions**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### **1.10 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### **1.11 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### **1.12 Share-based payments**

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 Black-Scholes valuation model. The share options plan does not have any performance conditions other than continued service.

#### **1.13 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company has taken advantage of the exemptions provided by section 400 of the Companies Act 2006, not to prepare group accounts as it is included in non-EEA group accounts of a larger group, of which it is more than 50% owned.

#### **1.14 Cashflow Statement**

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

#### **1.15 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.

### **2 Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

|          |   |                   |                   |
|----------|---|-------------------|-------------------|
| <b>3</b> | <b>Operating profit</b>   | <b>2014</b>       | <b>2013</b>       |
|          |   | <b>£</b>          | <b>£</b>          |
|          | Operating profit is stated after charging:  |                   |                   |
|          | Amortisation of intangible assets   | 3,298             | 3,286             |
|          | Depreciation of tangible assets   | 358,811           | 316,700           |
|          | Loss/(Profit) on foreign exchange transactions  | 38,793            | 10,820            |
|          | Operating lease rentals   | 781,781           | 678,595           |
|          | Share based payments (note 11)  | -                 | 50,473            |
|          | Auditors' remuneration - audit  | 7,100             | 9,600             |
|          | Non-audit services - tax compliance   | 2,500             | 2,500             |
|          | Directors' remuneration   | 19,287            | -                 |
|          |   | <u>          </u> | <u>          </u> |
| <b>4</b> | <b>Taxation</b>   | <b>2014</b>       | <b>2013</b>       |
|          |   | <b>£</b>          | <b>£</b>          |
|          | <b>Domestic current year tax</b>  |                   |                   |
|          | U.K. corporation tax  | 285,014           | 224,196           |
|          | Adjustment for prior years  | -                 | 126,365           |
|          |   | <u>          </u> | <u>          </u> |
|          | <b>Total current tax</b>  | <b>285,014</b>    | <b>350,561</b>    |
|          |   | <u>          </u> | <u>          </u> |
|          | <b>Factors affecting the tax charge for the year</b>  |                   |                   |
|          | Profit on ordinary activities before taxation   | 819,089           | 1,008,396         |
|          |   | <u>          </u> | <u>          </u> |
|          | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.49% (2013 - 23.25%) | 176,022           | 234,452           |
|          |   | <u>          </u> | <u>          </u> |
|          | Effects of:   |                   |                   |
|          | Expenses not deductible for tax purposes  | 151,177           | 113,346           |
|          | Depreciation less than capital allowances   | (33,350)          | 19,086            |
|          | Adjustments to previous periods   | -                 | 126,365           |
|          | Other short timing differences  | (8,835)           | (142,688)         |
|          |   | <u>          </u> | <u>          </u> |
|          |   | 108,992           | 116,109           |
|          |   | <u>          </u> | <u>          </u> |
|          | <b>Current tax charge for the year</b>  | <b>285,014</b>    | <b>350,561</b>    |
|          |   | <u>          </u> | <u>          </u> |

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 5 Intangible fixed assets

|   | Intellectual<br>property<br>rights<br>£ | Trademarks<br>£ | Total<br>£ |
|---|---|-----------------|------------|
| <b>Cost</b>                               |   |                 |            |
| At 1 January 2014 and at 31 December 2014 | 3,500                                   | 12,930          | 16,430     |
| <b>Amortisation</b>                       |   |                 |            |
| At 1 January 2014                         | 3,500                                   | 6,221           | 9,721      |
| Charge for the year                       | -                                       | 3,298           | 3,298      |
| At 31 December 2014                       | 3,500                                   | 9,519           | 13,019     |
| <b>Net book value</b>                     |   |                 |            |
| At 31 December 2014                       | -                                       | 3,411           | 3,411      |
| At 31 December 2013                       | -                                       | 6,709           | 6,709      |

### 6 Tangible fixed assets

|                       | Land and<br>buildings<br>leasehold<br>£ | Computer<br>equipment<br>£ | Fixtures,<br>fittings &<br>equipment<br>£ | Total<br>£ |
|-----------------------|---|----------------------------|---|------------|
| <b>Cost</b>           |   |                            |   |            |
| At 1 January 2014     | 479,900                                 | 1,430,590                  | 407,930                                   | 2,318,420  |
| Additions             | 876,137                                 | 361,638                    | 51,362                                    | 1,289,137  |
| At 31 December 2014   | 1,356,037                               | 1,792,228                  | 459,292                                   | 3,607,557  |
| <b>Depreciation</b>   |   |                            |   |            |
| At 1 January 2014     | 131,421                                 | 1,067,119                  | 192,225                                   | 1,390,765  |
| Charge for the year   | 50,298                                  | 261,168                    | 47,345                                    | 358,811    |
| At 31 December 2014   | 181,719                                 | 1,328,287                  | 239,570                                   | 1,749,576  |
| <b>Net book value</b> |   |                            |   |            |
| At 31 December 2014   | 1,174,318                               | 463,941                    | 219,722                                   | 1,857,981  |
| At 31 December 2013   | 348,479                                 | 363,471                    | 215,705                                   | 927,655    |

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 7 Fixed asset investments

|   | Shares in subsidiary undertakings<br>£ |
|---|--|
| <b>Cost</b>                               |  |
| At 1 January 2014 and at 31 December 2014 | 2,127,125                              |
| <b>Net book value</b>                     |  |
| At 31 December 2014                       | 2,127,125                              |
| At 31 December 2013                       | 2,127,125                              |

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

| Company                        | Country of registration or incorporation | Class    | Shares held | %      |
|--------------------------------|--|----------|-------------|--------|
| <b>Subsidiary undertakings</b> |  |          |             |        |
| V S Gaming Limited             | England                                  | Ordinary |             | 100.00 |
| VS Technology Limited          | England                                  | Ordinary |             | 100.00 |

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

|                       |  | Capital and reserves<br>2014<br>£ | Profit/(loss) for the year<br>2014<br>£ | Capital and reserves<br>2013<br>£ | Profit/(loss) for the year<br>2013<br>£ |
|-----------------------|--|-----------------------------------|---|-----------------------------------|---|
| VS Gaming Limited     | Principal activity<br>Software development of internet games | (109,600)                         | (160,937)                               | 51,337                            | (75,063)                                |
| VS Technology Limited | Development of software platform                             | 1,257,292                         | (16,316)                                | 1,273,608                         | 139,560                                 |

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

| <b>8 Debtors</b>  | <b>2014</b>       | <b>2013</b>       |
|---|-------------------|-------------------|
|   | <b>£</b>          | <b>£</b>          |
| Trade debtors   | 2,118             | -                 |
| Amounts owed by parent and fellow subsidiary undertakings | 18,184,980        | 10,879,537        |
| Other debtors   | 103,191           | 266,003           |
| Prepayments and accrued income                            | 247,335           | 225,220           |
|   | <u>18,537,624</u> | <u>11,370,760</u> |

| <b>9 Creditors: amounts falling due within one year</b>   | <b>2014</b>       | <b>2013</b>       |
|---|-------------------|-------------------|
|   | <b>£</b>          | <b>£</b>          |
| Trade creditors   | 64,040            | 41,949            |
| Amounts owed to parent and fellow subsidiary undertakings | 17,641,144        | 10,054,233        |
| Corporation tax   | 88,585            | 30,032            |
| Other taxes and social security costs                     | 371,574           | 429,786           |
| Other creditors   | 61,642            | 232,889           |
| Accruals and deferred income                              | 530,938           | 575,734           |
|   | <u>18,757,923</u> | <u>11,364,623</u> |

### 10 Retirement Benefits

|   | <b>2014</b>    | <b>2013</b>    |
|---|----------------|----------------|
|   | <b>£</b>       | <b>£</b>       |
| Contributions payable by the company for the year | <u>275,411</u> | <u>196,908</u> |

### 11 Share-based payment transactions

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



# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

### 11 Share-based payment transactions

(Continued)

|                                      | Number of<br>options | Weighted<br>average<br>exercise price | Number of<br>options | Weighted<br>average<br>exercise price |
|--------------------------------------|----------------------|---------------------------------------|----------------------|---------------------------------------|
|                                      | 2014                 | 2014<br>£                             | 2013                 | 2013<br>£                             |
| Outstanding at the start of the year | 44,371               | 4.16                                  | 300,000              | 4.16                                  |
| Transferred during the year          | -                    | -                                     | 35,000               | 4.16                                  |
| Exercised during the year            | (27,780)             | 4.16                                  | (206,207)            | 4.16                                  |
| Forfeited during the year            | (1,869)              | 4.16                                  | (84,422)             | 4.16                                  |
| Outstanding at the end of the year   | <u>14,722</u>        | <u>4.16</u>                           | <u>44,371</u>        | <u>4.16</u>                           |

The exercise price of options outstanding at the end of the year was £4.16 (2013 - £3.44 and £4.16) and their weighted average contractual life was 3 years (2013 - 3 years). All of the options outstanding at the end of the year had vested and were exercisable at the end of the year (2013 - all).

The weighted average share price (at the date of exercise) of options granted during the year was £nil (2013 - £nil). The weighted average fair value of each option granted during the year was £nil (2013 - £nil).

The following information is relevant in the determination of the fair value of options granted during the previous year under the equity share based remuneration schemes operated by the ultimate parent company:

|  | 2014<br>£ | 2011<br>£     |
|--|-----------|---------------|
| Options pricing model used                 | -         | Black-Scholes |
| Weighted average share price at grant date | -         | £3.44         |
| Exercise price                             | -         | £3.44         |
| Weighted average contractual life (years)  | -         | 3             |
| Expected volatility                        | -         | 49.8%         |
| Expected dividend growth rate              | -         | 2.76%         |
| Risk-free interest rate                    | -         | 2.15%         |

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over a period starting from the initial date of flotation through to the grant date.

The share-based remuneration expense comprises:

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

### 11 Share-based payment transactions (Continued)

|                       | 2014<br>£ | 2013<br>£ |
|-----------------------|-----------|-----------|
| Equity-settled scheme | -         | 50,473    |

| 12 Share capital                          | 2014<br>£ | 2013<br>£ |
|---|-----------|-----------|
| <b>Allotted, called up and fully paid</b> |           |           |
| 45,000,093 Ordinary shares of 5p each     | 2,250,005 | 2,250,005 |

### 13 Statement of movements on reserves

|  | Share<br>premium<br>account<br>£ | Capital contribution<br>reserve<br>£ | Profit and loss<br>account<br>£ |
|--|----------------------------------|--------------------------------------|---------------------------------|
| Balance at 1 January 2014 as previously reported | 130,273                          | 387,019                              | 1,278,698                       |
| Profit for the year                              | -                                | -                                    | 534,075                         |
| Balance at 31 December 2014                      | 130,273                          | 387,019                              | 1,812,773                       |

| 14 Reconciliation of movements in shareholders' funds | 2014<br>£ | 2013<br>£ |
|---|-----------|-----------|
| Profit for the financial year                         | 534,075   | 657,835   |
| Share based payment transactions                      | -         | 50,473    |
| Net addition to shareholders' funds                   | 534,075   | 708,308   |
| Opening shareholders' funds                           | 4,045,995 | 3,337,687 |
| Closing shareholders' funds                           | 4,580,070 | 4,045,995 |

### 15 Contingent liabilities

The company together with its wholly owned subsidiaries, has given a guarantee in respect of bank borrowings which amounted to £30,000 at 31 December 2014 (2013: £30,000).

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

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### 16 Financial commitments

At 31 December 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2015:

|                                | Land and buildings |                |
|--------------------------------|--------------------|----------------|
|                                | 2014               | 2013           |
|                                | £                  | £              |
| Operating leases which expire: |                    |                |
| Between two and five years     | 50,004             | 71,600         |
| In over five years             | 457,261            | 750,000        |
|                                | <u>507,265</u>     | <u>821,600</u> |

### 17 Directors' remuneration

|                                      | 2014          | 2013     |
|--------------------------------------|---------------|----------|
|                                      | £             | £        |
| Remuneration for qualifying services | <u>19,287</u> | <u>-</u> |

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 18 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

|                | 2014<br>Number | 2013<br>Number |
|----------------|----------------|----------------|
| Management     | 9              | 5              |
| Operations     | 13             | 13             |
| Marketing      | 25             | 19             |
| Development    | 75             | 72             |
| Administration | 17             | 14             |
|                | <u>139</u>     | <u>123</u>     |

#### Employment costs

|                              | 2014<br>£         | 2013<br>£        |
|------------------------------|-------------------|------------------|
| Wages and salaries           | 8,777,992         | 7,308,468        |
| Social security costs        | 960,515           | 791,763          |
| Other pension costs          | 275,411           | 196,908          |
| Costs of share option scheme | -                 | 50,473           |
|                              | <u>10,013,918</u> | <u>8,347,612</u> |

No director received any remuneration during the year (2013 - none).

### 19 Control

The immediate parent company is Technology Trading (IOM) Limited, a company incorporated in the Isle of Man, United Kingdom. The ultimate parent company is Playtech PLC, a company incorporated in the Isle of Man. Playtech PLC is listed on the London Stock Exchange Main Market and copies of its consolidated financial statements may be obtained from the group's website ([www.playtech.com](http://www.playtech.com)). The smallest and largest group in which the company's results are consolidated is that headed by Playtech PLC.

# **GAMING TECHNOLOGY SOLUTIONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2014***

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### **20 Related party relationships and transactions**

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

In 2012, the company entered into an operating lease agreement with Anise Development Limited. The lease included a capital contribution from the landlord towards fit out costs, and these totalled £311,531. The costs have been capitalised as part of tangible fixed assets and accounted for as a lease incentive, with the benefit being recognised in the profit and loss account over the period to the first rent review. During 2014 a further lease agreement was entered into with Anise Development Limited in order to expand the existing premises occupied by the company. A rent charge of £781,781 (2013 - £678,595) has been recognised in the profit and loss account for the year in respect of this lease. Anise Development Limited is related to the company by virtue of a common significant shareholder of Playtech PLC, the company's ultimate parent company.