

Premier Lotteries Capital UK Limited

Company Number: 07193500

Premier Lotteries Capital UK Limited

**Company Annual Report and financial statements for the
year ended 31 March 2019**



Premier Lotteries Capital UK Limited

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Premier Lotteries Capital UK Limited

Strategic Report

The directors present the Strategic Report of Premier Lotteries Capital UK Limited for the year ended 31 March 2019.

Strategy

The Company's principal purpose is to operate as a holding company of an investment in Premier Lotteries UK Limited ('PLUK') and provide financing to the PLUK Group including the following subsidiaries: Camelot UK Lotteries Limited ('Camelot'), Camelot Global Services Limited ('CGSL'), Camelot Business Solutions Limited ('CBSL'), Camelot Global Lottery Solutions Limited ('CGLSL'), Camelot Global Services (North America) inc (an entity incorporated in the USA) ('CGSNA') and Camelot Illinois LLC (an entity incorporated in the USA) ('CI'). The Camelot Lottery Solutions Group ('Camelot LS Group') includes CGSL, CGLSL, CGSNA and CI.

The Company is a wholly owned subsidiary of Premier Lotteries Investments UK Limited (PLIUK). PLIUK prepares Group financial statements which consolidates the Company's financial results for the year and position as at 31 March 2019.

In July 2010, the Company commenced the issue of Eurobond Loan notes. Since then further loan notes have been issued. Details of Loan notes as at 31 March 2019 are reported in note 11.

Risks and opportunities

As a holding company of an investment in PLUK and holder of fixed rate interest debt, the Company is not considered to have significant third party risks or opportunities in its own right. The risk of impairment of its investment in PLUK is implicitly linked to the risks disclosed in these Group financial statements. These Group accounts disclose that there is a detailed mitigation plan for each of the identified risks and challenges. In addition, the Company's annual impairment assessment indicates that there is very low risk of impairment.

Key performance indicators (KPIs)

Given the nature of the business, the Company's key performance indicators are around cash flow management. The Company's performance is reviewed by the Company's management team and cash flows are subject to the wider group's cash flow management practices.

Financial performance

The Company's loss before income tax for the year of £16.0m (2018: loss of £14.1m) relates to interest payable on the Eurobond.

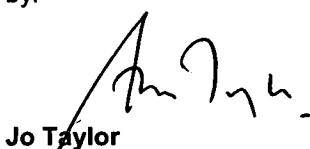
The Company reports total assets of £194.1m (2018: 177.5m) and total liabilities of £141.2m (£125.3m). The assets primarily relate to an investment in its subsidiary, PLUK, and the liabilities primarily represent amounts due on the Eurobond.

During the year the Company issued £15.4m of share capital (2018: £15.1m) to its immediate parent company and invested the proceeds in its subsidiary, PLUK.

Dividends

There were no dividends paid during the year (2018: £nil). No final dividend has been proposed (2018: £nil).

The Strategic Report was approved by the Board of Directors on 19 July 2019 and was signed on its behalf by:



Jo Taylor
Director

Premier Lotteries Capital UK Limited
Company Number 07193500

Premier Lotteries Capital UK Limited

Directors' Report

The Directors present their report with the audited consolidated financial statements of the Company for the year ended 31 March 2019.

Principal activities

The principal activities of the Company is to act as a holding company of the PLUK Group and to provide financing to this Company and its subsidiaries. The form of the finance is through Eurobond loan notes.

Shareholdings and dividends

The following share structure was in place during the year under review:

	Number of 'A' shares	Number of 'B' shares	Percentage holding %
Premier Lotteries Investments UK Limited	1,153	3	99.3
Fourmoront Corporation	-	7	0.7
At 31 March 2018	1,153	10	100.0
Premier Lotteries Investments UK Limited	1,335	3	99.4
Fourmoront Corporation	-	7	0.6
At 31 March 2019	1,335	10	100.0

Further details of the rights and obligations of each class of share are given in note 12 to the financial statements.

The Company's parent undertaking is Premier Lotteries Investments UK Limited (PLIUK). The Group's ultimate shareholder is Ontario Teachers' Pension Plan ('Teachers').

No final dividend has been proposed (2018: £nil).

Directors

The names of the directors of the Company who served during the year and up to the date of signing the financial statements are:

Chairman
Jo Taylor

Directors
John Dillon
Ilya Kachko

Company Secretary
John Dillon

Insurance for directors and officers

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Group also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Premier Lotteries Capital UK Limited

Directors' Report (continued)

Going concern

Management has prepared detailed budgets and cash flow forecasts which support the appropriateness of the going concern assumption.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Employees

The Company has no employees.

Financial risk management

The Company is exposed to limited credit and liquidity risks in the normal course of business. Details of these risks are disclosed in note 9.

Related party transactions

Details of related party transactions are provided in note 17 to the financial statements.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

Donations

During the year no political donations were made (2018: £nil).

Directors' Report (continued)

Statement of Directors' Responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

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

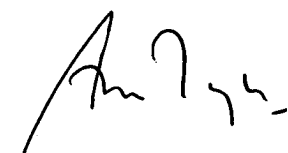
The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.



On behalf of the Board
Jo Taylor
Director

19 July 2019

Independent auditors' report to the members of Premier Lotteries Capital UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Premier Lotteries Capital UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Company Annual Report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2019; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

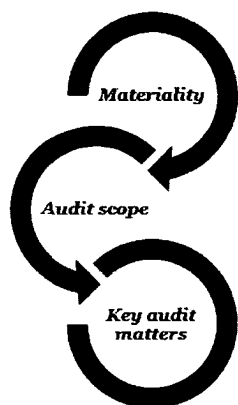
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit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

Independence

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

Our audit approach

Overview



- Overall materiality: £155,000 (2018: £144,000), based on approximately 1% of total expenses.
 - One legal entity, whose operations are predominantly financing related and the audit is conducted by one team
 - We have no key audit matters to report.
-

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We determined that there were no key audit matters applicable to the company to communicate in our report.

Independent auditors' report to the members of Premier Lotteries Capital UK Limited (continued)

Our audit approach (continued)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£155,000 (2018: £144,000).
How we determined it	Approximately 1% of total expenses.
Rationale for benchmark applied	The company's primary purpose is to service loan notes issued and as such, we believe total expenses is the primary measure used by the shareholders in assessing the performance of the entity.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £15,500 (2018: £14,400) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Premier Lotteries Capital UK Limited

Independent auditors' report to the members of Premier Lotteries Capital UK Limited (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

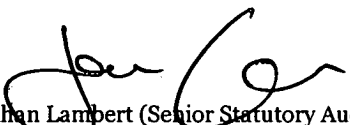
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Jonathan Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 July 2019

Premier Lotteries Capital UK Limited

Statement of Comprehensive Income

for the year ended 31 March

		2019	2018 as
	Notes	£m	restated (*) £m
Net income		-	-
Finance expense	4	(16.0)	(14.1)
Loss before income tax		(16.0)	(14.1)
Income tax	5	1.4	1.4
Loss for the financial year and total comprehensive expense		(14.6)	(12.7)

(*) see note 10.

The results detailed above are all derived from continuing operations.

The notes on pages 14 to 23 are an integral part of these financial statements.

Premier Lotteries Capital UK Limited

Balance Sheet

as at 31 March

	Notes	2019 £m	2018 as restated (*) £m
ASSETS			
Non-current assets			
Investment in subsidiaries	6	185.7	170.2
Trade and other receivables	7	-	3.2
		185.7	173.4
Current assets			
Trade and other receivables	7	6.8	4.0
Cash and cash equivalents		1.6	-
		8.4	4.0
Total assets		194.1	177.4
LIABILITIES			
Current liabilities			
Trade and other payables	10	5.7	5.3
		5.7	5.3
Non-current liabilities			
Financial liabilities - borrowings	11	135.5	120.0
		135.5	120.0
Total liabilities		141.2	125.3
EQUITY			
Capital and reserves			
Share capital	12	-	-
Share premium	13	30.5	15.1
Retained earnings	14	22.4	37.0
Total equity		52.9	52.1
Total equity and liabilities		194.1	177.4

(*) see note 10.

The notes on pages 14 to 23 are an integral part of these financial statements.

The financial statements on pages 10 to 13 including the accompanying notes were approved by the Board of Directors on 19 July 2019 and were signed on its behalf by:


Jo Taylor
 Director
 Premier Lotteries Capital UK Limited
 Company Number 07193500

Premier Lotteries Capital UK Limited

Statement of Changes in Equity

For the year ended 31 March

Company	Notes	Share capital and premium £m	Retained earnings as restated (*) £m	Total equity £m
Balance as at 1 April 2017		-	49.7	49.7
Comprehensive expense				
Loss for the financial year as restated (*)		-	(12.7)	(12.7)
Total comprehensive income		-	(12.7)	(12.7)
Shares issued	13	15.1	-	15.1
Balance as at 31 March 2018		15.1	37.0	52.1
Comprehensive expense				
Loss for the financial year		-	(14.6)	(14.6)
Total comprehensive income		-	(14.6)	(14.6)
Shares issued	13	15.4	-	15.4
Balance as at 31 March 2019		30.5	22.4	52.9

(*) see note 10.

At 31 March 2019, the Company had share capital totalling £1,345 (2018: £1,163), as disclosed in note 12 to these financial statements.

The notes on pages 14 to 23 are an integral part of these financial statements.

Premier Lotteries Capital UK Limited

Statement of Cash Flows

for the year ended 31 March

	Notes	2019 £m	2018 £m
Cash flows from operating activities			
Cash used in operations	15	(1.9)	(3.3)
Group relief receipts		3.5	-
Net cash generated from/ (used in) operating activities		1.6	(3.3)
Cash flow from investing activities			
Increase in investment in subsidiaries		(15.4)	-
Cash flow from financing activities			
Proceeds from issue of shares		15.4	-
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		1.6	(3.3)
Cash, cash equivalents and bank overdrafts at the beginning of the year		-	3.3
Cash, cash equivalents and bank overdrafts at the end of the year		1.6	-

The notes on pages 14 to 23 are an integral part of these financial statements.

Notes to the Financial Statements

1. General Information

Premier Lotteries Capital UK Limited is a non-trading entity with the sole objective to operate as a holding company of Premier Lotteries UK Limited and to provide financing to Company subsidiaries. The Company is a private company limited by shares, incorporated and domiciled in the UK. The address of its registered office is Premier Lotteries Capital UK Limited, Magdalen House, Tolpits Lane, Watford, Hertfordshire, WD18 9RN, United Kingdom.

Premier Lotteries Investments UK Limited (PLIUK) is the parent undertaking of the smallest and largest groups to consolidate these financial statements reporting under IFRS as adopted by the EU. As Premier Lotteries Capital UK Limited is a wholly owned subsidiary of PLIUK the Company has taken an exemption under s400 of Company's Act 2006 not to prepare consolidated accounts. The consolidated accounts of PLIUK are available at Magdalen House, Tolpits Lane, Watford, Hertfordshire, WD18 9RN, United Kingdom.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements for the year ended 31 March 2019 are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS Interpretations Committee (IFRS IC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

The Company's accounting policies were selected by management considering all applicable IFRS adopted by the EU by 31 March 2019.

i) Adoption of new and revised standards in 2018/19:

The new accounting standard applicable to the Company's financial statements during 2018/19 is as below:

- IFRS 9, 'Financial instruments'

No new accounting standards, or amendments to accounting standards that are effective for the year ended 31 March 2019, have had a material impact on the Company.

ii) New standards, amendments and interpretations not yet adopted:

The Company has not early-adopted any standard, amendment or interpretation in the year. A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2019.

- IFRS 16 – Leases
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- IFRS 9 amendments- Prepayment features with negative compensation.
- IAS 1 and IAS 8 – Definition of material
- IFRIC 23 – Uncertainty over income tax treatments

Management are currently evaluating the impact of these new standards on the financial statements but the impact is not considered to be significant.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

b) Critical accounting assumptions, estimates and judgements

There are no critical areas of accounting assumptions, estimates and judgements.

c) Operating expenditure

All operating expenses are recorded on a company's income statement as expenses in the period in which they are incurred on an accruals basis.

d) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

e) Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are classified as current liabilities if payment is due within one year or less, or non-current liabilities if expected after more than one year.

f) Financial instruments

Exposure to credit, interest rate, liquidity and capital risks that arise in the normal course of the Company's business are not significant and minimised by the Company's policies and controls, as disclosed in note 9.

g) Borrowings

Borrowings comprise Eurobond loan notes. They are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive income over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

h) Cash and cash equivalents

For the purpose of preparation of the Statement of Cash Flows, cash and cash equivalents includes cash at bank and in hand.

i) Finance expense

Finance expense comprises interest expense calculated using the effective interest rate method as described in IFRS 9 *Financial Instruments*.

j) Investments in subsidiary companies

Investments in subsidiaries are stated at cost less provision for impairment.

k) Provisions

Provisions are recognised when the Company has legal or constructive present obligations as a result of past events, that will probably require an outflow of resources to settle, and this outflow can be reliably measured.

Provisions are discounted when the effect of the time value of money is material.

l) Share capital and dividend recognition

Ordinary shares are shown within equity. Final dividends to the Company's shareholders are recognised as a liability and deducted from shareholders' equity when the dividend is approved by the Company's shareholders, and for an interim dividend when the dividend is paid.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

m) Current and deferred income tax

Current income tax is recognised based on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences that arise between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax base. A temporary difference is a taxable temporary difference if it will give rise to taxable amounts in the future when the asset or liability is settled. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be offset.

3. Operating loss

Audit fees incurred in 2019 were £39,600 (2018: £39,600) inclusive of VAT. The audit fees were incurred and paid by Camelot Business Solutions Limited, a subsidiary undertaking of the Company's subsidiary PLUK.

4. Finance expense

	2019 £m	2018 as restated (*) £m
Interest expense on Eurobonds	(16.0)	(14.1)
Finance expense	(16.0)	(14.1)

(*) the financial statements were restated to adjust for finance charges of £0.3m in respect of Eurobond Loan Notes interest. Refer to note 10.

Premier Lotteries Capital UK Limited

Notes to the Financial Statements (continued)

5. Income tax

a) Corporation tax

	2019 £m	2018 £m
Current income tax credit	1.4	1.4
Income tax credit	1.4	1.4

The income tax credit is based on a corporation tax rate of 19% for the year ended 31 March 2019 (2018:19%). There are no unrecognised deferred tax assets on losses as these are surrendered to CUKL for group relief with payment for the loss at par.

b) Reconciliation of tax credit

	2019 £m	2018 £m
Loss before income tax	(16.0)	(14.1)
Credit on loss before income tax at the standard rate of 19% (2018: 19%)	3.0	2.7
Factors affecting charge:		
Non - deductible expenses	(1.6)	(1.3)
Income tax credit	1.4	1.4

6. Investment in subsidiaries

The Company holds an investment of £184.5m in PLUK (2018: £169.1m). During the year the company increased its investment in its subsidiary, PLUK by £15.4m (2018: £15.1m) through the purchase of additional shares.

In addition, the Company's investment in subsidiaries increased by £0.1m to £1.2m due to a share based payment arrangement (2018: increased by £0.1m to £1.1m). See note 10.

7. Trade and other receivables

a) Non-current assets

	2019 £m	2018 £m
Amounts receivable from related parties	-	3.2
At 31 March	-	3.2

During 2019 the £3.2m loan receivable was novated to PLUK from CGSL and classified as a short term receivable.

b) Current assets

	2019 £m	2018 £m
Amounts receivable from related parties	6.8	4.0
At 31 March	6.8	4.0

Amounts due from Group companies are unsecured, interest free and repayable on demand.

Premier Lotteries Capital UK Limited

Notes to the Financial Statements (continued)

8. Dividends

The Company did not pay a dividend in 2019 (2018: £nil).

9. Financial risk management

Exposure to credit, interest rate, liquidity and capital risks arise in the normal course of the Company's business.

a) Credit risk

The majority of receivable balances are with the Company's fellow subsidiaries and therefore the credit risk is deemed to be negligible.

The carrying value of financial assets approximates to fair value.

b) Interest rate risk

As the borrowings of the Company are at a fixed interest rate, this risk is not considered material.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. This risk is managed to ensure that sufficient funding and liquidity is available to meet the expected needs of the Company together with a prudent level of headroom to allow for cash flow variations primarily through the use of dividend income.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed are contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Mature in less than 1 year as restated (*) £m	Mature between 1 and 2 years £m	Mature between 2 and 5 years £m	Mature in greater than 5 years £m
At 31 March 2018				
Eurobond	-	-	-	120.0
Trade and other payables	5.3	-	-	-
At 31 March 2019				
Eurobond	-	-	-	135.5
Trade and other payables	5.7	-	-	-

(*) see note 10.

The Company's current credit facility comprises Eurobond loan notes of £135.5m (2018: £120.0m), which matures in more than 5 years from the balance sheet date.

d) Capital management

Company's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders. The Company has access to sufficient capital resources through its subsidiaries to continue in operational existence for the foreseeable future.

Premier Lotteries Capital UK Limited

Notes to the Financial Statements (continued)

10. Trade and other payables

	2019	2018 as restated
	£m	£m
Other creditors	4.3	4.0
Share based payment liability	1.2	1.1
Amounts due to Group companies	0.2	0.2
At 31 March	5.7	5.3

Other creditors include accrued interest on the Eurobond of £4.2m (2018: £3.7m). The 2018 Other creditors balance has been restated from the previously reported balance of £4.3m to £4.0m representing an over-accrual of Eurobond interest. This £0.3m reduction in interest has been restated in the Statement of Comprehensive income reducing the finance expense from £14.4m, as previously reported, to £14.1m.

A prior year restatement has been made for a share based payment liability of £1.1m. The Investment in subsidiary balance has also been increased by £1.1m in 2018. Current year movement on both these balances is £0.1m.

The impact on the opening Balance sheet of 2018 for both of these matters is to increase both Investment in subsidiaries and Total assets by £1.0m and increase Trade and other payables and Total liabilities by £1.0m.

The carrying value of current financial liabilities approximates to fair value.

11. Financial liabilities – borrowings

	2019	2018
	£m	£m
Eurobond loan notes	135.5	120.0
At 31 March	135.5	120.0

Eurobond loan notes are registered with the The International Stock Exchange (TISE), formerly known as the Channel Islands Stock Exchange. All of the loan notes are held by a subsidiary of the Company's ultimate parent, Teachers'.

The Eurobond incurs a fixed rate of interest of 12.5% per annum. The Company did not make a repayment in 2019 (2018: £nil) resulting in the total Eurobond balance as at 31 March 2019 being £135.5m (2018: £120.0m). The Company settled £15.5m of interest due on the Eurobond through the issue of additional loan notes during the year (2018: £13.7m).

In addition, the Company made a Eurobond capital and interest repayment of £8.8m in April 2019, as outlined in note 18.

Premier Lotteries Capital UK Limited

Notes to the Financial Statements (continued)

12. Share capital

The Group's immediate parent undertaking is PLIUK. The ultimate parent undertaking is Teachers'.

a) Authorised and allotted share capital:

	2019 £	2018 £
Authorised		
1,335 ordinary 'A' shares of £1 each (2018: 1,153)	1,335	1153
10 preference 'B' shares of £1 each (2018: 10)	10	10
At 31 March	1,345	1,163

b) Analysis of shareholding

	Number of 'A' shares	Number of 'B' shares	Percentage holding %
Premier Lotteries Investments UK Limited	1,153	3	99.3
Fourmoront Corporation	-	7	0.7
At 31 March 2018	1,153	10	100.0
Premier Lotteries Investments UK Limited	1,335	3	99.4
Fourmoront Corporation	-	7	0.6
At 31 March 2019	1,335	10	100.0

c) Rights and obligations

Income and capital

Income and capital is distributed amongst the holders of all Ordinary Shares pari passu as if the same constitutes one class of share.

Class consents

Except with the prior consent or approval in writing of the holders of all of the relevant class of shares, the Company shall not modify or vary the rights attaching to any class of its shares (unless the modification or variation affects all classes of shares similarly).

Voting and other rights

In respect of voting and all other rights (other than as provided for in article 5A of the Company's articles of association) the respective classes of all the 'A' and 'B' ordinary shares shall be pari passu as if the holders of all the 'A' and 'B' ordinary shares constituted one class of share.

Premier Lotteries Capital UK Limited

Notes to the Financial Statements (continued)

13. Share premium

	2019 £m	2018 £m
Share premium on capital issued	30.5	15.1

The Company issued an equity investment of £15.4m in the financial year to Premier Lotteries Investments UK Limited (2018: £15.1m).

14. Reserves

Company	Share capital & premium £m	Retained earnings as restated (*) £m	Total equity £m
At 1 April 2017	-	49.7	49.7
Loss for the financial year	-	(12.7)	(12.7)
Share premium	15.1	-	15.1
At 31 March 2018	15.1	37.0	52.1

Company	Share capital & premium £m	Retained earnings £m	Total equity £m
At 1 April 2018	15.1	37.0	52.1
Loss for the financial year	-	(14.6)	(14.6)
Share premium	15.4	-	15.4
At 31 March 2019	30.5	22.4	52.9

(*) see note 10.

15. Cash used in operations

	2019 £m	2018 as restated (*) £m
Profit/(loss) for the financial year	(14.6)	(12.7)
Adjustments for:		
- Income tax	(1.4)	(1.4)
- Interest expense	16.0	14.0
	-	(0.1)
Changes in working capital:		
- Trade and other receivables	(1.7)	(3.5)
- Trade and other payables	(0.2)	0.3
	(1.9)	(3.3)
Cash used in operations	(1.9)	(3.3)

(*) see note 10.

Premier Lotteries Capital UK Limited

Notes to the Financial Statements (continued)

16. Financial commitments and contingent liabilities

There are no significant contingent liabilities pertaining to the Company.

17. Related party transactions

The Company transacted with its fellow group companies Camelot, CBSL, PLUK, CGLSL and its parent undertaking PLIUK, during the year.

Receivables from related parties

	2019 £m	2018 £m
Premier Lotteries Investments UK Limited	0.5	0.6
Camelot UK Lotteries Limited	0.7	2.9
Camelot Business Solutions Limited	2.4	0.5
Camelot Global Lottery Solutions Limited	-	3.2
Premier Lotteries UK Limited	3.2	-

Payables to related parties

	2019 £m	2018 £m
Premier Lotteries UK Limited	0.2	0.2
Camelot Business Solutions Limited	-	0.2

In addition £3.5m was received from Camelot UK Lotteries Limited in respect of group taxation relief during the year.

Key management compensation

The Company has no employees and the directors are remunerated for their qualifying services by its subsidiaries or the Company's ultimate parent, Teachers'. Therefore, there are no staff costs in the Company.

18. Post balance sheet events

On 12th April 2019, the Company made an intercompany loan payment of £1.2m to PLUK. On 30th April 2019, the Company received a payment of £3.0m being net settlement of the intercompany balances from PLUK.

On 30th April 2019, the Company made a payment of £8.8m for Eurobond capital and interest settlements.

Premier Lotteries Capital UK Limited

Notes to the Financial Statements (continued)

19. Subsidiary undertakings

Name	Country of incorporation	Nature of the business	Type of shares held	Proportion of shares held by the immediate parent
Premier Lotteries UK Limited*	UK	Holding Company	Ordinary Preference	100% 30%
Camelot UK Lotteries Limited	UK	UK National Lottery operator	Ordinary Preference	100% 30%
Camelot Global Services Limited	UK	Business Services company	Ordinary Preference	100% 30%
Camelot Global Services (North America) Inc.	USA	Lottery consultancy	Ordinary Preference	100% 30%
Camelot Business Solutions Limited	UK	Business Services	Ordinary	100%
Camelot Global Lottery Solutions Limited	UK	Project management	Ordinary Preference	100% 30%
Camelot Illinois LLC	USA	Lottery Private Manager	Capital contribution	100%
Camelot Lotteries Limited	UK	Dormant	Ordinary	100%
National Lottery Enterprises Limited	UK	Dormant	Ordinary	100%
CISL Limited	UK	Dormant	Ordinary	100%
CISL SA Limited	SA	Dormant	Ordinary	100%

* Directly held by Premier Lotteries Capital UK Limited

The subsidiaries shown above as 'dormant' have share capital, equal to net assets, of £6 in total. This amount represents the cost of their respective holding company's investment in these subsidiaries. The registered office for these companies is at Magdalen House, Tolpits Lane, Watford, Hertfordshire, WD18 9RN, United Kingdom.

Premier Lotteries Capital UK Limited

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