Company Registration No. 5425266 (England and Wales)

GAMING TECHNOLOGY SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

GAMING TECHNOLOGY SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	J Schlachter I Ince
Secretary	B Moore
Company number	5425266
Registered office	Mid-City Place 71 High Holborn London WCIV 6EA
Auditor	BDO LLP 55 Baker Street London W1U 7EU
Auxiliary business addresses	2nd Floor Waterfront House Wherry Quay Ipswich Suffolk IP4 1AS 10 Jamestown Road Camden London NW1 7BY Mid-City Place 71 High Holborn London WCIV 6EA

GAMING TECHNOLOGY SOLUTIONS LIMITED

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

The principal activity of the company is the provider of development services for the gaming industry. Its principal customers are members of the Playtech Group, of which the Company is also a member.

SECTION 172(1) STATEMENT

The Gaming Technology Solutions Ltd Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so, have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

GTS's Board of Directors, management and employees are committed to upholding high standards of corporate governance and business ethics. We firmly believe that timely disclosures, transparent accounting policies, rigorous internal control systems and a strong and experienced Board, preserve shareholder trust while maximising long-term shareholder value.

This s172 statement explains how the GTS Directors:

- Have engaged with employees, suppliers, customers and others; and
- Have had regards to employee interests, the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The s172 statement focuses on matters of strategic importance to Gaming Technology Solutions, and the level of information disclosed is consistent with the size and the complexity of the business.

General confirmation of Directors' duties

The GTS Board works within a defined set of processes and procedures set by specialist departments within the ultimate Parent Company. These are endorsed and distributed by the Group Board. The GTS Board is required to implement these working practices in line with the ultimate Parent Company.

When making decisions, each Director ensures that they act in the way they consider, in good faith, would most likely promote the Company' success for the benefit of its members as a whole, and in doing so have regard (among matters) to:

The likely consequences of any decision in the long term

The Directors understand the business and the demand to innovate the latest products and services, in order to deliver maximum selection for licensees alongside maximum entertainment value for players. Gaming Technology Solutions vision aligns with that of the ultimate Parent Company and is summarised in the strap line "Source of Success". This simple ethos is applied to every aspect of the Company's operation and is focussed around a commitment to responsible gambling. The strategy set by the Board, as a leader in the bingo and gaming industry, is to supply the market leading products and services to our customers to help them provide, the ultimate bingo experience for their players.

Whilst investing for the future, the Board also recognises that we must focus on meeting the current supply and demand in products and services. The Directors are guided by our principles - integrity, innovation, excellence and performance that, form the foundation stones upon which the Company operates and achieves it goals.

The interests of the Company's Employees

Gaming Technology Solutions employees are at the heart of our business. The Management team invites a fair and open two way relationship with all employees. We believe in respecting every individual, regardless of position. At Gaming Technology Solutions employees are heard and have the opportunity to express their opinion. The ultimate Parent Company firmly believes in equality and discourages any form of discrimination which is clearing reflected in policies, training and each individual's behaviour. We are committed to employee safety and well-being. HR policies are set by the ultimate Parent Company, well documented and available to each employee. Management assumes responsibility that such policies are adhered to.

GTS staff are talented, capable and have played a major role in the growth and success of the business. We believe that when people with diverse skills are bound together by a common purpose and value system, results far exceed the sum of the parts.

The need to foster the Company's business relationships with suppliers, customers and others

Customers and suppliers arc the key stakeholders in our business. The online players are price sensitive and it is vital that GTS procures from suppliers and provides to customers, products and services that are competitively priced whilst maintaining a high quality. We engage in regular communication with both suppliers as well as customers and recognise the fact that the stronger the relationships with suppliers, the more we are able to serve our customers. We remain committed to all our stakeholders to ensure ethical business practices arc applied at all times.

The Impact of the Company's operations on the community and environment

At Gaming Technology Solutions we are committed to ensuring our products and services provide customers with the capability to provide the ultimate online players with the facility to gamble responsibly. We achieve this by ensuring our products have in-built responsible gambling controls by design and provide relevant data to third party products used by our customers to facilitate responsible gambling.

All of this is aimed at delivering maximum selection for our licensees and maximum entertainment value for players.

The desirability of the Company maintaining a reputation for high standards of business conduct

GTSs Board implements their corporate governance in line with the ultimate Parent Company's requirements and is committed to upholding the highest standards throughout all aspect of the business operation.

The need to act fairly as between members of the Company

The Directors consider and focus their attention to ensure that the Company's performance is in line with the ultimate Parent Company's strategic vision for both short- and long-term objectives. The impact of this on all of the stakeholders is regularly reviewed. The Directors believe they act fairly.

The Board has created a culture of honesty. integrity and respect of the Company's core values and principles. To support this. the Company has set a number guidelines on the principles and values of the organisation.

Principal decisions

We define principal decisions taken by the Board as those decisions in 2019 that arc of a strategic nature and that are significant to any of our key stakeholder groups . As outlined in the FRC Guidance on the Strategic Report, we include decisions related lo capital allocation and dividend policy.

Review of the business

2019 was a year of consolidation in terms of office space, whereby the new office located at 71 High Holborn was re-furbished, including a complete re-build of the ground floor, incorporating a new showroom, meeting rooms, offices and centralised break-out area. Employees from existing London offices then re-located to 71 High Holborn forming one main London office and a programme of office lease disposals was then commenced, which is still ongoing.

In terms of financials, revenues increased from £45.3m to £49.2m as a result of the consolidated operation. Admin expenses increased from £36.7m to £39.4m mainly due to employee costs, with more senior employees being located at 71 High Holborn.

IFRS 16 was implemented by the company in line with group policy and this has resulted in a Right of Use Asset being recognised for the office leases and to a lesser extent hosting contracts, a corresponding lease liability was also recognised. The change of accounting has resulted in an increase in the interest charge of £1.1m and additional depreciation of £3.4m, offset by a reduction in the rent expense of £4.3m. See note 2 for details on the transition accounting.

After exiting offices and reviewing lease arrangements compared to the marketplace, an impairment charge of £762K was recognised for the write down of these assets.

Following the dividend of £10m to the parent company, the company ended the year with net assets of £17.2m (2018 - £26.2m), which included net current assets of £1.8m (2018 - £14m). Cash at the reporting date totalled £1.7m (2018 - £1.2m), as the company continued to strengthen its operational capabilities.

Principal risks and uncertainties

The principal risks and uncertainties of the company are very similar to those relating to the gaming industry disclosed in the annual report of Playtech PLC for the year ended 31 December 2019 and the 2020 interim statements, which can be located at http://playtech-ir.production.investis.com/regulatory-news.aspx.

Future developments

Following the COVID-19 outbreak and the uncertainty this has brought to global markets and economies, the Directors have performed qualitative and quantitative assessments of the associated risks facing the business and its ability to continue as a going concern. Refer to note 1.2 of the accounting policies for further information.

Employee involvement

The company continues to inform staff of developments affecting the company's business performance and changes planned via a range of communications which include a regular newsletter, regular briefing sessions, bulletins and announcements on notice boards. In addition the company has a fully functioning Employee Consultation Forum with employee representatives from across the company.

It is company policy to give full and fair consideration to the applications for employment made by disabled persons taking into consideration their abilities, skills and aptitudes. These employees receive appropriate training and development to enable them to achieve their career potential within the company. All new building work is designed to cater for the needs of these employees.

On behalf of the board

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I Ince

Director

Date: 11/03/2021

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

Results and dividends
The results for the year are set out on page 9. A review of the business, future developments and principal risks are included in the strategic report.

The directors paid an interim dividend of £10m (2018: £nil), as indicated in note 11. No final dividend is proposed.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Schlachter
I Ince

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

Financial instruments

Financial risk management
The company makes little use of financial instruments other than operational bank accounts and inter-company receivables due from fellow group members (on which credit risk is considered to be low). 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.

Employee involvement
The company continues to inform staff of developments affecting the company's business performance and changes planned via a range of communications which include a regular newsletter, regular briefing sessions, bulletins and announcements on notice boards. In addition the company has a fully functioning Employee Consultation Forum with employee representatives from across the company.

It is company policy to give full and fair consideration to the applications for employment made by disabled persons taking into consideration their abilities, skills and aptitudes. These employees receive appropriate training and development to enable them to achieve their career potential within the company. All new building work is designed to cater for the needs of these employees.

Post reporting date events
Following the COVID-19 outbreak and the uncertainty this has brought to global markets and economies, the Directors have performed qualitative and quantitative assessments of the associated risks facing the business and its ability to continue as a going concern. Refer to note 1.2 of the accounting policies for further information.

Strategy and future developments
The company has the long-term support from the group and as a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the uncertain economic outlook.

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

Statement of disclosure to auditor
Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

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I Ince
Director

Date: 11/03/2021

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible 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 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; and
- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GAMING TECHNOLOGY SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Gaming Technology Solutions Limited (the 'Company') for the year ended 31 December 2019 which comprise the Income statement, the Statement Of Financial Position, the Statement of Changes in Equity, 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 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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.

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 Company 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 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.

We have nothing to report in this regard.

Opinions on other matters 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 has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the 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 Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors
As explained more fully in the Directors' responsibilities statement, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

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 at 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.

BDO LLP

Dominic Stammers (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London

Date: 11 March 2021

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

GAMING TECHNOLOGY SOLUTIONS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Revenue	4	49,214,450	45,266,587
Cost of sales		(79,158)	(124,225)
Gross profit		49,135,292	45,142,362
Administrative expenses		(39,351,566)	(36,714,093)
Operating profit	5	9,783,726	8,428,269
Impairment losses	12	(762,000)	-
Interest receivable	8	1,333,987	2,789
Interest payable	9	(1,196,107)	(26,688)
Profit before taxation		9,159,606	8,404,370
Tax on profit on ordinary activities	10	(8,951,323)	(1,953,182)
Profit for the financial year		208,283	6,451,188
Total comprehensive income for the year attributable to owners		208,283	6,451,188

GAMING TECHNOLOGY SOLUTIONS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Fixed assets			
Intangible assets - goodwill	13	13,986,800	13,986,800
Right of use asset	14	11,828,943	-
Property, plant and equipment	14	5,111,037	2,637,683
		30,926,780	16,624,483
Current assets			
Trade and other receivables	16	27,292,638	26,673,240
Cash at bank and in hand		1,747,619	1,161,205
		29,040,257	27,834,445
Current liabilities			
Trade and other payables	17	16,187,380	11,007,063
Corporation tax		8,761,908	1,900,631
Leases liabilities	20	2,285,209	-
Lease premium	19	-	524,315
		27,234,497	13,432,009
Net current assets		1,805,760	14,402,436
Non-current liabilities			
Other creditors	17	533,130	-
Provisions for liabilities	17	850,000	1,260,235
Lease liabilities	20	14,143,038	-
Lease premium	19	-	3,539,110
		15,526,168	4,799,345
Net assets		17,206,372	26,227,574

GAMING TECHNOLOGY SOLUTIONS LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Equity			
Called up share capital	**24**	2,250,005	2,250,005
Share premium account		130,273	130,273
Other reserves		4,154,119	2,256,603
Retained earnings		10,671,975	21,590,693
Total equity		17,206,372	26,227,574

The financial statements were approved by the board of directors and authorised for issue on 11/03/2021 and are signed on its behalf by:

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I Ince
Director

Company Registration No. 5425266

GAMING TECHNOLOGY SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital	Share premium account	Other reserves	Retained earnings	Total
		£	£	£	£	£
Balance at 1 January 2018		2,250,005	130,273	1,547,065	15,139,505	19,066,848
Year ended 31 December 2018:						
Profit and total comprehensive income for the year		-	-	-	6,451,188	6,451,188
Capital contribution		-	-	709,538	-	709,538
Balance at 1 January 2019, as previously reported		2,250,005	130,273	2,256,603	21,590,693	26,227,574
Impact of adoption of IFRS 16 - see note 2		-	-	-	(1,127,001)	(1,127,001)
Adjusted balance at 1 January 2019		2,250,005	130,273	2,256,603	20,463,692	25,100,573
Year ended 31 December 2019:						
Profit and total comprehensive income for the year		-	-	-	208,283	208,283
Dividends	11	-	-	-	(10,000,000)	(10,000,000)
Capital contribution		-	-	1,897,516	-	1,897,516
Balance at 31 December 2019		2,250,005	130,273	4,154,119	10,671,975	17,206,372

1 Accounting policies

Company information

Gaming Technology Solutions Limited is a private company limited by shares incorporated in England and Wales. The registered office is Mid-City Place, 71 High Holborn, London, WC1V 6EA.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company adopted new IFRS in the year as required, details of which are disclosed in note 2.

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

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

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations and discontinued operations.

Where required, equivalent disclosures are given in the group accounts of Playtech PLC.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Gaming Technology Solutions Limited is a wholly owned subsidiary of Playtech PLC and the results of the company are included in the consolidated financial statements of Playtech PLC which are available from the group's website (www.playtech.com).

1 Accounting policies **(Continued)**

1.2 Going concern

At the year end, the company had net assets of £17.2m (2018 - £26.2m). The Group meets its day-to-day working capital requirements from the cash flows generated by its trading activities and its available cash resources. The company's primary customers are members of the wider Playtech group.

The company has received confirmation by these customers that the current services agreement will continue until at least June 2022, and the customer (a fellow Playtech Group company) has confirmed it will provide additional financial support to the company should it required.

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time COVID-19 has spread across a significant number of countries and has been classified as a pandemic by the World Health Organisation.

In light of this the directors have reviewed the resources available to the company, after considering the confirmations received by members of the Playtech group of the ongoing services requirement and financial support, and they consider that these resources are sufficient to enable the company to meet its liabilities as they fall due. Therefore, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Further information on the group can be found in the 2020 interim statements which can be located at: http://playtech-ir.production.investis.com/regulatory-news.aspx.

Accordingly, these financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Group and the Company will realise its assets and discharge its liabilities in the normal course of business.

1.3 Revenue

Revenue from contracts for the provision of software development is recognised on completion of the performance obligation, which is typically on completion of the software and development testing. Where the software asset is controlled by the customer and the customer simultaneously receives and consumes the benefit of software development, revenue is recognised over time.

1.4 Merger policy

Where the operations of a subsidiary are 'hived up' into the Company, the acquisition is accounted for as a business combination as at the original acquisition of the investment in the subsidiary. The assets and liabilities are transferred into the Company at book value and any difference between the net assets transferred and amount paid is treated as goodwill.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1 Accounting policies **(Continued)**

1.6 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired, unless recognised as a result of a merger (see note 1.4). It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is subsequently reversed if, and only if, the reasons for the impairment loss have ceased to apply.

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

1.7 Impairment of tangible and intangible assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.8 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13.

1.9 Cash and cash equivalents

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

1 Accounting policies **(Continued)**

1.10 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial asset held at amortised cost

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'financial assets held at amortised cost', using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.11 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1 Accounting policies **(Continued)**

1.12 Equity instruments

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

1.13 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

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

1.15 Share-based payments

Certain employees participate in the ultimate parent company's share option plan. The fair value of the options granted relating to employees of the Company, are charged to the Company and expensed to the income statement over the vesting period and the credit is taken to reserves as a capital contribution, 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 Accounting policies **(Continued)**

1.16 IFRS 16 Leases ("IFRS 16")

Presented hereunder are the main changes in accounting policies following the application of IFRS 16 as from 1 January 2019:

(1) Determining whether an arrangement contains a lease

On the inception date of the lease, the company determines whether the arrangement is a lease or contains a lease, while examining if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In its assessment of whether an arrangement conveys the right to control the use of an identified asset, the company assesses whether it has the following two rights throughout the lease term:

(a) The right to obtain substantially all the economic benefits from use of the identified asset.

(b) The right to direct the identified asset's use.

For lease contracts that contain non-lease components, such as services or maintenance, that are related to a lease component, the company elected to account for the contract as a single lease component without separating the components.

(2) Leased assets and lease liabilities

Contracts that award the company control over the use of a leased asset for a period of time in exchange for consideration, are accounted for as leases. Upon initial recognition, the company recognises a liability at the present value of the balance of future lease payments (these payments do not include certain variable lease payments), and concurrently recognises a right-of-use asset at the same amount of the lease liability, plus initial direct costs incurred in respect of the lease.

Subsequent to initial recognition, the right-of-use asset is accounted for using the cost model and depreciated over the shorter of the lease term or useful life of the asset.

The company has elected to apply the practical expedient by which short-term leases of up to one year and/or leases in which the underlying asset has a low value, are accounted for such that lease payments are recognised in profit or loss on a straight-line basis, over the lease term, without recognising an asset and/or liability in the balance sheet.

(3) The lease terms

The lease term is the non-cancellable period of the lease plus periods covered by an extension or termination option if it is reasonably certain that the lessee will or will not exercise the option, respectively.

1 Accounting policies **(Continued)**

(4) Variable lease payments
Variable lease payments that depend on an index or a rate, are initially measured using the index or rate existing at the commencement of the lease and are included in the measurement of the lease liability. When the cash flows of future lease payments change as the result of a change in an index or a rate, the balance of the liability is adjusted against the right-of-use asset.

Other variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss in the period in which the event or condition that triggers payment occurs.

(5) Amortisation of right-of-use asset
After lease commencement, a right-of-use asset is measured on a cost basis less accumulated amortisation and accumulated impairment losses and is adjusted for re-measurements of the lease liability. Amortisation is calculated on a straight-line basis over the useful life or contractual lease period.

(6) Reassessment of lease liability
Upon the occurrence of a significant event or a significant change in circumstances that is under the control of the company and had an effect on the decision whether it is reasonably certain that the company will exercise an option, which was not included before in the lease term, or will not exercise an option, which was included before in the lease term, the company re-measures the lease liability according to the revised leased payments using a new discount rate. The change in the carrying amount of the liability is recognised against the right-of-use asset or recognised in profit or loss if the carrying amount of the right-of-use asset was reduced to zero.

(7) Lease modifications
When a lease modification increases the scope of the lease by adding a right to use one or more underlying assets, and the consideration for the lease increased by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the contract's circumstances, the company accounts for the modification as a separate lease.

In all other cases, on the initial date of the lease modification, the company allocates the consideration in the modified contract to the contract components, determines the revised lease term and measures the lease liability by discounting the revised lease payments using a revised discount rate.

For lease modifications that decrease the scope of the lease, the company recognises a decrease in the carrying amount of the right-of-use asset in order to reflect the partial or full cancellation of the lease, and recognises in profit or loss a profit/loss that equals the difference between the decrease in the right-of-use asset and re-measurement of the lease liability. For other lease modifications, the company re-measures the lease liability against the right-of-use asset.

(8) Subleases
In leases in which the company subleases the underlying asset, the company examines whether the sublease is a finance lease or operating lease with respect to the right-of-use received from the head lease. The company examined the subleases existing on the date of initial application based on the remaining contractual terms at that date.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

For finance subleases, the right-of-use asset is derecognised and a finance lease receivable recognised, based on the net investment in the lease, any gain or loss is taken to the income statement. For operating subleases, the right-of-use asset remains on the balance sheet and sublease income is recognised as other income on a straight line basis.

1 Accounting policies **(Continued)**

Leases - Comparative accounting policy
The policy adopted by the company until 31 December 2018 is detailed below:

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

Assets held under finance leases are recognised as assets at the lower of the fair value of the assets at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

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

1.18 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.

1.19 Provisions
The company has recognised provisions for liabilities of uncertain timing or amount including those for onerous leases. The provision is measured as the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

Provisions for onerous leases, measured net of expected rental income, are recognised when the property leased becomes vacant and is no longer used in the operations of the business. Provisions for dilapidation costs are recognised on a lease-by-lease basis, taking into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following revised standards have been adopted by the company:-

As from 1 January 2019 (hereinafter: "the date of initial application") the company applies IFRS 16 which replaced IAS 17 Leases ("IAS 17" or "the previous standard"). The standard's instructions annul the existing requirement from lessees to classify leases as operating or finance leases. Instead, for lessees, the new standard presents a unified model for the accounting treatment of all leases according to which the lessee has to recognise a right-of-use asset and a lease liability in its financial statements for all the leases in which the company has a right to control identified assets for a specified period of time. Nonetheless, IFRS 16 includes two exceptions to the general model whereby a lessee may elect to not apply the requirements for recognising a right-of-use asset and a liability with respect to short-term leases of up to one year and/or leases where the underlying asset has a low value. Accordingly, the company recognises amortisation expenses in respect of a right-of-use asset, tests a right-of-use asset for impairment in accordance with IAS 36 Impairment of Assets and recognises financing expenses on a lease liability. Therefore, as from the date of initial application, lease payments relating to assets leased under an operating lease, which were presented as part of income statement, are capitalised to assets and written down as amortisation expenses. Until the date of application, the company classified most of the leases in which it is the lessee as operating leases, since it did not substantially bear all the risks and rewards from the assets.

The company elected to apply the standard using the modified retrospective approach, and measure for most contracts the right-of-use asset as though the standard had applied from the commencement date of the leases using the incremental borrowing rate of the lessee at the date of initial application calculated according to the average duration of the whole lease period, and recognise a liability at the present value of the balance of future lease payments discounted at its incremental borrowing rate with an adjustment to the balance of retained earnings as at 1 January 2019 and without a restatement of comparative data. For the remaining contracts, the company elected to measure the right-of-use of asset in an amount equal to the lease liability. The company measures the lease liability at the date of initial application as the present value of the remaining lease payments. The discount rate is the Playtech Group's incremental borrowing rate at that date for the remaining contracts as well.

Furthermore, as part of the initial application of the standard, the company has chosen to apply the following expedients:

1. Not separating non-lease components from lease components and instead accounting for all the components as a single lease component.

2. Relying on a previous definition and/or assessment of whether an arrangement is a lease in accordance with current guidance with respect to agreements
that exist at the date of initial application.

3. Relying on a previous assessment of whether a contract is onerous in accordance with IAS 37, at the transition date, as an alternative to assessing impairment
of right-of-use asset.

4. Excluding initial direct costs from measurement of the right-of-use asset at the date of initial application.

5. Using hindsight when determining the lease term if the contract includes an extension or termination option.

2 Adoption of new and revised standards and changes in accounting policies (Continued)

The table below presents the cumulative effects of the items affected by the initial application on the statement of financial position as at 1 January 2019:

	£000's
Assets	
Right of use asset	16,674
Liabilities	
Non-current lease liability	16,451
Current lease liability	5,064
Lease premium	(4,063)
Provisions	349
Total liabilities	17,801
Total adjustment on equity:	
Retained earnings	1,127

In measurement of the lease liability, the company discounted lease payments using the nominal incremental borrowing rate at 1 January 2019. The discount rate used to measure the lease liability was 7.93%.

Also, under IFRS 16 the company has recognised amortisation and interest costs, instead of operating lease expense (2018: £2.1m). During the year ended 31 December 2019, the company recognised £3.4m of additional amortisation charges and £1.2 million of additional interest costs from leases.

Reconciliation statement
The table below presents the reconciliation of the 2018 lease commitment to the transaction lease liability as at 1 January 2019:

	£
Lease commitments per 2018 financial statements	22,670,869
Lease modification at 1 January 2019	-
Undiscounted lease liability at 1 January 2019	22,670,869
Discounting of liability to present value	(1,155,536)
Lease liability recognised at 1 January 2019	21,515,333

Lease commitments as previously restated:	£
	3,919,016
Within one year	12,855,552
Between two and five years	5,896,301
In over five years	22,670,869

2 Adoption of new and revised standards and changes in accounting policies (Continued)

IFRIC 23 - Uncertainty over income tax treatments ("IFRIC 23")

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances where there is uncertainty over income tax treatments. The interpretation requires:-

- The Company to determine whether uncertain tax treatments should be considered separately, or together, based on which approach provides better predictions of the resolution;

- The Company to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and

- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

The adoption of IFRIC 23 resulted in a £6.5m increase in corporation tax liabilities, relating to the Company's transfer pricing structure. There was no material impact from the adoption on the transition date and the additional charge was recognised prospectively.

3 Critical estimates and judgements in applying accounting policies

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported value of assets, liabilities, income and expense. Actual results may differ from these estimates. Judgements made by management that have a significant effect on the financial statements and estimates with a significant risk of a material adjustment in the next year are discussed below:

Provisions against intercompany receivables (see note 16)

At the reporting date management are required to consider the recoverability of debts due from fellow group companies. Provisions are raised where debtors are not considered recoverable in full or in part. Provisions are released when subsequent information supports the recovery.

A provision is initially made against intercompany receivables for expected lifetime credit losses. Balances are reviewed on a regular basis and provisions are amended to reflect any change in credit risk where required. The review takes into account factors such as the age of the debt, past debt recovery, recovery since the reporting date, discussions with the counter party on debt recovery and any debt guarantee letters provided to the Company by fellow group companies.

Impairment provisions for receivables from group companies are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses are recognised.

Provisions for dilapidation costs

Property dilapidations relate to the estimated cost to repair leased properties on exit as required under the lease agreements.

Impairment of right of use assets

Management review right of use assets annually for impairment. Where impairment indicators arise, management will assess the recoverable value of the asset and, if this is lower than net book value, an impairment is recognised in the income statement. Key judgements include expected future use of the asset, ability to monetise or exit the asset, and value in use calculations.

3 Critical estimates and judgements in applying accounting policies (Continued)

Determining the lease term under IFRS 16

In order to determine the lease term, the Company takes into consideration the period over which the lease is non-cancellable, including renewal options that it is reasonably certain it will exercise and/or termination options that is reasonably certain it will not exercise. The possible effects are an increase or decrease in the initial measurement of a right of use asset and lease liability and in depreciation and financing expenses in subsequent periods.

Income taxes

The Company is subject to income tax and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due.

These tax liabilities are recognised when, despite the company's belief that its tax return positions are supportable, the company believes it is more likely than not that a taxation authority would not accept its filing position. In these cases, the Company records its tax balances based on either the most likely amount or the expected value, which weights multiple potential scenarios. The Company believes that its accruals for liabilities are adequate for all open audit years, based on its assessment of many factors including past experience and interpretations of tax law.

This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will impact the income tax expense in the period in which such a determination is made.

4 Revenue

An analysis of the company's revenue is as follows:

	2019	2018
	£	£
Turnover		
Software development	49,211,400	45,231,181
Royalties and platform fees	3,050	35,406
	49,214,450	45,266,587

Revenue analysed by geographical market

	2019	2018
	£	£
European Union	49,214,450	45,266,587

All revenue is recognised over time using the output method and all revenue is business to business (B2B) in respect of contract counterparties.

As at 31 December 2019 and 2018, there were no material unfulfilled contract obligations.

5 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging:		
Exchange losses	4,178	19,292
Fees payable to the company's auditor for the audit of the company's financial statements	34,348	68,663
Depreciation of property, plant and equipment	4,817,864	1,188,510
Impairment losses (see note12)	762,000	-
Share-based payments (see note 23)	1,897,516	709,537

6 Employees

The average monthly number of employees (including directors) were:

	2019	2018
	Number	Number
Directors	1	2
Management	11	10
Operations	19	20
Marketing	41	46
Development	199	222
Administration	44	44
	315	344

Their aggregate remuneration comprised:

Employment costs	2019	2018
	£	£
Wages and salaries	24,614,311	23,165,232
Social security costs	2,557,269	2,641,681
Pension costs	1,100,858	1,020,505
	28,272,438	26,827,418

7 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	331,667	485,964
Amounts receivable under long term incentive schemes	-	12,229
Company pension contributions to defined contribution schemes	13,625	14,149
	345,292	512,342

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	331,667	180,000
Company pension contributions to defined contribution schemes	13,625	4,125

8 Interest receivable

	2019	2018
	£	£
Interest income		
Interest on bank deposits	10,028	2,789
Interest receivable from group companies	1,323,959	-
Total income	1,333,987	2,789

9 Interest payable

	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	15,436	26,688
Interest expense on lease liabilities	1,180,671	-
	1,196,107	26,688

10 Income tax expense

	2019 £	2018 £
Corporation tax		
Current year	2,149,001	2,320,081
Adjustments in respect of prior periods	6,552,503	-
	8,701,504	2,320,081
Deferred tax		
Origination and reversal of temporary differences	249,819	366,899
Total tax charge	8,951,323	1,953,182

The charge for the year can be reconciled to the profit per the income statement as follows:

	2019 £	2018 £
Profit before taxation on continued operations	9,159,606	8,404,370
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2018: 19.00%)	1,740,325	1,596,830
Taxation impact of factors affecting tax charge:		
Income not taxable in determining taxable profit	(205,010)	-
Expenses not deductible in determining taxable profit	382,331	166,604
Other differences	-	(16,414)
Tax relief on share options	349,002	67,406
Other timing differences	249,819	366,899
Uncertain tax provision adjustments	6,552,503	-
Group relief	(117,647)	(228,143)
Total adjustments	7,210,998	356,352
Tax charge for the year	8,951,323	1,953,182

11 Dividends

	2019 per share	2018 per share	2019 £	2018 £
Amounts recognised as distributions to equity holders:				
Ordinary shares				
Interim dividend paid	0.05	-	10,000,000	-

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2019	2018
	£	£
In respect of:		
Property, plant and equipment	762,000	-
Recognised in:		
Administrative expenses	762,000	-

13 Intangible fixed assets

	Goodwill	Trademarks	Total
	£	£	£
Cost			
At 31 December 2017 and 2018	13,986,800	12,930	13,999,730
Amortisation/impairment			
At 31 December 2018	-	12,930	9,430
At 31 December 2019	-	12,930	12,930
Carrying amount			
At 31 December 2019	13,986,800	-	13,986,800
At 31 December 2018	13,986,800	-	13,986,800

The above purchased goodwill is subject to an impairment review at the end of each reporting date.

14 Property, plant and equipment

	Land and buildings leasehold	Fixtures, fittings & equipment	Computer equipment	Right of use asset	Total
	£	£	£	£	£
Cost					
At 1 January 2019	3,151,891	1,080,625	3,583,252	-	7,815,768
Adjustment on transition to IFRS 16	-	-	-	25,712,343	25,712,343
Additions	3,189,776	211,316	1,238,057	135,400	4,774,549
Disposals	(56,804)	(40,072)	(306,065)	(1,565,998)	(1,968,939)
At 31 December 2019	6,284,863	1,251,869	4,515,244	24,281,745	36,333,721
Accumulated depreciation and impairment					
At 1 January 2019	1,640,682	875,961	2,661,442	-	5,178,085
Adjustment on transition to IFRS 16	-	-	-	9,038,732	9,038,732
Charge for the year	566,582	110,689	726,523	3,414,070	4,817,864
Impairment loss	762,000	-	-	-	762,000
Eliminated on disposal	(56,804)	(40,072)	(306,065)	-	(402,941)
At 31 December 2019	2,912,461	946,578	3,081,900	12,452,802	19,393,741
Carrying amount					
At 31 December 2019	3,372,402	305,291	1,433,344	11,828,943	16,939,980
At 31 December 2018	1,511,209	204,664	921,810	-	2,637,683

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
V S Gaming Limited	England	100	100	Dormant
VS Technology Limited	England	100	100	Dormant
Ash Gaming Limited	England	100	100	Dormant
Geneity Ltd	England	100	100	Dormant

The registered office of the above subsidiaries is the same as that of the company.

Since the year-end, VS Technolgy Ltd has recommenced operations. Its principal business is that of a Software Licensor.

16 Trade and other receivables

	2019	2018
	£	£
Trade receivables	118,084	209,314
Other receivables	458,844	20,320
Deferred tax recoverable (see note 21)	154,752	404,571
Amount due from parent undertaking	1,959,718	7,569,780
Amounts due from fellow group undertakings	23,742,450	16,700,760
Prepayments	858,790	1,768,495
	27,292,638	26,673,240

Balances due from fellow group companies are charged interest at 3.75% (2018: 0%) and are repayable on demand. The company has applied a probability-based approach to measuring expected credit losses based on the expected manner of recovery and recovery period. Based on this assessment no credit loss provision was required at 31 December 2018 or 31 December 2019.

17 Trade and other payables

	Current		Non-current	
	2019	2018	2019	2018
	£	£	£	£
Trade payables	544,259	44,006	-	-
Amounts due to fellow group undertakings	11,769,909	1,662,395	-	-
Accruals	2,384,310	2,404,800	-	-
Social security and other taxation	1,318,039	6,765,049	-	-
Other payables	170,863	130,813	1,383,130	1,260,235
	16,187,380	11,007,063	1,383,130	1,260,235

Amounts due to fellow group undertakings are interest-free and repayable on demand.

18 Non-current liabilities and provisions

		Non-current	
	Notes	2019	2018
		£	£
Property dilapidations	17	850,000	1,260,235
Rent deposits		533,130	-
		1,383,130	1,260,235

Property dilapidations relate to the estimated cost to repair leased properties on exit as required under the lease agreements.

19 Lease premiums

	2019	2018
	£	£
Arising from reverse premiums on tenancy agreements	-	4,063,425
	-	4,063,425

Analysis of lease premiums

Due to the conversion to IFRS 16 the lease premium incentive was offset against the right of use asset in the year. Lease premiums are classified based on the amounts that are expected to be utilised within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019	2018
	£	£
Current liabilities	-	524,315
Non-current liabilities	-	3,539,110
	-	4,063,425

20 Lease liabilities - Maturity analysis

The lease summary below refers to offices at:-

- 71 High Holborn, London, WC1V 6EA
- 80 Hammersmith Road, Hammersmith, London, W14 8UD
- 2nd Floor Waterfront House. Wherry Quay, Ipswich, Suffolk, IP4 1AS
- Offices and flats at 10 Jamestown Road, Camden, London, NW1 7BY

There is also a sublet under an operating lease, of part of the 1st floor at 71 High Holborn. A reconciliation of movement in the right of use asset is included in note 14.

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019	2018
	£	£
Current liabilities	2,285,209	-
Non-current liabilities	14,143,038	-
	16,428,247	-

A reconciliation of movement in the lease liability in the year is as follows:

	£
Opening liability	21,515,333
Lease modification adjustment	(1,565,998)
Interest	1,245,623
Payments	(4,766,711)
	16,428,247

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current reporting period. Deferred tax relates to timing differences on accruals and employment benefits.

	ACAs	Provisions	Total
	£	£	£
Deferred tax asset at 1 January 2019	159,661	244,910	404,571
Deferred tax movements in current year			
Timing differences recognised in the income statement	(165,997)	(83,822)	(249,819)
Deferred tax asset at 31 December 2019	(6,336)	161,088	154,752

Movements in the prior reporting period were as follows:

	£	£	£
Deferred tax asset at 1 January 2018	37,672	-	37,672
Deferred tax movements in current year			
Timing differences recognised in the income statement	(121,989)	244,910	366,899
Deferred tax asset at 31 December 2018	159,661	244,910	404,571

22 Retirement benefit schemes

Defined contribution schemes

The total costs charged to income in respect of defined contribution plans is £1,100,858 (2018 - £1,020,505). At the year-end, a balance of £70,998 was owed by the company (2018 - £51,195).

23 *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.

23 Share-based payment transactions **(Continued)**

	Number of share options 2019	2018
Outstanding at 1 January 2019	715,561	325,395
Granted	703,429	533,125
Forfeit	(47,744)	(97,015)
Exercised	(16,600)	(45,944)
Outstanding at 31 December 2019	1,354,646	715,561

The exercise price of options outstanding at the end of the year was £0.03 (2018 - £0.06) and their weighted average contractual life was 3 years (2018 - 3 years). None (2018 - 79.740) of the options outstanding at the end of the year had vested and were exercisable at the end of the year.

The weighted average share price (at the date of exercise) and weighted average fair value of each option granted during the year was £4.30 (2018 - £6.91), and £4.88 (2018 - £5.34) respectively.

The Company granted 703,429 (2018 - 533,125) Nil-cost awards in the year.

Total expenses of £1,897,516 relating to equity settled share based payment transactions, were recognised in the year (2018 - £709,537).

24 Share capital	**2019**	**2018**
	£	**£**
Ordinary share capital		
Authorised		
200,000,000 Ordinary shares of 5p each	10,000,000	10,000,000
Issued and fully paid		
45,000,093 Ordinary shares of 5p each	2,250,005	2,250,005

25 Events after the reporting date

Following the COVID-19 outbreak and the uncertainty this has brought to global markets and economies, the Directors have performed qualitative and quantitative assessments of the associated risks facing the business and its ability to continue as a going concern. Refer to note 1.2 of the accounting policies for further information.

The company paid an interim dividend of £13,566,420 in the 2020 accounting period, which was settled through inter-company balance offset.

26 Controlling party

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