

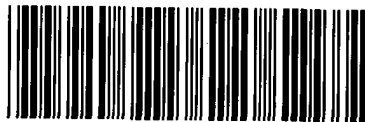
REGISTERED NUMBER: 00234834 (England and Wales)

**FOOTBALL POOLS 1923 LIMITED**

**Strategic Report, Report of the Directors and**

**Financial Statements for the Year Ended 31 December 2016**

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**FOOTBALL POOLS 1923 LIMITED**

**Contents of the Financial Statements**  
**for the Year Ended 31 December 2016**

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**FOOTBALL POOLS 1923 LIMITED**  
**Company Information**  
**for the Year Ended 31 December 2016**

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**DIRECTORS:**

Mr C S Byrne  
Mr M M Kalifa  
Mr C W Lynn

**REGISTERED OFFICE:**

Walton House  
55 Charnock Road  
Liverpool  
Merseyside  
L67 1AA

**REGISTERED NUMBER:**

00234834 (England and Wales)

**INDEPENDENT AUDITORS:**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory  
Auditors  
London

**FOOTBALL POOLS 1923 LIMITED**  
**Strategic Report**  
**for the Year Ended 31 December 2016**

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The Directors present their Strategic report of the Company for the financial year ended 31 December 2016.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company continued to be the hiring out of plant and machinery and renting out of property.

**REVIEW OF BUSINESS**

The Directors consider the results for the year to be satisfactory. Future prospects are considered reasonable. There are no plans to diversify into any other activity.

The loss for the financial year, amounts to £3,711,000 (2015: £267,000 profit). This loss is largely as a result of asset impairments totalling £4,806,000, the details of which are provided in notes 8, 9 and 10. The Directors have not recommended a dividend (2015 £nil).

**FUTURE DEVELOPMENTS**

On 2 March 2017, the Company's ultimate parent owner, Sportech PLC, has agreed to dispose of certain assets within its Football Pools division to OpCapita LLP, subject to certain conditions. This disposal will include the entire shareholding of Football Pools 1923 Limited. The Company's owner will therefore change. This is not anticipated to impact the principal activities of the business, however this will ultimately be determined by the Board in reviewing its activities under its new ownership structure. Completion of the deal is likely to result in the departure of M Kalifa as a director of the business, as he will continue as the Chief Financial Officer of the Sportech PLC Group.

**PRINCIPAL RISKS AND UNCERTAINTIES**


The management of the business and the execution of the Company's strategy are subject to a number of risks. These include current asset values with technological advances rendering existing assets obsolete. This risk is mitigated through ongoing review of asset condition and the likely future economic benefit that the Company will generate from their use.

The other principal risk is the continuing attrition of customers in the football pools market (which is the principal business of the immediate parent Company (The Football Pools Limited), the sole purchaser of the Company's services). The Directors are continually focused on improvements to the products offered to the market and their underlying technologies.

**KEY PERFORMANCE INDICATORS**

The Group's operations are managed on a divisional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of Sportech PLC, which includes the Company, is discussed in the Operational and Financial Review sections of the Group's Annual Report for the year ended 31 December 2016 which does not form part of this report.

**ON BEHALF OF THE BOARD:**



.....  
Mr C W Lynn - Director

Date: 2<sup>nd</sup> May 2017

## **FOOTBALL POOLS 1923 LIMITED**

### **Report of the Directors for the Year Ended 31 December 2016**

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The Directors present their Directors' report and the audited financial statements of the Company for the financial year ended 31 December 2016.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2016 (2015: £nil).

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

Mr C S Byrne  
Mr C W Lynn

Other changes in directors holding office are as follows:

Mr J C Baty - resigned 3 March 2016  
Mr M M Kalifa - appointed 3 March 2016

#### **FINANCIAL RISK MANAGEMENT**

The Directors manage financial risk at a Group level across the whole business. The financial risk management policies and objectives of Sportech PLC, which includes the Company, are discussed in note 23 of the Group's Annual Report for the year ended 31 December 2016 which does not form part of this report.

#### **DIRECTORS' THIRD-PARTY INDEMNITY PROVISIONS**

During the year, qualifying indemnity insurance was provided to the Directors. Such insurance remained in force through the year up to the date of signing the financial statements. No claim was made under this provision.

#### **GOING CONCERN**

The Directors believe the Company to have sufficient resources from its future cashflows to meet its liabilities as they fall due. Accordingly the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, 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 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.

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.

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.

**FOOTBALL POOLS 1923 LIMITED**

**Report of the Directors**  
**for the Year Ended 31 December 2016**

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**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**INDEPENDENT AUDITORS**

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

**ON BEHALF OF THE BOARD:**



.....  
Mr C W Lynn - Director

Date: 2<sup>nd</sup> May 2017

## **FOOTBALL POOLS 1923 LIMITED**

### **Independent Auditors' report to the Members of Football Pools 1923 Limited**

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#### **REPORT ON FINANCIAL STATEMENTS**

##### **Our opinion**

In our opinion, Football Pools 1923 Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### **What we have audited**

The financial statements, included within the Strategic Report, Report of the Directors and Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 December 2016;
- the income statement and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

##### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Report of the Directors. We have nothing to report in this respect.

##### **OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

##### **Adequacy of accounting records and information and explanations received**

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, 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.

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

##### **RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT**

##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**FOOTBALL POOLS 1923 LIMITED**

**Report of the Independent Auditors to the Members of  
Football Pools 1923 Limited**

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.

**What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Report of the Directors, we consider whether those reports include the disclosures required by applicable legal requirements.



Nigel Reynolds (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory  
Auditors  
London

Date: 2<sup>nd</sup> May 2017



**FOOTBALL POOLS 1923 LIMITED**  
**Income Statement**  
**for the Year Ended 31 December 2016**

	<b>Note</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>TURNOVER</b>	4	2,231	2,074
Cost of sales		<u>(1,972)</u>	<u>(1,827)</u>
<b>GROSS PROFIT</b>		259	247
Administrative expenses		<u>(4,774)</u>	<u>(3)</u>
		<u>(4,515)</u>	244
Other operating income		<u>-</u>	<u>13</u>
<b>OPERATING (LOSS)/PROFIT and (LOSS)/PROFIT BEFORE TAXATION</b>	6	<u>(4,515)</u>	257
Tax on (loss)/profit	7	<u>804</u>	<u>10</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u>(3,711)</u>	267
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE (EXPENSE) / INCOME FOR THE YEAR</b>		<u><u>(3,711)</u></u>	<u><u>267</u></u>


The notes form part of these financial statements

**FOOTBALL POOLS 1923 LIMITED (REGISTERED NUMBER: 00234834)**

**Statement of Financial Position  
as at 31 December 2016**

	Note	2016 £'000	2015 £'000
<b>FIXED ASSETS</b>			
Intangible assets	8	4,601	8,556
Tangible assets	9	249	289
Investment property	10	<u>216</u>	<u>316</u>
		<u>5,066</u>	<u>9,161</u>
<b>CURRENT ASSETS</b>			
Debtors	11	339	1,439
Cash at bank		<u>483</u>	<u>-</u>
		822	1,439
<b>CREDITORS</b>			
Amounts falling due within one year	12	<u>(7,332)</u>	<u>(7,672)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(6,510)</u>	<u>(6,233)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(1,444)</u>	2,928
<b>DEFERRED TAX</b>	15	<u>-</u>	<u>(661)</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u>(1,444)</u>	<u>2,267</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	2,000	2,000
(Accumulated losses)/Retained earnings	17	<u>(3,444)</u>	<u>267</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>(1,444)</u>	<u>2,267</u>

These financial statements on pages 7 to 17 were approved by the Board of Directors on 2<sup>nd</sup> May 2017 and were signed on its behalf by:

  
.....  
Mr C W Lynn - Director

The notes form part of these financial statements

**FOOTBALL POOLS 1923 LIMITED**

**Statement of Changes in Equity**  
**for the Year Ended 31 December 2016**

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	<b>Called up share capital £'000</b>	<b>(Accumulated losses)/Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 January 2015</b>	2,000	-	2,000
<b>Changes in equity</b>			
Total comprehensive income	-	267	267
<b>Balance at 31 December 2015</b>	<u>2,000</u>	<u>267</u>	<u>2,267</u>
<b>Changes in equity</b>			
Total comprehensive income	-	(3,711)	(3,711)
<b>Balance at 31 December 2016</b>	<u>2,000</u>	<u>(3,444)</u>	<u>(1,444)</u>

The notes form part of these financial statements

## **FOOTBALL POOLS 1923 LIMITED**

### **Notes to the Financial Statements** **for the Year Ended 31 December 2016**

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#### **1. GENERAL INFORMATION**

Football Pools 1923 Limited ("the Company") hires out plant and equipment and rents out property. The Company's sole customer is The Football Pools Limited, which is also its parent company, owning 100% of the share capital of the Company.

The Company is a limited company and is incorporated and domiciled in the UK. The address of its registered office is;  
Walton House,  
55 Charnock Road  
Liverpool  
L67 1AA

#### **2. STATUTORY INFORMATION**

Football Pools 1923 Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

#### **3. ACCOUNTING POLICIES**

##### **BASIS OF PREPARATION**

The financial statements of Football Pools 1923 Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 16, 38A, 38B, 38C, 38D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

Assets are reviewed for impairment where indicators of impairment exist. Impairment reviews are performed with reference to the value in use of specific assets. Any shortfall between the value in use of an asset and its book value is recognised as an impairment within administrative expenses in the income statement.

##### **SUBSEQUENT EVENTS**

On 2 March 2017, the Company's ultimate parent owner, Sportech PLC, has agreed to dispose of certain assets within its Football Pools division to OpCapita LLP, subject to certain conditions. This disposal will include the entire shareholding of Football Pools 1923 Limited. The Company's owner will therefore change. This is not anticipated to impact the principal activities of the business, however this will ultimately be determined by the Board in reviewing its activities under its new ownership structure. Completion of the deal is likely to result in the departure of M Kalifa as a director of the business, as he will continue as the Chief Financial Officer of the Sportech PLC Group.

##### **CRITICAL JUDGEMENTS AND ESTIMATES**

Management do not believe there to be any critical judgements or assumptions applied in the financial statements that have a material impact on the financial statements.

## **FOOTBALL POOLS 1923 LIMITED**

### **Notes to the Financial Statements - continued** **for the Year Ended 31 December 2016**

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#### **3. ACCOUNTING POLICIES - continued**

##### **CRITICAL JUDGEMENTS AND ESTIMATES**

Critical judgements have been made in the carrying value of intangible and tangible fixed assets:

##### **Carrying value of intangible assets**

To determine the carrying value of intangible assets, management have considered the business stream which the assets relate to and their ongoing usefulness. This has resulted in an impairment of £1,528,000 (see note 8 for further details).

##### **Carrying value of tangible assets**

Management reviews assets to see where indicators of impairment exist. Impairment reviews are performed with reference to the value in use of specific assets. Any shortfall between the value in use of an asset and its book value is recognised as an impairment within administrative expenses in the income statement.

##### **TURNOVER**

The Company purchases assets on behalf of the Group and hires them out over their useful lives. The hire charge value is the depreciation charge for the financial year with a market value mark-up. This is recognised as income by the Company over the term of the charge. Once the asset has fully depreciated it is retained by the Company. No turnover is earned by the Company in hiring out fully depreciated assets.

##### **INTANGIBLE FIXED ASSETS**

Intangible fixed assets are held at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful life of the intangible fixed asset.

##### **TANGIBLE FIXED ASSETS**

Depreciation is provided at the following annual rates in order to write off each asset over its estimate useful life.

Land	- not depreciated
Buildings	- 10.0%
Assets in the course of construction	- not depreciated
Fixtures, Fittings and Equipment	- 10.0% - 33.3%
Plant and machinery	- 10.0% - 33.3%

##### **TAXATION**

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

##### **Current tax**

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

##### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

##### **INTER COMPANY DEBTORS & CREDITORS**

Intercompany balances are unsecured. No interest is charged on the balance and there is no specified repayment date although they are repayable on demand.

**FOOTBALL POOLS 1923 LIMITED**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016**

**3. ACCOUNTING POLICIES - continued**

**GOING CONCERN**

The Directors believe the Company to have sufficient resources from its future cashflows to meet its liabilities as they fall due. Accordingly the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**INVESTMENT PROPERTY**

Investment property is stated at cost, less amounts written off where impairments have been charged to the income statement. Where impairment indicators arise, reviews are performed comparing the assets value-in-use (represented by discounted future cash flows) to its book value.

**4. TURNOVER**

The turnover and loss (2015 - profit) before taxation are attributable to the one principal activity of the Company.

	2016	2015
	£000	£000
United Kingdom	<u>2,231</u>	<u>2,074</u>

**5. EMPLOYEES AND DIRECTORS**

The company has no employees (2015: nil). The Directors' remuneration is borne by another Group company.

**6. (LOSS)/PROFIT BEFORE TAX ON (LOSS)/PROFIT**

The loss before taxation (2015 - profit before taxation) is stated after charging/(crediting):

	2016	2015
	£'000	£'000
Depreciation - tangible assets	213	238
Auditors' remuneration	2	3
Amortisation - intangible assets	1,760	1,592
Profit on disposal of fixed assets	(31)	(13)
Asset impairments	<u>4,806</u>	<u>-</u>

**7. TAX ON (LOSS)/PROFIT**

**Analysis of tax income**

	2016	2015
	£'000	£'000
Current tax:		
UK Corporation tax based on the results for the year	(146)	(243)
Adjustments in respect of prior years	<u>136</u>	<u>(45)</u>
Total current tax	<u>(10)</u>	<u>(288)</u>
Deferred tax:		
Origination and reversal of timing differences	(757)	295
Effects of changes in tax rate	(37)	(41)
Adjustments in respect of prior years	<u>-</u>	<u>24</u>
Total deferred tax	<u>(794)</u>	<u>278</u>
Total tax income in income statement	<u>(804)</u>	<u>(10)</u>

**FOOTBALL POOLS 1923 LIMITED****Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016****7. TAX ON (LOSS)/PROFIT - continued****FACTORS AFFECTING THE TAX EXPENSE**

The tax assessed for the year is higher (2015 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £'000	2015 £'000
(Loss)/profit before income tax	<u>(4,515)</u>	<u>257</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(903)	52
Effects of:		
Changes in tax rates	97	(77)
Adjustments in respect of prior years	<u>2</u>	<u>15</u>
Tax income	<u>(804)</u>	<u>(10)</u>

**Factors that may affect future tax charges**

As the Company's year end is after the substantive enactment date (15 September 2016) of the Finance Act 2016, these financial statements account for the change in the UK Corporation Tax rate from 20% to 19% with effect from 1 April 2017, with a further change to 17% for financial years beginning 1 April 2020.

Therefore the rate at which deferred tax is calculated has changed. Deferred tax in the UK is provided at a blended rate, depending on when the deferred tax.

**8. INTANGIBLE ASSETS**

	Assets under course of construction £'000	Computer software £'000	Totals £'000
<b>COST</b>			
At 1 January 2016	424	21,877	22,301
Additions	2,562	-	2,562
Reclassification/transfer	<u>(2,228)</u>	<u>2,228</u>	<u>-</u>
At 31 December 2016	<u>758</u>	<u>24,105</u>	<u>24,863</u>
<b>ACCUMULATED AMORTISATION</b>			
At 1 January 2016	-	13,745	13,745
Amortisation for year	-	1,760	1,760
Impairments	<u>-</u>	<u>4,757</u>	<u>4,757</u>
At 31 December 2016	<u>-</u>	<u>20,262</u>	<u>20,262</u>
<b>NET BOOK VALUE</b>			
At 31 December 2016	<u>758</u>	<u>3,843</u>	<u>4,601</u>
At 31 December 2015	<u>424</u>	<u>8,132</u>	<u>8,556</u>

**FOOTBALL POOLS 1923 LIMITED**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016**

**8. INTANGIBLE ASSETS - continued**

Following the completion of the modernisation programme within the Football Pools division, which commenced five years ago, and the closure of the Collector channel during the year by another company within the Football Pools division (The Football Pools Limited), management has reviewed the carrying value of the assets of the business. As a result, several software intangible assets were identified as being impaired including: £1,528,000 of costs in relation to the development of a bespoke customer database incurred in 2012 and 2013 which has been superseded; £1,459,000 of eGaming software development which has been superseded by more recent upgrades; £655,000 relating to a pools marking engine; £558,000 of Betpro software acquired in 2013 which is no longer used by the division; £168,000 of NYX wallet development which is being replaced by an internally designed and built bespoke wallet in 2017; and other software of £389,000.

**9. TANGIBLE ASSETS**

	<b>Plant and machinery £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Assets under course of construction £'000</b>	<b>Totals £'000</b>
<b>COST</b>				
At 1 January 2016	2,774	119	-	2,893
Additions	-	-	122	122
Disposals	(31)	-	-	(31)
Reclassification/transfer	122	-	(122)	-
At 31 December 2016	2,865	119	-	2,984
<b>ACCUMULATED DEPRECIATION</b>				
At 1 January 2016	2,508	96	-	2,604
Charge for year	128	8	-	136
Eliminated on disposal	(31)	-	-	(31)
Impairments	11	15	-	26
At 31 December 2016	2,616	119	-	2,735
<b>NET BOOK VALUE</b>				
At 31 December 2016	249	-	-	249
At 31 December 2015	266	23	-	289

Assets are reviewed for impairment where indicators of impairment exist. Impairment reviews are performed with reference to the value in use of specific assets. Any shortfall between the value in use of an asset and its book value is recognised as an impairment within administrative expenses in the income statement.

**10. INVESTMENT PROPERTY**

	<b>Total £'000</b>
<b>FAIR VALUE</b>	
At 1 January 2016 and 31 December 2016	2,474
<b>ACCUMULATED DEPRECIATION</b>	
At 1 January 2016	2,158
Charge for year	77
Impairments	23
At 31 December 2016	2,258
<b>NET BOOK VALUE</b>	
At 31 December 2016	216
At 31 December 2015	316



**FOOTBALL POOLS 1923 LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2016**

**11. DEBTORS**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	-	3
Amounts owed by group undertakings	<b>201</b>	1,436
Deferred tax asset (see note 15)	<b>133</b>	-
Prepayments and accrued income	<b>5</b>	-
	<b><u>339</u></b>	<b><u>1,439</u></b>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts (see note 13)	-	103
Trade creditors	<b>188</b>	153
Amounts owed to group undertakings	<b>6,527</b>	7,219
Social security and other taxes	<b>82</b>	25
Accruals and deferred income	<b>535</b>	172
	<b><u>7,332</u></b>	<b><u>7,672</u></b>

**13. FINANCIAL LIABILITIES - BORROWINGS**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Current:		
Bank overdrafts	<b>-</b>	<b>103</b>

**FOOTBALL POOLS 1923 LIMITED**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016**

**14. FINANCIAL INSTRUMENTS**

**Financial risk management policies and objectives**

The Company has little or no exposure to either interest rate risk or foreign exchange rate risk, although the Company's does have some exposure to cash flow and liquidity risk. The Company does not use derivative financial instruments to hedge certain risk exposures.

The policy for each of the above risks is described in more detail below:

**Cash flow interest rate risk**

The Company has no interest-bearing assets. The Company's income and cash flows are substantially independent of changes in market interest rates.

**Liquidity risk**

Cash flow forecasting is performed on a weekly basis in the operating entities of the Company and is aggregated by Central Finance. This weekly forecasting recognises committed short-term payables of the Company which are monitored and managed through regular discussions with suppliers. Central Finance monitors rolling forecasts of the Company's liquidity requirements to ensure each operating entity has sufficient cash to meet its operational needs.

**Credit risk**

The Company's operations are UK based and have limited exposure to credit risk. Transactions are predominantly receipts from other Group companies for the use of the Company's fixed assets. The amounts billed are predictable in nature, being based on the depreciation charge of each asset with a fixed mark-up. Surplus cash is remitted to Group as and when required.

The Company had the following categories of outstanding financial assets and liabilities at the reporting date:

	2016	2015
	£000	£000
Loans and receivables	201	1,439
Financial liabilities measured at amortised cost	<u>7,332</u>	<u>7,569</u>

**15. DEFERRED TAX**

	2016	2015
	£'000	£'000
Deferred tax		
Depreciation in excess of capital allowances	<u>(133)</u>	<u>661</u>
	<u>(133)</u>	<u>661</u>

	2016	2015
	£'000	£'000
Balance at 1 January	661	383
(Credit) / charge to income statement during year	<u>(794)</u>	<u>278</u>
Balance at 31 December (see note 11)	<u>(133)</u>	<u>661</u>

	2016	2015
	£'000	£'000
Deferred tax (asset)/liability	<u>(133)</u>	<u>661</u>
	<u>(133)</u>	<u>661</u>

**FOOTBALL POOLS 1923 LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2016**

**16. CALLED UP SHARE CAPITAL**

**Allotted, issued and fully paid:  
Number:**

	<b>Class:</b>	<b>Nominal value:</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
2,000,000 (2015: 2,000,000)	Ordinary	£1	<u>2,000</u>	<u>2,000</u>

**17. RESERVES**

**Returned  
earnings  
(Accumulated  
losses)  
£'000**

At 1 January 2016	<b>267</b>
Loss for the financial year	<b>(3,711)</b>
At 31 December 2016	<b><u>(3,444)</u></b>

**18. RELATED PARTY DISCLOSURES**

The Company has taken advantage of the exemption under FRS 101 in respect of transactions with related parties, on the grounds that it is a wholly owned subsidiary of a group headed by Sportech PLC, whose financial statements are publicly available. Accordingly no transactions with other Sportech PLC group members are disclosed. There were no other related party transactions in the year.

**19. ULTIMATE CONTROLLING PARTY**

The immediate parent undertaking is The Football Pools Limited, incorporated in Great Britain.

The ultimate parent undertaking and controlling party is Sportech PLC, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The Directors regard Sportech PLC as the ultimate controlling party. Copies of Sportech PLC consolidated financial statements can be obtained from the Company's Secretary at Walton House, Charnock Road, Liverpool, L67 1AA.