Spacebar Media Limited

Report and Financial Statements

Period Ended

30 June 2020

Company Number: 05573177

Spacebar Media Limited

Report and financial statements
for the period ended 30 June 2020

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Directors
M Gustavson
J Martin

Registered office
Unit 450 Highgate Studios
53-79 Highgate Road
Kentish Town
London
NW5 1TL

Company number
05573177

Auditors
Ernst & Young LLP
Apex Plaza
1 Forbury Road
Reading
RG1 1YE

The Company changed its accounting reference date to 30 June. The directors therefore present their report together with the audited financial statements for the 10-month period ended 30 June 2020 and the comparatives for the year ended 31 August 2019.

Principal activities

The principal activity of the Company in the year under review was the provision of online gaming software maintenance and development services.

Future developments
Future developments are in accordance with the Group aims as explained in the Links to Strategy section below.

Results and dividends

The Company has made a profit of £1,499,207 in the period ended 30 June 2020 (2019: profit of £1,617,420).

The Directors do not recommend the payment of a dividend (2019: £Nil).

On 4 October 2019 the Company's then ultimate parent Company, Stride Gaming Limited (formerly Stride Gaming plc), was acquired by Rank Digital Holdings Limited, a subsidiary of The Rank Group Plc ('Rank' or 'Group').

Going concern

The principal risks and uncertainties of the Company are managed at a Group level, given how the Group's intra-group funding structure is administered by the Group on behalf of individual companies within the Group.

The directors have assessed going concern of the entity and conclude that they are dependent on the group to provide support to reach that conclusion. As a member of the Rank Group intra-funding structure the company has access to capital resources. In the unlikely event it is called upon the Directors have assessed the willingness and ability to provide the level of financial support required from Rank Group Finance Plc, who manage the Groups treasury function. This assessment covers 12 months from the approval of the financial statements and the directors are satisfied with the support available.

The directors consider, following their review, that there is a degree of risk due to the impact of the COVID-19 pandemic on consumer sentiment, government policy and the overall impact on consumer demand, however, appropriate mitigation has been taken via a new equity placing raising gross proceeds of £70 million alongside negotiating an extension of its banking covenants, extending the liquidity covenant of a minimum £50 million in cash and available facilities, through to March 2022. As such, the board has a reasonable expectation that the Group is able to manage its business risks and to continue in operational existence for 12 months from the date of signing of the accounts.

On this basis, and with Rank Group Finance Plc having confirmed in writing its intention to continue to support the Company for 12 months for the approval of this report, the directors consider it appropriate to adopt the going concern basis for preparing the financial information.

Further detail on the Group's assessment of going concern can be found in the Directors' Report in the statutory accounts for Rank Group Finance Plc for the year ended 30 June 2020.

Principal risks and uncertainties
The principal risks and uncertainties of the Group, which include those of the company, are discussed on pages 72 to 76 of the Group's ARA for the year ended 30 June 2020.

Throughout the year some new risks have emerged and developed which have been monitored by management and action taken when they started to crystallise, the most significant of these being the impact of, and challenges arising from, the COVID-19 pandemic and the ongoing review of and changes to gambling regulation. Mitigation takes the form of ongoing monitoring and risk assessments, ongoing membership and contribution to trade associations, and continuing to build and maintain relationships with our stakeholders.

A further emerging risk is the impact of Brexit, where the key challenges to the business are likely to be availability of staff and effect on data handling. We have appropriate business continuity arrangements in place for short-term border disruptions affecting the movement of our people and are not otherwise over-exposed to the impact of Brexit in this area. Appropriate data sharing arrangements are in place to allow us to continue to fulfil our data handling obligations. Given the terms of the withdrawal agreement between the UK and the EU, there is not anticipated to be an impact of Brexit for the Group in practice until the end of the transitional period on 31 December 2020.

Links to strategy key:

1. Create a compelling multi-channel offering
2. Build digital capability and scale
3. Continuously evolve our venues proposition
4. Consistently improve our customer experience through innovation
5. Be committed to safe and fair gambling
6. Provide an environment which enables our colleagues to develop, be creative and deliver exceptional service

1. COVID-19 pandemic			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
The immediate organisational risks following the COVID-19 outbreak arose primarily as a result of the closure of our venues and offices. Such risks included business continuity and the ability of our technology and IT infrastructure to adapt to sustained working-from-home requirements imposed by governments, colleague and customer welfare, cashflow (liquidity), financing (supply-chain disruption) and impact on the ability of the Group to execute its strategic plans. In line with respective Government requirements, all of the Group's venues were closed in March 2020. In the UK, re-opening commenced for Mecca on 4 July 2020 and for Grosvenor on 15 August 2020. In Spain re-opening commenced on 10 June 2020 and in Belgium on 1 July 2020. All venues are required to comply with social distancing measures, impacting on capacity. There can be no certainty as to when or to what extent applicable ongoing government measures will be lifted or whether they will be reintroduced after they have been lifted. Furthermore, even after restrictions are lifted, there is a risk of depressed demand in the	Due to the nature of the pandemic and the ongoing uncertainty this is considered an increasing risk.	*Mitigation in relation to lockdown.* The Group has a pandemic policy, crisis management and resilience planning processes and venues-closure plans, which were implemented successfully in response to the lockdown and consequential closure of our venues and offices. The Group implemented a working-from-home policy in order to ensure that those colleagues and areas of the business less directly impacted from the closure of venues could continue to function. The Group communicates with its employees in a number of a different ways and during lockdown we increased significantly our communications to our colleagues in order to keep them up to date with developments, our plans and welfare support arrangements. In relation to our customers, the Group developed, and participated in a number of initiatives aimed at ensuring our customers did not feel a loss of community due to the closure of our venues. The Group reviewed its financing arrangements and	**1, 2, 3, 4, 5, 6**

1. COVID-19 pandemic			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
leisure sector. Customers may also be more reluctant to attend our venues. In response to the COVID-19 pandemic, we have prepared a number of planning scenarios based on a range of assumptions and potential outcomes. In light of the above, the risk remains of further significant impact on our future operations, and cashflows beyond the range of assumptions that have been used to develop the modelled scenarios.		engaged with its banks, suppliers and landlords. We continued to communicate with legislators and regulators throughout lockdown in connection with the measures we have implemented. Government support initiatives have been utilised such as the Coronavirus Job Retention Scheme and UK business rates holiday. *Mitigation in relation to re-opening* Detailed analysis and modelling, with consideration of all stakeholders' views, went into the formulation of re-opening plans. Such plans are flexible to take account of local lockdowns, restrictions being re-introduced, changes in customer demand and other uncertainties that will only be understood with the passage of time. We continue to review the assumptions and modelling work and are revisiting our transformation plan. We continue to review our financial covenants and financing options, our property portfolio and supply-chain. We continue to have constructive dialogue with those bodies that influence our markets, including Government and regulators. The importance of such discussions was demonstrated in the process to obtain permission to re-open our venues. The health and safety of our colleagues and customers remains of paramount importance and risk	

1. COVID-19 pandemic			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
		assessments have been an essential part of our re-opening plans. *Digital* In relation to the digital business, which has been largely unaffected operationally by the crisis, we have focused on the implementation of increased safer gambling measures.	

2. Changing consumer needs (venues)			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
Progressive changes over time in consumer spending habits and changes in macroeconomic environment can result in lower numbers of customer visits.	**Increasing** With the macroeconomic environment and continuous changes in consumer spending habits, there is an ever-increasing need for the Group to focus on assessing the relevance of our customer proposition.	The Group monitors financial performance across the venues. Venues performing adversely are raised for remedial attention with customer satisfaction metrics being used to also monitor venues performance. Changing the venues product and service offering to have greater appeal to today's more leisure-oriented customer is a priority within the transformation programme. This will continue to evolve as there is a better understanding of the ongoing impact of COVID-19 on our customers' habits.	**3, 4**

3. Gambling laws and regulations			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
Regulatory and legislative regimes for betting and gaming in key markets are constantly under review and can change at short notice. These changes could benefit or have an adverse effect on the business and additional costs might be incurred in order to comply.	**Increasing** With the increased focus of regulators, the risk here is considered to be increasing, and the impact of non-compliance could result in the imposition of licence conditions, the loss of gaming licences and/or fines.	The Group ensures that it: • actively provides and promotes a compliant environment in which customers can play safely; • participates in trade representations to political and regulatory bodies to ensure that such stakeholders clearly understand the positive contribution that the business provides to the economy; • works with stakeholders and customers to help public understanding of the gaming offers it provides; and • engages with regulators as appropriate and examines the learnings from, and measures adopted by, other operators and sectors of the gambling industry.	**5**

4. Health and Safety			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
Failure to meet the requirements of the various domestic and international rules and regulations relating to the health and safety of our employees and customers could expose the Group (and individual directors and employees) to material civil, criminal and/or regulatory action with the associated financial and reputational consequences.	**Stable** It is envisaged that there will be no further immediate changes in standards.	The Group has defined policies and procedures in place which are periodically reviewed and updated as appropriate. The Group requires all staff to undertake annual training and more specific training is undertaken as appropriate. Communication plans are in place across the Group. The health and safety committee meets regularly and its attendees include the senior management of the venues business. In addition, the head of health and safety provides updates on health and safety practices to each Risk Committee meeting. The health and safety team have been heavily involved in the closure and reopening of our venues as a result of COVID-19.	**3, 6**

5. Taxation			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
Changes in fiscal regimes for betting and gaming in key markets can change at short notice. These changes could benefit or have an adverse effect and additional costs might be incurred in order to comply with any fiscal requirements. Current key risk areas include: • Remote Gaming Duty; • Machine Gaming Duty; and • Gaming Duty	**Stable** It is envisaged that there will be no material changes in taxation in the immediate future.	The Group ensures that it: • continues to monitor taxation legislation; • performs regular analysis of the financial impact to the organisation of changes to taxation rates; and • develops organisational contingency plans as appropriate.	

6. Integration, transformation and technology projects and programmes			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
Key Group projects and programmes could fail to deliver, resulting in missed market opportunities, and/or take longer to deliver, resulting in missed synergies and savings.	**Stable** A failure to deliver key strategic projects and programmes impacts on customer loyalty and the strategic growth of the organisation.	The Group ensures that projects and programmes: • are subjected to detailed management oversight as well as having sponsorship from a senior-level stakeholder; • use a structured and disciplined delivery methodology to ensure that they are robustly managed to achieve their outcome; and • use a comprehensive risk management approach managed by experienced project and programme managers.	**1, 2**

7. Business continuity planning and disaster recovery (operational resilience)			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
Planning and preparation of the organisation to ensure it could overcome serious incidents or disasters and resume normal operations within a reasonably short period, is critical to ensure that there is minimal impact to its operations, customers and reputation. Typical disasters might include: natural disasters such as fires and floods, accidents impacting key people, insolvency of key suppliers, negative media campaigns and market upheavals.	**Stable** The geographical nature of the operating environment and key risk exposures are known and understood and the business was able to continue operating notwithstanding the impact of COVID-19.	This approach includes the development, embedding and refinement of the incident and crisis management approach for the Group in order to proactively manage these incidents. Group business continuity plans have been refreshed for key sites and business areas.	**1, 2, 3, 4, 5, 6**

8. Data management			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
The inability to adequately protect sensitive customer data and other key data and information assets that could be leaked, exposed, hacked or transmitted would result in customer detriment, formal investigations and/or possible litigation leading to prosecution, fines and damage to our brands.	**Stable** *The Group has* developed a robust control environment in relation to customer data *controls and the* regulatory requirements.	The Group has in place data protection policies and colleague training in order to protect the privacy rights of individuals in accordance with the relevant local data protection and privacy legislation and with GDPR. These are monitored by an experienced data protection officer to ensure that the business is aware of, and adheres to, industry best practice standards and relevant laws. Technology and IT security controls are in place to restrict access to sensitive data and ensure individuals only have access to the data they need to do their job.	**2, 4**

9. Cyber resilience			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
Cyber-attacks can disrupt and cause considerable financial and reputational damage to the Group. If a cyber-attack were to occur the Group could lose assets, reputation and business, and potentially face regulatory fines and litigation – as well as the costs of remediation. Operations are highly dependent on technology and advanced information systems (such as cloud computing) and there is a risk that such technology or systems could fail, or outages occur.	**Stable** Due to the programme of work in place and response to previous incidents and lessons learned this is considered a stable risk to the Group.	We carry out a number of cyber exercises on a regular basis to understand the maturity of controls, with a roadmap of further work planned to enhance them within the current IT estate. A programme of work is ongoing to enhance cyber security and resilience within the IT estate with dedicated, specialised resources.	**2**

10. Dependency on third parties and supply chain			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
The Group is dependent on a number of third-party suppliers for the operation of its business. The withdrawal or removal from the market of one or more of these third-party suppliers, or failure of these suppliers to comply with contractual obligations, could adversely affect operations, especially where these suppliers are niche.	**Stable** The third-party operating environment and key risk exposures have changed as a result of COVID-19, but the risk to the business is nevertheless considered stable.	The Group has a central procurement team in place to oversee the process for acquisition of suppliers across the Group together with the development of a supplier risk management framework. Close communication and accountability for relationships within the Group are in place for these suppliers, with suppliers required to ensure that Group requirements are met. Discussions have taken place with suppliers as a result of the impact of COVID-19, particularly in relation to the closure and then re-opening of our venues.	**1, 2, 3, 4, 5, 6**

11. People			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
People are pivotal to the success of the organisation and a failure to attract or retain key individuals may impact the Group's ability to deliver on its strategic priorities. A pre-requisite to achieving all of the strategic priorities is ensuring the Group has the right people with the right skills, deployed within the right area of the business.	**Stable** Considered 'stable' as the risk to the business is unchanged, notwithstanding that the impact of COVID-19 cannot be ignored.	A programme of activity is focused on developing diversity across the organisation. A programme of activity is focused on succession planning for the business particularly at senior levels. The Group regularly reviews its reward propositions. Culture is a specific transformation workstream, but is also considered across all other workstreams including safer gambling.	**1, 2, 3, 4, 5, 6**

Brexit

A further emerging risk is the impact of Brexit, where the key challenges to the business are likely to be availability of staff and effect on data handling. We have appropriate business continuity arrangements in place for short-term border disruptions affecting the movement of our people and are not otherwise over-exposed to the impact of Brexit in this area. Appropriate data sharing arrangements are in place to allow us to continue to fulfil our data handling obligations. Given the terms of the withdrawal agreement between the UK and the EU, there is not anticipated to be an impact of Brexit for the Group in practice until the end of the transitional period on 31 December 2020.

Covid-19

There is considerable uncertainty about how Covid-19 will develop over the coming weeks and months after it was announced as a global health emergency by the World Health Organisation on 31 January 2020. Our major concern is to safeguard the health and wellbeing of our staff and as a result business travel has been stopped and video conferencing used as an alternative. Arrangements have been made for office staff, who can, to work from home. Where staff cannot work from home we have ensured that staff rotation and appropriate social distancing measures are in place to protect their wellbeing.

Charitable and political contributions

During the year, the Company made charitable contributions of £4,940 (2019: £12,949). There were no political contributions (2019: £nil).

Events after reporting date

The Rank Group Plc, the parent undertaking of the smallest group to consolidate the financial statements of the Company, continues to closely monitor the ongoing government response to the Covid-19 pandemic in the markets in which it operates, and will continue to implement and adapt the business in response to the government guidance.

There is degree of risk relating to how Covid-19 will develop over the coming weeks and months after it was announced as a global health emergency by the World Health Organisation on 31 January 2020. Our major concern is to safeguard the health and wellbeing of our staff and as a result business travel has been stopped and video conferencing used as an alternative. Arrangements have been made for office staff, who can, to work from home. Where staff cannot work from home we have ensured that staff rotation and appropriate social distancing measures are in place to protect their wellbeing.
There are no events after reporting date which require further disclosure.

Directors

The directors of the Company during the year and up to the date of these financial statements were:

M Gustavson
J Martin (appointed 18 November 2019)
R Jacobson (resigned 18 November 2019)

No director had any interest in the ordinary shares of the Company.

Qualifying third party indemnity provisions

The Company has arranged qualifying third-party indemnity for all of its directors.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the Company's auditor is unaware.

Following the acquisition of the Company's then immediate parent Company, Stride Gaming Limited, by The Rank Group Plc on 4 October 2019, Ernst & Young LLP were appointed auditors to the Company. They have expressed their willingness to continue in office. In accordance with s487(2) of the Companies Act 2006, Ernst and Young LLP will continue as auditors of the Company.

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' exemptions within Part 15 of Companies Act 2006.

Approval

This directors' report was approved by order of the Board on 17 December 2020.

Jonathan Martin
Director
Date: 17 December 2020

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SPACEBAR MEDIA LIMITED

Opinion

We have audited the financial statements of Spacebar Media Limited (the 'company') for the period ended 30 June 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Comprehensive Income, the Statement of Changes in Equity and the related notes 1 to 20, 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 FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the 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.

Emphasis of Matter

We draw attention to note 2 and 20 of the financial statements, which describe the economic and social impact on the company as a result of COVID-19 which has the potential to impact on the Group's sales, profitability and cash flow given the ongoing uncertainty over restrictions attached to governments response to the pandemic and overall customer sentiment. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 year 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 directors' 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 12, 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 on 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Emily Butler
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading

17 December 2020

Spacebar Media Limited

Profit and loss account
for the period ended 30 June 2020

	Note	10-months ended 30 June 2020 £	Year ended 31 August 2019 £
Revenue	2	**7,848,584**	7,446,771
Other income	2	**222,802**	242,595
Administrative expenses		**(7,077,810)**	(6,855,577)
Investment (impairment)/ reversal	11	**-**	950,000
Operating profit		**993,576**	1,783,789
Dividend income		**750,000**	-
Interest payable	6	**(28,858)**	-
Profit before tax	5	**1,714,718**	1,783,789
Taxation	7	**(215,511)**	(166,369)
Profit and total comprehensive income		**1,499,207**	1,617,420

The notes on pages 20 to 38 form part of these financial statements.

Spacebar Media Limited
Balance sheet
at 30 June 2020

	Note	2020	2019
ASSETS		**£**	**£**
Non-current assets			
Property plant and equipment	8	**218,122**	269,319
Intangible assets	9	**7,979**	24,844
Right-of-use asset	10	**934,377**	-
Investments	11	**2,390,954**	2,390,954
Deferred tax	15	**-**	68,689
		3,551,432	2,753,806
Current assets			
Trade and other receivables	12	**4,435,597**	2,519,083
Income tax receivable		**165,959**	153,542
Cash and cash equivalents	16	**108,676**	764,768
		4,710,232	3,437,393
Total assets		**8,261,664**	6,191,199
LIABILITIES			
Current liabilities			
Trade and other payables	13	**789,475**	1,116,621
Lease liability	14	**159,013**	-
		948,488	1,116,621
Non-current liabilities			
Deferred tax	15	**21,314**	25,823
Lease liability	14	**741,440**	-
		762,754	25,823
Total liabilities		**1,711,242**	1,142,444
Net assets		**6,550,422**	5,048,755
Equity			
Share capital	17	**3**	3
Capital contribution		**3,725,253**	3,722,793
Retained earnings		**2,825,166**	1,325,959
TOTAL EQUITY		**6,550,422**	5,048,755

The financial statements were approved by the Board of Directors and authorised for issue on 17 December 2020.

J Martin
Director

The notes on pages 20 to 38 form part of these financial statements.

Spacebar Media Limited

Statement of changes in equity
at 30 June 2020

	Share Capital £	Capital contribution reserve £	Retained earnings £	Total equity £
1 September 2018	3	3,557,840	(291,461)	3,266,382
Total profit and other comprehensive income for the year	-	-	1,617,420	1,617,420
Capital contribution	-	164,953	-	164,953
At 31 August 2019	3	3,722,793	1,325,959	5,048,755
Total profit for the year and other comprehensive income	-	-	**1,499,207**	**1,499,207**
Capital contribution	-	**2,460**	-	**2,460**
At 30 June 2020	**3**	**3,725,253**	**2,825,166**	**6,550,422**

The following describes the nature and purpose of each reserve within equity:

Capital contribution – Represents contributions made by shareholders in relation to the share options issued to the Company's employees during the period (Note 18) and cash given to acquire Netboost Media Limited (Note 11) in 2016.

Retained earnings – All other net gains and losses and transactions with owners not recognised anywhere else.

The notes on pages 20 to 38 form part of these financial statements.

1 General information

Spacebar Media Limited is a private company limited by shares incorporated and registered in the United Kingdom. The financial statements presented are those of the Company for the 10-month period ended 30 June 2020. The nature of Company's operations and its principal activities are set out in the Directors' report.

2 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework. The Company has taken advantage of the exemption under s401 of Company House not to prepare and deliver group accounts. Accordingly, the financial statements present information about the Company as an individual undertaking and not about its group. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis.

Going concern

The principal risks and uncertainties of the Company are managed at a Group level, given how the Group's intra-group funding structure is administered by the Group on behalf of individual companies within the Group.

The directors have assessed going concern of the entity and conclude that they are dependent on the group to provide support to reach that conclusion. As a member of the Rank Group intra-funding structure the company has access to capital resources. In the unlikely event it is called upon the Directors have assessed the willingness and ability to provide the level of financial support required from Rank Group Finance Plc, who manage the Groups treasury function. This assessment covers 12 months from the approval of the financial statements and the directors are satisfied with the support available.

The directors consider, following their review, that there is a degree of risk due to the impact of the COVID-19 pandemic on consumer sentiment, government policy and the overall impact on consumer demand, however, appropriate mitigation has been taken via a new equity placing raising gross proceeds of £70 million alongside negotiating an extension of its banking covenants, extending the liquidity covenant of a minimum £50 million in cash and available facilities, through to March 2022. As such, the board has a reasonable expectation that the Group is able to manage its business risks and to continue in operational existence for 12 months from the date of signing of the accounts.

On this basis, and with Rank Group Finance Plc having confirmed in writing its intention to continue to support the Company for 12 months for the approval of this report, the directors consider it appropriate to adopt the going concern basis for preparing the financial information.

Further detail on the Group's assessment of going concern can be found in the Directors' Report in the statutory accounts for Rank Group Finance Plc for the year ended 30 June 2020.

2 Accounting policies *(continued)*

Disclosure exemptions

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- The requirements of IAS7 'Statement of Cash Flows';
- The requirements of paragraph 17 of IAS24 'Related Party Disclosures';
- The requirements in IAS24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- The requirements of paragraph 45(b) and 46-52 of IFRS2 'Share Based Payments';
- The requirements of IFRS7 'Financial Instruments: Disclosures';
- The requirements of paragraph 134(d) – 134(f) and 135(c) – 135(e) of IAS36 'Impairment of Assets';
- The requirements of paragraphs 10(d) and 134 – 136 of IAS1 'Presentation of Financial Statements'; and
- The requirements of paragraph 38 of IAS1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 73(e) of IAS16 'Property, Plant and Equipment', and paragraph 118(e) of IAS38 'Intangible Assets'.

The results of the Company, along with the equivalent disclosures in respect of the exemptions listed above are included in the consolidated financial statements of Rank, details of which are contained in note 19.

Changes in accounting policies

The following accounting standards, interpretations, improvements and amendments have become applicable for the current period:

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendments to References to the Conceptual Framework in IFRS standards
- IFRIC 23 - Uncertainty over Income Tax Treatments

The Company has not been materially impacted by the adoption of any of the above standards and has not early adopted any standard, amendment or interpretation that was issued but is not yet effective

IFRS 16 – Leases

The Company has adopted IFRS 16 using the modified retrospective method. Consequently, IFRS 16 is adopted from 1 September 2019 and comparatives for the year ended 31 August 2019 have not been restated, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 September 2019.

Transitional and current year impact

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 September 2019.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 September 2019 was 3.5%.

	£
Operating lease commitments disclosed as at 1 September 2019	228,570
Commitment extended to expected termination date	965,694
Impact of discounting using the lessee's incremental borrowing rate at the date of initial application	(118,386)
Lease liability recognised as at 1 September 2019	**1,075,878**
Current liabilities	170,159
Non-current liabilities	905,719
Lease liability recognised as at 1 September 2019	**1,075,878**

2 Accounting policies *(continued)*

IFRS 16 – Leases (continued)

Under the modified retrospective approach, the majority of associated right-of-use assets were measured as if IFRS 16 had always been applied. The remainder were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 August 2019. This approach was used for these leases due to the practical complexities of restating the right-of-use assets as though IFRS 16 had always been applied, for example, due to a lack of available historic data, and/or lease specific complexities such as a large number of modifications and peppercorn rent.

The effect of adopting IFRS 16 as at 1 September 2019 is as follows:

Assets	**£**
Right-of-use assets date of initial application	1,075,878
Prepaid rent	-
Total assets	**1,075,878**
Liabilities	
Lease liabilities	1,075,878
Rent accruals	-
Total liabilities	**1,075,878**
Total adjustment on equity:	
Retained earnings	-

For the period ended 30 June 2020 operating profit increased by £15,639 and finance costs increased by £28,858 as a result of applying IFRS 16. The net impact was a loss before tax of £13,219. This is illustrated in the table below:

	£
Operating profit	15,639
Finance expense on lease liabilities	(28,858)
(Loss) before tax	(13,219)

Practical expedients applied as part of transitioning to IFRS 16

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 determining whether an arrangement contains a lease.
- the use of hindsight in determining the lease term where the contract contains options to extend the lease; and
- onerous lease provisions have been netted against the right-of-use asset balances at the initial application date.

2 Accounting policies *(continued)*
Changes in accounting policies (continued)

Accounting for subsidiaries

A subsidiary is an entity controlled directly or indirectly by the Company. Control is achieved if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Non-current investments in subsidiaries are stated at cost less provision for impairment. Non-current investments are subject to impairment tests whenever events or change in circumstances indicate that their carrying amount may not be recoverable or, impairments recognised in prior periods are no longer applicable. When the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. When the recoverable amount of an asset exceeds its written down carrying value, the carrying value of the asset is increased to the lower of the recoverable amount or the original carrying value.

Foreign currencies

The Company's reporting currency is the Great British Pound.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the financial reporting date. Non-monetary assets and liabilities are translated using exchange rates prevailing at the date of the transactions. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Revenue recognition

The Company adopted IFRS 15, Revenue from Contracts with Customers, in the prior reporting period using the full retrospective method of adoption with no material impact on the financial statements of the Company.

Revenue is derived from the provision of online gaming software maintenance and development services. The Company provides these services to just one customer, who is a fellow group company. Revenue is recognised as the service is provided over time. In both periods all revenue is derived in the UK.

Other income

Other income relates to the provision for research and development ("R&D") tax claims for the current and prior year period. The R&D relates to associated qualifying R&D expenditure according to the provisions in CTA 2009 Part 13 Chapters 2- 5 and CTA 2009 Part 3 Chapter 6A which are all part of the operations of the Company. This income has therefore been recognised in operating profit.

Administrative expenses

Administrative expenses consist primarily of staff costs, including share-based payments, corporate and professional expenses, all of which are recognised on an accruals basis, as well as depreciation.

2 Accounting policies *(continued)*

Property, plant and equipment

All property, plant and equipment is stated at cost less accumulated depreciation and impairment. Depreciation is calculated to write-off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Office equipment	- 3 – 5 years straight line

Subsequent expenditures are included in the carrying amount of an asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to profit and loss account during the financial period in which they are incurred.

Residual values and useful lives are reviewed, and adjusted prospectively if appropriate, at each balance sheet date. An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on derecognition of the asset are determined by comparing proceeds with the carrying amount and are included in the profit and loss account.

Externally acquired intangible assets

Externally acquired intangible assets including intellectual property rights, developed software applications and licences are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives which is typically over a period of 3–5 years or over the length of the licence. Amortisation is charged to the profit or loss during the financial period to which it relates.

Non derivative financial instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Company has applied IFRS 9 retrospectively with no material impact on the financial statements of the Company.

- Classification and measurement
  There were no changes in the classification and measurement of financial assets and liabilities.
- Impairment
  The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL). IFRS 9 application did not result in material changes to the Company's financial statements.

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

2 Accounting policies *(continued)*

Non derivative financial assets
Financial assets within the scope of IFRS 9 are classified as financial assets at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit and loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

For the purposes of subsequent measurement, financial assets are classified as financial assets at amortised cost using the effective interest method, less any impairment (trade and other receivables, cash).

Cash and cash equivalents
Cash and cash equivalents comprise cash held at bank, demand deposits, and other short-term highly liquid investments that have maturities of three months or less from inception, are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Non derivative financial liabilities
Financial liabilities within the scope of IFRS 9 are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. All financial liabilities are recognised at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables.

The subsequent measurement of financial liabilities depends on their classification. The classification depends on the objectives set forth when the financial instruments were purchased or issued, their characteristics and their designation by the Company. The Company has classified trade and other payables as liabilities measured at amortised cost. Subsequent measurement is at amortised cost using the effective interest method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

Impairment of non-derivative financial instruments
Under the forward-looking expected credit loss (ECL) approach, trade and other receivables, are subject to review for impairment at least at each reporting date. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs on amounts due from group companies are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime CL). For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses.

2 Accounting policies *(continued)*

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax asset or liability is realised or settled.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends this is when paid and in the case of final dividends, this is when approved by the Directors.

Share-based payments

Where equity settled share options are awarded by the parent company to employees of this company the fair value of the options at the date of grant is charged to profit and loss over the vesting period with a corresponding entry in the capital contribution reserve. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions are factored into the fair value of the options granted.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with the fair value of goods and services received.

Employee benefit costs
(i) Pension obligations – The Company participates in a Group defined contribution plan under which the Company pays fixed contributions to a separate entity. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(ii) Bonus plans – The Company recognises a liability in respect of the best estimate of bonuses payable where contractually obliged to do so or where past practice has created a constructive obligation.

3 Employees

	10-months ended 30 June 2020 £	Year ended 31 August 2019 £
Staff costs (including directors) consist of:		
Wages and salaries	**2,615,414**	3,216,289
Social security costs	**311,618**	345,181
Share-based payments, including national insurance (note 18)	**2,460**	174,361
Other pension costs	**63,111**	116,738
	2,992,603	3,852,569

The average number of employees, including directors, during the year was 55 (2019: 55).

4 Directors

	10-months ended 30 June 2020 £	Year ended 31 August 2019 £
Directors' remuneration consists of:		
Emoluments	**107,357**	230,723
Share-based payments	**-**	5,679
Payments to defined contribution pension scheme	**3,732**	8,867
	111,089	245,269

The share-based payment expense includes only the expense relating to Directors which acted during the prior year, from when they were appointed, to when they resigned. In the current period two directors exerecised a total of 125,000 share options. The difference between the exercise price and the market value on the date of exercise was £0.19.

There were 2 (2019: 2) directors in the Company's defined contribution pension scheme during the period.

Remuneration of the highest paid director
The highest paid director's remuneration was £72,445 (2019: £147,893).

5 Operating profit before tax

	10-months ended 30 June 2020	Year ended 31 August 2019
	£	£
This has been arrived at after charging:		
Depreciation of property, plant and equipment (note 8)	**141,019**	166,287
Depreciation of right-of-use assets (note 10)	**141,501**	-
Amortisation of intangible assets (note 9)	**16,865**	20,055
Share-based payment, including national insurance (note 18)	**2,460**	174,361
Charitable donations	**4,940**	12,949
Investment impairment charge/(reversal)(note 11)	**-**	(950,000)
Employee benefit expense (note 3)	**2,990,142**	3,678,207
Operating lease expenses	**-**	175,955
Auditors' remuneration – audit services	**-**	17,000

The audit fee for the period ended 30 June 2020 was settled by another entity within the wider Group the Company belongs to.

6 Interest

	10-months ended 30 June 2020	Year ended 31 August 2019
	£	£
Lease interest expense	**28,858**	-

7 Taxation on profit from ordinary activities

	10-month ended 30 June 2020 £	Year ended 31 August 2019 £
Current tax		
UK corporation tax on profit for the period	**189,913**	235,662
Adjustment in respect of previous years	**(38,582)**	6,657
Total current tax	**151,331**	242,319
Deferred tax		
Origination and reversal of timing differences	**8,549**	(77,029)
Deferred tax restatement	**3,028**	-
Adjustments in respect of prior year	**52,603**	1,079
Total deferred tax	**64,180**	(75,950)
Taxation on profit on ordinary activities	**215,511**	166,369

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	10-months ended 30 June 2020 £	Year ended 31 August 2019 £
Profit on ordinary activities before tax	**1,714,718**	1,783,789
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019: 19%)	**325,796**	338,920
Effects of:		
Expenses not deductible for tax purposes	**122**	36,409
Income not subject to taxation	**(164,956)**	(180,500)
Irrecoverable withholding taxes	**37,500**	-
Group relief (claimed)	**-**	(36,196)
Deferred tax restatement	**3,028**	-
Adjustment in respect of prior year	**14,021**	7,736
Total tax charge for year	**215,511**	166,369

Factors affecting future tax charges:
The tax rate for the current period is the same as the prior year.

A reduction to the UK corporation tax rate from 19% to 18% (effective from 1 April 2020) was substantively enacted on 26 October 2015. A further reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

On 11 March 2020, the Chancellor of the Exchequer announced that the UK corporation tax rate for the years starting 1 April 2020 and 2021 would remain at 19%. This change was substantively enacted on 17 March 2020.

8 Property plant and equipment

	Office equipment £
Cost or valuation	
At 1 September 2018	984,826
Additions	75,742
At 31 August 2019	1,060,568
Additions	89,822
At 30 June 2020	**1,150,390**
Depreciation	
At 1 September 2018	(624,962)
Charged in the year	(166,287)
At 31 August 2019	(791,249)
Charged in the year	(141,019)
At 30 June 2020	**(932,268)**
Net book value	
At 1 September 2019	269,319
At 30 June 2020	**218,122**

9 Intangible assets

	Software and Licenses £
Cost or valuation	
At 1 September 2018	47,996
Additions	3,309
At 31 August 2019	51,305
Additions	-
At 30 June 2020	**51,305**
Amortisation	
At 1 September 2018	(6,406)
Charged in the year	(20,055)
At 31 August 2019	(26,461)
Charged in the year	(16,865)
At 30 June 2020	**(43,326)**
Net book value	
At 31 August 2019	24,844
At 30 June 2020	**7,979**

10 Right of Use Assets

	Right-of-use land and buildings £	Total £
Cost		
At 1 September 2019 – Recognition of right-of-use assets on application of IFRS 16	1,075,878	1,075,878
Additions	-	-
Disposals	-	-
At 30 June 2020	**1,075,878**	**1,075,878**
Accumulated depreciation and impairment		
At 1 September 2019 – Recognition of right-of-use assets on application of IFRS 16	-	-
Charge for the period	(141,501)	(141,501)
At 30 June 2020	**(141,501)**	**(141,501)**
Net book value		
At 30 June 2020	**934,377**	**934,377**

All depreciation charges in the period have been charged through operating expenses.

11 Investments

	Netboost Media Limited £	Shifttech Pty Limited £	Total £
At 1 September 2018	1,440,953	1	1,440,954
Impairment reversal	950,000	-	950,000
At 31 August 2019	**2,390,953**	**1**	**2,390,954**
Impairment reversal	-	-	-
At 30 June 2020	**2,390,953**	**1**	**2,390,954**

On 31 August 2016, the Company acquired the entire issued ordinary share capital of Netboost Media Limited ("NBM"), a company incorporated and registered in Israel. NBM is a marketing business, which provides marketing services to two fellow Group companies. Its registered address is 5 Hachilazon, 8th floor, Ramat Gan 52522, Israel.

A detailed impairment review was completed as at 30 June 2020 and 31 August 2019 in relation to the investment in NBM to determine if the carrying value of the investment, including any impairment provision, was supported by the present value of future cashflows derived from its operations. The recoverable amount has been determined from value in use calculations based on cashflow projections from formally approved budgets and long-term forecasts. These budgets and forecasts assume the underlying business model will continue to operate on a comparable basis under the current regulatory and taxation regimes, adjusted for any known changes.

On 17 November 2018, NBM secured a new long term contract to provide marketing services to another Group company. The cash flows associated with this new contract have been included in the budget and forecasts used in the impairment review as at 30 June 2020 and 31 August 2019.

11 Investments (continued)

The cash flows for 2021,2022 and 2023 are based on Board-approved budgets. Growth rates for these years of minus (0.1)% to 11.8% (2019: 0.9% to 2.4%), a long-term inflationary growth rate of 0% (2019: 0%) and a discount rate of 11.6% (2018: 14%) are assumptions based upon management's experience, past performance and drawing on industry data where relevant. The recoverable amount of £3.5 million (2019: £3.0 million), exceeded the carrying value of NBM by £1.1 million (2019: £0.6m after recognising a reversal of the 2018 impairment charge of £0.95 million and reinstating the original carrying value of NBM of £2.4m).

Shifttech Pty Limited is a company incorporated and registered in South Africa in the year ended 31 August 2015. Spacebar Media Limited holds 100% of its ordinary share capital. Its principal activity is the provision of software development services and its registered address is Unit 10, 10 Pepper Street, Cape Town, Western Cape, South Africa 8001.

12 Trade and other receivables

	2020 £	2019 £
Current		
Trade receivables	**717**	717
Amounts owed by Group companies	**4,063,507**	2,031,679
Prepayments and accrued income	**166,170**	114,610
Other receivables	**205,203**	372,077
	4,435,597	2,519,083

The carrying value of trade and other receivables classified as financial assets measured at amortised cost, approximates fair value. This includes amounts owed by Group companies which are unsecured and repayable on demand and therefore have no set maturity date. All amounts shown in short-term trade and other receivables fall due for payment within one year.

As at 30 June 2020 there were no trade receivables which were impaired using the simplified approach for lifetime expected credit loss (2019: £nil). There is currently no provision for impairment for any of the outstanding trade and other receivables (2019: £nil) with no bad debt expense being recognised in the year (2019: £nil). As at 30 June 2020, the amount of the provision for impairment on amounts owed by Group companies is £nil (2019: £nil).

13 Trade and other payables

	2020 £	2019 £
Current		
Trade payables	**449,412**	250,911
Other taxation and social security	**107,295**	96,379
Amounts due to Group companies	**74,868**	402,313
Other payables, accruals and deferred income	**157,900**	367,018
	789,475	1,116,621

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

14 Lease liabilities

The Company leases four properties from where it carries out its operations. The rental contracts are for 4 years. The lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreement does not impose any covenants.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Company as a lessee.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Period ended 30 June 2020 £
As at 1 September 2019	**1,075,878**
Additions	-
Accretion of interest	28,858
Payments	(204,283)
As at 30 June 2020	900,453
Current liabilities	159,013
Non-current liabilities	741,440
Total	900,453

The maturity analysis of lease liabilities is disclosed below:

	As at 30 June 2020	
	Present value of the minimum lease payments £	Total minimum lease payments £
Not later than one year	159,013	188,568
After one year but not more than five years	511,816	565,704
After five years	229,624	235,710
	900,453	989,982
Less: total future interest expenses		(89,529)
Present value of lease liabilities		900,453

The following are the amounts recognised in profit or loss:

	Period ended 30 June 2020 £
Depreciation expense of right-of-use assets	141,501
Interest expense on lease liabilities	28,858
Total amount recognised in income statement	170,359

The Company has three lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The undiscounted potential future rental payments relating to extension options that are unlikely to be exercised following the exercise date of extension are £nil.

15 Deferred taxation

Deferred tax is calculated in full on temporary differences under the liability method using the UK tax rate. The deferred tax asset relates to the share-based payment expense, which is only deductible for tax purposes once share options are exercised, as well as other short term temporary differences. The deferred tax liability relates to differences in the tax and accounting cost base on certain property, plant and equipment.

The movement on the deferred tax accounts is as shown below

	Deferred tax asset £	Deferred tax liability £	Total £
At 1 September 2018	894	(33,978)	(33,084)
Movement during the year	67,795	8,155	75,950
At 31 August 2019	68,689	(25,823)	42,866
Movement during the year	(61,240)	(2,940)	(64,180)
At 30 June 2020	**7,449**	**(28,763)**	**(21,314)**

16 Cash and cash equivalent

	2020 £	2019 £
Cash at bank and in hand	**108,676**	764,768

17 Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
3,334 ordinary shares of £0.001 each	**3**	3

18 Share-based payments

The immediate parent Company, Stride Gaming Limited, granted non-qualifying options to certain employees of the Stride Gaming Group, which the Company previously belonged to. No new options were issued during the current period (2019: 46,000 options). The employees will have up to ten years from the date of grant to exercise the options, with the exact numbers and vesting dates to depend on each contract agreement. All options will vest and will therefore be exercisable in no more than three years from the date of grant

Following the announcement that The Rank Group Plc made an offer to buy all of the Stride Gaming Limited shares (the Company's immediate and ultimate parent), the vesting period of all outstanding shares was accelerated to 4th October 2019, which was the expected completion date as at year end. This in turn accelerated the share option expense in the year ended 31 August 2019.

	Weighted average exercise price (£)	Number
Outstanding at 31 August 2018		833,701
Granted during the year	1.32	46,000
Forfeited during the year	1.62	(393,500)
Outstanding at 31 August 2019		486,201
Exercised during the year	1.33	(361,901)
Forfeited during the year	2.24	(124,300)
Outstanding at 30 June 2020		-

18 Share-based payments (continued)

There were no share options outstanding at 30 June 2020. The weighted average exercise price of options outstanding at 31 August 2019 was £1.56 and their weighted average contractual life was 3 years. Of the total options outstanding at 31 August 2019, 292,201 vested. The weighted average fair value of each option granted during the prior year was £0.41.

The following information is relevant in the determination of the fair value of options granted during the prior year under the equity-settled share based remuneration schemes operated by the wider group, which relates to the Company:

	2019
Option pricing model used	Black Scholes
Weighted average share price at grant date (£)	1.10
Weighted average exercise price (£)	1.32
Weighted average contractual life (in years)	3.00
Weighted average expected volatility	73.94%
Expected dividend growth rate	2.00%
Weighted average risk-free interest rate	0.87%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices of Stride Gaming over the last three years.

The share-based remuneration expense comprises:

	10-months ended 30 June 2020	2019
	£	£
Equity-settled schemes expense	2,460	164,953
National insurance	-	9,408
Equity-settled schemes, including national insurance	2,460	174,361

19 Related party transactions

As at 31 August 2019 the Company's immediate and ultimate parent company was Stride Gaming Limited (formerly Stride Gaming plc) which was the parent of both the smallest and largest groups of which the Company is a member. On 4 October 2019 the Company's ultimate parent company, Stride Gaming Limited (formerly Stride Gaming plc), was acquired by Rank Digital Holdings Limited, a subsidiary of The Rank Group Plc, making this company its ultimate parent company at 30 June 2020

The Company has taken advantage of the exemption conferred by FRS101 paragraphs 8(j) and 8(i), not to disclose any key management personnel compensation or transactions and amounts due to and from fellow Group companies that are wholly owned by the ultimate parent company, The Rank Group Plc.

Copies of the consolidated financial statements of The Rank Group Plc are available at https://www.rank.com/en/investors.html.

20 Events after the reporting date

The Rank Group Plc, the parent undertaking of the smallest group to consolidate the financial statements of the Company, continues to closely monitor the ongoing government response to the Covid-19 pandemic in the markets in which it operates, and will continue to implement and adapt the business in response to the government guidance.

There is degree of risk relating to how Covid-19 will develop over the coming weeks and months after it was announced as a global health emergency by the World Health Organisation on 31 January 2020. Our major concern is to safeguard the health and wellbeing of our staff and as a result business travel has been stopped and video conferencing used as an alternative. Arrangements have been made for office staff, who can, to work from home. Where staff cannot work from home we have ensured that staff rotation and appropriate social distancing measures are in place to protect their wellbeing.

There are no other post balance sheet events on the date of signing this report.