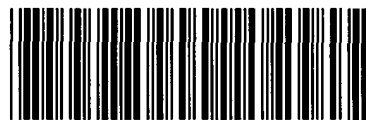


IGT-UK Gaming Limited

Company Registration No. 4562679

Annual Report and Financial Statements Year ended 31 December 2017

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IGT- UK GAMING LIMITED
Company Registration No. 4562679

ANNUAL REPORT AND FINANCIAL STATEMENTS 2017

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IGT- UK GAMING LIMITED
Company Registration No. 4562679

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Antony Lavaz Watson
Paul Mears (date of appointment 30 September 2017)
Matthew William Hughes (date of appointment 1 March 2017)
Anuj Bhatnager (resigned on 1 March 2017)
Robert Andrew Jones (resigned on 30 September 2017)

REGISTERED OFFICE

Quay West Trafford Wharf Road
Trafford Park
Manchester
M17 1HH

BANKERS

BNP PARIBAS
10 Harewood Avenue
NW1 6A
LONDON

SOLICITORS

Geldards LLP
Dumfries House
Dumfries Place
Cardiff
CF10 3ZF

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants
No 1 Spinningfields
Hardman Square
Manchester
M3 3EB



STRATEGIC REPORT

IGT- UK GAMING LIMITED

Company Registration No. 4562679

For the year ended 31st December 2017

Financial year

The financial statements are prepared for the year ended 31 December 2017.

Principal Activities

The principal activity of the company is the sale, lease and maintenance of gaming machines.

Review of the business and future developments

The company operates in the UK with its customer base being entirely in the UK. The customers include Casino operators in the UK who primarily lease machines and the games on it from the company for which daily lease fees are charged. The company has a good brand name in the UK market and a historical lease install base. The company expects to maintain its market share in the near future.

The financial year ended on 31 December 2017 showed a loss before taxation for the financial year of £3.4 million compared to £4.6 million loss before taxation for the financial period 2016.

Total revenue in financial year 2017 was £6.5 million compared to £6.3 million in 2016 and is in line with prior year. Cost of sales was £4.3 million in the current financial year 2017 compared with £2.9 million in 2016. While Revenue has remained stable in the current year, cost of sales has increased by £1.4 million since prior year. This is mainly due to a change in sales mix during the current year as UK Gaming had an increased volume of new machine sales in 2017 which had a cost of £1 million. Service revenue and lease income generated from the company's machine install base declined due to the expiration and termination of lease and maintenance service agreements.

Based on the financial review performed, the Directors have concluded that the company has adequate resources and support from its ultimate parent company International Game Technology PLC to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Directors consider that the company is well placed and remain confident about the company's prospects for the next year and beyond.

Principal risks and uncertainties

The company operates in a regulated gaming environment and any change in laws related to gaming can have an effect on the company's business.

Financial risk management

The company's operations expose it to a variety of financial risks that include foreign exchange rate risk and credit risk.

Foreign exchange rate risk arises from transactions when goods and services are bought or sold in currencies other than Pound Sterling.



IGT- UK GAMING LIMITED
Company Registration No. 4562679

STRATEGIC REPORT (CONTINUED)

Financial risk management (continued)

The effects of credit risk are controlled as the company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed by the management. The management receives regular reports on amounts due and amounts significantly overdue and the relevant action taken.

IGT-UK Gaming Limited is a wholly owned subsidiary of IGT-UK Group Limited (immediate parent). IGT-UK Group Limited is a wholly owned subsidiary of International Gaming Technology PLC ("IGT PLC") (intermediate parent). Further details of Group policies in relation to external financial risks, can be found in the Annual Report and Financial Statements of IGT PLC. The consolidated financial statements of IGT PLC are available at 66 Seymour Street, 2nd Floor London W1H 5BT United Kingdom and on the IGT PLC website.

Key performance indicators

Given the straightforward nature of the business, the Company's key performing indicators are turnover and gross profit. For the financial year 2017 the turnover £6.5 million (2016: £6.3 million) and gross profit is £2.2 million (2016: £3.4 million).

Approved by the Board of Directors and signed on behalf of the Board.

A handwritten signature in black ink, appearing to read "Matthew William Hughes", written over a horizontal line.

Name : Matthew William Hughes
Date : 28 September 2018



IGT- UK GAMING LIMITED
Company Registration No. 4562679

DIRECTORS' REPORT

For the year ended 31 December 2017

The directors are pleased to submit the annual report and audited financial statements for the year ended 31 December 2017.

Going Concern

The company has long-term contracts with other group companies and customers which continue to perform well, together with a written pledge of support from its ultimate parent company, International Game Technology PLC ("IGT PLC"). As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the uncertain economic outlook.

The Directors believe that it is appropriate for the financial statements to be prepared on the going concern basis having received a letter of support from the ultimate parent undertaking, International Game Technology PLC, which indicates that it will continue to provide sufficient funds to enable the company to meet all of its financial obligations as they fall due, a period of at least 12 months from the date of signing the financial statements.

Directors

Directors of the company who were in the office during the year and up to the date of signing the financial statements were;

Antony Lavaz Watson

Paul Mears (date of appointment 30 September 2017)

Matthew William Hughes (date of appointment 1 March 2017)

Anuj Bhatnager (resigned on 1 March 2017)

Robert Andrew Jones (resigned on 30 September 2017)

Dividends

No dividends were declared during the year under review. The losses were transferred to the reserves.

Disclosure of information to Auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware; and



IGT- UK GAMING LIMITED
Company Registration No: 4562679

DIRECTORS' REPORT (continued)

For the year ended 31 December 2017

Disclosure of information to Auditors (continued)

- each of the Directors has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board

A handwritten signature in black ink, appearing to read "Matthew William Hughes".

Name: Matthew William Hughes
Date: 28 September 2018



IGT- UK GAMING LIMITED
Company Registration No. 4562679

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the 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 auditors are aware of that information.

By order of the Board

Name: Matthew William Hughes
Date: 28 September 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IGT-UK GAMING LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, IGT-UK Gaming Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of income and accumulated deficit for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Report on the audit of the financial statements (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Report on the audit of the financial statements (continued)

Responsibilities for the financial statements and the audit (continued)

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

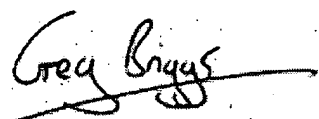
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Gregory Briggs (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
28 September 2018



IGT- UK GAMING LIMITED
Company Registration No. 4562679

STATEMENT OF INCOME AND ACCUMULATED DEFICIT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note(s)	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Turnover	5	6,461	6,319
Cost of sales		(4,280)	(2,905)
GROSS PROFIT		2,181	3,414
Administrative expenses		(5,617)	(7,973)
OPERATING LOSS	6	(3,436)	(4,559)
Interest receivable and similar income	8	66	-
Interest payable and similar expenses	8	(20)	(17)
LOSS BEFORE TAXATION		(3,390)	(4,576)
Tax on loss	9	94	730
LOSS AFTER TAXATION		(3,296)	(3,846)
(Accumulated deficit) / Profit as at beginning of year		(648)	3,198
ACCUMULATED (DEFICIT) AS AT 31 DECEMBER		(3,944)	(648)

All the results are derived from continuing operations.

The notes on page 14 to 30 form part of these financial statements.



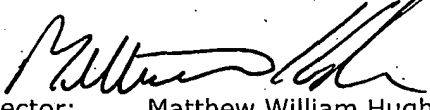
IGT- UK GAMING LIMITED
Company Registration No. 4562679

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Note	31 December 2017 £'000	31 December 2016 £'000
FIXED ASSETS			
Tangible assets	10	3,525	3,737
		<u>3,525</u>	<u>3,737</u>
CURRENT ASSETS			
Stocks	11	59	99
Debtors	12	20,139	16,140
Cash at bank and on hand		527	877
		<u>20,725</u>	<u>17,116</u>
Creditors: amounts falling due within one year	13	(28,102)	(21,335)
		<u>(7,377)</u>	<u>(4,219)</u>
NET CURRENT LIABILITIES			
		<u>(3,852)</u>	<u>(482)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors: amounts falling due after one year	14	(92)	(166)
		<u>(3,944)</u>	<u>(648)</u>
NET LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	15	-	-
Accumulated deficit		(3,944)	(648)
TOTAL SHAREHOLDERS' DEFICIT		<u>(3,944)</u>	<u>(648)</u>

The notes on pages 14 to 30 form part of these financial statements.

The financial statements on page 12 to 30 were approved by the board of directors on 28 September 2018 and signed on its behalf by:


Director: Matthew William Hughes
Date: 28 September 2018



IGT-UK GAMING LIMITED
Company Registration No. 4562679

Notes to the Financial Statements for the year ended 31 December 2017

1. GENERAL INFORMATION

The principal activity of the company is the sale, lease and maintenance of gaming machines.

IGT-UK Gaming Limited (the "Company") is a private company limited by shares, and is incorporated in the United Kingdom. The address of its registered office is Quay West Trafford Wharf Road, Trafford Park, Manchester M17 1HH.

2. STATEMENT OF COMPLIANCE

The individual financial statements of IGT-UK Gaming Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance applicable United Kingdom accounting standards and the Companies Act 2006 and applicable accounting standards in the United Kingdom including FRS 102 on a basis consistent with the prior year.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in 'Critical accounting judgements and key source of estimation uncertainty' note.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. The Directors believe that it is appropriate for the financial statements to be prepared on the going concern basis having received a letter of support from the ultimate parent undertaking, International Game Technology PLC, which indicates that it will continue to provide sufficient funds to enable the company to meet all of its financial obligations as they fall due for a period of at least 12 months from the date of signing the financial statements.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a Group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The company is a qualifying entity as its results are consolidated into the financial statements of IGT PLC, which are publicly available.

As a qualifying entity, the company has taken advantage of the following exemptions in its separate financial statements:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

Foreign currency*i) Functional and presentation currency*

The company's functional and presentational currency is the Pound Sterling, rounded off to nearest thousands.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and accumulated deficit.



IGT-UK GAMING LIMITED
Company Registration No. 4562679

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. Turnover is recognised on delivery of goods and services to customers, recognised on an accruals basis. Rental receivable for assets leased under operating leases is recognised on a straight line basis for the duration of the lease.

Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangement and defined contribution pension plans.

i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Defined contribution pension scheme

IGT-UK Group Limited operates a defined contribution pension scheme (formerly known as the Barcrest Group Limited scheme and changed by deed to the IGT-UK Group Limited scheme on 1 January 2010). Employees of IGT-UK Gaming Limited are eligible to join this pension scheme. The cost of providing pensions is charged to the statement of income and accumulated deficit as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of income and accumulated deficit, except to the extent that it relates to items recognised directly in equity. In this case tax is also recognised directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Taxation (continued)***ii) Deferred tax (continued)*

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only 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 tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses.

Depreciation is provided on cost in equal instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold improvements	10% - 20% per annum
Gaming machines	20% - 33% per annum

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of income and accumulated deficit.

Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

*a) Company as a lessor**i) Operating leased assets*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leased assets (continued)

b) Company as a lessee

i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the statement of income and accumulated deficit on a straight line basis over the period of the lease.

The Administrative expenses include £ 0.15m (2016: £ 0.13m) thousand towards rental of office space and leased vehicles.

ii) Lease incentives

Incentives received to enter into an operating lease are credited to the statement of income and accumulated deficit, to reduce the lease expense, on a straight-line basis over the period of the lease.

The company has taken advantage of the exemption under paragraph 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 (28 September 2014) and continues to credit such lease incentives to the statement of income and accumulated deficit over the period to the first review date on which the rent is adjusted to market rates.

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of income and accumulated deficit. Thereafter any excess is recognised in the statement of income and accumulated deficit.

If an impairment loss is subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior



Notes to the Financial Statements for the year ended

IGT- UK GAMING LIMITED
Company Registration No. 4562679

31 December 2017 (continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)

periods. A reversal of an impairment loss is recognised in the statement of income and accumulated deficit.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Estimated selling price less costs to complete and sell is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

At the end of each reporting period stocks are assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of income and accumulated deficit.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

Financial Instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade debtors, amount owed by group undertakings and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in statement of income and accumulated deficit.



IGT-UK GAMING LIMITED
Company Registration No. 4562679

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

i) Financial assets (continued)

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in statement of income and accumulated deficit.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii) Financial liabilities

Basic financial liabilities, including trade creditors and amounts owed to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. 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 payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivatives financial instruments.

iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.



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Notes to the Financial Statements for the year ended 31 December 2017 (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related party transactions

The company has taken advantage of the exemption contained in paragraph 33.1A of FRS 102 "related party transactions" for wholly owned subsidiaries not to disclose transactions with entities that are part of the group qualifying as related parties.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

i) Useful economic lives of tangible fixed assets (section 17 and 18)

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the tangible fixed assets, and accounting policy for the useful economic lives for each class of assets.



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Notes to the Financial Statements for the year ended 31 December 2017 (continued)

5. TURNOVER

Analysis of turnover by geography:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Turnover by destination		
United Kingdom	6,461	6,319
	<u>6,461</u>	<u>6,319</u>

Analysis of turnover by category:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Sale of goods	1,090	168
Rendering of services – Maintenance of gaming machine	454	930
Rental income	4,917	5,220
	<u>6,461</u>	<u>6,319</u>

6. OPERATING LOSS

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Operating loss is stated after (crediting)/charging:		
Depreciation of tangible fixed assets	1,861	1,958
Rentals payable under operating leases	150	133
Services provided by company's auditors:		
Fees payable for the audit	39	35
Fees payable for other services – tax compliance	5	26



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Notes to the Financial Statements for the year ended 31 December 2017 (continued)

7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Staff costs during the year		
Wages and salaries	2,738	2,427
Social security costs	318	369
Other pension costs	121	116
	<u>3,177</u>	<u>2,912</u>
Average number of persons employed (including directors)		
	Year ended 31 December 2017 No	Year ended 31 December 2016 No
Sales and distribution	7	5
Administration	38	33
	<u>45</u>	<u>38</u>

The directors are remunerated by other companies in the IGT PLC group and received no remuneration for qualifying services to IGT-UK Gaming Limited during the year (2016: £nil).

8. INTEREST INCOME / (EXPENSE) AND SIMILAR INCOME / (EXPENSES)

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Interest expense - other	(20)	(17)
Interest income - other	66	-
	<u>46</u>	<u>(17)</u>



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**Notes to the Financial Statements for the year ended 31 December
2017 (continued)**

9. TAX ON LOSS

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Current tax		
UK corporation tax	-	-
Adjustments in respect of prior period	124	(11)
Total current tax	124	(11)
Deferred tax		
Origination and reversal of timing differences	(614)	(790)
Adjustment in respect of prior periods	325	(95)
Changes in tax rates or laws	71	166
Total deferred tax	(218)	(720)
Total tax credit on loss	(94)	(730)



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Notes to the Financial Statements for the year ended 31 December 2017 (continued)

9. TAX ON LOSS (CONTINUED)

Tax assessed for the year is higher (2016: lower) than the standard rate of corporation tax in UK for the year ended 31 December 2017 of 19.25% (2016: 20%). The differences are explained below:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Loss before taxation	(3,390)	(4,576)
Loss before taxation at standard UK tax rate of 19.25% (2016:20%)	(653)	(915)
Expenses not deductible for tax purposes	2	15
Utilisation of tax losses	37	-
Adjustments in respect of prior periods	449	(105)
Share option timing differences	-	-
Tax rate changes	71	166
Group relief not paid for	-	109
Loss carried back	-	-
Total tax charge/(credit) for the year	(94)	(730)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19.25% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.



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Notes to the Financial Statements for the year ended 31 December 2017 (continued)

10. TANGIBLE ASSETS

	Leasehold improvements £'000	Gaming Machines £'000	Total £'000
Cost			
At 1 January 2017	704	14,088	14,792
Additions	-	1,782	1,782
Less Disposals		(2,862)	(2,862)
At 31 December 2017	704	13,008	13,712
Accumulated Depreciation			
At 1 January 2017	294	10,761	11,055
Charge for the year	63	1,798	1,861
Less Disposal		(2,729)	(2,729)
At 31 December 2017	357	9,830	10,187
Net Book Value			
At 31 December 2017	347	3,178	3,525
At 31 December 2016	410	3,327	3,737

11. STOCKS

	31 December 2017 £'000	31 December 2016 £'000
Spare Parts	7	40
Finished Goods	52	59
	59	99

The amount of stocks recognised as an expense during the year was £1 million (2016: £nil).

There is no material difference between the statement of financial position value of stocks and their replacement costs.



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Notes to the Financial Statements for the year ended 31 December 2017 (continued)

12. DEBTORS

	31 December 2017 £'000	31 December 2016 £'000
Trade debtors	1,543	1,030
Amounts owed by group undertakings	15,506	12,597
Taxes receivables	389	512
UK corporation tax	26	26
Deferred tax (note 16)	1,683	1,465
Prepayments and accrued income	992	510
	<u>20,139</u>	<u>16,140</u>

Amount owed by the group undertakings are unsecured, repayable on demand and interest free.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2017 £'000	31 December 2016 £'000
Trade creditors	-	124
Amount owed to group undertakings	27,398	20,212
VAT payable	120	244
Other taxation, social security	91	206
Accruals and deferred income	493	549
	<u>28,102</u>	<u>21,335</u>

Amounts owed to group undertakings are unsecured, repayable on demand and interest free.



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Notes to the Financial Statements for the year ended 31 December 2017 (continued)

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2017 £'000	31 December 2016 £'000
Accruals and deferred income	92	166
	<u>92</u>	<u>166</u>

15. CALLED UP SHARE CAPITAL

	31 December 2017	31 December 2016
Allotted, issued and fully paid		
100 (2016: 100) ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

16. DEFERRED TAX ASSET

The composition of the deferred tax asset is shown below.

	£'000
At 1 January 2017	1,465
Deferred tax in statement of income and accumulated deficit for the year	543
Adjustment in respect of prior years	(325)
At 31 December 2017	<u>1 683</u>



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Notes to the Financial Statements for the year ended 31 December 2017 (continued)

16. DEFERRED TAX ASSET (CONTINUED)

The deferred tax asset is classified within debtors

	31 December 2017 £'000	31 December 2016 £'000
Accelerated capital allowances	1 369	745
STTDs – Trading	(1)	95
Losses	315	625
	<u>1 683</u>	<u>1,465</u>

Deferred tax assets are valued using the tax rates substantively enacted at the year end and are recognised to the extent that the future taxable profits will be available against which the temporary differences, including tax losses carried forward, can be utilized.

17. FINANCIAL COMMITMENTS

At 31 December 2017, the Company had the following future minimum lease payments/receivables under non-cancellable operating leases for each of the following periods:

Payments due	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Operating lease commitments which expire:		
Not later than one year	190	170
Later than one year and not later than five years	760	680
Later than five years	73	255
	<u>1,023</u>	<u>1,105</u>



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Notes to the Financial Statements for the year ended 31 December 2017 (continued)

Receipts due	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Amounts recoverable under operating leases:		
Not later than one year	-	12
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	12

18. ULTIMATE PARENT COMPANY AND RELATED PARTY TRANSACTIONS

The Company's immediate parent company is IGT-UK Group Limited.

The Company's intermediate parent company and controlling party is International Game Technology PLC ("IGT PLC"), a public limited company organized under the laws of England and Wales (the "Intermediate Parent"), which has its corporate headquarters in London, England. The Intermediate Parent is the successor to GTECH S.p.A., a società per azioni incorporated under the laws of Italy ("GTECH"), and the sole stockholder of International Game Technology, a Nevada corporation. The Intermediate Parent, together with its consolidated subsidiaries, has principal operating facilities in Rome, Italy; Providence, Rhode Island; and Las Vegas, Nevada.

The ultimate controlling entity of IGT-UK Gaming Limited is B&D Holding di Marco Drago e.C.S.a.p.a., which has the registered address of Via Giovanni Da Vaerazano 15 Novara, NO 28100 Italy.

The parent undertaking of both the smallest and the largest group which includes the Company for which group financial statements are prepared is IGT PLC.

Advantage has been taken of the exemption contained in paragraph 33.1A of FRS 102 "related party transactions" not to disclose transactions between entities, 100% of whose voting rights are controlled within the IGT Group. The financial statements of the intermediate parent company are publicly available on the IGT PLC website.