

**LITTLEWOODS PROMOTIONS LIMITED**  
(Registered No 545018)

**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

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**LITTLEWOODS PROMOTIONS LIMITED**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

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## **LITTLEWOODS PROMOTIONS LIMITED**

### **REPORT OF THE DIRECTORS**

The directors hereby submit their report, together with the audited financial statements of the company, for the year ended 31 December 2006

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activities of the company are the operation of Football Pools, Spot The Ball competitions and fixed odds sports betting. The directors consider the results for the period and the state of the company's affairs at 31 December 2006 to be satisfactory. During the year the company incurred exceptional costs of £29.7m, principally relating to staff redundancy costs, a fixed asset impairment charge, together with sundry costs associated with further rationalisation of the football pools business. Future prospects are considered reasonable.

On 7 June 2006, the company sold its fixed odds Sports Betting business (Bet Direct) for £11.3m to 32Red plc realising a profit of £10.6m before tax.

#### **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 on pages 9 to 16 of the Group's Annual Report for the year ended 31 December 2006 which does not form part of this report.

#### **RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £18,121,000 (2005: £6,243,000). A dividend of £35,236,000 was approved and paid during the year (2005: £nil).

#### **DIRECTORS**

The directors who held office during the period were:

Mr. I. R. Penrose	
Mr. G. Speakman	Appointed 28 June 2006, Resigned 1 September 2006
Mrs. A. Moran	Resigned 13 July 2006
Mr S P Cunliffe	Appointed 3 July 2006

The directors had no interest in the share capital of the company.

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

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently, subject to the adoption of new accounting standards. The directors also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

**LITTLEWOODS PROMOTIONS LIMITED**  
**REPORT OF THE DIRECTORS (continued)**

**EMPLOYEE INVOLVEMENT**

The directors recognise the importance of providing all employees with information on matters of concern to them and that enables employees to improve their performance and make an active contribution to achieving the Company's business objectives

Plans are underway to encourage employee involvement through two way dialogue and to also communicate the 'big picture' more effectively. Communications in the future will strive to focus more on the company's customers and encourage a more outward looking culture.

Regular briefing meetings are currently held at divisional and departmental level where business and financial performance of the divisions and the Company are considered.

Various channels of communication such as opinion surveys, ideas and suggestion schemes, internal newsletters, bulletins and notice boards are aimed at facilitating and encouraging the involvement of employees in the performance and development of the Company

**EMPLOYMENT OF DISABLED PERSONS**

It is the policy of the Company to comply with the requirements of the Disability Discrimination Act 1995 in offering equality of opportunity to disabled persons applying for employment, selection being made on the basis of the most suitable person for the job in respect of experience and qualifications. Training, career development and promotion are offered to all employees on the basis of their merit and ability. Every effort is made to continue to employ, in the same or alternative employment, and, where necessary, to retrain employees who become disabled during their employment with the Company.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the company's strategy are subject to a number of risks. The principal risks that the company faces relate to continuing customer attrition in the football pools market and ongoing changes in gaming regulation.

**FINANCIAL RISK MANAGEMENT**

The company's treasury arrangements for the provision of finance and management of liquidity are undertaken via the Sportech Group's centralised accounting unit. The company's principal financial instruments comprise bank overdrafts, and cash and term deposits as well as trade debtors and creditors including group intercompany balances that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the company's future operations.

The main risks arising from the company's operations are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks. The company does not trade in financial instruments

**LITTLEWOODS PROMOTIONS LIMITED**  
**REPORT OF THE DIRECTORS (continued)**

**POLICY ON PAYMENT OF CREDITORS**

The Company does not follow any code or standard on payment practices, and there is no fixed policy for payment for goods and services. Payment is made promptly once authorisation of the invoice is obtained

Creditor payment days outstanding at 31 December 2006 were 20 (2005: 28)

**DISCLOSURE OF INFORMATION TO AUDITORS**

So far as each director is aware, at the date of approval of the financial statements there is no relevant audit information of which the company's auditors are unaware. Each director has 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.

**AUDITORS**

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting

BY ORDER OF THE BOARD

S P Cunliffe  
Secretary



22 October 2007  
LIVERPOOL

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
LITTLEWOODS PROMOTIONS LIMITED**

We have audited the financial statements of Littlewoods Promotions Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2006 and of its profit for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Liverpool

22 October 2007

**LITTLEWOODS PROMOTIONS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006 £000	2005 £000
<b>TURNOVER</b>			
Continuing operations		65,550	202,508
Discontinued operations		52,229	-
	1	<u>117,779</u>	<u>202,508</u>
Cost of sales		(80,923)	(158,410)
<b>GROSS PROFIT</b>		<u>36,856</u>	<u>44,098</u>
Distribution costs		(730)	(689)
Administrative expenses	2	(51,241)	(33,762)
<b>OPERATING PROFIT before restructuring costs</b>		14,598	14,412
Exceptional costs	2, 11	(28,999)	-
Restructuring costs	2	(714)	(4,765)
<b>OPERATING (LOSS)/PROFIT</b>			
Continuing operations		(13,695)	9,647
Discontinued operations		(1,420)	-
		<u>(15,115)</u>	<u>9,647</u>
Profit on sale of business – discontinued operations	3	10,635	-
Income received from fixed asset investments	11	30,048	-
			-
Net interest payable	4	(8)	(14)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	<u>25,560</u>	<u>9,633</u>
Taxation	6	(7,439)	(3,390)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>			
<b>TRANSFERRED TO RESERVES FOR THE YEAR</b>	17	<u>18,121</u>	<u>6,243</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006 £000	2005 £000
Profit for the financial year		18,121	6,243
Actuarial gain recognised in the pension scheme	19	111	156
Deferred tax relating to the actuarial gain		<u>(33)</u>	<u>(47)</u>
<b>Total recognised gains for the year</b>	17	<u>18,199</u>	<u>6,352</u>

There is no difference between the profit on ordinary activities before taxation, and the amount transferred to reserves for the year stated above, and their historical cost equivalents

**LITTLEWOODS PROMOTIONS LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2006**

		2006	2005
	Note	£000	£000
<b>FIXED ASSETS</b>			
Intangible fixed assets	9	20,323	21,775
Tangible fixed assets	10	4	129
Investments	11	2,095	31,097
		<u>22,422</u>	<u>53,001</u>
<b>CURRENT ASSETS</b>			
Stock	12	10	14
Debtors – amounts falling due within one year	13	44,293	39,633
Debtors – amounts falling due after more than one year	13	110	32
Cash at bank and in hand		-	16,534
		<u>44,413</u>	<u>56,213</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	(48,454)	(73,749)
<b>NET CURRENT LIABILITIES</b>		<u>(4,041)</u>	<u>(17,536)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>18,381</u>	<u>35,465</u>
<b>PENSION ASSET</b>	19	220	173
<b>NET ASSETS INCLUDING PENSION ASSET</b>		<u>18,601</u>	<u>35,638</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	41	41
Profit and loss account	17	18,560	35,597
<b>EQUITY SHAREHOLDERS' FUNDS</b>	17	<u>18,601</u>	<u>35,638</u>

The financial statements on pages 5 to 19 were approved by the Board of Directors on 22 October 2007 and signed on their behalf by



S. P. Cunliffe  
Director



## **LITTLEWOODS PROMOTIONS LIMITED**

### **STATEMENT OF ACCOUNTING POLICIES**

#### **PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently except for the adoption of new accounting standards, is set out below

#### **BASIS OF ACCOUNTING**

The Company's accounting reference date is 31 December. Consistent with the normal monthly reporting process, the actual date to which the balance sheet has been drawn up is to 5 January 2007 (2005-6 January 2006). For ease of reference in these financial statements all references to the results for the year are to 31 December 2006 and the financial position at 31 December 2006.

#### **TURNOVER**

Turnover represents the value of entry fees receivable in respect of football pools and other competitions recognised on the date of the event, the value of bets received in relation to fixed odds betting based on the date of the event and the value of goods and services sold to external customers.

#### **DEFERRED INCOME**

Deferred income represents the value of entry fees receivable in respect of competitions and sporting events held subsequent to the end of the financial period

#### **PENSION CONTRIBUTIONS**

The company participates in both a defined contribution and a defined benefits pension scheme. Contributions to employees' defined contribution schemes are charged to the profit and loss account as incurred. The Company has adopted FRS 17 in respect of its defined benefit scheme. For the defined benefit scheme, actuarial valuations are carried out at each balance sheet date and the actuarial gain or loss recognised in full in reserves in the period in which they occur.

#### **LEASED ASSETS**

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease terms

#### **STOCKS**

Stocks are valued at the lower of cost or estimated realisable value. Cost is based on the first in, first out method of valuation

#### **FOREIGN CURRENCIES**

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Profits and losses on foreign exchange transactions, relating to the supply of merchandise are taken through the profit and loss account in the period in which they arise

**LITTLEWOODS PROMOTIONS LIMITED**  
**STATEMENT OF ACCOUNTING POLICIES (continued)**

**CASH FLOW**

The company is a wholly owned subsidiary of Sportech PLC; consequently, the company is exempt from the requirement of Financial Reporting Standard No.1 (Revised) to prepare a separate cash flow statement.

**RELATED PARTY TRANSACTIONS**

In accordance with the exemption conferred by Financial Reporting Standard No 8, details of transactions with entities in the same group have not been disclosed

**FIXED ASSETS AND DEPRECIATION**

Fixed assets are stated at cost less depreciation

Depreciation is provided on a straight-line basis to write off the cost of fixed assets over their anticipated useful lives at the following annual rates:

Long leasehold land & buildings	10% – 20%
Plant & machinery	33 3%

**DEFERRED TAX**

Deferred tax is provided in full on all timing differences which result in either an obligation at the balance sheet date to pay more tax or a right to pay less tax. Deferred tax assets are only recognised to the extent that it is more likely than not they will crystallise. Assets and liabilities are calculated at rates expected to apply when they crystallise, and are not discounted.

**GOODWILL**

Goodwill arising from the acquisition of businesses represents the excess of the fair value of consideration given over the fair value of the separable net assets acquired. Goodwill is capitalised and is amortised on a straight-line basis over the shorter of 20 years or the anticipated life of the goodwill.

**IMPAIRMENT OF FIXED ASSETS AND GOODWILL**

Fixed assets and goodwill are subject to review for impairment in accordance with FRS 11, Impairment of Fixed Assets and Goodwill. Any impairment is charged in the profit and loss account in the accounting period in which it occurs.

**INVESTMENTS**

Investments are stated at cost less provision for diminution in value. Any diminution in value is charged to the profit and loss account in the accounting period in which it occurs.

**LITTLEWOODS PROMOTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2006**

**1 TURNOVER AND PROFIT**

All turnover and profit is earned in the United Kingdom. An analysis of turnover by segment is as follows;

	2006 £000	2005 £000
Football pools and other games	65,550	71,541
Fixed odds betting – discontinued (see note 3)	52,229	130,967
	<u>117,779</u>	<u>202,508</u>

**2 ADMINISTRATIVE EXPENSES**

	2006 £000	2005 £000
Exceptional costs – Impairment of Fixed Asset Investments (see note 11)	28,999	-
ITV exit costs – impairment of fixed assets (see below)	-	1,670
Other restructuring costs (see below)	714	3,095
Total exceptional and restructuring costs	29,713	4,765
Amortisation of intangible fixed assets (see note 9)	1,452	1,452
Other administrative expenses	20,076	27,545
Administrative expenses	<u>51,241</u>	<u>33,762</u>

In the current year, restructuring costs mainly relate to staff redundancy costs, a fixed asset impairment charge, together with sundry costs associated with further rationalisation of the football pools business.

In the prior year, the charge in respect of asset impairment arises from the termination of the parent company's contract with ITV to provide interactive betting services. Other restructuring costs in the year relate to costs in respect of the establishment of an in-house call centre operation within the fixed odds betting segment, and rationalisation of the football pools business operating cost base within the football pools segment

**3. SALE OF BET DIRECT**

on 7 June 2006, the Sportech group disposed of its Bet Direct branded Sports Betting business to 32Red plc for £12.5m; this sale included the fixed odds betting business operated by the Company and for which it received £11.3m of these sale proceeds. The remaining £1.2m was received by another company within the Sportech PLC group, Littlewoods of Liverpool Limited, and related principally to the sale of tangible and intangible fixed assets. A summary of the net assets disposed and the profit generated is as follows;

	2006 £000
Current assets	513
Current liabilities	(1,503)
Net liabilities disposed	(990)
Disposal costs	1,648
Net profit on disposal	10,635
Sale proceeds	<u>11,293</u>

**LITTLEWOODS PROMOTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2006**

**4. NET INTEREST PAYABLE**

	2006 £000	2005 £000
Interest payable	<u>8</u>	<u>14</u>

**5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2006 £000	2005 £000
Profit on ordinary activities before taxation is stated after charging		
Hire of plant and machinery - operating leases	1,164	2,776
Depreciation of tangible fixed assets	43	288
Impairment of tangible fixed assets	77	-
Amortisation of goodwill	1,452	1,716
Auditors' remuneration for audit	<u>26</u>	<u>37</u>

Remuneration of the company's auditors for provision of non-audit services to the company was £2,000 (2005: £2,000)

**6. TAXATION**

	2006 £000	2005 £000
Current tax:		
UK corporation tax at 30% (2005: 30%)	7,475	-
Group relief at 30% (2005: 30%)	-	3,370
Adjustments in respect of prior periods	<u>54</u>	<u>8</u>
Total current tax	<u>7,529</u>	<u>3,378</u>
Deferred tax:		
Current year	238	17
Adjustments in respect of prior periods	<u>(328)</u>	<u>(5)</u>
Total deferred tax (note 13)	<u>(90)</u>	<u>12</u>
Total taxation charge	<u>7,439</u>	<u>3,390</u>

The current tax for the period is lower (2005: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2006 £000	2005 £000
Profit on ordinary activities before tax	<u>25,560</u>	<u>9,633</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005: 30%)	7,668	2,890
Effects of:		
Dividends received	(9,014)	-
Impairment of investments	8,700	-
Depreciation in excess of capital allowances	13	-
Group relief not paid for	(61)	-
Losses not previously recognised	(310)	-
Adjustments to tax in respect of prior periods	54	8
Permanent differences	467	497
Origination and reversal of timing differences	<u>12</u>	<u>(17)</u>
	<u>7,529</u>	<u>3,378</u>

**LITTLEWOODS PROMOTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2006**

**7. DIVIDENDS**

	2006 £000	2005 £000
Final dividend paid £870 per share (2005: £nil)	<u>35,236</u>	<u>-</u>

**8. DIRECTORS AND EMPLOYEES**

	2006 £000	2005 £000
Staff costs		
Wages and salaries	6,926	7,564
Social security costs	561	737
Pension scheme contributions	<u>395</u>	<u>438</u>
	<u>7,882</u>	<u>8,739</u>

	2006 Number	2005 Number
Average number of monthly employees comprised:		
Sales and marketing	114	139
Distribution	146	184
Administration	<u>88</u>	<u>126</u>
	<u>348</u>	<u>449</u>

	2006 £	2005 £
Staff costs include the following remuneration in respect of directors		
Emoluments	440,307	216,998
Compensation for loss of office	70,000	-
Defined benefit scheme contributions	<u>19,318</u>	<u>16,262</u>
	<u>529,625</u>	<u>233,260</u>

The remuneration in respect of the highest paid director was as follows:		
Emoluments	271,148	147,912
Defined benefit scheme contributions	<u>11,093</u>	<u>11,094</u>
	<u>282,241</u>	<u>159,006</u>

Amounts receivable under long term incentive schemes	<u>-</u>	<u>-</u>
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**LITTLEWOODS PROMOTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2006**

**9 INTANGIBLE FIXED ASSETS**

Goodwill  
£000

Cost:

At 1 January 2006 and 31 December 2006

30,264

Amortisation:

At 1 January 2006

8,489

Charge for the year

1,452

At 31 December 2006

9,941

Net book value at 31 December 2006

20,323

Net book value at 31 December 2005

21,775

The goodwill arose on the transfer of businesses into the Company from Littlewoods Leisure Marketing Services, Littlewoods Competitions Company Limited and Littlewoods Pools Limited during January 2001.

**10. TANGIBLE FIXED ASSETS**

	Short Leasehold Land & Buildings £000	Plant & Machinery £000	Total £000
Cost:			
At 1 January 2006	79	1,554	1,633
Additions	-	6	6
Disposals	-	(15)	(15)
At 31 December 2006	<u>79</u>	<u>1,545</u>	<u>1,624</u>
Depreciation			
At 1 January 2006	79	1,425	1,504
Charge for the year	-	43	43
Impairment losses	-	77	77
Disposals	-	(4)	(4)
At 31 December 2006	<u>79</u>	<u>1,541</u>	<u>1,620</u>
Net book value at 31 December 2006	<u>-</u>	<u>4</u>	<u>4</u>
Net book value at 31 December 2005	<u>-</u>	<u>129</u>	<u>129</u>

**LITTLEWOODS PROMOTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2006**

**11 FIXED ASSET INVESTMENTS**

	2006 £000	2005 £000
Shares in subsidiary undertakings at cost:		
At 1 January 2006	31,097	31,094
Addition	-	3
Disposal	(3)	-
Impairment charge	(28,999)	-
At 31 December 2006	<u>2,095</u>	<u>31,097</u>

Three subsidiary companies paid dividends amounting in aggregate to £30,048,000 to the Company during the financial year by way of dividends and as a consequence, an impairment charge of £28,999,000 was required to reduce the carrying value of the investments in those subsidiaries. This charge has been classified as exceptional within administrative expenses (see note 2)

*Subsidiary undertakings*

Name of company	Nature of business
Littlewoods of Liverpool Limited	The company hires out plant and machinery and rents out property
Littlewoods Leisure com Limited	A dormant company
Littlewoods Pools Limited	A dormant company
Littlewoods Leisure Marketing Services Limited	A dormant company
Littlewoods Competitions Company Limited	A dormant company
Bet 247 Limited	The company does not trade
Littlewoods Alderney Limited	Gaming
LWL Management NV	Gaming
Littlewoods Leisure Limited	A dormant company

The company holds 100% of the ordinary shares of all of the above companies.

The company has taken advantage of section 228(1) (a) of the Companies Act 1985 and has not prepared consolidated financial statements as the company is itself a wholly owned subsidiary.

All of these companies are incorporated in England & Wales with the exception of LWL Management NV which is incorporated in the Netherlands Antilles

On 7 June 2006, the entire share capital of Littlewoods Bet Direct Limited and Bet Direct NV was sold to 32Red plc as part of the disposal of the Company's Bet Direct business (see note 3)

**LITTLEWOODS PROMOTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2006**

**12 STOCKS**

	2006 £000	2005 £000
Raw materials and consumables	<u>10</u>	<u>14</u>

**13. DEBTORS**

	2006 £000	2005 £000
Amounts falling due within one year		
Trade debtors	563	346
Amounts owed by group undertakings	42,760	37,844
Other debtors	42	-
Prepayments and accrued income	<u>928</u>	<u>1,443</u>
	<u>44,293</u>	<u>39,633</u>
Amounts falling after more than one year		
Deferred taxation	<u>110</u>	<u>32</u>
Deferred tax comprises.		
Depreciation in excess of capital allowances	92	-
Short term timing differences	<u>18</u>	<u>32</u>
Deferred tax asset	<u>110</u>	<u>32</u>

The movement in the deferred tax asset during the year is show below

	Deferred Tax £000
At 1 January 2006	32
Amount credited to profit and loss	<u>78</u>
At 31 December 2006	<u>110</u>

**14. CREDITORS – amounts falling due within one year**

	2006 £000	2005 £000
Bank overdrafts	1,064	-
Trade creditors	1,240	3,806
Amounts owed to group undertakings	35,626	60,407
Corporation tax	1,474	-
Social security and other taxes	964	1,094
Accruals and deferred income	<u>8,086</u>	<u>8,442</u>
	<u>48,454</u>	<u>73,749</u>



**LITTLEWOODS PROMOTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2006**

**15. FINANCIAL COMMITMENTS**

In December 1996 an incentive scheme to reward football pools collectors was established. Under the terms of the scheme, the collectors earn points on the basis of their sales. These points can be converted into goods from high street shops. On the basis of similar schemes, a redemption rate attributable to these points has been established and an appropriate provision made in these accounts. The liability in respect of the points not provided for in these accounts amounts to £2,882,389 (2005: £2,903,460)

**16 CALLED UP SHARE CAPITAL**

	2006 £	2005 £
<b>Authorised</b>		
41,000 ordinary shares of £1 each	<u>41,000</u>	<u>41,000</u>
	2006 £	2005 £
<b>Allotted, called up and fully paid</b>		
40,501 ordinary shares of £1 each	<u>40,501</u>	<u>40,501</u>

**17. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	Share capital £000	Profit and loss account £000	2006 Total £000	2005 Total £000
Opening equity shareholders' funds	41	35,597	35,638	29,286
Profit for financial year	-	18,121	18,121	6,243
Actuarial gains net of deferred tax	-	78	78	109
Dividends (see note 7)	-	(35,236)	(35,236)	-
Closing equity shareholders' funds	<u>41</u>	<u>18,560</u>	<u>18,601</u>	<u>35,638</u>

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**18. OPERATING LEASE COMMITMENTS**

Annual commitments under non-cancellable operating leases in respect of properties, and plant and equipment are as follows.

	2006 £000	2005 £000
Expiring within one year	20	-
Expiring between two and five years	24	34
Expiring in more than five years	-	80
	<u>44</u>	<u>114</u>

**19. PENSION SCHEME**

The Sportech PLC group (Group) participates in two pension schemes. One is a defined contribution stakeholder scheme, and the second is a defined benefit scheme, which is funded.

**Defined contribution scheme**

Those employees who joined the Group consequent upon the acquisition of Littlewoods Gaming and who were aged under 50 on 4 September 2000, and all other employees of Sportech can join a stakeholder pension scheme established on 6 April 2001. The contributions to this scheme are made at a maximum rate of 8% of pensionable salaries.

**Defined benefit scheme**

Pursuant to the sale agreement between Littlewoods plc and Sportech, a defined benefit scheme was set up for those employees who joined the Group consequent upon the acquisition of Littlewoods Gaming and who were aged 50 or over on 4 September 2000, the date of the acquisition. This scheme was formed on 6 April 2001.

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 31 December 2004 amended to take account of the requirements of FRS 17. The principal assumptions used by the actuary for this purpose are set out below.

	2006	2005	2004
Rate of increase in pensionable salaries	4.5%	4.4%	4.3%
Rate of increase in pensions in payment	3.0%	2.9%	2.8%
Discount rate	5.1%	4.8%	5.3%
Inflation assumption	3.0%	2.9%	2.8%

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**19. PENSION SCHEME (continued)**

The assets in the Scheme and the expected rates of return (net of administrative expenses) were:

	Long term rate of return expected 31 December 2006 %	Value at 31 December 2006 £000	Long term rate of return expected 31 December 2005 %	Value at 31 December 2005 £000	Long term rate of return expected 31 December 2004 %	Value at 31 December 2004 £000
Equities	7.0	891	7.0	812	7.0	986
Bonds	5.0	104	4.5	80	5.0	131
Cash	4.5	693	4.0	612	4.0	92
Total market value of assets		1,688		1,504		1,209
Present value of scheme liabilities		(1,373)		(1,257)		(1,044)
Surplus in the scheme		315		247		165
Related deferred tax liability		(95)		(74)		(49)
Net pension asset		220		173		116

**Analysis of the amount charged to operating profit**

The following amounts have been dealt with in the financial statements in the year to 31 December 2006 under the requirements of FRS 17.

	Year to 31 December 2006 £000	Year to 31 December 2005 £000
Current service	166	173
Past service cost	-	-
Total operating charge	166	173

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**19 PENSION SCHEME (continued)**

**Movement in surplus during the year**

	Year to 31 December 2006 £000	Year to 31 December 2005 £000
Surplus in scheme at the beginning of the year	247	165
Movement:		
Current service cost	(166)	(173)
Contributions	103	86
Past service cost	-	-
Other finance income	20	13
Actuarial gain	111	156
Surplus in the scheme at the end of the year	<u>315</u>	<u>247</u>

**Analysis of the amount credited to other finance income**

The following amounts have been credited to other finance income in the year to 31 December 2006 under the requirements of FRS 17:

	Year to 31 December 2006 £000	Year to 31 December 2005 £000
Expected return on scheme assets	85	74
Interest on pension scheme liabilities	(65)	(61)
Net return	<u>20</u>	<u>13</u>

**Analysis of the amount recognised in the statement of total recognised gains and losses**

The following amounts have been recognised in the statement of total recognised gains and losses under the requirements of FRS 17

	Year to 31 December 2006 £000	Year to 31 December 2005 £000
Actual return less expected return on pension scheme assets	76	132
Experience gains and losses arising on scheme liabilities	(6)	135
Changes in the assumptions underlying the present value of the scheme liabilities	41	(111)
Actuarial gain recognised in the statement of total recognised gains and losses	<u>111</u>	<u>156</u>

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**19 PENSION SCHEME (continued)**

**History of experience gains and (losses)**

	Year to 31 December 2006	Year to 31 December 2005	Year to 31 December 2004
Difference between actual and expected return on scheme assets:			
Amount (£000)	76	132	(2)
Percentage of scheme assets	4.5%	8.8%	(0.2)%
Experience gains and (losses) on scheme liabilities:			
Amount (£000)	(6)	135	(38)
Percentage of the present value of scheme liabilities	(0.4)%	10.7%	(3.6)%
Total amount recognised in statement of total recognised gains and (losses):			
Amount (£000)	111	156	(31)
Percentage of the present value of scheme liabilities	8.1%	12.4%	(3.0)%

**20 ULTIMATE PARENT COMPANY**

The Company is a subsidiary of Littlewoods Gaming Limited, incorporated in Great Britain

The largest Group in which the results of the Company are consolidated is that headed by Sportech PLC. No other Group accounts include the result of the Company. Copies of Sportech PLC consolidated financial statements can be obtained from the Company Secretary at Walton House, Charnock Road, Liverpool L67 1AA.