

**VGC Developments Limited
(formerly Global Gaming Ventures
(Developments) Limited)**

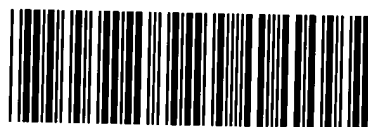
Annual Report and Financial Statements

Period Ended

31 December 2017

Company Number 09055492

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**VGC Developments Limited (formerly Global Gaming Ventures
(Developments) Limited)**

Company Information

Director	A W Herd
Company secretary	D G Batchelor
Registered number	09055492
Registered office	Unit 1 Victoria Gate Eastgate Leeds England LS2 7JL
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

Group Strategic Report for the period ended 31 December 2017

Introduction

The principal activities of the company are the development and fitting out of licensed casino establishments in the UK and acting as a holding company. The company's wholly-owned subsidiary, VGC Leeds Limited, operates the Victoria Gate Casino in Leeds which was developed by the company.

Business review

The fifteen months to 31 December 2017 was a very challenging and eventful period for VGC Developments Limited.

The company completed the fitting out of the Victoria Gate Casino (its only current project) in early 2017. The fitout was completed on time and below budget, which is a significant achievement for a completely new business. The casino has been widely praised and has won several awards for its design. It is one of the largest UK casinos outside London and forms part of the award-winning Victoria Gate scheme in the centre of Leeds.

The company's subsidiary, VGC Leeds Limited, successfully recruited well over 200 managers and staff in order to open the new casino to the public on 26 January 2017. The opening was highly successful and well-received. The operational side of the business has been tightly-controlled and has functioned smoothly, which is a tribute to the skill and efforts of all the management and staff.

However, the initial trading results were some way below expectations. Primarily this was because customer numbers, although very high by UK standards, were lower than the levels anticipated. In addition, there have been additional headwinds arising from an increasing regulatory focus on customer due diligence as part of anti-money-laundering efforts. Some customers are unwilling or unable to comply with these enhanced due diligence procedures and consequently the casino is obliged to terminate its business relationship with them.

Although business grew steadily after opening, the growth was not sufficient to permit the company to comply with the financial requirements of its primary lender. In consequence, in August 2017, an event of default was called, and steps were taken to enforce security against the former parent company.

Following a duly conducted sale process, an affiliate of Summit Partners LLP (the primary lender) ultimately acquired 100% control in October 2017. An affiliate of Summit Partners LLP subsequently provided additional loan finance to the company.

Throughout these events, trading continued normally. Visitation and revenues at the casino increased more strongly towards the end of the reporting period and the company is optimistic that such growth will continue.

Going concern

At 31 December 2017, VGC Developments Limited had consolidated net liabilities of £15,088,902 and the current forecasts and projections show that to continue as a going concern it will require the continued financial support of its ultimate shareholder. At the date of signing these accounts, the director, having made due enquiry, considers that it is reasonable to believe that this financial support will continue to be forthcoming and that a going concern basis of accounting is therefore appropriate.

However, the conditions described above indicate the existence of a material uncertainty which may cast doubt regarding the future financial structure and condition of the company. The financial statements do not include the adjustments which would result if the company was unable to continue as a going concern.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

Group Strategic Report (continued) for the period ended 31 December 2017

Litigation

The Group is currently the subject of litigation being brought by a former director and employee. Various claims have been made or threatened against the Company, its subsidiary (VGC Leeds Limited), its Director and other related parties. The Company is vigorously defending this litigation and believe that the likelihood of any claim against the Company being successful to be remote. As a consequence no contingent liability has been recorded in respect of any claims against the Company. The Group holds Directors and Officers Liability insurance to protect against claims of this nature and (where possible) is seeking to recover the legal costs from the insurer. The Company's operating subsidiary (VGC Leeds Limited) has agreed to indemnify the Company's Director and any other relevant officer or employee of the company against costs of defending this litigation and/or to meet these costs directly. As explained in Note 21 the Company has made provision in the accounts for the anticipated costs.

Other principal risks and uncertainties

(i) Regulatory Risk:

The UK casino industry is tightly regulated by the Gambling Commission and local authority Licensing Committees. The company's subsidiary requires appropriate operating and premises licenses to carry on its business. Under certain circumstances these licenses can be reviewed, withdrawn or made subject to specified additional conditions. In addition, regulators may introduce additional requirements to control or restrict the operation of the casino (for example, additional anti-money-laundering or social responsibility requirements). The company seeks to mitigate these risks by investing heavily in staff training and compliance resources and by engaging (via the National Casino Forum and otherwise) with regulators and legislators.

(ii) Integrity/Fraud Risk:

Casinos handle substantial amounts of cash as well as significant and volatile payments to and from players via debit cards and the banking system. It is inevitable in such businesses that there is a risk of fraud or misappropriation, for example by way of collusion between staff members and players. The company mitigates this risk by a series of measures including extensive use of CCTV, close supervision of gaming and cash counting and careful review of any unusual or irregular occurrences.

(iii) Taxation:

UK casinos are heavily taxed. Up to 50% of casino gaming revenue is paid in Gaming Duty (on a sliding scale) as well as the same taxes that all businesses pay (such as National Insurance, PAYE, Corporation Tax, Business Rates and VAT). There can be no guarantee that rates of taxation will not increase. The company seeks to mitigate this risk by engaging with government (mainly through the National Casino Forum).

(iv) Staff Recruitment:

The company employs a large number of managers and staff. Many of these men and women are engaged in highly specialised roles (such as croupiers or gaming cashiers). It is challenging to recruit and retain high quality personnel in sufficient numbers. The company seeks to mitigate this risk by investing heavily in staff training and a range of measures designed to foster a team spirit amongst the teams, thereby encouraging longer term careers with the company.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

Group Strategic Report (continued) for the period ended 31 December 2017

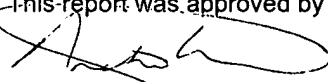
Other principal risks and uncertainties (continued)

(v) Competitor Action:

The company faces competition from other land casinos and from other forms of gambling (such as on-line, bookmakers' shops, bingo and the National Lottery). It also competes with other entertainment venues such as pubs, clubs and restaurants. Customer have a wide range of choice and if the company does not provide a top-quality experience to its guests it will not succeed. This risk is mitigated by a constant focus on improving service levels, rewarding the loyalty of existing customers (hence encouraging repeat visitation) and attracting new customers.

This report was approved by the board on 4th October 2018

and signed on its behalf.



A W Herd
Director

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

Director's Report for the period ended 31 December 2017

The director presents his report and the financial statements for the 15 month period ended 31 December 2017. The comparative results are for the 16 month period ended 30 September 2016. The company changed its accounting reference date to 31 December to align with group reporting.

On 2 February 2018 the company changed its name from Global Gaming Ventures (Developments) Limited to VGC Developments Limited.

Principal activity

The principal activity of the Group is the development and fit-out of casinos and casino and gaming activities. The principal activity of the company is acting as a holding company for VGC Leeds Limited.

Directors

The directors who served during the period were:

A W Herd
A S Wollenberg (resigned 17 August 2017)

Matters covered in the strategic report

Disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic Report as the director considers them to be of strategic importance to the company.

Disclosure of information to auditor

The director at the time when this Director's Report is approved has confirmed that:

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

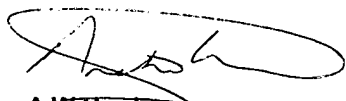
Post year end events

There have been no significant events affecting the Group since the year end.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 4th October 2018 and signed on its behalf.



A W Herd
Director

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

Director's Responsibilities Statement for the period ended 31 December 2017

The director is responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The director is 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

Independent Auditor's report to the members of VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

Opinion

We have audited the financial statements of VGC Developments Limited ("the Parent Company") and its subsidiaries ("the Group") for the period ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cashflow 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 of the Parent Company's affairs as at 31 December 2017 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting practice.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to the disclosures made in note 2 to the financial statements which indicates that the ability of the group and company to continue as a going concern depends on the continuing financial support of its primary lender and shareholder. As stated in note 2 these conditions indicate the existence of a material uncertainty, which may cast significant doubt about the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

Independent Auditor's report to the members of VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited) (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the 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 the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's Report.

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

- adequate accounting records have not been kept 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.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

Independent Auditor's report to the members of VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited) (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



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

4 October 2018

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

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

Consolidated Statement of Comprehensive Income for the period ended 31 December 2017

		15 months ended 31 December 2017 £	16 months ended 30 September 2016 £
	Note		
Turnover	4	11,609,495	-
Cost of sales		(5,371,674)	-
Gross profit		6,237,821	-
Administrative expenses		(13,748,998)	(1,429,243)
Operating loss	5	(7,511,177)	(1,429,243)
Fair value movement on financial instrument	8	(1,182,894)	16,856
Interest payable and expenses	9	(3,758,221)	-
Foreign exchange movements	5	291,034	(2,420,357)
Loss before taxation		(12,161,258)	(3,832,744)
Tax on loss	10	-	-
Loss for the financial period		(12,161,258)	(3,832,744)
Loss for the period attributable to:			
Owners of the parent company		(12,161,258)	(3,832,744)
Total comprehensive income for the period attributable to:			
Owners of the parent company		(12,161,258)	(3,832,744)

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 18 to 42 form part of these financial statements.

**VGC Developments Limited (formerly Global Gaming Ventures
(Developments) Limited)**
Registered number: 09055492

**Consolidated Statement of Financial Position
as at 31 December 2017**

	Note	31 December 2017 £	30 September 2016 £
Fixed assets			
Intangible assets	11	1,081,227	1,122,000
Tangible assets	12	22,162,265	15,690,316
		<u>23,243,492</u>	<u>16,812,316</u>
Current assets			
Stocks	14	56,908	-
Debtors	15	1,732,711	3,192,719
Cash at bank and in hand		1,466,814	11,953,202
		<u>3,256,433</u>	<u>15,145,921</u>
Creditors: amounts falling due within one year	16	(38,823,183)	(1,640,554)
Net current (liabilities)/assets		<u>(35,566,750)</u>	<u>13,505,367</u>
Total assets less current liabilities		<u>(12,323,258)</u>	<u>30,317,683</u>
Creditors: amounts falling due after more than one year	17	(2,055,124)	(32,935,327)
Provisions for liabilities			
Other provisions	21	(1,000,520)	(600,000)
Net liabilities		<u>(15,378,902)</u>	<u>(3,217,644)</u>

**VGC Developments Limited (formerly Global Gaming Ventures
(Developments) Limited)**
Registered number: 09055492

**Consolidated Statement of Financial Position (continued)
as at 31 December 2017**

		31 December 2017 £	30 September 2016 £
	Note		
Capital and reserves			
Called up share capital	22	100	100
Warrant reserve	23	615,000	615,000
Profit and loss account	23	(15,994,002)	(3,832,744)
Equity attributable to owners of the parent company		<u>(15,378,902)</u>	<u>(3,217,644)</u>
		<u>(15,378,902)</u>	<u>(3,217,644)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



A W Herd
Director
4th October 2018

The notes on pages 18 to 42 form part of these financial statements.

**VGC Developments Limited (formerly Global Gaming Ventures
(Developments) Limited)**

Registered number: 09055492

**Company Statement of Financial Position
as at 31 December 2017**

		31 December 2017 £	30 September 2016 £
	Note		
Fixed assets			
Tangible assets	12	21,981,596	15,690,316
Investments	13	100	100
		<u>21,981,696</u>	<u>15,690,416</u>
Current assets			
Debtors	15	2,679,378	2,936,705
Cash at bank and in hand		20,316	11,888,167
		<u>2,699,694</u>	<u>14,824,872</u>
Creditors: amounts falling due within one year	16	(36,321,865)	(1,601,918)
Net current (liabilities)/assets		<u>(33,622,171)</u>	<u>13,222,954</u>
Total assets less current liabilities		<u>(11,640,475)</u>	<u>28,913,370</u>
Creditors: amounts falling due after more than one year	17	(425,224)	(31,525,109)
Provisions for liabilities			
Other provisions	21	(1,000,520)	(600,000)
Net liabilities		<u><u>(13,066,219)</u></u>	<u><u>(3,211,739)</u></u>

**VGC Developments Limited (formerly Global Gaming Ventures
(Developments) Limited)**

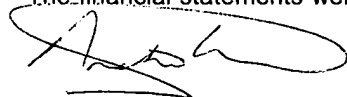
Registered number: 09055492

**Company Statement of Financial Position (continued)
as at 31 December 2017**

		31 December 2017 £	30 September 2016 £
	Note		
Capital and reserves			
Called up share capital	22	100	100
Warrant reserve	23	615,000	615,000
Profit and loss account brought forward		(3,826,839)	-
Loss for the period		(9,854,480)	(3,826,839)
		<u>(13,681,319)</u>	<u>(3,826,839)</u>
Profit and loss account carried forward		(13,681,319)	(3,826,839)
Equity attributable to owners of parent company		<u>(13,066,219)</u>	<u>(3,211,739)</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



A W Herd

Director
4th October 2018

The notes on pages 18 to 42 form part of these financial statements.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

Consolidated Statement of Changes in Equity for the period ended 31 December 2017

	Called up share capital	Warrant reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2016	100	615,000	(3,832,744)	(3,217,644)
Comprehensive income for the period				
Loss for the period	-	-	(12,161,258)	(12,161,258)
Total comprehensive expense for the period	-	-	(12,161,258)	(12,161,258)
At 31 December 2017	100	615,000	(15,994,002)	(15,378,902)

The notes on pages 18 to 42 form part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 September 2016

	Called up share capital	Warrant reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 June 2015	100	-	-	100
Comprehensive income for the period				
Loss for the period	-	-	(3,832,744)	(3,832,744)
Total comprehensive income for the period	-	-	(3,832,744)	(3,832,744)
Contributions by and distributions to owners				
Equity value of warrants issued	-	615,000	-	615,000
Total transactions with owners	-	615,000	-	615,000
At 30 September 2016	100	615,000	(3,832,744)	(3,217,644)

The notes on pages 18 to 42 form part of these financial statements.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

Company Statement of Changes in Equity for the period ended 31 December 2017

	Called up share capital	Warrant reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2016	100	615,000	(3,826,839)	(3,211,739)
Comprehensive income for the period				
Loss for the period	-	-	(9,854,480)	(9,854,480)
	-	-	(9,854,480)	(9,854,480)
Total comprehensive income for the period				
	-	-	(9,854,480)	(9,854,480)
At 31 December 2017	100	615,000	(13,681,319)	(13,066,219)

The notes on pages 18 to 42 form part of these financial statements.

Company Statement of Changes in Equity for the period ended 30 September 2016

	Called up share capital	Warrant reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 June 2015	100	-	-	100
Comprehensive income for the period				
Loss for the period	-	-	(3,826,839)	(3,826,839)
	-	-	(3,826,839)	(3,826,839)
Total comprehensive income for the period				
	-	-	(3,826,839)	(3,826,839)
Contributions by and distributions to owners				
Equity value of warrants issued	-	615,000	-	615,000
	-	615,000	-	615,000
Total transactions with owners				
	-	615,000	-	615,000
At 30 September 2016	100	615,000	(3,826,839)	(3,211,739)

The notes on pages 18 to 42 form part of these financial statements.

**VGC Developments Limited (formerly Global Gaming Ventures
(Developments) Limited)**

**Consolidated Statement of Cash Flows
for the period ended 31 December 2017**

	31 December 2017 £	30 September 2016 £
Cash flows from operating activities		
Loss for the financial period	(12,161,258)	(3,832,744)
Adjustments for:		
Amortisation of intangible assets	40,773	-
Depreciation of tangible assets	946,119	-
Interest payable	3,758,221	-
(Increase)/decrease in stocks	(56,908)	-
Decrease/(increase) in debtors	277,114	(1,399,063)
Increase in creditors	1,926,548	3,050,772
Increase in provisions	400,520	600,000
Costs incurred by shareholder recharged to the Company	1,016,656	-
Fair value movement on financial instrument	1,182,894	16,856
Foreign exchange movements	(291,034)	2,420,357
Net cash generated from operating activities	(2,960,355)	856,178
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(1,122,000)
Purchase of tangible fixed assets	(5,210,887)	(15,690,316)
Purchase of financial instrument	-	(1,810,412)
Net cash from investing activities	(5,210,887)	(18,622,728)

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

Consolidated Statement of Cash Flows (continued) for the period ended 31 December 2017

	31 December 2017 £	30 September 2016 £
Cash flows from financing activities		
New secured loans	2,280,092	29,719,752
Costs incurred by shareholder recharged to the Company (netted against financing receipt)	(1,016,656)	-
Repayment of/new finance leases	(227,104)	-
Interest paid	(3,351,478)	-
Net cash used in financing activities	<u>(2,315,146)</u>	<u>29,719,752</u>
Net (decrease)/increase in cash and cash equivalents	<u>(10,486,388)</u>	<u>11,953,202</u>
Cash and cash equivalents at beginning of period	11,953,202	-
Cash and cash equivalents at the end of period	<u><u>1,466,814</u></u>	<u><u>11,953,202</u></u>
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	<u><u>1,466,814</u></u>	<u><u>11,953,202</u></u>

The notes on pages 18 to 42 form part of these financial statements.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

1. General information

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited) is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities is set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentation currency is GB Pounds.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

2. Accounting policies (continued)

2.4 Going concern

The Group and Company's primary activity in the period was to be the owner of the Victoria Gate Casino in Leeds which opened to the public in January 2017, and which is operated by the company's wholly-owned subsidiary, VGC Leeds Limited. The development and operation of the Victoria Gate Casino was funded by way of substantial secured loan facilities from entities associated with Summit Partners LLP, a global alternative investment firm based in Boston, USA. The loan agreements contain various customary financial and non-financial undertakings and covenants.

As with any new venture, the Company faced the risk that it might not be able to generate sufficient profits to comply with its covenants and make the agreed payments of interest and principal on its loan. Initial trading levels were disappointing, although activity has subsequently steadily been picking up. As a consequence of this weak trading, an event of default was called in August 2017 and steps were taken to enforce security against the Company's parent company.

Following a duly conducted sales process, an affiliate of Summit Partners LLP, ultimately acquired 100% control of the Company in October 2017 and subsequently provided additional loan finance.

At 31 December 2017 the Group had net liabilities of £15,088,902, including £34,189,780 of debt repayable on demand. In addition, the current forecasts and projections show that to continue as a going concern it will require the continued financial support of its ultimate shareholder. At the date of signing these accounts, the director, having made due enquiry, considers that it is reasonable to believe that this financial support will continue to be forthcoming and that a going concern basis of accounting is therefore appropriate.

However, the conditions described above indicate the existence of a material uncertainty which may cast doubt regarding the future financial structure and condition of the Company and its ability to continue as a going concern. The financial statements do not include the adjustments, which would result if the Company was unable to continue as a going concern.

2.5 Revenue

Revenue results from the operation of casinos and is stated as a net win, which is calculated as money staked less amounts paid to customers. Revenue is stated net of free and promotional stakes, but before the deduction of gaming duty. Revenue from the sale of food and beverages is recorded at the point of sale net of VAT and discounts.

2.6 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

2.7 Finance costs

Finance costs on assets under construction are capitalised in the statement of financial position and are recognised in the period in which they are incurred.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

2. Accounting policies (continued)

2.8 Intangible assets

Intangible assets, which comprise gaming licences, are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years. The useful economic life of the gaming licences is 25 years, in line with the length of the lease.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Depreciation is charged once the asset is brought into use.

Depreciation is provided on the following basis:

Leasehold improvements	- 25 years
Fixtures and fittings	- 10 years
Office equipment	- 5 years
Computer equipment	- 5 years
Gaming equipment	- 10 years

Assets constructed as part of long-term development projects and in the course of construction are not depreciated until they are ready to use in the way intended.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

2. Accounting policies (continued)

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is 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.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

2. Accounting policies (continued)

2.14 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Where the Company issues warrants as part of a loan agreement, the equity value of the warrants is calculated based on their fair value at the transaction date. This value is deducted from the debt instrument and allocated to a warrant reserve. This amount will be transferred to the profit and loss reserve over the term of the agreement using the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

2. Accounting policies (continued)

2.16 Foreign currency translation

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 Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.17 Operating leases: the Group as lessor

Rental income from operating leases is credited to the Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

2.18 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.19 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.20 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

2. Accounting policies (continued)

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.22 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- **Impairment**

Judgements are used to determine whether there are indicators of impairment of the Group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- **Valuation of derivatives**

The Group and Company has financial instruments recorded in other debtors valued at £610,662 at 31 December 2017 for the option to buy US dollars at a future date. The directors have had these options valued externally by the bank on a Market to Market basis, but there is inherent judgement and volatility in valuing these options.

- **Classification of fixed assets**

The directors have considered whether the development of the casino and subsequent facility fee paid by other group companies would classify as an operating or finance lease. Based on the relevant criteria, in section 20 of FRS 102, the arrangement has not been considered as a finance lease.

- **Depreciation of tangible and intangible assets**

Tangible fixed assets and intangible assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Provisions for legal costs**

Provisions are calculated based on management's best estimate of the expected future liability based on information available at the year end. This involves management judgement around the certainty of the liability being paid.

- **Going concern**

Estimation uncertainty regarding going concern is detailed in the accounting policy in note 2.4.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

4. Turnover

An analysis of turnover by class of business is as follows:

	15 months ended 31 December 2017 £	16 months ended 30 September 2016 £
Gaming revenue	10,386,603	-
Food and Beverage revenue	1,222,892	-
	<u>11,609,495</u>	<u>-</u>

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging/(crediting):

	15 months ended 31 December 2017 £	16 months ended 30 September 2016 £
Depreciation of tangible fixed assets	946,119	-
Amortisation of intangible assets, including goodwill	40,773	-
Fees payable to the Group's auditor and its associates for the audit of the company's annual financial statements	43,370	20,000
Fees payable to the company's auditor for taxation services	-	35,660
(Profit)/loss on foreign exchange	(291,034)	2,420,357
Other operating lease rentals	1,933,491	110
Defined contribution pension cost	27,054	-
	<u>1,665,773</u>	<u>2,476,127</u>

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 31 December 2017 £	Group 30 September 2016 £	Company 31 December 2017 £	Company 30 September 2016 £
Wages and salaries	4,781,617	743,512	435,952	743,512
Social security costs	412,299	12,017	128,173	12,017
Cost of defined contribution scheme	27,054	-	3,500	-
	5,220,970	755,529	567,625	755,529

The average monthly number of employees, including the directors, of the Company and the Group during the period was as follows:

	Group 15 months ended 31 December 2017 No.	Group 16 months ended 30 September 2016 No.	Company 15 months ended 31 December 2017 No.	Company 16 months ended 30 September 2016 No.
Staff	198	4	5	4

7. Directors' remuneration

	15 months ended 31 December 2017 £	16 months ended 30 September 2016 £
Directors' emoluments	58,622	33,333

Further details in respect of amounts paid to related parties are included in note 28.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

8. Fair value movement on financial instrument

	15 months ended 31 December 2017 £	16 months ended 30 September 2016 £
(Gain)/loss on financial instrument	<u>(1,182,894)</u>	<u>16,856</u>

9. Interest payable and similar expenses

	15 months ended 31 December 2017 £	16 months ended 30 September 2016 £
Bank interest payable	3,615,177	-
Finance leases and hire purchase contracts	20,044	-
Unwinding of finance costs on warrants issued	123,000	-
	<u>3,758,221</u>	<u>-</u>

10. Taxation

	15 months ended 31 December 2017 £	16 months ended 30 September 2016 £
Current tax on profits for the year	-	-
	<u>-</u>	<u>-</u>

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

10. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.40% (2016 - 20%). The differences are explained below:

	15 months ended 31 December 2017 £	16 months ended 30 September 2016 £
Loss before tax	(12,161,258)	(3,832,744)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19.40% (2016 - 20%)	(2,359,284)	(765,368)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	483,632	140
Capital allowances for period in excess of depreciation	11,411	-
Adjust closing deferred tax to average rate of 20%	-	96,785
Deferred tax not recognised	1,738,831	668,443
Non-taxable income	(10,378)	-
Group relief	135,788	-
Total tax charge for the period	-	-

There is an unrecognised deferred tax asset of £2,030,798 (2016 - £467,180) related to trading losses. This has not been recognised due to the current uncertainty over the recoverability of this balance.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

11. Intangible assets

Group and Company

	Gaming licence £
Cost	
At 1 October 2016	1,122,000
At 31 December 2017	<u>1,122,000</u>
Amortisation	
Charge for the year	40,773
At 31 December 2017	<u>40,773</u>
Net book value	
At 31 December 2017	<u><u>1,081,227</u></u>
At 30 September 2016	<u><u>1,122,000</u></u>

**VGC Developments Limited (formerly
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Limited)**

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

12. Tangible fixed assets

Group

	Leasehold improvements £	Assets under construction £	Fixtures and fittings £	Office equipment £	Computer equipment £	Gaming equipment £	Total £
Cost							
At 1 October 2016	-	15,296,533	78,815	1,592	166,046	147,330	15,690,316
Additions	-	6,412,314	289,807	437,443	-	278,504	7,418,068
Transfers between classes	21,708,847	(21,708,847)	-	166,046	(166,046)	-	-
At 31 December 2017	21,708,847	-	368,622	605,081	-	425,834	23,108,384
Depreciation							
Charge for the period	767,923	-	31,050	109,507	-	37,639	946,119
At 31 December 2017	767,923	-	31,050	109,507	-	37,639	946,119
Net book value							
At 31 December 2017	20,940,924	-	337,572	495,574	-	388,195	22,162,265
At 30 September 2016	-	15,296,533	78,815	1,592	166,046	147,330	15,690,316

**VGC Developments Limited (formerly
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Notes to the Financial Statements
for the period ended 31 December 2017

12. Tangible fixed assets (continued)

Company

	Leasehold improvements £	Assets under construction £	Fixtures and fittings £	Office equipment £	Computer equipment £	Gaming equipment £	Total £
Cost							
At 1 October 2016	-	15,296,533	78,815	1,592	166,046	147,330	15,690,316
Additions	-	6,412,314	162,893	408,403	-	237,938	7,221,548
Transfers between classes	21,708,847	(21,708,847)	-	166,046	(166,046)	-	-
At 31 December 2017	21,708,847	-	241,708	576,041	-	385,268	22,911,864
Depreciation							
Charge for the period	767,923	-	22,071	105,319	-	34,955	930,268
At 31 December 2017	767,923	-	22,071	105,319	-	34,955	930,268
Net book value							
At 31 December 2017	20,940,924	-	219,637	470,722	-	350,313	21,981,596
At 30 September 2016	-	15,296,533	78,815	1,592	166,046	147,330	15,690,316

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

12. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	31 December 2017 £	30 September 2016 £
Gaming equipment	856,913	-

The depreciation charge of the Group and the Company for the period to 31 December 2017 relating to assets under finance leases or hire purchase contracts is £95,133 (period to 30 September 2016: £Nil).

Included within leasehold improvements of the Group and the Company are capitalised interest costs of £2,486,462. Interest is capitalised at a rate of 12%.

13. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
VGC Leeds Limited (formerly Global Gaming Ventures (Leeds) Limited)	Ordinary	100 %	Casino and gaming activities

The registered address of VGC Leeds Limited is Unit 1 Victoria Gate, Eastgate, Leeds, LS2 7JL.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

13. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost	
At 1 October 2016	100
At 31 December 2017	<u>100</u>
Net book value	
At 31 December 2017	<u>100</u>
At 30 September 2016	<u>100</u>

14. Stocks

	Group 31 December 2017 £	Group 30 September 2016 £	Company 31 December 2017 £	Company 30 September 2016 £
Food and beverage	<u>56,908</u>	<u>-</u>	<u>-</u>	<u>-</u>

Stock recognised in cost of sales during the period as an expense was £770,960 (2016 - £Nil).

An impairment loss of £Nil (2016 - £Nil) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

15. Debtors

	Group 31 December 2017 £	Group 30 September 2016 £	Company 31 December 2017 £	Company 30 September 2016 £
Due after more than one year				
Other debtors	495,000	495,000	-	-
	<u>495,000</u>	<u>495,000</u>	<u>-</u>	<u>-</u>
Due within one year				
Amounts owed by group undertakings	-	-	2,034,225	239,396
Other debtors	170,765	884,543	32,768	884,133
Prepayments and accrued income	456,284	19,620	1,723	19,620
Financial instruments	610,662	1,793,556	610,662	1,793,556
	<u>1,732,711</u>	<u>3,192,719</u>	<u>2,679,378</u>	<u>2,936,705</u>

The impairment loss recognised in the Group profit or loss for the year in respect of bad and doubtful trade debtors was £Nil (2016 - £Nil).

Amounts owed by group undertakings are repayable on demand and interest free.

16. Creditors: Amounts falling due within one year

	Group 31 December 2017 £	Group 30 September 2016 £	Company 31 December 2017 £	Company 30 September 2016 £
Shareholder loans	33,574,780	-	33,574,780	-
Trade creditors	1,024,412	1,383,726	87,025	1,383,726
Other taxation and social security	894,747	15,536	6,677	15,536
Obligations under finance lease and hire purchase contracts	188,967	-	188,967	-
Other creditors	131,169	38,636	-	-
Accruals and deferred income	3,009,108	202,656	2,464,416	202,656
	<u>38,823,183</u>	<u>1,640,554</u>	<u>36,321,865</u>	<u>1,601,918</u>

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

17. Creditors: Amounts falling due after more than one year

	Group 31 December 2017 £	Group 30 September 2016 £	Company 31 December 2017 £	Company 30 September 2016 £
Other loans	-	31,525,109	-	31,525,109
Other loan notes	290,000	-	-	-
Obligations under finance leases and hire purchase contracts	425,224	-	425,224	-
Other creditors	1,339,900	1,410,218	-	-
	<u>2,055,124</u>	<u>32,935,327</u>	<u>425,224</u>	<u>31,525,109</u>

The other loan notes are unsecured loan notes, repayable in 2021 with an interest rate of 8%.

Other creditors include lease incentives of which £1,116,583 (2016 - £1,178,401) is repayable in more than 5 years.

The remaining balance of other creditors relates to lease incentives repayable in 2-5 years.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

18. Loans

Analysis of the maturity of loans is given below:

	Group 31 December 2017 £	Group 30 September 2017 £	Company 31 December 2017 £	Company 30 September 2016 £
Amounts falling within one year				
Shareholder loans	34,189,780	-	34,189,780	-
Equity value transferred to reserves	(615,000)	-	(615,000)	-
	<u>33,574,780</u>	<u>-</u>	<u>33,574,780</u>	<u>-</u>
Amounts falling due 2-5 years				
Other loans	-	32,140,109	-	32,140,109
Equity value transferred to reserves	-	(615,000)	-	(615,000)
	<u>33,574,780</u>	<u>31,525,109</u>	<u>33,574,780</u>	<u>31,525,109</u>

Shareholder loans (period to 30 September 2016: Other loans) are secured on the assets of the Group.

The other loans were transferred to shareholder loans in the period.

The loans are repayable on demand and bear interest at 12%. Included in accruals is accrued interest of £2,037,069. There are 6,667 warrants attached to the loans which remain outstanding at the period end. The warrants have an exercise price of £0.03 for 1 Ordinary A share. These can be exercised by the holder at any time prior to the original repayment of the loan on 17 February 2021. An equity value of £615,000 has been deducted from the shareholder loan and is held within the warrant reserve

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 31 December 2017 £	Group 30 September 2016 £	Company 31 December 2017 £	Company 30 September 2016 £
Within one year	188,967	-	188,967	-
Between 1-5 years	425,224	-	425,224	-
	<u>614,191</u>	<u>-</u>	<u>614,191</u>	<u>-</u>

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

20. Financial instruments

	Group 31 December 2017 £	Group 30 September 2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	610,662	1,793,556
Financial assets that are debt instruments measured at amortised cost	2,099,811	13,332,745
	<u>2,710,473</u>	<u>15,126,301</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(39,693,560)</u>	<u>(34,560,345)</u>

Financial assets measured at fair value through profit or loss comprise financial instruments.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors (excluding tax), and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, obligations under finance lease and hire purchase contracts, accruals and bank loans.

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

21. Provisions

Group

	Project completion bonus £	Other provision £	Total £
At 1 October 2016	600,000	-	600,000
Charged to profit or loss	-	1,000,520	1,000,520
Paid during the period	(600,000)	-	(600,000)
At 31 December 2017	-	1,000,520	1,000,520

Company

	Project completion bonus £	Other provision £	Total £
At 1 October 2016	600,000	-	600,000
Charged to profit or loss	-	1,000,520	1,000,520
Utilised in period	(600,000)	-	(600,000)
At 31 December 2017	-	1,000,520	1,000,520

Other provisions are for legal fees for in relation to the anticipated cost of defending litigation which is being brought against the Group (and its Director) by a former employee as explained in the Strategic Report. The Company is vigorously defending this litigation and believe that the likelihood of any claim against the Company being successful to be remote. As a consequence no contingent liability has been recorded in respect of any claims against the Company. The Group has indemnified its officers and employees against the cost of defending this litigation. Where possible, the Group will seek to recover these costs from insurers and/or from the claimant.

22. Share capital

	31 December 2017 £	30 September 2016 £
Allotted, called up and fully paid		
10,000 A ordinary shares of £0.01 each	100	100

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

23. Reserves

The Company's capital and (deficit)/reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

Profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

Warrant reserve

Represents the equity value of the warrants attached to the shareholder loans.

24. Capital commitments

At 31 December 2017 the Group and Company had capital commitments as follows:

	Group 31 December 2017 £	Group 30 September 2016 £
Contracted for but not provided in these financial statements	-	6,473,601

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £3,500 (2016 - £Nil). Contributions totalling £Nil (2016 - £Nil) were payable to the fund at the reporting date and are included in creditors.

26. Future receipts under operating leases

At 31 December 2017 the Company had future minimum lease receipts under non-cancellable operating leases as follows:

	Company 31 December 2017 £	Company 30 September 2016 £
Not later than 1 year	312,500	200,000
Later than 1 year and not later than 5 years	1,034,414	1,214,588
Later than 5 years	12,721,216	12,903,542
	<u>14,068,130</u>	<u>14,318,130</u>

27. Commitments under operating leases

At 31 December 2017 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 31 December 2017 £	Group 30 September 2016 £
Not later than 1 year	618,750	412,500
Later than 1 year and not later than 5 years	3,093,750	2,818,750
Later than 5 years	15,719,623	16,775,000
	<u>19,432,123</u>	<u>20,006,250</u>

VGC Developments Limited (formerly Global Gaming Ventures (Developments) Limited)

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

28. Related party transactions

During the period the Group had the following transactions with related parties:

- 1. Global Gaming Ventures (Group) Limited (the former holding company of which A Wollenberg is a director)**
 - a) Management fees of £103,562 (2016 - £76,667) were paid by the Group.
 - b) A payment of £525,000 (which was provided for in the prior period) was made by the Group as a permitted distribution following the successful completion of the fitting out of the Victoria Gate Casino.
 - c) £252,500 of subordinated loan notes issued by VGC Leeds Limited (the Company's subsidiary) were transferred by the Group pursuant to an agreement dated 12 May 2017
 - d) Corporation Tax losses of £700,000 (2016: £850,000) were surrendered by the Company by way of Group Relief
- 2. Lancashire Court Capital Limited (a company in which A W Herd is a common director)**
 - a) Management fees of £268,750 (2016 - £152,634) were paid by the Group.
 - b) Office rental costs of £24,670 (2016 - £11,250) were recharged to the Group.
 - c) A payment of £75,000 (which was provided for in the prior period) was made by the Group as a permitted distribution following the successful completion of the fitting out of the Victoria Gate Casino.
 - d) £37,500 of subordinated loan notes issued by VGC Leeds Limited (the Company's subsidiary) were transferred by the Group pursuant to an agreement dated 12 May 2017.

At year end, the sum of £Nil (2016: £11,250) was owing by the Company to Lancashire Court Capital Limited.

3. Summit Partners (GGV) Limited (shareholder)

Transactions with the shareholders and its related parties relate to loan financing as set out in note 18.

29. Controlling party

The Company was previously owned by Global Gaming Ventures (Holdings) Limited. During the period the company was purchased by Summit Partners (GGV) Limited.

The Company's immediate parent is Summit Partners (GGV) Limited, which is incorporated in The Cayman Islands.

There is no one ultimate controlling party.