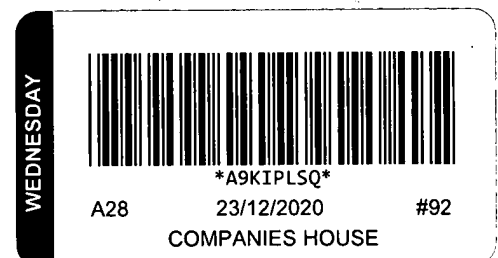


Registration number: 11948786

CGL Gaming PLC

Annual Report and Consolidated Financial Statements
for the Period from 16 April 2019 to 31 March 2020

Crossley & Davis
Ground Floor, Seneca House
Links Point, Amy Johnson Way
Blackpool
FY4 2FF



CGL Gaming PLC

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CGL Gaming PLC

Company Information

Directors	Mr Ibrahim Sina Azeri Mr Adam David Spencer Hodges
Registered office	91 Wimpole Street London W1G 0EF
Auditors	Crossley & Davis Ground Floor, Seneca House Links Point, Amy Johnson Way Blackpool FY4 2FF

CGL Gaming PLC

Strategic Report for the period from 16 April 2019 to 31 March 2020

The directors present their strategic report for the period from 16 April 2019 to 31 March 2020.

Principal activity

The principal activity of the company is that of a holding company that provides support to its subsidiaries. The principal activity of the group is that of the operation of amusement arcade centres. There has been no changes to the principal activity in the year under review.

Fair review of the business

The "CGL Gaming PLC Group" is formed of the following companies:

CGL Gaming PLC

City Gaming Limited

Family Leisure Holdings Limited

City Gaming Leasing Limited

Whittaker Arcades Limited

CGL Gaming PLC, is a wholly-owned subsidiary of City Gaming Holdings Limited.

This is the first year of trading for the CGL Gaming PLC Group. Throughout the year the CGL Gaming PLC Group has acquired amusement arcades either directly or through the acquisition of trading companies.

In April 2019 City Gaming Limited entered into an agreement to purchase the leasehold of 17 amusement arcades together with the assets contained therein.

In May 2019 City Gaming Limited entered into an agreement to acquire the entire issued share capital of Family Leisure Holdings Limited and its subsidiaries, the "Family Leisure Group". The Family Leisure Group consisted of 5 subsidiaries, each operating a single arcade. In October 2019 one of the Family Leisure subsidiaries entered into an agreement to further acquire the leasehold of 9 amusement arcades together with the assets contained therein.

In December 2019, City Gaming Limited entered into an agreement to purchase the entire issued share capital of Whittaker Arcades Limited which operates 5 amusement arcades.

The final acquisition for the financial year was in March 2020, where a single amusement arcade was further acquired by City Gaming Limited.

The Group considers its main KPI's to be turnover, gross profit and operating profit.

In the year ending 31st March 2020 the CGL Gaming PLC Group achieved a turnover of £16,130,309. The CGL Gaming PLC Group has been impacted by the COVID-19 outbreak and the lockdown measures introduced by the UK Government. In line with government guidance, the sites were closed in March 2020 and no machine takings were received for the final 11 days of the financial year. Since the COVID-19 restrictions have eased and the Group has resumed its operations, the results have seen a substantial return to pre COVID-19 levels of turnover.

CGL Gaming PLC

Strategic Report for the period from 16 April 2019 to 31 March 2020

In the year ending 31st March 2020 the gross profit margin for the Group was 50.0% and the gross profit was £8,057,860. The gross profit margin for the Group is consistent with historic results achieved by the individual arcades in previous years.

The Group has an operating loss of £2,093,178 for the financial year, which includes goodwill amortisation charges of £2,151,392. During the year, the CGL Gaming PLC Group has put in place the infrastructure required to support the business model and proposed future acquisitions. As the Group continues to expand, the infrastructure costs will become less material and operating profit will be more indicative of the performance of the Group as a whole. The Group made a number of mid-year acquisitions and therefore the operating profit does not reflect a full year of trading.

Principal risks and uncertainties

The Group's financial results are influenced by a number of risks and uncertainties, some of which cannot be controlled and management are looking to mitigate these risks.

The financial risks facing the Group include the continued difficulties in macro-economic trading conditions which have been caused by the COVID-19 pandemic. The portfolio of arcades is diversified through their locations and target consumer groups. Tourists represent a material percentage of the target market for some of the arcades, whereas others are more reliant on local workers and the impact of COVID-19 has varied between sites. Management aim to mitigate the impact of COVID-19 on the business by ensuring that the CGL Gaming PLC Group has a well-diversified portfolio of sites. The Group has been supported by the various COVID-19 support schemes introduced by the UK Government. Management closely monitor the weekly performance of each business unit and at the date of signing of the balance sheet the performance of the arcades has recovered substantially.

The Group does not have any major overseas suppliers or customers but a significant change in exchange rate may result in price inflation of certain supply items.

Approved by the Board on 7 October 2020 and signed on its behalf by:



.....
Mr Ibrahim Sina Azeri
Director

CGL Gaming PLC

Directors' Report for the Period from 16 April 2019 to 31 March 2020

The directors present their report and the for the period from 16 April 2019 to 31 March 2020.

Incorporation

The company was incorporated on 16 April 2019.

Directors of the group

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

Mr Ibrahim Sina Azeri (appointed 16 April 2019)

Mr Adam David Spencer Hodges (appointed 16 April 2019)

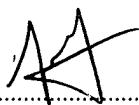
Future developments

It is proposed that the portfolio of amusement arcades operated by the CGL Gaming PLC Group be expanded by the acquisition of new arcade premises.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 7 October 2020 and signed on its behalf by:



.....
Mr Ibrahim Sina Azeri
Director

CGL Gaming PLC

Statement of Directors' Responsibilities

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

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

CGL Gaming PLC

Independent Auditor's Report to the Members of CGL Gaming PLC

Opinion

We have audited the financial statements of CGL Gaming PLC (the 'parent company') and its subsidiaries (the 'group') for the period from 16 April 2019 to 31 March 2020, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2020 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

As auditors we have assessed the management's evaluation of the entity's ability to continue as a going concern. Although the impact of COVID-19 is uncertain and potentially significant, we have reviewed the management's assessment of going concern and are satisfied with the conclusions arrived at. The positive discussions had with the lenders show that they have support and the vision of the management is a long-term approach.

Not all future events can be predicted such as the resulting implications of COVID-19 and the terms of the withdrawal from the European Union and therefore this statement is not a guarantee of the company's ability to continue to trade as a going concern.

CGL Gaming PLC

Independent Auditor's Report to the Members of CGL Gaming PLC

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.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

CGL Gaming PLC

Independent Auditor's Report to the Members of CGL Gaming PLC

Auditor's responsibilities for the audit of the financial statements

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

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

CGL Gaming PLC

Independent Auditor's Report to the Members of CGL Gaming PLC

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.



Mr P Swarbrick (Senior Statutory Auditor)
For and on behalf of Crossley & Davis, Statutory Auditor

Ground Floor, Seneca House
Links Point, Amy Johnson Way
Blackpool
FY4 2FF

7 October 2020

CGL Gaming PLC

Consolidated Profit and Loss Account for the Period from 16 April 2019 to 31 March 2020

	Note	2020 £
Turnover	3	16,130,309
Cost of sales		<u>(8,072,449)</u>
Gross profit		8,057,860
Administrative expenses		(10,348,345)
Other operating income	4	<u>197,307</u>
Operating loss	6	(2,093,178)
Interest payable and similar expenses	8	<u>(5,542,098)</u>
Loss before tax		(7,635,276)
Tax on loss	12	<u>803,648</u>
Loss for the financial period		<u><u>(6,831,628)</u></u>
Profit/(loss) attributable to:		
Owners of the company		<u><u>(6,831,628)</u></u>

The above results were derived from continuing operations.

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

Operating loss includes non-recurring costs that were incurred during the year specifically relating to establishing the infrastructure of the group for its current and future activities. These costs amount to £506,402 and are included within the most relevant nominal description.

Operating loss also includes amortisation of goodwill amounting to £2,151,392.

CGL Gaming PLC

Consolidated Statement of Comprehensive Income for the Period from 16 April 2019 to 31 March 2020

	2020 £
Loss for the period	<u>(6,831,628)</u>
Total comprehensive income for the period	<u><u>(6,831,628)</u></u>
Total comprehensive income attributable to:	
Owners of the company	<u><u>(6,831,628)</u></u>

The notes on pages 18 to 39 form an integral part of these financial statements.

CGL Gaming PLC

(Registration number: 11948786)
Consolidated Balance Sheet as at 31 March 2020

	Note	2020 £
Fixed assets		
Intangible assets	13	29,309,028
Tangible assets	14	5,904,234
Investments	15	255,693
		<u>35,468,955</u>
Current assets		
Stocks	17	3,075
Debtors	18	6,586,150
Cash at bank and in hand	19	2,983,194
		<u>9,572,419</u>
Creditors: Amounts falling due within one year	20	<u>(12,902,336)</u>
Net current liabilities		<u>(3,329,917)</u>
Total assets less current liabilities		32,139,038
Creditors: Amounts falling due after more than one year	20	(38,745,000)
Provisions for liabilities	21	<u>(175,665)</u>
Net liabilities		<u><u>(6,781,627)</u></u>
Capital and reserves		
Called up share capital	23	50,001
Profit and loss account		<u>(6,831,628)</u>
Equity attributable to owners of the company		<u>(6,781,627)</u>
Shareholders' deficit		<u><u>(6,781,627)</u></u>

Approved and authorised by the Board on 7 October 2020 and signed on its behalf by:



Mr Ibrahim Sina Azeri
Director

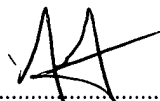
CGL Gaming PLC

(Registration number: 11948786)
Balance Sheet as at 31 March 2020

	Note	2020 £
Fixed assets		
Investments	15	1
Current assets		
Debtors	18	47,890,701
Cash at bank and in hand	19	<u>12,500</u>
		47,903,201
Creditors: Amounts falling due within one year	20	<u>(9,108,201)</u>
Net current assets		<u>38,795,000</u>
Total assets less current liabilities		38,795,001
Creditors: Amounts falling due after more than one year	20	<u>(38,745,000)</u>
Net assets		<u>50,001</u>
Capital and reserves		
Called up share capital	23	<u>50,001</u>
Shareholders' funds		<u>50,001</u>

The company made a profit after tax for the financial period of £nil .

Approved and authorised by the Board on 7 October 2020 and signed on its behalf by:



Mr Ibrahim Sina Azeri
Director

CGL Gaming PLC

Consolidated Statement of Changes in Equity for the Period from 16 April 2019 to 31 March 2020

Equity attributable to the parent company

	Share capital £	Profit and loss account £	Total £	Total equity £
Loss for the period	-	(6,831,628)	(6,831,628)	(6,831,628)
Total comprehensive income	-	(6,831,628)	(6,831,628)	(6,831,628)
New share capital subscribed	50,001	-	50,001	50,001
At 31 March 2020	<u>50,001</u>	<u>(6,831,628)</u>	<u>(6,781,627)</u>	<u>(6,781,627)</u>

The notes on pages 18 to 39 form an integral part of these financial statements.

CGL Gaming PLC

Statement of Changes in Equity for the Period from 16 April 2019 to 31 March 2020

	Share capital £	Total £
New share capital subscribed	<u>50,001</u>	<u>50,001</u>
At 31 March 2020	<u><u>50,001</u></u>	<u><u>50,001</u></u>

CGL Gaming PLC

Consolidated Statement of Cash Flows for the Period from 16 April 2019 to 31 March 2020

	Note	2020 £
Cash flows from operating activities		
Loss for the period		(6,831,628)
Adjustments to cash flows from non-cash items		
Depreciation and amortisation	6	3,379,241
Loss on disposal of tangible assets	5	47,625
Income tax expense	12	(803,648)
Finance costs		<u>5,542,098</u>
		1,333,688
Working capital adjustments		
Increase in stocks	17	(3,075)
Increase in trade debtors	18	(1,316,264)
Increase in trade creditors	20	12,893,723
Effect of non cash items on working capital adjustments		(1,145,098)
Increase in provisions	21	<u>175,665</u>
Cash generated from operations		11,938,639
Income taxes paid	12	<u>(3,933)</u>
Net cash flow from operating activities		<u>11,934,706</u>
Cash flows from investing activities		
Acquisitions of tangible assets		(8,499,157)
Acquisition of other assets		(4,453,693)
Proceeds from sale of tangible assets		1,319,449
Acquisition of intangible assets	13	(31,460,419)
Future probable investments		<u>(255,693)</u>
Net cash flows from investing activities		<u>(43,349,513)</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares, net of issue costs		50,001
Proceeds from bank borrowing draw downs		<u>34,348,000</u>
Net cash flows from financing activities		<u>34,398,001</u>
Net increase in cash and cash equivalents		2,983,194
Cash and cash equivalents at 16 April		<u>-</u>
Cash and cash equivalents at 31 March		<u><u>2,983,194</u></u>

The notes on pages 18 to 39 form an integral part of these financial statements.

CGL Gaming PLC

Statement of Cash Flows for the Period from 16 April 2019 to 31 March 2020

	Note	2020 £
Cash flows from operating activities		
Profit/(loss) for the period		-
Adjustments to cash flows from non-cash items		
Finance income		(5,578,603)
Finance costs		<u>5,578,603</u>
		-
Working capital adjustments		
Increase in trade debtors	18	(47,890,701)
Increase in trade creditors	20	9,108,201
Effect of non cash items on working capital adjustments		<u>4,397,000</u>
Net cash flow from operating activities		<u>(34,385,500)</u>
Cash flows from investing activities		
Acquisition of subsidiaries	15	(1)
Cash flows from financing activities		
Proceeds from issue of ordinary shares, net of issue costs		50,001
Proceeds from bank borrowing draw downs		<u>34,348,000</u>
Net cash flows from financing activities		<u>34,398,001</u>
Net increase in cash and cash equivalents		12,500
Cash and cash equivalents at 16 April		<u>-</u>
Cash and cash equivalents at 31 March		<u><u>12,500</u></u>

The notes on pages 18 to 39 form an integral part of these financial statements.

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

1 General information

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

The address of its registered office is:

91 Wimpole Street

London

W1G 0EF

These financial statements were authorised for issue by the Board on 7 October 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2020.

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

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

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

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

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

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

Going concern

The financial statements have been prepared on a going concern basis.

Management has considered the consequences of COVID-19 along with other events and conditions. The entity's ability to continue as a going concern could be affected by the implications of COVID-19 and government measures with potential unknown future restrictions, which could impact on the entity's future revenues.

Due to a combination of forecasts, reviewing the recovery of the performance since the lockdown measures were lifted and continued government support measures, management has determined that COVID-19 does not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

CGL Gaming PLC is the focus of the wider group's centralised financing arrangements. The current facility has sufficient headroom to assist the group with the strategy of acquisitions and investments and there are positive discussions regarding the facility available moving forward.

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

Revenue recognition

Turnover is comprised of the fair value of gaming and arcade takings net of any prizes paid out.

Machines used by the company fall into two separate categories; those where the takings are subject to VAT and those where the takings are subject to Machine Games Duty.

Where the machine takings are subject to VAT the turnover is shown in the profit and loss account exclusive of VAT.

Where the machine takings are subject to Machine Games Duty the turnover is shown in the profit and loss account gross with the Machine Games Duty recorded separately as an expense.

The group recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the group's activities.

Tax

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

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

Depreciation

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

Asset class	Depreciation method and rate
Leasehold property	Over the term of the lease
Plant and machinery	50% first year, 30% second year, 20% third year
Fixtures, fittings and equipment	20% on cost per annum
Freehold property	No depreciation. This departure from accounting standards is based upon the reasonable assumption that freehold buildings have a high residual value and that any depreciation would be immaterial.

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

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

Asset class	Amortisation method and rate
Goodwill on leases	Over the period of the lease
Positive goodwill	Over 10 years

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

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

Debtors

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

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

Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods is made up of prizes. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Creditors

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

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

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

Borrowings

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

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

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

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

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

Defined contribution pension obligation

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

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

3 Revenue

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

	2020 £
Machine takings	<u>16,130,309</u>

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

4 Other operating income

The analysis of the group's other operating income for the period is as follows:

	2020 £
Government grants	101,851
Miscellaneous other operating income	95,456
	<u>197,307</u>

5 Other gains and losses

The analysis of the group's other gains and losses for the period is as follows:

	2020 £
Gain (loss) on disposal of property, plant and equipment	(47,625)
Gain (loss) on disposal of intangible assets	64
	<u>(47,561)</u>

6 Operating loss

Arrived at after charging/(crediting)

	2020 £
Depreciation expense	1,227,849
Amortisation expense	2,151,392
Loss on disposal of property, plant and equipment	<u>47,625</u>

7 Government grants

Included within other operating income is government grants receivable. The grant relates to the job retention scheme.

The amount of grants recognised in the financial statements was £101,851.

8 Interest payable and similar expenses

	2020 £
Interest on bank overdrafts and borrowings	4,360,681
Interest payable on loans from group undertakings	1,181,417
	<u>5,542,098</u>

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

9 Staff costs

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

	2020 £
Wages and salaries	4,848,646
Social security costs	402,983
Other short-term employee benefits	12,681
Pension costs, defined contribution scheme	70,617
Other employee expense	101,338
	<u>5,436,265</u>

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

	2020 No.
Production	220
Administration and support	7
Other departments	10
	<u>237</u>

10 Directors' remuneration

The directors' remuneration for the period was as follows:

	2020 £
Remuneration	440,795
Contributions paid to money purchase schemes	1,800
	<u>442,595</u>

In respect of the highest paid director:

	2020 £
Remuneration	<u>185,641</u>

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

11 Auditors' remuneration

	2020 £
Audit of these financial statements	<u>126,000</u>

The company entered into a liability limitation agreement with the auditor on 10th December 2019. The liability of the auditor in respect of any claim or claims made by the company is limited to £4,000,000 inclusive of interest and costs.

12 Taxation

Tax charged/(credited) in the income statement

	2020 £
Current taxation	
UK corporation tax	(56)
Deferred taxation	
Arising from origination and reversal of timing differences	<u>(803,592)</u>
Tax receipt in the income statement	<u>(803,648)</u>

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK of 19%.

The differences are reconciled below:

	2020 £
Loss before tax	<u>(7,635,276)</u>
Corporation tax at standard rate	(1,450,703)
Effect of expense not deductible in determining taxable profit (tax loss)	(37,652)
Effect of tax losses	(80,426)
Tax increase from effect of capital allowances and depreciation	250,743
Tax increase from other short-term timing differences	182,489
Tax increase arising from group relief	224,448
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>107,453</u>
Total tax credit	<u>(803,648)</u>

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

Deferred tax

Group

Deferred tax assets and liabilities

2020

Asset
£

Accelerated tax depreciation	348,466
Tax losses carried forward	<u>4,908,818</u>
	<u>5,257,284</u>

13 Intangible assets

Group

	Goodwill £	Total £
Cost or valuation		
Additions acquired separately	31,460,419	31,460,419
Disposals	<u>(422,747)</u>	<u>(422,747)</u>
At 31 March 2020	<u>31,037,672</u>	<u>31,037,672</u>
Amortisation		
Amortisation charge	2,151,391	2,151,391
Amortisation eliminated on disposals	<u>(422,747)</u>	<u>(422,747)</u>
At 31 March 2020	<u>1,728,644</u>	<u>1,728,644</u>
Carrying amount		
At 31 March 2020	<u>29,309,028</u>	<u>29,309,028</u>

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

14 Tangible assets

Group

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 16 April 2019	-	-	-
Additions	3,513,037	4,986,121	8,499,158
Disposals	<u>(1,350,000)</u>	<u>(120,079)</u>	<u>(1,470,079)</u>
At 31 March 2020	<u>2,163,037</u>	<u>4,866,042</u>	<u>7,029,079</u>
Depreciation			
At 16 April 2019	-	-	-
Charge for the period	66,033	1,161,817	1,227,850
Eliminated on disposal	<u>-</u>	<u>(103,005)</u>	<u>(103,005)</u>
At 31 March 2020	<u>66,033</u>	<u>1,058,812</u>	<u>1,124,845</u>
Carrying amount			
At 31 March 2020	<u>2,097,004</u>	<u>3,807,230</u>	<u>5,904,234</u>

Included within the net book value of land and buildings above is £Nil in respect of freehold land and buildings and £2,097,005 in respect of short leasehold land and buildings.

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

15 Investments

Group

	31 March 2020	15 April 2019
	£	£
Group	<u>255,693</u>	<u>-</u>

Investment costs are attributable to an investment that was incomplete at the year end but it was probable that the investment would proceed.

Company

	2020
	£
Investments in subsidiaries	<u>1</u>
Subsidiaries	£
Cost or valuation	
Additions	<u>1</u>
At 31 March 2020	1
Provision	
At 31 March 2020	<u>-</u>
Carrying amount	
At 31 March 2020	<u>1</u>

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

16 Business combinations

On 26 April 2019, City Gaming Limited (subsidiary) acquired the trade and assets of Palace Amusements (Holdings) Limited.

The acquired business units contributed £7,929,960 revenue and £504,035 to the group's profit for the period between the date of acquisition and the balance sheet date. The profits attributable to the business combination are before tax, interest, amortisation and head office costs are deducted.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 2020 £	Fair value 2020 £
Assets and liabilities acquired		
Financial assets	367,255	367,255
Tangible assets	<u>1,200,000</u>	<u>1,200,000</u>
Total identifiable assets	<u>1,567,255</u>	<u>1,567,255</u>
Goodwill	<u>11,699,668</u>	<u>11,699,668</u>
Total consideration	<u><u>13,266,923</u></u>	<u><u>13,266,923</u></u>
Satisfied by:		
Cash	<u><u>13,266,923</u></u>	<u><u>13,266,923</u></u>

The useful life of goodwill is 10 years.

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

On 17 May 2019, City Gaming Limited (subsidiary) acquired 100% of the issued share capital of Family Leisure Holdings Limited, obtaining control.

Family Leisure Holdings Limited contributed £6,303,448 revenue and £1,329,963 to the group's profit for the period between the date of acquisition and the balance sheet date. The profits attributable to the business combination are before tax, interest and amortisation costs are deducted. Profits on disposal of fixed assets are also excluded.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 2020 £	Revaluation adjustments 2020 £	Fair value 2020 £
Assets and liabilities acquired			
Financial assets	7,332,910	-	7,332,910
Tangible assets	699,547	1,114,619	1,814,166
Financial liabilities	<u>(2,215,747)</u>	<u>-</u>	<u>(2,215,747)</u>
Total identifiable assets	<u>5,816,710</u>	<u>1,114,619</u>	<u>6,931,329</u>
Goodwill	<u>8,256,976</u>	<u>(1,114,619)</u>	<u>7,142,357</u>
Total consideration	<u>14,073,686</u>	<u>-</u>	<u>14,073,686</u>
Satisfied by:			
Cash	<u>14,073,686</u>	<u>-</u>	<u>14,073,686</u>

The useful life of goodwill is 10 years.

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

On 31 October 2019, Family Leisure Euston Limited (subsidiary) acquired the trade and assets of G T Promotions Limited.

The acquired business units contributed £1,607,952 revenue and £132,984 to the group's profit for the period between the date of acquisition and the balance sheet date. The profits attributable to the business combination are before tax, interest and amortisation costs are deducted.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 2020 £	Fair value 2020 £
Assets and liabilities acquired		
Financial assets	1,941,065	1,941,065
Property, plant and equipment	3,455,584	3,455,584
Financial liabilities	<u>(1,047,827)</u>	<u>(1,047,827)</u>
Total identifiable assets	<u>4,348,822</u>	<u>4,348,822</u>
Goodwill	<u>9,988,124</u>	<u>9,988,124</u>
Total consideration	<u><u>14,336,946</u></u>	<u><u>14,336,946</u></u>
Satisfied by:		
Cash	<u><u>14,336,946</u></u>	<u><u>14,336,946</u></u>

The useful life of goodwill is 10 years.

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

On 16 December 2019, City Gaming Limited (subsidiary) acquired 100% of the issued share capital of Whittaker Arcades Limited, obtaining control.

Whittaker Arcades Limited contributed £264,748 revenue and £43,376 to the group's profit for the period between the date of acquisition and the balance sheet date. The profits attributable to the business combination are before tax, interest and amortisation costs are deducted.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 2020 £	Fair value 2020 £
Assets and liabilities acquired		
Financial assets	196,260	196,260
Property, plant and equipment	39,553	39,553
Financial liabilities	<u>(97,640)</u>	<u>(97,640)</u>
Total identifiable assets	<u>138,173</u>	<u>138,173</u>
Goodwill	<u>926,563</u>	<u>926,563</u>
Total consideration	<u><u>1,064,736</u></u>	<u><u>1,064,736</u></u>
Satisfied by:		
Cash	<u><u>1,064,736</u></u>	<u><u>1,064,736</u></u>

The useful life of goodwill is 10 years.

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

On 9 March 2020, City Gaming Limited (subsidiary) acquired the trade and assets of Cosmic Video Amusements.

The acquired business units contributed £24,201 revenue and £2,174 to the group's profit for the period between the date of acquisition and the balance sheet date. The profits attributable to the business combination are before tax, interest and amortisation costs are deducted.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 2020 £	Fair value 2020 £
Assets and liabilities acquired		
Financial assets	87,985	87,985
Property, plant and equipment	109,000	109,000
Total identifiable assets	196,985	196,985
Goodwill	1,703,707	1,703,707
Total consideration	1,900,692	1,900,692
Satisfied by:		
Cash	1,900,692	1,900,692

The useful life of goodwill is 10 years.

17 Stocks

	Group 2020 £	Company 2020 £
Other inventories	3,075	-

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

18 Debtors

		Group 2020 £	Company 2020 £
	Note		
Trade debtors		16,442	-
Amounts owed by related parties	26	-	47,853,200
Other debtors		584,403	37,501
Prepayments		715,419	-
Deferred tax assets	12	5,257,284	-
Income tax asset	12	12,602	-
		<u>6,586,150</u>	<u>47,890,701</u>

19 Cash and cash equivalents

		Group 2020 £	Company 2020 £
Cash on hand		220,944	-
Cash at bank		2,471,319	12,500
Short-term deposits		246,991	-
Other cash and cash equivalents		43,940	-
		<u>2,983,194</u>	<u>12,500</u>

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

20 Creditors

	Note	Group 2020 £	Company 2020 £
Due within one year			
Trade creditors		1,939,921	-
Amounts due to related parties	26	9,127,814	9,108,201
Social security and other taxes		1,311,120	-
Outstanding defined contribution pension costs		17,354	-
Other payables		41,073	-
Accruals		456,441	-
Income tax liability	12	<u>8,613</u>	<u>-</u>
		<u>12,902,336</u>	<u>9,108,201</u>
Due after one year			
Loans and borrowings	24	<u>38,745,000</u>	<u>38,745,000</u>

Metro Bank PLC has a charge over deposit arrangement with City Gaming Limited for use of their BACS facilities. This is secured by way of a fixed charge over the initial deposit of £247,000 that is held in a deposit account and cannot be withdrawn or transferred until the charge is settled.

21 Provisions for liabilities

Group

	Other provisions £	Total £
At 16 April 2019	<u>175,665</u>	<u>175,665</u>
At 31 March 2020	<u>175,665</u>	<u>175,665</u>

A corporation tax provision of £156,533 and accrued interest of £19,132 has been included on the balance sheet in respect of a chargeable gain arising on the disposal of Spooky Cool Labs LLC. Double taxation relief has been claimed in respect of tax withheld in the United States. The offset of this claim against the aforementioned CT liability has yet to be agreed with HM Revenue and Customs.

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

22 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £70,617.

Contributions totalling £17,354 were payable to the scheme at the end of the period and are included in creditors.

23 Share capital

Allotted, called up and fully paid shares

	2020 No.	£
Ordinary share capital of £1 each	<u>12,501</u>	<u>12,501</u>

Allotted, called up and not fully paid shares

	2020 No.	£
Ordinary share capital of £1 each	<u>37,500</u>	<u>37,500</u>

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

24 Loans and borrowings

	Group 2020 £	Company 2020 £
Non-current loans and borrowings		
Bank borrowings	<u>38,745,000</u>	<u>38,745,000</u>

Group

Bank borrowings

The NHTV Cherry Holdings LLC loan facility is denominated in £ with a nominal interest rate of 16%, and the final instalment is due on 26 April 2024. The carrying amount at period end is £38,745,000.

NHTV Cherry Holdings LLC has debentures with CGL Gaming PLC. The charge is secured by way of fixed and floating charges over all of the property or undertaking of the company and all group entities.

The issuer shall not, and shall procure that each other member of the Group shall not, enter into any Debt Purchase Transaction or beneficially own all or any part of the share capital of a company that is a noteholder or a party to a Debt Purchase Transaction.

Any notice of cancellation, redemption, authorisation or election given by any party shall be irrevocable unless contrary indication appears in the Agreement.

No amounts of cancelled commitments shall be reinstated.

There were total undrawn committed borrowings at the year end of £25,652,000.

The issuer shall redeem the notes at their principal amount on the maturity date, together with accrued interest and all other amounts payable.

Company

Bank borrowings

The NHTV Cherry Holdings LLC loan facility is denominated in £ with a nominal interest rate of 16%, and the final instalment is due on 26 April 2024. The carrying amount at period end is £38,745,000.

The specifics of the agreement are detailed in the group borrowings note (above).

CGL Gaming PLC

Notes to the Financial Statements for the Period from 16 April 2019 to 31 March 2020

25 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2020
	£
Not later than one year	3,385,424
Later than one year and not later than five years	10,141,941
Later than five years	<u>7,697,918</u>
	<u><u>21,225,283</u></u>

The amount of non-cancellable operating lease payments recognised as an expense during the period was £2,265,279 .

26 Related party transactions

Group

Key management compensation

	2020
	£
Salaries and other short term employee benefits	639,897
Termination benefits	<u>55,000</u>
	<u><u>694,897</u></u>

27 Parent and ultimate parent undertaking

The company's immediate parent is City Gaming Holdings Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is City Gaming Holdings Limited. These financial statements are available upon request from Companies House.