

City Gaming Holdings Limited

Annual Report and Consolidated Financial Statements
for the Year Ended 31 March 2023

Crossley & Davis Chartered Accountants
Ground Floor Seneca House
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Amy Johnson Way
Blackpool
FY4 2FF

City Gaming Holdings Limited

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City Gaming Holdings Limited

Company Information

Directors	Mr A D S Hodges Mr I S Azeri Mr K Lin Mr R U Bengtsson
Registered office	4 Cavendish Square London W1G 0PG
Auditors	Crossley & Davis Chartered Accountants Ground Floor Seneca House Links Point Amy Johnson Way Blackpool FY4 2FF

City Gaming Holdings Limited

Strategic Report for the Year Ended 31 March 2023

The directors present their strategic report for the year ended 31 March 2023.

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 "City Gaming Holdings Group" is formed of the following companies and groups:

City Gaming Holdings Limited

The CGL Gaming PLC Group

On 24 March 2023, The Group acquired the trade and assets of five amusement arcade sites and sold four of its loss making sites to Whittaker Arcades Limited. On 24 March 2023, City Gaming Limited sold its entire shareholding in Whittaker Arcades Limited. These transactions took place to acquire strong performing sites and dispose of poor performing sites.

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

For the year ending 31 March 2023 the City Gaming Group achieved a turnover of £36,574,000 (2022: £32,783,000), an increase of £3,791,000 (11.6%). The increase is driven by the sites being open for the entire year, whereas in the previous year the sites were closed for the first month due to Covid-19. Despite the rising costs of living, the Group has managed to increase its turnover. Management anticipates that revenue may increase further in future periods as a result of the Governments proposed changes to the current restriction on Category B machines. This change will allow for an increased percentage of Category B machines at sites which would lead to an increase in turnover and profits.

For the year ending 31 March 2023 the gross profit margin for the Group was 49.4% (2022: 47.7%) an increase of 1.7%. The Group has achieved a gross profit of £18,059,000 (2022: £15,636,000), an increase of £2,423,000 (15.5%). The gross profit margin has increased despite the rising costs of living, and is a result of the business trading more efficiently.

For the year ending 31 March 2023 the EBITDA for the Group was a profit of £3,791,000 (2022: £5,587,000), a decrease of £1,796,000 (32.1%). No Covid related grants were received during the year, and in the previous year other operating income included £1,232,000 relating to these grants. During the year, one off costs were incurred on the sale of Whittaker Arcades Limited and on the acquisition of several trading sites from this entity.

City Gaming Holdings Limited

Strategic Report for the Year Ended 31 March 2023

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.

Management no longer consider Covid-19 to be a material financial risk. The risk is closely monitored, although future lockdown measures could impact the financial performance of the Group. The UK economy has been affected by the ongoing cost of living crisis and rising inflation and this could have a financial impact on the group. Historically, the sector has proved to be resilient during economic downturns. Management have taken decisive action to reduce costs and mitigate these risks.

The City Gaming Holdings Group does not have any major overseas suppliers or customers and is not exposed to exchange rate risk.

The City Gaming Holdings Group has loan facilities and is exposed to interest rate fluctuations which may lead to variances in interest costs.

Section 172(1) statement

As a Board we have a legal responsibility under section 172 of the Companies Act 2006 to act in a way we consider, in good faith, would be most likely to promote the group's success for the benefit of its members as a whole, and to have regard to the long-term effect of our decisions on the group and all its stakeholders.

The Board reviewed the entity's strategy during the year and concluded that it remains appropriate to support the long-term success of the group. The Board reviews its short-term strategies which are approved as part of the budget process. The performance of the group is monitored and compared to the short-term budgets during board meetings which take place on a monthly basis. Decisions are taken in the context of the group strategy, financial performance and the funds available to the group.

The Board recognises that our employees are key to delivering the success of the business. A strong relationship with customers is important in our industry and employees are rewarded for their services in recognition of this. The senior leadership team visit the shops frequently which gives all employees the opportunity to provide ideas and feedback on the business and for the leadership team to brief staff on the group's performance and future plans.

Managing the relationships with suppliers and customers is critical to the success of the business. It is important that the needs of our customers are met by our employees. We achieve this by providing a welcoming environment at our stores, and by employees offering customers free plays and promotions. Our employees work closely with our suppliers to develop a strong relationship to assist the business.

The group is aware that our industry can be addictive and could adversely affect customers if not properly managed. The group works closely with Gamble Aware and makes an annual donation to provide help to those who require it. The group also trains its staff regularly to intervene in situations of problematic gambling in line with its policies and procedures.

The group conducts business with integrity in all its relationships. The group complies with laws and regulations and ensures that each store maintains an up to date licence to operate.

We balance the needs of all stakeholders and set ourselves high standards of business conduct in our decision making. Whilst customers are at the heart of our business, we believe we best serve these through good employee and supplier relationships, maintaining a positive role in our community and minimising our impact on the environment.

City Gaming Holdings Limited

Strategic Report for the Year Ended 31 March 2023

Approved and authorised by the Board on 31 January 2024 and signed on its behalf by:

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Mr A D S Hodges

Director

City Gaming Holdings Limited

Directors' Report for the Year Ended 31 March 2023

The directors present their report and the for the year ended 31 March 2023.

Directors of the group

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

Mr A D S Hodges

Mr I S Azeri

Mr K Lin

Mr R U Bengtsson (appointed 9 February 2023)

Mr F J A Wijzenbeek (ceased 31 July 2023)

Mr P A Setter (ceased 25 January 2023)

Dividends

No dividends were paid during the year.

Financial instruments

Objectives and policies

The group's principal financial instrument is a bank loan. The main purpose of the financial instruments is to raise finance for the group's operations. The group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

Price risk, credit risk, liquidity risk and cash flow risk

The main risks arising from the group's financial instruments are credit risk, interest risk and liquidity risk.

Credit Risk

The group considers its customer credit risk to be low due to the cash nature of the business. The group operates under normal credit terms determined by its suppliers.

Interest rate risk

The group is subject to interest risk on borrowings.

Liquidity & cash flow risk

The group's objective is to maintain a balance between continuity of funding through the use of loan facilities and its operations.

Employment of disabled persons

The group recognises its obligations to disabled persons and endeavours to ensure as far as possible the training, career development and promotion of disabled persons is the same as for other employees. Should employees become disabled, every effort is made to ensure that their employment continues, and appropriate retraining is received.

City Gaming Holdings Limited

Directors' Report for the Year Ended 31 March 2023

Employee involvement

Regular meetings with employees' representatives are held to inform them of the development of the business and matters likely to affect employees will be discussed in employee meetings. The group is committed to employment policies which follow best practice based on equal opportunities and offers appropriate training and career development to all employees. The group is also committed to improving its participative and consultative arrangements with all employees.

Engagement with suppliers, customers and other relationships

See the Strategic Report on Page 3 for a statement summarising how the directors have fostered the group's business relationships with suppliers, customers, and other groups.

Environmental report

This report meets the climate-related financial disclosure requirements per the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and is in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board with the aim of improving the reporting of climate-related risks and opportunities.

The group has gathered data regarding scope one, two and three carbon emissions (electricity and both direct and indirect transport) for the financial year ending 31st March 2023 from its UK operations as defined by the requirements for the Streamlined Energy and Carbon Reporting (SECR) legislation.

No mandatory emissions have been excluded from this report. The DEFRA/BEIS GHG Conversion Factors (2022) have been used and the report is aligned with the GHG protocol. 10% of the overall Energy Data (KwH) and 10% of the overall emissions is based on estimated values.

Emissions and energy consumption

The footprint is calculated in accordance with the Greenhouse Gas (GHG) Protocol.

Summary of greenhouse gas emissions and energy consumption for the year ended 31 March 2023:

Element	2023 kWh	2022 kWh		2023 tCO2e	2022 tCO2e
Scope one emissions	152,522	196,738		37.00	47.00
Scope two emissions	4,304,007	3,899,414	Location based	832.00	828.00
Scope two emissions			Market based	180.00	210.00
Scope three emissions	117,993	114,601		30.00	29.00
Total carbon emissions	4,575,522	4,210,754	Location based	899.00	904.00
Total carbon emissions			Market based	247.00	285.00

City Gaming Holdings Limited

Directors' Report for the Year Ended 31 March 2023

Intensity ratio

Usable Floor Area

The intensity ratio used by City Gaming Holdings Limited is calculated based on total scope one, two and three emissions (location based) in relation to usable floor area (tCO₂e/m²). During the year ended 31 March 2023 this was 0.114 (2022 - 0.106).

The group aims to achieve direct savings in energy consumption and the associated carbon emission through operational and technological improvements including: a proactive approach to the building design and fit out to create more energy efficient spaces for customers and staff considering HVAC and lighting, the ongoing rollout of energy saving initiatives and more timely provision of consumption data to enable behavioural change and instil best practice, and through the ongoing replacement of company cars with vehicles providing lower tailpipe emissions.

Future developments

The group's continued focus is to increase its profitability by consolidating and developing its existing sites. The group does not anticipate that there will be any significant further acquisitions, however, they will look to dispose of any non-profit making sites.

Going concern

The directors note that there is a material uncertainty that casts doubt on the Groups ability to continue as a going concern. These financial statements do not contain any adjustments that would result if the Group were unable to continue as a going concern.

The Group continues to be backed by its lenders and ultimate controlling party. The directors have concluded that the going concern concept is appropriate in the preparation of the 2023 financial statements and that the group will be cash generative in future periods with the continued support of its majority shareholder and lenders.

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 and authorised by the Board on 31 January 2024 and signed on its behalf by:

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Mr A D S Hodges
Director

City Gaming Holdings Limited

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 group and the company and of the profit or loss of the group 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

City Gaming Holdings Limited

Independent Auditor's Report to the Members of City Gaming Holdings Limited

Opinion

We have audited the financial statements of City Gaming Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023, 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 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor 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.

Key audit matters

Except for the matter described in the Material uncertainty related to going concern section, we have determined that there are no other key audit matters to be communicated in our report.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a net loss of £17,022,000 during the year ended 31 March 2023 and, as of that date, the Group's total assets exceeded its current liabilities by £50,700,000. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate and are satisfied with the conclusions arrived at.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

City Gaming Holdings Limited

Independent Auditor's Report to the Members of City Gaming Holdings Limited

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 year 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 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 8], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

City Gaming Holdings Limited

Independent Auditor's Report to the Members of City Gaming Holdings Limited

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the group that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

City Gaming Holdings Limited

Independent Auditor's Report to the Members of City Gaming Holdings Limited

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.

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Mr P Swarbrick (Senior Statutory Auditor)

For and on behalf of Crossley & Davis Chartered Accountants, Statutory Auditor

Ground Floor Seneca House

Links Point

Amy Johnson Way

Blackpool

FY4 2FF

31 January 2024

City Gaming Holdings Limited

Consolidated Profit and Loss Account for the Year Ended 31 March 2023

	Note	2023 £ 000	2022 £ 000
Turnover	<u>3</u>	36,574	32,783
Cost of sales		<u>(18,516)</u>	<u>(17,147)</u>
Gross profit		18,058	15,636
Administrative expenses		(25,821)	(19,344)
Other operating income	<u>4</u>	<u>178</u>	<u>1,774</u>
Operating loss	<u>6</u>	<u>(7,585)</u>	<u>(1,934)</u>
Other interest receivable and similar income	<u>8</u>	-	411
Interest payable and similar expenses	<u>9</u>	<u>(11,518)</u>	<u>(10,558)</u>
		<u>(11,518)</u>	<u>(10,147)</u>
Loss before tax		(19,103)	(12,081)
Tax on loss	<u>13</u>	<u>2,081</u>	<u>(76)</u>
Loss for the financial year		<u>(17,022)</u>	<u>(12,157)</u>
Profit/(loss) attributable to:			
Owners of the company		<u>(17,022)</u>	<u>(12,157)</u>

The operating loss includes non-recurring expenditure incurred in relation to the group restructuring, business disposals and acquisitions, exceptional dilapidation costs and new site set up costs. These costs amount to £1,277,000 (2022 - £1,196,000) and are included within the most relevant expense category.

The operating loss includes impairment and amortisation of goodwill amounting to £6,286,000 (2022 - £5,023,000).

City Gaming Holdings Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2023

	2023 £ 000	2022 £ 000
Loss for the year	<u>(17,022)</u>	<u>(12,157)</u>
Total comprehensive income for the year	<u><u>(17,022)</u></u>	<u><u>(12,157)</u></u>
Total comprehensive income attributable to:		
Owners of the company	<u><u>(17,022)</u></u>	<u><u>(12,157)</u></u>

City Gaming Holdings Limited

(Registration number: 11896374) Consolidated Balance Sheet as at 31 March 2023

	Note	2023 £ 000	2022 £ 000
Fixed assets			
Intangible assets	<u>14</u>	32,745	39,743
Tangible assets	<u>15</u>	14,131	13,149
Investments	<u>16</u>	-	571
		46,876	53,463
Current assets			
Stocks	<u>17</u>	3	5
Debtors	<u>18</u>	11,004	8,960
Cash at bank and in hand	<u>19</u>	2,998	4,354
		14,005	13,319
Creditors: Amounts falling due within one year	<u>20</u>	(10,181)	(11,359)
Net current assets		3,824	1,960
Total assets less current liabilities		50,700	55,423
Creditors: Amounts falling due after more than one year	<u>20</u>	(67,071)	(58,155)
Provisions for liabilities	<u>21</u>	-	(217)
Net liabilities		(16,371)	(2,949)
Capital and reserves			
Called up share capital	<u>23</u>	26,690	23,090
Share premium reserve		7,389	7,389
Profit and loss account		(50,450)	(33,428)
Equity attributable to owners of the company		(16,371)	(2,949)
Shareholders' deficit		(16,371)	(2,949)

Approved and authorised by the Board on 31 January 2024 and signed on its behalf by:

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Mr A D S Hodges
Director

City Gaming Holdings Limited
(Registration number: 11896374)
Balance Sheet as at 31 March 2023

	Note	2023 £ 000	2022 £ 000
Fixed assets			
Investments	<u>16</u>	22,539	22,539
Current assets			
Debtors	<u>18</u>	17,108	11,993
Creditors: Amounts falling due within one year	<u>20</u>	(44)	(44)
Net current assets		17,064	11,949
Net assets		39,603	34,488
Capital and reserves			
Called up share capital	<u>23</u>	26,690	23,090
Share premium reserve		7,389	7,389
Retained earnings		5,524	4,009
Shareholders' funds		39,603	34,488

The company made a profit after tax for the financial year of £1,515,715 (2022 - profit of £1,552,736).

Approved and authorised by the Board on 31 January 2024 and signed on its behalf by:

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Mr A D S Hodges
Director

City Gaming Holdings Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2023
Equity attributable to the parent company

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000	Total equity £ 000
At 1 April 2022	23,090	7,389	(33,428)	(2,949)	(2,949)
Loss for the year	-	-	(17,022)	(17,022)	(17,022)
Other share capital movements	3,600	-	-	3,600	3,600
At 31 March 2023	26,690	7,389	(50,450)	(16,371)	(16,371)
	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000	Total equity £ 000
At 1 April 2021	7,990	-	(21,271)	(13,281)	(13,281)
Loss for the year	-	-	(12,157)	(12,157)	(12,157)
New share capital subscribed	863	7,389	-	8,252	8,252
Other share capital movements	14,237	-	-	14,237	14,237
At 31 March 2022	23,090	7,389	(33,428)	(2,949)	(2,949)

The notes on pages 22 to 45 form an integral part of these financial statements.
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City Gaming Holdings Limited

Statement of Changes in Equity for the Year Ended 31 March 2023

	Share capital	Share premium	Retained earnings	Total
	£ 000	£ 000	£ 000	£ 000
At 1 April 2022	23,090	7,389	4,008	34,487
Profit for the year	-	-	1,516	1,516
Other share capital movements	3,600	-	-	3,600
At 31 March 2023	26,690	7,389	5,524	39,603
	Share capital	Share premium	Retained earnings	Total
	£ 000	£ 000	£ 000	£ 000
At 1 April 2021	7,990	-	2,456	10,446
Profit for the year	-	-	1,553	1,553
New share capital subscribed	863	7,389	-	8,252
Other share capital movements	14,237	-	-	14,237
At 31 March 2022	23,090	7,389	4,009	34,488

City Gaming Holdings Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2023

	Note	2023 £ 000	2022 £ 000
Cash flows from operating activities			
Loss for the year		(17,022)	(12,157)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>6</u>	8,388	7,425
Impairment of goodwill		1,240	25
Impairment of PPE		258	-
Loss on disposal of tangible assets	<u>5</u>	795	95
Loss from disposals of investments	<u>5</u>	660	-
Loss on disposal of intangible assets		33	-
Income tax expense	<u>13</u>	(2,081)	76
Finance income		-	(411)
Finance costs		11,518	10,558
		3,789	5,611
Working capital adjustments			
Decrease in stocks	<u>17</u>	2	-
(Increase)/decrease in trade debtors	<u>18</u>	(34)	781
(Decrease)/increase in trade creditors	<u>20</u>	(2,066)	4,955
Increase/(decrease) in long term creditors		-	(747)
Effect of disposal of subsidiary on working capital adjustments		(12)	-
(Decrease)/increase in provisions	<u>21</u>	(217)	41
Cash generated from operations		1,462	10,641
Income taxes received/(paid)	<u>13</u>	70	(295)
Net cash flow from operating activities		1,532	10,346
Cash flows from investing activities			
Acquisitions of tangible assets		(5,828)	(10,039)
Proceeds from sale of tangible assets		451	83
Acquisition of intangible assets	<u>14</u>	-	(315)
Proceeds on sale of intangible assets		603	-
Future probable investments		-	(209)
Net cash flows from investing activities		(4,774)	(10,480)

City Gaming Holdings Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2023

	Note	2023 £ 000	2022 £ 000
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs		-	863
Proceeds from issue of preference shares, net of issue costs		3,600	14,237
Proceeds from bank borrowing draw downs		-	1,842
Repayment of bank borrowing		(1,444)	(16,000)
Payments to finance lease creditors		(5)	(30)
Interest paid		(265)	(104)
		1,886	808
Net cash flows from financing activities		1,886	808
Net (decrease)/increase in cash and cash equivalents		(1,356)	674
Cash and cash equivalents at 1 April		4,354	3,680
Cash and cash equivalents at 31 March		2,998	4,354

City Gaming Holdings Limited

Statement of Cash Flows for the Year Ended 31 March 2023

	Note	2023 £ 000	2022 £ 000
Cash flows from operating activities			
Profit for the year		1,516	1,553
Adjustments to cash flows from non-cash items			
Finance income		(1,516)	(1,553)
		-	-
Working capital adjustments			
Increase in trade debtors	<u>18</u>	(5,115)	(1,554)
Effect of non cash items on working capital adjustments		1,515	1,554
Net cash flow from operating activities		<u>(3,600)</u>	-
Cash flows from investing activities			
Acquisition of subsidiaries	<u>16</u>	-	(22,489)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs		-	8,252
Proceeds from issue of preference shares, net of issue costs		3,600	14,237
Net cash flows from financing activities		<u>3,600</u>	22,489
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 April		-	-
Cash and cash equivalents at 31 March		<u>-</u>	<u>-</u>

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

1 General information

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

The address of its registered office is:

4 Cavendish Square
London
W1G 0PG
England

These financial statements were authorised for issue by the Board on 31 January 2024.

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 United Kingdom and Republic of Ireland and the Companies Act 2006'.

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.

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2023.

No Profit and Loss Account is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a profit after tax for the financial year of £1,515,715 (2022 - profit of £1,552,736).

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.

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Going concern

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

At the year end 31 March 2023, the Group incurred a net loss of £17,022,000 and, as of that date, the Group's total assets exceeded its current liabilities by £50,700,000. During the year, the Group sold several loss making sites and is looking to continue to sell loss making sites in the following year. The Group is now generating its own cash on a regular basis from which it can invest and pay off payment plans and arrears from the lockdown and recovery period.

In the previous year, the Group entered into a debt for equity swap agreement with the lender which materially reduced the debt burden within the Group. The directors are confident that the restructure has supported the Group's ability to continue as a going concern. The Group has received a letter of support from the majority shareholder and lender stating that it will continue to financially support the Group and intends to extend the maturity date of its loan with the Group.

The directors note that there is a material uncertainty that casts doubt on the Groups ability to continue as a going concern, however, due to a combination of forecasts and the continued support of the lender, the directors believe that the preparation of the accounts on the going concern basis is appropriate.

Changes in accounting estimate

Income recognition policy for promotion sales

In the previous year, promotion sales were recognised as separate items of income and expenditure but are now recognised at the fair value of the net income received. In the previous year, turnover included promotion sales of £1,748,000.

Reclassification of comparative amounts

Some expenses included in the profit and loss account have been reclassified in the prior period comparatives. There have been no changes to the Consolidated Profit and Loss Account. Some items within the administrative expenses have been reclassified as a different administrative expense. Security costs totalling £283,026 have been reclassified from wages and salaries to security costs. No other reclassifications are material.

Revenue recognition

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

Machines used by the group 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.

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

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.

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	15 year straight line
Plant and machinery	20% straight line
Fixtures, fittings and equipment	20% straight line
Freehold property	No depreciation. This departure from the accounting standards is based upon the reasonable assumption that freehold buildings have a high residual value and that any depreciation would be immaterial.
Motor vehicles	20% straight line

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.

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

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	10 years straight line

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.

Trade 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.

Stocks

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.

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Trade 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.

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.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

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.

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

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 Turnover

The analysis of the group's Turnover for the year from continuing operations is as follows:

	2023	2022
	£ 000	£ 000
Machine takings	36,574	32,783

4 Other operating income

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

	2023	2022
	£ 000	£ 000
Government grants	-	1,232
Miscellaneous other operating income	178	542
	<u>178</u>	<u>1,774</u>

5 Other gains and losses

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

	2023	2022
	£ 000	£ 000
Loss on disposal of Tangible assets	(795)	(95)
Loss on disposal of intangible assets	(33)	-
Loss from disposals of investments	(660)	-
	<u>(1,488)</u>	<u>(95)</u>

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

6 Operating loss

Arrived at after charging/(crediting)

	2023	2022
	£ 000	£ 000
Depreciation expense	3,342	2,402
Amortisation expense	5,046	5,023
Impairment loss	1,500	-
Operating lease expense - plant and machinery	12	22
Loss on disposal of property, plant and equipment	795	95
	<u>795</u>	<u>95</u>

7 Government grants

Included within other operating income are government grants receivable. The grants relate to the job retention scheme and local restriction support grants. Government grants have been recognised on an accruals basis.

The amount of grants recognised in the financial statements was £Nil (2022 - £1,232,000).

8 Other interest receivable and similar income

	2023	2022
	£ 000	£ 000
Fair value gain/(loss) on financial instrument	-	411
	<u>-</u>	<u>411</u>

9 Interest payable and similar expenses

	2023	2022
	£ 000	£ 000
Interest on bank overdrafts and borrowings	11,391	10,541
Interest on obligations under finance leases and hire purchase contracts	1	1
Interest expense on other finance liabilities	126	16
	<u>11,518</u>	<u>10,558</u>

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

10 Staff costs

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

	2023	2022
	£ 000	£ 000
Wages and salaries	10,536	9,313
Social security costs	924	803
Other short-term employee benefits	23	23
Pension costs, defined contribution scheme	152	155
Other employee expense	6	10
	11,641	10,304
	11,641	10,304

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

	2023	2022
	No.	No.
Production	444	349
Administration and support	30	36
Other departments	11	11
	485	396
	485	396

11 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023	2022
	£ 000	£ 000
Remuneration	414	439
Contributions paid to money purchase schemes	2	-
	416	439
	416	439

In respect of the highest paid director:

	2023	2022
	£ 000	£ 000
Remuneration	230	227
	230	227

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

12 Auditors' remuneration

	2023	2022
	£ 000	£ 000
Audit of these financial statements	<u>176</u>	<u>135</u>

The company entered into a liability limitation agreement with the auditor on 17 February 2022. 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.

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

13 Taxation

Tax charged/(credited) in the consolidated profit and loss account

	2023	2022
	£ 000	£ 000
Current taxation		
UK corporation tax	1	(58)
UK corporation tax adjustment to prior periods	(12)	23
	(11)	(35)
Deferred taxation		
Arising from origination and reversal of timing differences	(2,070)	111
	(2,081)	76
Tax (receipt)/expense in the income statement	(2,081)	76

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2022 - the same as the standard rate of corporation tax in the UK) of 19% (2022 - 19%).

The differences are reconciled below:

	2023	2022
	£ 000	£ 000
Loss before tax	(19,103)	(12,081)
Corporation tax at standard rate	(3,630)	(2,295)
Effect of expense not deductible in determining taxable profit (tax loss)	2,143	2,165
Effect of tax losses	(81)	(68)
UK deferred tax credit relating to changes in tax rates or laws	(1,034)	-
Decrease from tax losses for which no deferred tax asset was recognised	(692)	(14)
Decrease in UK and foreign current tax from unrecognised tax loss or credit	(43)	-
(Decrease)/increase in UK and foreign current tax from adjustment for prior periods	(12)	23
Tax increase/(decrease) from effect of capital allowances and depreciation	231	(1,245)
Tax increase from other short-term timing differences	952	1,359
Tax increase from effect of unrelieved tax losses carried forward	85	229
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	(78)
	-	(78)
Total tax (credit)/charge	(2,081)	76

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Deferred tax

Group

Deferred tax assets and liabilities

	Asset	Liability
	£ 000	£ 000
2023		
Accelerated tax depreciation	-	1,796
Tax losses carried forward	9,884	-
	9,884	1,796
	9,884	1,796
2022		
Accelerated tax depreciation	-	865
Tax losses carried forward	6,884	-
	6,884	-
	6,884	865

14 Intangible assets

Group

	Goodwill	Total
	£ 000	£ 000
Cost or valuation		
At 1 April 2022	50,109	50,109
Disposals	(1,018)	(1,018)
	49,091	49,091
At 31 March 2023	49,091	49,091
Amortisation		
At 1 April 2022	10,366	10,366
Amortisation charge	5,046	5,046
Amortisation eliminated on disposals	(306)	(306)
Impairment	1,240	1,240
	16,346	16,346
At 31 March 2023	16,346	16,346
Carrying amount		
At 31 March 2023	32,745	32,745
At 31 March 2022	39,743	39,743

Impairment

Goodwill

The impairment was introduced to reflect the realisable economic value. The amount of impairment loss included in profit or loss is £1,239,558 (2022 - £Nil).

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

15 Tangible assets
Group

	Short leasehold land and buildings £ 000	Fixtures and fittings £ 000	Plant and machinery £ 000	Office equipment £ 000	Motor vehicles £ 000	Total £ 000
Cost or valuation						
At 1 April 2022	5,843	655	11,886	553	36	18,973
Additions	714	40	4,981	93	-	5,828
Disposals	(785)	(10)	(1,155)	(30)	(19)	(1,999)
At 31 March 2023	5,772	685	15,712	616	17	22,802
Depreciation						
At 1 April 2022	605	394	4,713	95	17	5,824
Charge for the year	511	94	2,606	120	11	3,342
Eliminated on disposal	(155)	(3)	(568)	(8)	(19)	(753)
Impairment	-	-	258	-	-	258
At 31 March 2023	961	485	7,009	207	9	8,671
Carrying amount						
At 31 March 2023	4,811	200	8,703	409	8	14,131
At 31 March 2022	5,238	261	7,173	458	19	13,149

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Included within the net book value of land and buildings above is £Nil (2022 - £Nil) in respect of freehold land and buildings and £4,810,748 (2022 - £5,238,353) in respect of short leasehold land and buildings.

Impairment

Plant and machinery

The impairment was introduced to reflect the realisable economic value. The amount of impairment loss included in profit or loss is £257,613 (2022 - £Nil).

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

16 Investments

Group

	2023	2022
	£ 000	£ 000
Costs of future investments	-	571,790

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

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2023	2022
Subsidiary undertakings				
Atlantic Amusements Limited	4 Cavendish Square London W1G 0PG England and Wales	Ordinary	100%	100%
CGL Gaming PLC*	4 Cavendish Square London W1G 0PG England and Wales	Ordinary	100%	100%
City Gaming Leasing Limited	4 Cavendish Square London W1G 0PG England and Wales	Ordinary	100%	100%
City Gaming Limited	4 Cavendish Square London W1G 0PG England and Wales	Ordinary	100%	100%
Errolbrook Limited	4 Cavendish Square London W1G 0PG England and Wales	Ordinary	100%	100%
Family Leisure Euston Limited	4 Cavendish Square London W1G 0PG England and Wales	Ordinary	100%	100%

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
Family Leisure Gerrard Limited	4 Cavendish Square London W1G 0PG England and Wales	Ordinary	100%	100%
Family Leisure Holdings Limited	4 Cavendish Square London W1G 0PG England and Wales	Ordinary	100%	100%
Family Leisure Victoria Limited	4 Cavendish Square London W1G 0PG England and Wales	Ordinary	100%	100%
Mulbrook Limited	4 Cavendish Square London W1G 0PG England and Wales	Ordinary	100%	100%
Southern City Leisure Limited	4 Cavendish Square London W1G 0PG England and Wales	Ordinary	100%	100%
Whittaker Arcades Limited	4 Cavendish Square London W1G 0PG England and Wales	Ordinary	0%	100%

* indicates direct investment of the company

The principal activity of the above named subsidiaries is that of the operation of amusement arcade centres.

The principal activity of CGL Gaming PLC is that of a holding company that provides support to its subsidiaries. The principal activity of City Gaming Leasing Limited is that of a dormant company.

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Company

	2023	2022
	£ 000	£ 000
Investments in subsidiaries	22,539	22,539
Subsidiaries		£ 000
Cost or valuation		
At 1 April 2022		22,539
At 31 March 2023		22,539
Provision		
At 31 March 2023		-
Carrying amount		
At 31 March 2023		22,539
At 31 March 2022		22,539

17 Stocks

	Group		Company	
	2023	2022	2023	2022
	£ 000	£ 000	£ 000	£ 000
Other inventories	3	5	-	-

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

18 Debtors

Current	Note	Group		Company	
		2023 £ 000	2022 £ 000	2023 £ 000	2022 £ 000
Trade debtors		22	12	-	-
Amounts owed by related parties	<u>26</u>	1	-	17,070	11,956
Other debtors		1,059	1,214	38	37
Prepayments and accrued income		1,834	1,656	-	-
Deferred tax assets	<u>13</u>	8,088	6,019	-	-
Income tax asset	<u>13</u>	-	59	-	-
		<u>11,004</u>	<u>8,960</u>	<u>17,108</u>	<u>11,993</u>

19 Cash and cash equivalents

	Group		Company	
	2023 £ 000	2022 £ 000	2023 £ 000	2022 £ 000
Cash on hand	1,941	2,351	-	-
Cash at bank	1,057	1,994	-	-
Other cash and cash equivalents	-	9	-	-
	<u>2,998</u>	<u>4,354</u>	<u>-</u>	<u>-</u>

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

20 Creditors

	Note	Group		Company	
		2023 £ 000	2022 £ 000	2023 £ 000	2022 £ 000
Due within one year					
Loans and borrowings	<u>24</u>	1,293	405	-	-
Trade creditors		5,807	5,186	-	-
Amounts due to related parties	<u>26</u>	1	2	-	-
Social security and other taxes		2,005	4,637	-	-
Outstanding defined contribution pension costs		41	29	-	-
Other payables		278	482	44	44
Accruals		756	618	-	-
		<u>10,181</u>	<u>11,359</u>	<u>44</u>	<u>44</u>
Due after one year					
Loans and borrowings	<u>24</u>	66,906	57,990	-	-
Other non-current financial liabilities		165	165	-	-
		<u>67,071</u>	<u>58,155</u>	<u>-</u>	<u>-</u>

Sanne Group (UK) Limited has a charge over CGL Gaming PLC for which Mulbrook Limited and Southern City Leisure Limited are additional chargors. The charge is secured by way of fixed and floating charges over all of the property or undertakings of the companies.

21 Provisions for liabilities

Group	Other provisions £ 000	Total £ 000
At 1 April 2022	217	217
Increase (decrease) in existing provisions	<u>(217)</u>	<u>(217)</u>
At 31 March 2023	<u>-</u>	<u>-</u>

A corporation tax provision of £nil (2022: £181,482) and accrued interest of £nil (2022: £35,674) has been included on the balance sheet in respect of a chargeable gain arising in Family Leisure Euston Limited on the disposal of Spooky Cool Labs LLC. Double taxation relief has been claimed in respect of tax withheld in the United States. The amount is no longer recognised as a provision.

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

22 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £152,166 (2022 - £155,712). Contributions totalling £40,435 (2022 - £29,592) were payable to the scheme at the end of the year and are included in creditors.

23 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No. 000	£ 000	No. 000	£ 000
Ordinary A shares of £1 each	-	-	138	138
Ordinary B shares of £1 each	250	250	250	250
Ordinary C shares of £1 each	1,000	1,000	863	863
Deferred Ordinary shares of £1 each	112	112	112	112
Senior Growth shares of £0.00 (2022 - £0) each	-	-	-	-
Preferred Ordinary A shares of £1 each	-	-	6,965	6,965
Preferred Ordinary B shares of £1 each	525	525	525	525
Preferred Ordinary C shares of £1 each	24,803	24,803	14,237	14,237
	26,690	26,690	23,090	23,090

New shares allotted

During the year 3,600,000 C Preferred Ordinary shares having an aggregate nominal value of £1 were allotted for an aggregate consideration of £3,600,000.

During the year 16 Senior Growth shares having an aggregate nominal value of £0.0001 were allotted for an aggregate consideration of £Nil.

The Senior Growth shares were issued as 16 separate classes of shares, being A1 Series 1, A2 Series 2, B1 Series 1, B2 Series 2, C1 Series 1, C2 Series 2, D1 Series 1, D2 Series 2, E1 Series 1, E2 Series 2, F1 Series 1, F2 Series 2, G1 Series 1, G2 Series 2, H1 Series 1 and H2 Series 2.

During the year 137,501 A Ordinary shares each having a nominal value of £1 were redesignated as C Ordinary shares. 6,965,443 A Preferred Ordinary shares were redesignated as C Preferred Ordinary shares.

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

24 Loans and borrowings

	Group		Company	
	2023	2022	2023	2022
	£ 000	£ 000	£ 000	£ 000
Non-current loans and borrowings				
Bank borrowings	66,906	57,986	-	-
Hire purchase and finance contracts	-	4	-	-
	66,906	57,990	-	-
	66,906	57,990	-	-

	Group		Company	
	2023	2022	2023	2022
	£ 000	£ 000	£ 000	£ 000
Current loans and borrowings				
Bank borrowings	1,289	400	-	-
Hire purchase and finance contracts	4	5	-	-
	1,293	405	-	-
	1,293	405	-	-

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Group

Bank borrowings

The NHTV Cherry Holdings LLC loan facility is denominated in £ with a nominal interest rate of SONIA + 11.25%, and the final instalment is due on 26 April 2024. The carrying amount at year end is £66,039,308 (2022 - £54,786,116).

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 undertakings 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 no undrawn borrowings at the year end.

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

The Coronavirus Business Interruption Loan is denominated in £ with a nominal interest rate of 2.96% above the UK base rate, and the final instalment is due on 30 June 2024. The carrying amount at year end is £2,156,102 (2022 - £3,600,001).

National Westminster Bank PLC has debentures with City Gaming Limited. The charge is secured by way of fixed and floating charges over all the property or undertakings of the company and all group entities.

The issuer shall not, without the Bank's consent, permit or create any mortgage, standard security, charge or lien on the Property, dispose of the property, other than in the ordinary course of business, call on, or accept payment of, any uncalled capital, deal with its other debts, except by collecting them in the ordinary course of business, grant or surrender of a lease on any of its Land or dispose of any of its Land.

There were no undrawn committed borrowings at the year end.

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

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

25 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2023	2022
	£ 000	£ 000
Not later than one year	4	5
Later than one year and not later than five years	-	4
	<u>4</u>	<u>9</u>

Operating leases

The total of future minimum lease payments is as follows:

	2023	2022
	£ 000	£ 000
Not later than one year	3,355	3,326
Later than one year and not later than five years	9,872	10,707
Later than five years	6,026	7,625
	<u>19,253</u>	<u>21,658</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £3,872,555 (2022 - £3,658,324).

City Gaming Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

26 Related party transactions

Group

Key management compensation

	2023	2022
	£ 000	£ 000
Salaries and other short term employee benefits	1,126	1,112

27 Parent and ultimate parent undertaking

The immediate parent is NHTV Cherry Holdings LLC, incorporated in the Cayman Islands.

The ultimate parent is North Haven Tactical Fund (AIV) LP, incorporated in the state of Delaware, United States of America.

The parent of the largest and smallest group in which these financial statements are consolidated is City Gaming Holdings Limited, incorporated in England and Wales.

The address of City Gaming Holdings Limited is:

4 Cavendish Square

London

W1G 0PG

28 Non adjusting events after the financial period

A VAT claim of £168,347, plus accrued interest of £37,192, was received by Atlantic Amusements Limited after the year end. The claim is for a VAT refund due to VAT being overpaid between 2008 and 2011. The claim had not been agreed by HM Revenue and Customs as at the year end.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.