

Company registration number 04202782 (England and Wales)

Appco Group Lotteries Ltd

Annual Report And Financial Statements

For The Year Ended 31 December 2021



Appco Group Lotteries Ltd

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Balance Sheet

As At 31 December 2021

	Notes	2021 £	£	2020 £	£
Current assets					
Debtors	5	114,023		164,293	
Cash at bank and in hand		85,473		13,162	
		<u>199,496</u>		<u>177,455</u>	
Creditors: amounts falling due within one year	6	(296,529)		(312,668)	
Net current liabilities			(97,033)		(135,213)
Net liabilities			<u>(97,033)</u>		<u>(135,213)</u>
Capital and reserves					
Called up share capital	9		100		100
Profit and loss reserves			(97,133)		(135,313)
Total equity			<u>(97,033)</u>		<u>(135,213)</u>

The director of the company has elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 18 December 2022 and are signed on its behalf by:



Mr M J Hogg
Director

Company registration number 04202782

Appco Group Lotteries Ltd

Notes To The Financial Statements

For The Year Ended 31 December 2021

1 Accounting policies

Company information

Appco Group Lotteries Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Studio 320 Highgate Studios, 53-79 Highgate Road, London, NW5 1TL. The company's principal activities and nature of its operations are disclosed in the director's report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, except for the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment, intangible assets, investment property and biological assets;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- comparative narrative information;
- for financial instruments, investment property and biological assets measured at fair value and within the scope of IFRS 13, the valuation techniques and inputs used to measure fair value, the effect of fair value measurements with significant unobservable inputs on the result for the period and the impact of credit risk on the fair value; and
- related party disclosures for transactions with the parent or wholly owned members of the group.

Where required, equivalent disclosures are given in the group accounts of Appco UK Limited. The group accounts of Appco UK Limited are available to the public and can be obtained as set out in note 11.

1.2 Going concern

The director has at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is measured based on the fair value of consideration specified in a contract with a customer, net of trade discounts and VAT, and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Appco Group Lotteries Ltd

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

1 Accounting policies

(Continued)

The company recognises revenue from the following major sources:

- Rendering of services
- Other revenue

The nature, timing of satisfaction of performance obligations and significant payment terms of the company's major sources of revenue are as follows:

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

1.4 Cash at bank and in hand

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial assets

Financial assets are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Appco Group Lotteries Ltd

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

1 Accounting policies

(Continued)

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

Impairment of financial assets

Financial assets carried at amortised cost and fair value through other comprehensive income are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

For trade receivables, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit and loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.6 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at amortised cost' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Appco Group Lotteries Ltd

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Appco Group Lotteries Ltd

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

1 Accounting policies

(Continued)

1.10 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2021 Number	2020 Number
1	1
<u>1</u>	<u>1</u>

4 Taxation

	2021 £	2020 £
Deferred tax		
Origination and reversal of temporary differences	(54,929)	-
	<u>(54,929)</u>	<u>-</u>

Appco Group Lotteries Ltd

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

4 Taxation

(Continued)

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

	2021 £	2020 £
Loss before taxation	(16,749)	(202,967)
Expected tax credit based on a corporation tax rate of 19.00% (2020: 19.00%)	(3,182)	(38,564)
Unutilised tax losses carried forward	(51,747)	38,564
Taxation credit for the year	(54,929)	-

5 Debtors

	2021 £	2020 £
Trade debtors	27,343	72,767
Provision for bad and doubtful debts	(660)	-
	26,683	72,767
VAT recoverable	-	44,636
Amount owed by parent undertaking	31,182	31,182
Prepayments and accrued income	1,229	15,708
	59,094	164,293
Deferred tax asset	54,929	-
	114,023	164,293

6 Creditors

	Notes	2021 £	2020 £
Creditors	7	291,450	312,668
Taxation and social security		5,079	-
		296,529	312,668

Appco Group Lotteries Ltd

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

7 Creditors

	2021 £	2020 £
Trade creditors	26,732	24,728
Amounts owed to fellow group undertakings	187,991	173,484
Accruals and deferred income	76,727	114,456
	<u>291,450</u>	<u>312,668</u>

Deferred tax assets are expected to be recovered within one year

8 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Tax losses £
Liability at 1 January 2020 and 1 January 2021	-
Deferred tax movements in current year	
Charge/(credit) to profit or loss	(54,929)
Asset at 31 December 2021	<u>(54,929)</u>

9 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Authorised				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Issued and fully paid				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Mr Athos Louca FCCA, ICPAC and the auditor was Loucas.

Appco Group Lotteries Ltd

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2021

11 Controlling party

The immediate parent company of the group is Appco UK Ltd, which is the smallest company into which this company is consolidated. Copies of the consolidated accounts are available from the registered office.

The parent company for Appco UK Ltd is CSA Holdings Ltd, incorporated in Hong Kong, which is the largest company into which this company is consolidated.

The ultimate controlling party is the Nelson Settlement, a discretionary Trust established in Jersey in 1992.