

## **Cashcade Limited**

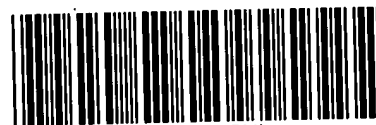
Report and Financial Statements

Year Ended

31 December 2015

Company Number 3831781

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# Cashcade Limited

## Report and financial statements for the year ended 31 December 2015

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### Directors

M Flatt  
T Waters

### Registered office

One New Change, London, EC4M 9AF

### Company number

3831781

### Auditors

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

# Cashcade Limited

## Strategic report for the year ended 31 December 2015

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The directors present their strategic report together with the audited financial statements for the year ended 31 December 2015.

### Principal activities

The principal activity of the company is the marketing of online bingo and casinos and provision of software services.

### Nature of the business

The company's core business is the marketing of online bingo and casino brands. Cashcade continues to successfully work with its primary software provider, 888 to provide marketing services for some of the UK's best known bingo brands, including Foxy and Cheeky.

### Developments, performance and position

The directors generally are satisfied with the performance of the business. Revenue in the year decreased by £4.1 million compared with 2014 to £22.7 million. This is primarily due to the impact on the revenue share arrangements the company has with its platform provider from the introduction in December 2014 of the UK point of consumption tax, ("PoCT"), for the gaming industry which was £4.6 million in 2015 (2014: £0.4m), ignoring the impact of PoCT, there was an £0.5m increase in turnover which was due to lower bonus costs in 2015.

The company achieved profit from operations for the year of £7.4 million, a decrease of 23% compared with 2014, in line with the decrease in revenues. Administrative expenses increased during the year by £0.4 million from £11.9 million in 2014 to £12.3 million in 2015 due to the impairment charge discussed below of £1.35m offset by decreased marketing expenditure

In June 2015 the company's subsidiary, Herotech Limited discontinued operations, as a result the value of the investment was fully impaired resulting in an impairment charge of £1.35 million in admin expenses (2014 - £nil).

The company continues to market a number of smaller bingo brands, both internally owned and for third parties.

On 1 February 2016, the then ultimate parent company, bwin.party digital entertainment Limited was acquired by GVC Holdings PLC.

### Key performance indicators

The company uses a number of financial and non-financial key performance indicators (KPI's) in the management of the business. The significant KPIs are discussed below.

The primary financial KPI of the business is the cost of acquiring new players (CPA). In 2015 the average CPA was £70, a decrease of 31% on the prior year (2014 - £102).

The directors also closely monitor Clean EBITDA, which excludes investment income, impairment charge and share based payments, this decreased by £2.6 million in 2015 from £12.1 million in 2014 as a result of the introduction of PoCT.

# Cashcade Limited

## Strategic report (*continued*) for the year ended 31 December 2015

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### Financial risks

The main financial risks arising from the company's activities are interest rate risk and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the reporting date.

#### Liquidity risk

Liquidity risk arises from the company's management of its working capital as well as the finance charges and principal repayments on its debt instruments. In essence, it is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

The directors are advised of cash balances, foreign currency exposures, interest income, interest expense and counterparty exposures on a monthly basis, or more frequently if required.

Management monitors liquidity to ensure that sufficient liquid resources are available to the company. The company's principal financial assets are cash, bank deposits and trade and other receivables.

In December 2012 the company entered into £30 million 3 year amortising term. As at 31 December 2014 the drawn balance on this term loan was £25m. On the 30 June 2015 the balance of the term loan with RBS was novated to bwin.party Marketing (UK) Ltd as part of the extension agreement to increase the term of the overdraft facility to 2018. Post year end, following the aforementioned acquisition by GVC Holdings Plc, the new loan was fully repaid in and the facility cancelled February 2016. Further details in relation to the term loan are disclosed in note 10.

#### Interest rate risk

The company's policy in respect of interest rate is to maintain a mixture of long term and short term debt finance and readily accessible bank deposit accounts to ensure the company has sufficient funds for operations. The cash deposits are held in a mixture of short term deposits and current accounts which earn interest at a floating rate.

### On behalf of the board



**M Flatt**  
**Director**

Date 28.09.16

# **Cashcade Limited**

## **Report of the directors for the year ended 31 December 2015**

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The directors present their report together with the audited financial statements for the year ended 31 December 2015.

### **Results**

The profit and loss account is set out on page 7 and shows the profit for the year.

### **Dividends**

During the year the company paid interim dividends totalling £21.5m to its parent, bwin.party marketing (UK) Limited (2014 - £15m). The directors do not recommend a final dividend.

### **Charitable and political contributions**

During the year the company did not make any charitable contributions (2014: £16,442). There were no political contributions.

### **Directors**

The directors of the company during the year were:

G Shaked (resigned 3 November 2015)  
M Flatt (appointed 3 November 2015)  
T Waters

# Cashcade Limited

## Report of the directors for the year ended 31 December 2015 (*continued*)

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### Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 "Reduced Disclosure Framework" 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.

### Auditors

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

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

On behalf of the board



M Flatt  
Director

Date 28.09.16

# Cashcade Limited

## Independent auditor's report

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CASHCADE LIMITED**

We have audited the financial statements of Cashcade Limited for the year ended 31 December 2015 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

# Cashcade Limited

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

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### Matters on which we are required to report by exception

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

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

BDO LLP

Oliver Chinneck (*senior statutory auditor*)  
For and on behalf of BDO LLP, statutory auditor  
London

Date 29 September 2016

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



# Cashcade Limited

## Profit and loss account for the year ended 31 December 2015

	Note	2015 £	2014 £
<b>Revenue</b>		<b>22,739,216</b>	26,839,564
Cost of sales		(2,967,181)	(3,372,457)
<b>Gross profit</b>		<b>19,772,035</b>	23,467,107
Administrative expenses - Including impairment charge of £1,350,000 (2014:nil)- see note 7		(12,280,991)	(11,954,656)
<b>Profit from operations</b>	2	<b>7,491,044</b>	11,512,451
Investment income	7	100,000	900,000
Finance income	5	1,119,602	1,854,361
Finance expense	5	(668,290)	(1,134,444)
<b>Profit before taxation</b>		<b>8,042,356</b>	13,132,368
Taxation	6	(1,827,244)	(2,594,171)
<b>Profit after taxation and total comprehensive income</b>		<b>6,215,112</b>	10,538,197

The notes on pages 10 to 23 form part of these financial statements.

# Cashcade Limited

## Statement of changes in equity for the year ended 31 December 2015

	Called up share capital	Share premium account	Capital contribution reserve	Retained earnings	Total
<b>As at 1 January 2015</b>	4,435	12,768,403	2,417,116	4,287,535	19,477,489
Total comprehensive income	-	-	-	6,215,112	6,215,112
Capital reduction	-	(12,768,403)	-	12,768,403	-
Dividends	-	-	-	(21,500,000)	(21,500,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>As at 31 December 2015</b>	<b>4,435</b>	<b>-</b>	<b>2,417,116</b>	<b>1,771,050</b>	<b>4,192,601</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Reserve	Description and Purpose
Capital contribution reserve	Share option charges in respect of schemes to be equity settled by the ultimate parent company that have been passed down to the company in the form of a capital contribution
Share premium account	Amount subscribed for share capital in excess of nominal value, this has been reduced in the year to nil following a capital reduction
Retained earnings	Cumulative net gains and losses recognised in the profit and loss account

The notes on pages 10 to 23 form part of these financial statements.

# Cashcade Limited

## Balance sheet at 31 December 2015

<b>Company number 3831781</b>	<b>Note</b>	<b>2015 £</b>	<b>2015 £</b>	<b>2014 £</b>	<b>2014 £</b>
<b>Non-current assets</b>					
Investments	7	-	1,350,000		
		-	1,350,000		
<b>Current assets</b>					
Trade and other receivables	8	3,020,587	37,936,013		
Cash and cash equivalents		3,722,309	7,971,822		
		6,742,896	45,907,835		
<b>Total assets</b>			6,742,896		47,257,835
<b>Current liabilities</b>					
Trade and other payables	9	2,550,295	3,094,136		
Loans and borrowings	10	-	24,686,210		
		2,550,295	27,780,346		
<b>Net current assets</b>			4,192,601		18,127,489
<b>Total assets less current liabilities</b>			4,192,601		19,477,489
<b>Total net assets</b>			4,192,601		19,477,489
<b>Equity</b>					
Called up share capital	13	4,435	4,435		
Share premium account		-	12,768,403		
Capital contribution reserve		2,417,116	2,417,116		
Retained earnings		1,771,050	4,287,535		
<b>Total equity</b>			4,192,601		19,477,489

The financial statements were approved by the Board of Directors and authorised for issue on

M Flatt  
Director

The notes on pages 10 to 23 form part of these financial statements.

# Cashcade Limited

## Notes forming part of the financial statements for the year ended 31 December 2015

### 1 Accounting policies

Cashcade Limited is a company registered in England & Wales. The financial statements that are presented are those of the Company for the year ended 31 December 2015.

#### *Basis of preparation*

The financial statements have been prepared in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* and Financial Reporting Standard 101 *Reduced Disclosure Framework*. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in sterling (£), which is also the company's functional currency.

#### *Disclosure exemptions*

The company has taken advantage of the disclosure exemptions conferred by FRS 101, the company is therefore exempt from:

- Preparation of a statement of cash flows as required by IAS 7;
- All disclosures required under IFRS 7;
- All disclosures required under IFRS 13;
- Share-based payment disclosures as required by IFRS 2 paragraphs 45(b) and 46-52; and
- Related party disclosures relating to transactions with wholly owned fellow group companies.

#### *Adoption of new and revised Standards and Interpretations*

There were no new Standards and Interpretations Issued by the International Accounting Standards Board ("IASB") that were effective for the first time in the current financial year and had an impact on the Company.

The following relevant standards and interpretations were issued by the IASB or the IFRIC before the period end but are as yet not effective for the 2015 year end:

<i>IFRS 9</i>	Financial Instruments (effective for annual periods beginning on or after 1 January 2018)*
<i>IFRS 15</i>	Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)*
<i>IFRS 16</i>	Leases (effective date 1 January 2019)*

\* Not yet endorsed by the EU.

The company is currently assessing the impact, if any, that these standards will have on the presentation of, and recognition in its results in future periods.

# Cashcade Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (*continued*)

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### 1 Accounting policies (*Continued*)

#### *Basis of accounting*

The financial statements have been prepared under the historical cost convention.

#### *Going concern*

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Company has considerable financial resources together with long term relationships with its main suppliers and has established itself as a leader in its field. Consequently, the directors believe the Company is well placed to manage its business risks successfully despite the current challenging economic environment.

#### *Consolidation*

The Company has taken advantage of the exemption from preparing consolidated financial statements as it is a wholly owned subsidiary of its ultimate parent, bwin.party digital entertainment Limited. References within these financial statements to the 'Group' refer to bwin.party digital entertainment Limited and its subsidiaries, including the Company. Copies of the group financial statements are available from Gibraltar Companies House.

#### *Revenue*

Revenue represents amounts receivable for marketing services, excluding value added tax and net of royalty costs, point of consumption tax, progressive jackpot contributions, bonuses and transaction fees and arises substantially outside of the United Kingdom.

#### *Taxation*

Income tax expense represents the sum of the Directors' best estimate of taxation exposures and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account 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 rates that have been enacted or substantively enacted by the reporting date.

# Cashcade Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (*continued*)

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### 1 Accounting policies (*Continued*)

#### *Deferred tax*

Deferred tax is recognised 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. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences other than where IAS 12 'Income Taxes' contains specific examples. 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 (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting 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 realised. Deferred tax is charged or credited to the profit and loss account, 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 there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### *Pensions*

The company contributes to a defined contribution scheme. The contributions are charged to the profit and loss account in the year to which they relate.

#### *Financial assets*

The Company's financial assets which are financial instruments are categorised as loans and receivables. There are no financial assets that are classified as available for sale or held to maturity. A category for 'in the money' derivative financial instruments was not required since there were no derivative financial instruments held as at 31 December 2015 or 31 December 2014.

Trade and other receivables represent short-term monetary assets which are recognised at fair value less impairment and other related provisions, which are recognised when there is objective evidence (primarily default or significant delay in payment) that the Company will be unable to collect all of the amounts due. The amount of such a provision is the difference between the net carrying amount and the present value of the future expected cashflows associated with the impaired receivable.

Cash comprises cash in hand and balances with financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash.

# Cashcade Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Financial liabilities*

The Company's financial liabilities are all categorised as financial liabilities measured at amortised cost. Financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method, which ensures that interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet; and
- Loans and borrowings, comprising bank borrowings and overdrafts, which are initially recognised at fair value, net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently valued at amortised cost using the effective interest rate method. Interest expense in this context includes initial transaction costs, as well as any interest or coupon payable while the liability is outstanding.

A category for 'out of the money' derivative financial instruments was not required since there were no derivative financial instruments as at 31 December 2015 or 31 December 2014.

#### *Share capital*

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments.

#### *Leased assets*

Rentals payable under operating leases are charged directly to the profit and loss account on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

# Cashcade Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 *(continued)*

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### 1 Accounting policies *(Continued)*

#### *Share based payments*

The ultimate parent company has previously issued equity-settled share-based payments to certain employees of the company, following the acquisition by GVC Holdings plc certain options are now being cash settled. This has resulted in a charge to the profit and loss account and a corresponding entry in payables. Charges relating to equity-settled share-based payments are recorded in the profit and loss account with a corresponding entry to the capital contribution reserve.

The ultimate parent company has applied the requirements of IFRS 2 *Share-based payments* to the equity-settled share-based payments, which are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period based, for those share options which contain only non-market vesting conditions, on the ultimate parent's estimate of the shares that will eventually vest. Fair value is measured by use of a suitable option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

#### *Finance income*

Finance income represents loan interest receivable from the parent company as a result of a loan agreement in place. This also represents bank interest receivable on cash deposits.

#### *Finance expense*

Finance expense represents loan interest payable to the company's bankers as a result of a loan agreement in place.

#### *Investment income*

All dividend income is recognised in the profit and loss account in the year received.

#### *Investments*

Non-current investments are stated at cost less provision for any impairment. Non-current investments are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

#### *Dividends*

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

#### *Foreign currency*

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the profit and loss account.



# Cashcade Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

### 2 Profit from operations

	2015	2014
	£	£
The operating profit is stated after charging:		
Audit services	30,000	33,500
Share based payment expense	23,571	72,487
Impairment charge	1,350,000	-
	<u>          </u>	<u>          </u>

### 3 Employee benefits

	2015	2014
	£	£
Staff costs (including directors) consist of:		
Wages and salaries	1,153,087	853,075
Social security costs	126,674	101,239
Share based payment expense	23,571	72,487
Other pension costs	14,959	16,891
	<u>          </u>	<u>          </u>
	1,318,291	1,043,692
	<u>          </u>	<u>          </u>

	2015	2014
	Number	Number
The average number of employees during the year was as follows:		
Directors	2	2
Administration	1	1
Other	20	17
	<u>          </u>	<u>          </u>
	23	20
	<u>          </u>	<u>          </u>

# Cashcade Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (*continued*)

### 4 Directors remuneration

	2015 £	2014 £
Directors' remuneration consist of:		
Emoluments	15,000	318,333
Long term incentive plans	-	89,575
Shares based payments	17,687	-
Pension	750	6,617
	<u>33,437</u>	<u>414,525</u>
Highest paid director		
Emoluments	15,000	232,500
Shares based payments	17,687	-
Pension	750	6,617
	<u>33,437</u>	<u>414,525</u>

No share options were exercised during the year by directors (2014 - one).

### 5 Finance income

	2015 £	2014 £
Bank interest	37,351	73,078
Inter-company loan interest	1,082,251	1,781,283
	<u>1,119,602</u>	<u>1,854,361</u>

### Finance expense

	2015 £	2014 £
Bank loans and overdrafts	668,290	1,134,444
	<u>668,290</u>	<u>1,134,444</u>

# Cashcade Limited

Notes forming part of the financial statements  
for the year ended 31 December 2015 (*continued*)

## 6 Taxation on profit from ordinary activities

	2015 £	2015 £	2014 £	2014 £
<i>Current tax</i>				
UK corporation tax on profits of the year	1,881,136		2,634,888	
Adjustment in respect of previous years	(3,058)		(90,348)	
Total current tax		1,878,078		2,544,540
<i>Deferred tax</i>				
Origination and reversal of timing differences		(50,834)		49,631
Taxation on profit on ordinary activities		1,827,244		2,594,171

The tax assessed for the year is higher (2014: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	8,042,356	13,132,368
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.25% (2014 – 21.5%)	1,628,577	2,823,460
Effects of:		
Permanent differences	93	411
Effects of share-based payments	(51,811)	58,711
Prior year over provision	(3,058)	(90,348)
Corporation tax rate changes	317	(4,563)
Income not subject to tax	(20,249)	(193,500)
Impairment of investments	273,375	-
Tax charge for year	1,827,244	2,594,171

The prior year over provision of £3,058 (2014: £90,348) relates to an adjustment for group relief received.

# Cashcade Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

### 7 Investments

	2015 £	2014 £
Herotech Limited	-	1,350,000

At 31 December 2015 the company continued to hold 100% of the share capital of Herotech Limited, a company registered in the United Kingdom. The company received a dividend of £100,000 (2014: £900,000) from Herotech Limited during the year. As Herotech Limited discontinued operations during the year the investment of £1.35m has been fully impaired

### 8 Trade and other receivables

	2015 £	2014 £
Trade receivables	1,574,445	2,020,210
Other receivables	375,980	466,953
Amounts due from group undertakings	4,901	34,500,782
Prepayments	999,177	932,818
Deferred tax asset	66,084	15,250
	<b>3,020,587</b>	<b>37,936,013</b>

The directors consider that the carrying amount of trade and other receivables approximates to their fair values, which is based on estimation of amounts recoverable. The recoverable amount is determined by calculating the present value of expected future cash flows.

All amounts shown under trade and other receivables fall due for payment within one year.

### 9 Trade and other payables falling due within one year

	2015 £	2014 £
Trade payables	357,614	343,659
Amounts owed to group undertakings	347,203	116,211
Corporation tax	731,136	1,153,795
Other taxation and social security	-	38,779
Other payables	446,616	266,811
Accruals	667,726	1,174,881
	<b>2,550,295</b>	<b>3,094,136</b>

The directors consider that the carrying amount of trade and other payables approximates to their fair values which is based on the net present values of expected future cash flows.

# Cashcade Limited

Notes forming part of the financial statements  
for the year ended 31 December 2015 (*continued*)

## 10 Loans and borrowings

	2015 £	2014 £
Secured bank loan (current)	-	24,686,210
	<hr/>	<hr/>
Total liabilities	-	24,686,210
	<hr/>	<hr/>

Principal terms and the debt repayment schedule of loans and borrowings before amortisation are as follows:

	Lender	Amount	Nominal rate	Year of maturity	Security
As at 31 December 2014	Royal Bank of Scotland plc	£30 million	3 months LIBOR plus 3.25%	2015	Floating charge over the assets of the company

The maturity and analysis of loans and borrowings, including interest and fees, is as follows:

	2015 £	2014 £
Within one year	-	24,686,210
	<hr/>	<hr/>
	-	24,686,210
	<hr/>	<hr/>

During the year the loan facility with RBS was novated to the parent company, resulting is a corresponding reduction in the inter-company receivables. Post year end the loan has been fully repaid and the facility cancelled.

# Cashcade Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

### 11 Deferred tax asset

	2015 £	2014 £
Capital allowances in excess of depreciation	12,374	15,091
Share based payments	53,710	159
	<u>66,084</u>	<u>15,250</u>

The movement in deferred tax asset comprises:

	£
Balance as at 1 January 2015	15,250
Amount credited to the profit and loss account in the year	50,834
	<u>66,084</u>
<b>Balance as at 31 December 2015</b>	<b>66,084</b>

### 12 Dividends

	2015 £	2014 £
Ordinary shares		
Interim dividend of £245 per ordinary share paid during the year (2014 - £172)	21,500,000	15,000,000
	<u>21,500,000</u>	<u>15,000,000</u>

# Cashcade Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

### 13 Share capital

	2015 Number	Authorised 2014 Number	2015 £	2014 £
Ordinary shares of 5p each	2,000,000	2,000,000	100,000	100,000
Ordinary "B" shares of 1p each	2,000,000	2,000,000	20,000	20,000
	<u>4,000,000</u>	<u>4,000,000</u>	<u>120,000</u>	<u>120,000</u>
	<b>Allotted, called up and fully paid</b>			
	2015 Number	2014 Number	2015 £	2014 £
Ordinary shares of 5p each	87,128	87,128	4,356	4,356
Ordinary "B" shares of 1p each	7,897	7,897	79	79
	<u>95,025</u>	<u>95,025</u>	<u>4,435</u>	<u>4,435</u>

### 14 Ultimate parent company

The immediate parent company is bwin.party Marketing (UK) Limited, a company incorporated and registered in the UK. At 31 December 2015 the company's ultimate parent company was bwin.party digital entertainment Limited, incorporated and registered in Gibraltar. Copies of the group financial statements are available at Gibraltar Companies House.

### 15 Commitments under operating leases

As at 31 December 2015 and 31 December 2014, the company had no commitments under non-cancellable operating leases.

### 16 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £14,959 in 2015 (2014: £16,891).

### 17 Related party transactions

The Company has taken advantage of the exemption conferred by FRS 101 paragraph 8(j) and 8(k) not to disclose key management personnel compensation or transactions and amounts due to and from fellow group companies that are wholly owned by the ultimate parent company; bwin.party digital entertainment Limited.

# Cashcade Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 *(continued)*

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### 18 Share based payments

The ultimate parent company, bwin.party digital entertainment Limited, granted options to certain employees under the plans detailed below as a reward and retention incentive for employees of the company details of the schemes are as follows:

#### **Nil-cost plan**

These options are not generally subject to performance conditions as this is regarded as detracting from their attraction and retention capabilities and instead usually vest on a phased basis over a four to five-year period. No new awards are to be granted under this plan.

#### **Bonus Banking Plan (BBP) plan**

The BBP plan covers a three year period with annual performance targets set at the beginning of each year. Depending on the extent to which the performance targets have been met in any year, an amount may be credited (or debited) to the participant's bonus account on the measurement date. 50 % will be credited in the form of shares (through a nil-cost option) and 50 % in cash. Shortly after each measurement date an amount equal to half of the balance of the bonus account will be paid in cash to the participant. After the initial 3 years half the nil-cost option vests, with the balance vesting in year 4, together with the balance of any cash. If the performance in any year does not satisfy the performance target then a participant's bonus account is debited 50% of its current value.

#### **Bonus share plan (BSP) plan**

This plan has the same conditions as the BBP, except where the performance conditions are not met in a particular year then there is no deduction made to a participant's bonus account.

#### **Global share plan (GSP)**

Awards of free shares worth up to a maximum of £25,000 (or equivalent) may be made to each eligible employee each year. The award may be subject to performance conditions. There is flexibility to grant different types of free share award including nil-cost options, conditional awards of shares and restricted shares where the employee is the owner of the shares from the date of award. At 31 December 2015 and 31 December 2014, all shares under this scheme are nil-cost options with no performance conditions.

Additionally, where employees buy shares up to a maximum of £1,500 each, they may be awarded additional free shares on a matching basis, up to a maximum of two matching shares for each purchased share. Purchased shares must be held for a minimum of three years for the matching shares to vest.

Directors are not eligible to receive any awards under this plan.



# Cashcade Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 *(continued)*

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### **18 Share based payments** *(continued)*

Due to the acquisition by GVC there was an acceleration of the vesting of share options to acquisition date, with certain options being settled in cash that would otherwise have been settled in shares.

The total share option charge in the year was £23,571 (2014: £72,487)

### **19 Events after the reporting date**

Post year end, on 1 February 2016, the ultimate parent company, bwin.party digital entertainment Limited was acquired by GVC Holdings Plc.

As a result of the acquisition by GVC, the loan facility with RBS along with any accrued interest was repaid in its entirety and cancelled on completion of the acquisition in February 2016. GVC entered into a new €400m debt facility with Cerberus Capital with Cashcade Limited acting as obligor.