

Registered number: 02050734

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**COMPANY INFORMATION**

**DIRECTORS**

S D Fisher  
Mrs A P Fisher  
E McCormick  
I Blackburn

**COMPANY SECRETARY**

I Blackburn

**REGISTERED NUMBER**

02050734

**REGISTERED OFFICE**

Pinetree Business Centre  
Durham Road  
Birtley  
Chester Le Street  
DH3 2TD

**INDEPENDENT AUDITOR**

James Cowper Kreston  
Chartered Accountants and Statutory Auditor  
2 Chawley Park  
Cumnor Hill  
Oxford  
Oxfordshire  
OX2 9GG

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

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## **MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

#### **Business review**

The retail bookmaker continued to suffer from the generally subdued High Street conditions in 2015, with tax increases and external costs continuing to impact on the profitability of each shop.

The unexpected increase in Machine Games Duty (MGD) from April 2015 significantly penalised the industry without providing any benefit for the business or the customer. Media rights and increasing payroll-related costs added to the pressure on the profitability of the estate.

Despite these cost increases, the business maintained average contribution per shop with margin improvements on sports betting and in particular growth in the Fixed Odds machine income with the introduction of new and improved terminals in the second half of the year.

The number of the trading sites in the estate reduced by three during 2015 as the Board continue to look to offload those shops that are unable to contribute positively. The strategy continues to be towards consolidating the existing business and utilising cash generated to modernise and refurbish some of the older stores.

Exceptional items both increased and decreased profitability, but the main focus of the directors is to grow and improve the core business of operating UK retail betting shops.

As a result of Stanjames PLC's disposal of its telebetting and online operations during the year the group is required to rebrand during the year ended 31 December 2017. Early indications are that the cost of this exercise, including irrecoverable VAT, will be approximately £1 million. The directors have received assurances from the ultimate shareholders that they are willing to provide the funds in order to meet this cost of rebranding.

#### **Principal risks and uncertainties**

##### **Financial Risk Management**

The Group's principal financial instruments comprise cash and cash equivalents. The directors do not consider that there is any significant credit risk due to the cash nature of the business. The group is not reliant on bank funding for day to day operations and maintains surplus cash in readily accessible bank and deposit accounts.

##### **Bookmaking Risk Management**

To maximise profits and minimise financial risk, the Group actively manages trading risk by maintaining staking limits to levels appropriate to our size of business.

The betting patterns of high-risk customers are monitored and reviewed at regular periods.

Being cognisant that we are primarily a cash-based business, we have integrated a wide range of security tools into our business processes to minimise the opportunity for customer or staff fraud.

The group has installed high quality alarms, CCTV and other physical security features to help protect the welfare of staff and customers from physical security breaches.

##### **Competitor Risk**

Whilst the Group faces strong competition on the High Street from the National Bookmakers, we remain confident in our ability to provide a highly competitive offering for our customers. The Board and senior management constantly monitor and review the strategic and promotional activity of our peers and have the ability to react quickly to any significant changes.

The continued growth of the internet and mobile betting platforms provides a threat to business levels within the shop estate. Rolling-year trends and comparatives are routinely measured and the board remain vigilant for new ideas and technologies that will improve the experience of our retail customers.

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**Financial key performance indicators**

Given the high level of goodwill amortisation from the relatively large acquisitions in 2010 and 2012, the board consider EBITDA and cash generation to be key financial performance measures. Whilst disappointed with the financial outcome, the Board are satisfied that progress has been made with the core operations during the year. Excluding exceptional items, the underlying business produced EBITDA of £710,108 (£1,906,999 in 2014).

Control of operating costs and management of 'intensive care' shops form the key strategies for 2016.

**Other key performance indicators**

In addition to the financial key performance indicators, Stan James are committed to supporting, managing and measuring compliance to the Gambling Commission's three key licensing objectives:

- Keep crime out of gambling,
- Ensure gambling is conducted fairly and openly, and
- Protect children and vulnerable people from being harmed or exploited by gambling.

The objectives are incorporated into training and working practices and compliance monitored by senior management on a routine and regular basis.

This report was approved by the board and signed on its behalf.

  
.....  
**I Blackburn**  
Director

Date: 19/12/2016

## **MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their report and the financial statements for the year ended 31 December 2015.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £255,249 (2014 - loss £1,436,500).

No dividends were paid or proposed during the year.

#### **DIRECTORS**

The directors who served during the year were:

S D Fisher  
Mrs A P Fisher  
E McCormick  
I Blackburn

#### **ENVIRONMENTAL MATTERS**

The Group will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Group has complied with all applicable legislation and regulations.

#### **FUTURE DEVELOPMENTS**

In common with other bookmakers and other industries, the continued impact of the economic downturn represents the single greatest risk to the business.

The claims made by anti-gambling groups continue to attract sensationalist media and politicians, but it is hoped that the continued absence of any supporting evidence will eventually prove to be of relevance.

Despite the difficult economic and trading conditions, the directors remain committed to the long-term business and look forward to 2016 and beyond with cautious optimism.

The company is set to continue to pursue its strategy of consolidating and maximising the output of the existing shop estate.

#### **EMPLOYEE INVOLVEMENT**

We update our employees on a regular basis with business developments and progress through intranet publications, newsletters, Regional Manager's notes and face-to-face meetings.

#### **DISABLED EMPLOYEES**

In accordance with our Equal Opportunities Policy, we recruit, train and develop employees who meet the requirements of the job role regardless of gender, ethnic origin, age, religion, sexual orientation or disability. The policy recognises that people with disabilities can often be denied a fair chance at work because of misconceptions about their capabilities and seeks to enhance the opportunities available by attempting, wherever possible, to overcome obstacles, such as the need to modify equipment, restructure jobs or to improve access to premises, provided such action does not compromise health and safety standards.

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

**POST BALANCE SHEET EVENTS**

On 15 October 2016 the group acquired a further 37 shops from Ladbrokes Betting and Gaming Limited and Coral Racing Limited for a consideration of £500,000 payable in cash on completion. This acquisition extends the group's geographical reach throughout the United Kingdom.

**AUDITOR**

The auditor, James Cowper Kreston, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

**I Blackburn**  
Director



Date: 19/12/2016

## **MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

We have audited the financial statements of Megabet UK Ltd. (Formerly Stanjames (Abingdon) Limited) for the year ended 31 December 2015, set out on pages 7 to 36. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the directors' responsibilities statement on page 4, 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). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2015 and of the Group's profit or 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.

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

In our opinion the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements.



**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED) (CONTINUED)**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Alexander Peal BSc (Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of

**James Cowper Kreston**

Chartered Accountants and Statutory Auditor

2 Chawley Park

Cumnor Hill

Oxford

Oxfordshire

OX2 9GG

Date: 22 December 2016

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015**


	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
<b>Turnover</b>			
Group and share of joint ventures' turnover		<b>129,421,180</b>	132,146,461
Less: share of joint ventures' turnover		<b>(2,274,569)</b>	(2,673,938)
<b>Group turnover</b>		<b>127,146,611</b>	129,472,523
Cost of sales		<b>120,545,274)</b>	122,492,817)
<b>Gross profit</b>		<b>6,601,337</b>	6,979,706
Administrative expenses		<b>(7,698,657)</b>	(7,251,687)
Exceptional administrative expenses		-	(1,056,355)
Other operating income	5	<b>165,133</b>	142,305
<b>Operating loss</b>	6	<b>(932,187)</b>	(1,186,031)
Share of profit of joint venture		<b>29,787</b>	139,440
<b>Total operating loss</b>		<b>(902,400)</b>	(1,046,591)
Impairment of fixed assets		<b>(332,573)</b>	(612,694)
Profit on disposal of investment in joint ventures		<b>531,477</b>	-
Interest receivable and similar income	10	<b>140,568</b>	165,212
Interest payable and expenses		<b>(34,492)</b>	(61,984)
<b>Loss before taxation</b>		<b>(597,420)</b>	(1,556,057)
Tax on loss	11	<b>342,171</b>	119,557
<b>Loss for the year</b>		<b>(255,249)</b>	(1,436,500)
<b>Total comprehensive (loss) for the year</b>		<b>(255,249)</b>	(1,436,500)
<b>(Loss) for the year attributable to:</b>			
Owners of the parent Company		<b>(255,249)</b>	(1,436,500)
		<b>(255,249)</b>	(1,436,500)
<b>Total comprehensive (loss) for the year attributable to:</b>			
Owners of the parent Company		<b>(255,249)</b>	(1,436,500)
		<b>(255,249)</b>	(1,436,500)

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**  
**REGISTERED NUMBER: 02050734**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**

	Note	2015 £	2015 £	2014 £	2014 £
<b>Fixed assets</b>					
Intangible assets	14		1,334,006		1,977,227
Tangible assets	15		4,220,987		6,111,509
Investments	16		417,193		398,279
			<u>5,972,186</u>		<u>8,487,015</u>
<b>Current assets</b>					
Stocks	17	250,807		189,959	
Debtors: amounts falling due within one year	18	6,269,864		5,691,844	
Cash at bank and in hand	19	1,723,234		1,341,346	
		<u>8,243,905</u>		<u>7,223,149</u>	
Creditors: amounts falling due within one year	20	(3,110,901)		(3,408,479)	
<b>Net current assets</b>			<u>5,133,004</u>		<u>3,814,670</u>
<b>Total assets less current liabilities</b>			<u>11,105,190</u>		<u>12,301,685</u>
Creditors: amounts falling due after more than one year	21		(259,262)		(669,031)
<b>Provisions for liabilities</b>					
Other provisions	25	-		(531,477)	
			<u>-</u>		<u>(531,477)</u>
<b>Net assets</b>			<u><u>10,845,928</u></u>		<u><u>11,101,177</u></u>
<b>Capital and reserves</b>					
Called up share capital	26		124		124
Profit and loss account	27		10,845,804		11,101,053
<b>Equity attributable to owners of the parent Company</b>			<u>10,845,928</u>		<u>11,101,177</u>
			<u><u>10,845,928</u></u>		<u><u>11,101,177</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
.....  
**I Blackburn**

Director

Date: 19/12/2016

The notes on pages 14 to 36 form part of these financial statements.

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**  
**REGISTERED NUMBER: 02050734**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**

	Note	2015 £	2015 £	2014 £
<b>Fixed assets</b>				
Intangible assets	14	1,255,004		1,898,225
Tangible assets	15	4,220,987		6,111,509
Investments	16	1,315,689		1,326,609
		<u>6,791,680</u>		<u>9,336,343</u>
<b>Current assets</b>				
Stocks	17	35,210	40,993	
Debtors: amounts falling due within one year	18	5,307,036	4,621,795	
Cash at bank and in hand	19	1,437,482	1,321,336	
		<u>6,779,728</u>	<u>5,984,124</u>	
Creditors: amounts falling due within one year	20	<u>(3,016,999)</u>	<u>(3,302,966)</u>	
<b>Net current assets</b>		<u>3,762,729</u>		<u>2,681,158</u>
<b>Total assets less current liabilities</b>		<u>10,554,409</u>		<u>12,017,501</u>
Creditors: amounts falling due after more than one year	21	(259,264)		(669,031)
<b>Net assets</b>		<u><u>10,295,145</u></u>		<u><u>11,348,470</u></u>
<b>Capital and reserves</b>				
Called up share capital	26	124		124
Profit and loss account	27	10,295,021		11,348,346
		<u><u>10,295,145</u></u>		<u><u>11,348,470</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
 .....  
**J Blackburn**

Director

Date: 19/12/2016

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2015	124	11,101,053	11,101,177
Loss for the year	-	(255,249)	(255,249)
<b>At 31 December 2015</b>	<b>124</b>	<b>10,845,804</b>	<b>10,845,928</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2014	124	12,537,553	12,537,677
Loss for the year	-	(1,436,500)	(1,436,500)
<b>At 31 December 2014</b>	<b>124</b>	<b>11,101,053</b>	<b>11,101,177</b>

The notes on pages 14 to 36 form part of these financial statements.

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2015	124	11,348,346	11,348,470
Loss for the year	-	(1,053,325)	(1,053,325)
<b>At 31 December 2015</b>	<b>124</b>	<b>10,295,021</b>	<b>10,295,145</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2014	124	12,749,023	12,749,147
Loss for the year	-	(1,400,677)	(1,400,677)
<b>At 31 December 2014</b>	<b>124</b>	<b>11,348,346</b>	<b>11,348,470</b>

The notes on pages 14 to 36 form part of these financial statements.

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 £	2014 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(255,249)	(1,436,500)
<b>Adjustments for:</b>		
Amortisation of intangible assets	687,910	882,391
Depreciation of tangible assets	909,988	991,669
Impairments of fixed assets	332,573	612,694
Loss/(profit) on disposal of tangible assets	108,617	(60,747)
Interest paid	34,492	61,984
Interest received	(140,567)	(165,212)
Taxation	(342,171)	(119,557)
(Increase)/decrease in stocks	(60,848)	62,839
Decrease in debtors	102,051	1,093,665
Increase/(decrease) in creditors	278,614	(630,478)
Increase in provisions	-	(652,613)
Share of operating profit in joint ventures	(29,787)	(139,440)
Corporation tax	(3,241)	536,158
Profit on disposal of joint venture	(531,477)	-
<b>Net cash generated from operating activities</b>	<b>1,090,905</b>	<b>1,036,853</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(44,688)	(3,726)
Sale of intangible assets	-	96,395
Purchase of tangible fixed assets	(157,663)	(635,165)
Sale of tangible fixed assets	697,007	(39)
Sale of fixed asset investments	-	9,000
Interest received	140,520	164,020
Dividends received	-	44,343
Deferred acquisition payments	(600,000)	(600,000)
Loans made to related companies	(315,440)	(513,748)
Loans repaid by joint venturers	15,508	137,845
<b>Net cash from investing activities</b>	<b>(264,756)</b>	<b>(1,301,075)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(409,769)	(400,793)
Loans due from/(repaid to) directors	-	(48,019)
Interest paid	(34,492)	(53,446)
<b>Net cash used in financing activities</b>	<b>(444,261)</b>	<b>(502,258)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>381,888</b>	<b>(766,480)</b>
Cash and cash equivalents at beginning of year	1,341,346	2,107,826

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>2015 £</b>	<b>2014 £</b>
<b>Cash and cash equivalents at the end of year</b>	<b>1,723,234</b>	<b>1,341,346</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<b>1,723,234</b>	<b>1,341,346</b>
	<b>1,723,234</b>	<b>1,341,346</b>



## **MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

#### **1. General information**

Megabet UK Ltd. (Formerly Stanjames (Abingdon) Limited) is a private company limited by share capital and incorporated in England and Wales. The group operates from a number of sites throughout the UK. The principal activity of the group is that of off-course bookmaking.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 34.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 Basis of consolidation**

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2014.

##### **2.3 Associates and joint ventures**

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**2. Accounting policies (continued)**

**2.4 Going concern**

The group made a loss before tax of £597,420 (2014: £1,556,057) due mainly to exceptional write downs of tangible fixed assets and high levels of depreciation and amortisation. Given the high level of goodwill amortisation from the relatively large acquisition in 2010 and 2012, the board consider EBITDA and cash generation to be key financial performance indicators of the group. During the year, excluding exceptional items, the group generated EBITDA of £710,108 (2014: £1,906,999), cash from operating activities of £1,090,905 (2014: £1,036,853) and at the year end had net assets of £10,845,928.

Post year end the group has disposed of its head office at Grove and in the process repaid its external bank debt. The group has also received confirmation of additional funding which has been made available from the ultimate shareholders in order to fund the rebranding exercise required following the disposal of Stanjames Plc's assets to Unibet and has also received additional funding in order to acquire 37 further shops from Ladbrokes/Coral which, the directors believe, will increase the shop contribution with a minimal increase in central costs.

For the above reasons the directors believe that it is appropriate for the accounts to be prepared on a going concern basis.

**2.5 Revenue**

Revenue represents stakes received by the company in respect of bookmaking transactions placed on events which occurred before the period end less void bets and non runners.

Stakes received are not recognised as turnover until the result of the event(s) on which the stake is placed is known. The amount is included as deferred income until this time. This policy is considered reasonable as it matches the stake with any payout made.

**2.6 Intangible assets**

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life, which is considered to be 5 years.

**2.7 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**2. Accounting policies (continued)**

**2.7 Tangible fixed assets (continued)**

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

The estimated useful lives range as follows:

Freehold property	- 2% straight line
Short-term leasehold property	- Over the period of the lease and over a period of 15 years for improvements
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 12.5% to 20% straight line
Computer equipment	- 25% straight line

**2.8 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**2.9 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**2.10 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.11 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

## **MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

#### **2. Accounting policies (continued)**

##### **2.12 Bloodstock**

Bloodstock is included at the lower of cost or valuation at the balance sheet date.

The cost of the homebred foals is determined as the aggregate of the cost of keep of the broodmares for one year and the cost of the nomination.

The costs of the foals and yearlings is increased by the cost of keep from the date of weaning, which is assumed to be 1 October, until the earlier of the date of transfer to training or 30 June of the year in which the horse reaches two years of age.

##### **2.13 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

##### **2.14 Financial instruments**

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**2. Accounting policies (continued)**

**2.14 Financial instruments (continued)**

**2.15 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.16 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**2.17 Finance costs**

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**2. Accounting policies (continued)**

**2.18 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**2.19 Leased assets: the Group as lessee**

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the consolidated statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.20 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

**2.21 Onerous leases**

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

**2.22 Interest income**

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

**2.23 Borrowing costs**

All borrowing costs are recognised in the consolidated statement of comprehensive income in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**2. Accounting policies (continued)**

**2.24 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

**2.25 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.26 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

**Taxation**

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience with previous tax submissions. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

**Tangible Fixed Assets**

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

**Goodwill**

The company establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the assets to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

**Provisions**

Provisions are estimated by the company based upon past experiences from similar contracts and with knowledge of known issues that management are confident will result in an outflow of economic benefit from the company.

**4. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Breeding and training of racehorses	<b>475,125</b>	258,326
Shop betting	<b>126,671,486</b>	129,214,197
	<b>127,146,611</b>	<b>129,472,523</b>

All turnover arose within the United Kingdom.



**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**5. Other operating income**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Other operating income	<b>44,062</b>	41,961
Net rents receivable	<b>111,711</b>	86,271
Fees receivable	<b>9,360</b>	14,073
	<b>165,133</b>	142,305

**6. Operating loss**

The operating loss is stated after charging:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	<b>909,988</b>	991,669
Impairment of tangible fixed assets	<b>332,573</b>	-
Amortisation of intangible assets, including goodwill	<b>687,909</b>	884,461
Impairment of intangible assets	-	612,694
Exchange differences	<b>150,229</b>	133,030
Other operating lease rentals	<b>2,048,451</b>	2,004,310
Defined contribution pension cost	<b>44,856</b>	32,748

**7. Auditor's remuneration**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	<b>38,500</b>	37,600
	<b>38,500</b>	37,600
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
The auditing of accounts of associates of the Group pursuant to legislation	-	3,000
Other services relating to taxation	<b>7,000</b>	8,865
All other services	<b>2,000</b>	-
	<b>9,000</b>	11,865

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**8. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>5,446,797</b>	5,368,958
Social security costs	<b>383,345</b>	389,147
Cost of defined contribution scheme	<b>44,856</b>	32,748
	<b><u>5,874,998</u></b>	<b><u>5,790,853</u></b>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
Administration and head office	<b>11</b>	13
Sales	<b>409</b>	410
	<b><u>420</u></b>	<b><u>423</u></b>

**9. Directors' remuneration**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>302,402</b>	294,824
Company contributions to defined contribution pension schemes	<b>-</b>	6,481
	<b><u>302,402</u></b>	<b><u>301,305</u></b>

During the year retirement benefits were accruing to 2 directors (2014 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £111,098 (2014 - £109,652).

**10. Interest receivable**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Share of joint ventures' interest receivable	<b>47</b>	1,192
Other interest receivable	<b>140,521</b>	164,020
	<b><u>140,568</u></b>	<b><u>165,212</u></b>

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**11. Taxation**

	<b>2015 £</b>	<b>2014 £</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<u>2,047</u>	<u>12,297</u>
	<u>2,047</u>	<u>12,297</u>
Share of joint ventures' current tax	<u>-</u>	<u>61,182</u>
	<u>2,047</u>	<u>73,479</u>
<b>Total current tax</b>	<u><u>2,047</u></u>	<u><u>73,479</u></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(171,827)</u>	<u>(111,670)</u>
Effect of decreased tax rate on opening liability	<u>22,698</u>	<u>(3,989)</u>
Adjustment in respect of prior periods	<u>(195,089)</u>	<u>(77,377)</u>
<b>Total deferred tax</b>	<u><u>(344,218)</u></u>	<u><u>(193,036)</u></u>
<b>Taxation on loss on ordinary activities</b>	<u><u>(342,171)</u></u>	<u><u>(119,557)</u></u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014 - 20%). The differences are explained below:

	<b>2015 £</b>	<b>2014 £</b>
Profit on ordinary activities before tax	<u>(597,420)</u>	<u>(1,556,057)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 20%)	<u>(120,978)</u>	<u>(311,211)</u>
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	-	209,653
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<u>19,020</u>	<u>5,215</u>
Fixed asset differences	<u>114,915</u>	<u>(11,603)</u>
Utilisation of tax losses	<u>(49,020)</u>	<u>-</u>
Higher rate taxes on overseas earnings	<u>(3,395)</u>	<u>(10,275)</u>
Adjustments to deferred tax in respect of prior periods	<u>(195,089)</u>	<u>-</u>
Non taxable profit on disposal of joint venture	<u>(107,624)</u>	<u>-</u>
Other differences leading to an increase (decrease) in the tax charge	<u>-</u>	<u>(1,336)</u>
<b>Total tax charge for the year</b>	<u><u>(342,171)</u></u>	<u><u>(119,557)</u></u>

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**11. Taxation (continued)**

**Factors that may affect future tax charges**

Legislation has been passed to reduce the rate of UK corporation tax to 19% from 1 April 2017 and 17% from 1 April 2020. However, these rates were substantially enacted at the balance sheet date and are reflected in the measurement of deferred tax in these financial statements. The future impact of the changes on the deferred tax liability is not considered material.

**12. Exceptional administrative items**

	<b>2015 £</b>	<b>2014 £</b>
Provision against amounts owed by joint ventures	-	1,056,355
	<u>-</u>	<u>1,056,355</u>

**13. Parent company profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £1,053,325 (2014 - loss £1,400,677).

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**14. Intangible assets**

**Group**

	<b>Licenses £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2015	685,674	7,753,587	8,439,261
Additions	44,688	-	44,688
Disposals	-	(402,434)	(402,434)
At 31 December 2015	<u>730,362</u>	<u>7,351,153</u>	<u>8,081,515</u>
<b>Amortisation</b>			
At 1 January 2015	500,000	5,962,034	6,462,034
Charge for the year	22,222	665,687	687,909
On disposals	-	(402,434)	(402,434)
At 31 December 2015	<u>522,222</u>	<u>6,225,287</u>	<u>6,747,509</u>
<b>Net book value</b>			
At 31 December 2015	<u>208,140</u>	<u>1,125,866</u>	<u>1,334,006</u>
At 31 December 2014	<u>185,674</u>	<u>1,791,553</u>	<u>1,977,227</u>

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**14. Intangible assets (continued)**

**Company**

	<b>Licenses £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2015	685,674	7,674,585	8,360,259
Additions	44,688	-	44,688
Disposals	-	(402,434)	(402,434)
At 31 December 2015	<u>730,362</u>	<u>7,272,151</u>	<u>8,002,513</u>
<b>Amortisation</b>			
At 1 January 2015	500,000	5,962,034	6,462,034
Charge for the year	22,222	665,687	687,909
On disposals	-	(402,434)	(402,434)
At 31 December 2015	<u>522,222</u>	<u>6,225,287</u>	<u>6,747,509</u>
<b>Net book value</b>			
At 31 December 2015	<u><u>208,140</u></u>	<u><u>1,046,864</u></u>	<u><u>1,255,004</u></u>
At 31 December 2014	<u><u>185,674</u></u>	<u><u>1,712,551</u></u>	<u><u>1,898,225</u></u>

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**15. Tangible fixed assets**

**Group**

	<b>Freehold property £</b>	<b>Short-term leasehold property £</b>	<b>Motor vehicles £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>						
At 1 January 2015	3,267,980	862,012	184,272	4,912,334	1,829,077	11,055,675
Additions	-	3,569	-	93,373	60,721	157,663
Disposals	(704,860)	(51,076)	(27,771)	(124,781)	(44,888)	(953,376)
At 31 December 2015	<u>2,563,120</u>	<u>814,505</u>	<u>156,501</u>	<u>4,880,926</u>	<u>1,844,910</u>	<u>10,259,962</u>
<b>Depreciation</b>						
At 1 January 2015	623,997	564,898	113,736	2,508,982	1,132,553	4,944,166
Charge for period on owned assets	53,056	34,512	38,257	478,517	305,646	909,988
Disposals	(28,472)	-	(27,771)	(55,961)	(35,548)	(147,752)
Impairment charge	310,631	-	-	15,293	6,649	332,573
At 31 December 2015	<u>959,212</u>	<u>599,410</u>	<u>124,222</u>	<u>2,946,831</u>	<u>1,409,300</u>	<u>6,038,975</u>
<b>Net book value</b>						
At 31 December 2015	<u>1,603,908</u>	<u>215,095</u>	<u>32,279</u>	<u>1,934,095</u>	<u>435,610</u>	<u>4,220,987</u>
At 31 December 2014	<u>2,643,983</u>	<u>297,114</u>	<u>70,536</u>	<u>2,403,352</u>	<u>696,524</u>	<u>6,111,509</u>

The net book value of land and buildings may be further analysed as follows:

	<b>2015 £</b>	<b>2014 £</b>
Freehold	1,603,908	2,643,983
Short leasehold	215,095	297,114
	<u>1,819,003</u>	<u>2,941,097</u>

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

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**Company**

	<b>Freehold property £</b>	<b>Short-term leasehold property £</b>	<b>Motor vehicles £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>						
At 1 January 2015	3,267,980	862,012	184,272	4,912,334	1,829,077	11,055,675
Additions	-	3,569	-	93,373	60,721	157,663
Disposals	(704,860)	(51,076)	(27,771)	(124,781)	(44,888)	(953,376)
At 31 December 2015	<u>2,563,120</u>	<u>814,505</u>	<u>156,501</u>	<u>4,880,926</u>	<u>1,844,910</u>	<u>10,259,962</u>
<b>Depreciation</b>						
At 1 January 2015	623,997	564,898	113,736	2,508,982	1,132,553	4,944,166
Charge for period on owned assets	53,056	34,512	38,257	478,517	305,646	909,988
Disposals	(28,472)	-	(27,771)	(55,961)	(35,548)	(147,752)
Impairment charge	310,631	-	-	15,293	6,649	332,573
At 31 December 2015	<u>959,212</u>	<u>599,410</u>	<u>124,222</u>	<u>2,946,831</u>	<u>1,409,300</u>	<u>6,038,975</u>
At 31 December 2015	<u><u>1,603,908</u></u>	<u><u>215,095</u></u>	<u><u>32,279</u></u>	<u><u>1,934,095</u></u>	<u><u>435,610</u></u>	<u><u>4,220,987</u></u>
At 31 December 2014	<u><u>2,643,983</u></u>	<u><u>297,114</u></u>	<u><u>70,536</u></u>	<u><u>2,403,352</u></u>	<u><u>696,524</u></u>	<u><u>6,111,509</u></u>

The net book value of land and buildings may be further analysed as follows:

	<b>2015 £</b>	<b>2014 £</b>
Freehold	1,603,908	2,643,983
Short leasehold	215,095	297,114
	<u><u>1,819,003</u></u>	<u><u>2,941,097</u></u>



**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
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**16. Fixed asset investments**

**Group**

	<b>Investments in subsidiary companies £</b>	<b>Listed investments £</b>	<b>Investment in joint ventures £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 January 2015	<b>36,000</b>	<b>34,033</b>	<b>328,246</b>	<b>398,279</b>
Disposals	-	-	<b>(10,920)</b>	<b>(10,920)</b>
Share of profit/(loss)	-	-	<b>29,834</b>	<b>29,834</b>
At 31 December 2015	<b>36,000</b>	<b>34,033</b>	<b>347,160</b>	<b>417,193</b>

**Net book value**

At 31 December 2015	<b>36,000</b>	<b>34,033</b>	<b>347,160</b>	<b>417,193</b>
At 31 December 2014	36,000	34,033	328,246	398,279

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Wansdyke Farms Ltd	UK	Ordinary	100 %	Breeding and training of racehorses

**Listed investments**

The fair value of the listed investments at 31 December 2015 was £91,974 (2014 - £70,329).

**Participating interests**

**Joint ventures**

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Betkick Sportwetten Service GmbH	Germany	Ordinary	50%	Bookmaking

**Company**

	<b>Investments in subsidiary companies £</b>	<b>Investment in joint ventures £</b>	<b>Total £</b>
<b>Cost or valuation</b>			

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

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**16. Fixed asset investments (continued)**

At 1 January 2015	8,988,761	105,672	9,094,433
Disposals	-	(10,920)	(10,920)
At 31 December 2015	<u>8,988,761</u>	<u>94,752</u>	<u>9,083,513</u>
<b>Impairment</b>			
At 1 January 2015	<u>7,767,824</u>	-	<u>7,767,824</u>
At 31 December 2015	<u>7,767,824</u>	-	<u>7,767,824</u>
<b>Net book value</b>			
At 31 December 2015	<u>1,220,937</u>	<u>94,752</u>	<u>1,315,689</u>
	<u>1,220,937</u>	<u>105,672</u>	<u>1,326,609</u>
At 31 December 2014			

**17. Stocks**

	<b>Group 2015 £</b>	<b>Group 2014 £</b>	<b>Company 2015 £</b>	<b>Company 2014 £</b>
Consumables	35,210	40,993	35,210	40,993
Bloodstock	215,597	148,966	-	-
	<u>250,807</u>	<u>189,959</u>	<u>35,210</u>	<u>40,993</u>

**18. Debtors**

	<b>Group 2015 £</b>	<b>Group 2014 £</b>	<b>Company 2015 £</b>	<b>Company 2014 £</b>
Trade debtors	21,239	44,121	1,438	2,541
Amounts owed by group undertakings	-	-	174,385	89,686
Amounts owed by joint ventures and associated undertakings	372,944	388,452	372,944	363,452
Other debtors	4,593,392	4,355,608	3,555,129	3,294,462
Prepayments and accrued income	906,180	871,772	827,031	839,763
Deferred taxation	376,109	31,891	376,109	31,891
	<u>6,269,864</u>	<u>5,691,844</u>	<u>5,307,036</u>	<u>4,621,795</u>

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Debtors (continued)**

Included within other debtors are loans made to companies controlled by S D Fisher, a director and shareholder, of £4,376,272 (2014: £3,724,627) which have no set repayment terms and there is some uncertainty as to whether these would be recovered within 12 months of the balance sheet date. The directors are confident that these balances will be recovered in full and that it is possible this would be within 12 months of the balance sheet date.

**19. Cash and cash equivalents**

	<b>Group 2015 £</b>	<b>Group 2014 £</b>	<b>Company 2015 £</b>	<b>Company 2014 £</b>
Cash at bank and in hand	<b>1,723,234</b>	1,341,346	<b>1,437,482</b>	1,321,336
	<b>1,723,234</b>	1,341,346	<b>1,437,482</b>	1,321,336

**20. Creditors: Amounts falling due within one year**

	<b>Group 2015 £</b>	<b>Group 2014 £</b>	<b>Company 2015 £</b>	<b>Company 2014 £</b>
Bank loans	<b>400,000</b>	400,000	<b>400,000</b>	400,000
Trade creditors	<b>1,006,140</b>	821,711	<b>899,450</b>	768,535
Amounts owed to group undertakings	-	-	<b>30,078</b>	30,696
Amounts owed to other participating interests	<b>25,000</b>	-	<b>25,000</b>	-
Corporation tax	<b>5,650</b>	6,844	<b>3,603</b>	6,844
Taxation and social security	<b>843,683</b>	688,924	<b>843,683</b>	641,224
Other creditors	<b>417,064</b>	996,918	<b>417,063</b>	971,918
Accruals and deferred income	<b>413,364</b>	494,082	<b>398,122</b>	483,749
	<b>3,110,901</b>	3,408,479	<b>3,016,999</b>	3,302,966

Bank loans and overdrafts are secured by way of a fixed and floating charge over various freehold property owned by the group and by a limited personal guarantee of £600,000 provided by S D Fisher.

**21. Creditors: Amounts falling due after more than one year**

	<b>Group 2015 £</b>	<b>Group 2014 £</b>	<b>Company 2015 £</b>	<b>Company 2014 £</b>
Bank loans	<b>259,262</b>	669,031	<b>259,264</b>	669,031
	<b>259,262</b>	669,031	<b>259,264</b>	669,031

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**22. Loans**

	<b>Group 2015 £</b>	<b>Group 2014 £</b>	<b>Company 2015 £</b>	<b>Company 2014 £</b>
<b>Amounts falling due within one year</b>				
Bank loans	<b>400,000</b>	400,000	<b>400,000</b>	400,000
	<b>400,000</b>	400,000	<b>400,000</b>	400,000
<b>Amounts falling due 2-5 years</b>				
Bank loans	<b>259,262</b>	669,031	<b>259,262</b>	669,031
	<b>659,262</b>	1,069,031	<b>659,262</b>	1,069,031

**23. Financial instruments**

	<b>Group 2015 £</b>	<b>Group 2014 £</b>	<b>Company 2015 £</b>	<b>Company 2014 £</b>
<b>Financial assets</b>				
Cash and cash equivalents	<b>1,723,234</b>	1,341,346	<b>1,437,482</b>	1,321,336
Financial assets that are debt instruments measured at amortised cost	<b>4,987,575</b>	4,788,181	<b>4,103,896</b>	3,750,141
	<b>6,710,809</b>	6,129,527	<b>5,541,378</b>	5,071,477
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<b>(2,505,588)</b>	(3,346,340)	<b>(2,428,976)</b>	(3,323,929)
	<b>(2,505,588)</b>	(3,346,340)	<b>(2,428,976)</b>	(3,323,929)

The group utilises a number of different financial instruments including bank current accounts and trade and other payables. The group utilises a bank loan facility that is repayable over 5 years. This bank loan has been subsequently repaid post year end.

The group also utilises a number of financial assets including trade and other debtors.

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**24. Deferred taxation**

**Group**

	<b>2015 £</b>
At beginning of year	<b>31,891</b>
Charged to the profit or loss	<b>344,218</b>
<b>At end of year</b>	<b>376,109</b>

**Company**

	<b>2015 £</b>
At beginning of year	<b>31,891</b>
Charged to the profit or loss	<b>344,218</b>
<b>At end of year</b>	<b>376,109</b>

	<b>Group 2015</b>	<b>Company 2015</b>
Accelerated capital allowances	<b>39,495</b>	<b>39,495</b>
Tax losses carried forward	<b>335,580</b>	<b>335,580</b>
Pension surplus	<b>1,034</b>	<b>1,034</b>
	<b>376,109</b>	<b>376,109</b>

**25 Provisions**

**Group**

	<b>Provision for joint venture deficit £</b>
At 1 January 2015	<b>531,477</b>
Utilised in year	<b>(531,477)</b>
<b>At 31 December 2015</b>	<b>-</b>

Previously the group accounted for the share of net liabilities of a joint venture as a provision. The joint venture was disposed of on 1 January 2015.

**MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
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**26. Share capital**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
124 Ordinary Shares shares of £1 each	<b>124</b>	<b>124</b>
	<u>124</u>	<u>124</u>

**27. Reserves**

**Profit and loss account**

The profit and loss account represents cumulative profits available for distribution.

**28. Pension commitments**

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £44,856 (2014 - £32,748). Contributions totalling £11,684 (2014 - £7,552) were payable to the fund at the balance sheet date.

**29. Commitments under operating leases**

At 31 December 2015 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Not later than 1 year	<b>1,712,248</b>	1,739,835	<b>1,712,248</b>	1,739,835
Later than 1 year and not later than 5 years	<b>4,774,456</b>	5,386,748	<b>4,774,456</b>	5,386,748
Later than 5 years	<b>1,978,423</b>	2,849,329	<b>1,978,423</b>	2,849,329
	<u><b>8,465,127</b></u>	<u>9,975,912</u>	<u><b>8,465,127</b></u>	<u>9,975,912</u>

**30. Transactions with directors**

At the year end the director S D Fisher owed the company £32,273 (2014: £68,991) and the maximum outstanding during the year was £68,991. The amount is repayable on demand.

## **MEGABET UK LTD. (FORMERLY STANJAMES (ABINGDON) LIMITED)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

#### **31. Related party transactions**

During the year the group charged Sherif Ltd (Formerly Stanjames Plc), a company related by common control, recharged costs of £nil (2014: £409,951) and at the year end a balance of £357,085 (2014: £465,815) was owed to the group by Sherif Ltd and interest of £nil (2014: £31,920) was charged to Sherif Ltd in respect of this outstanding balance.

At the year end a balance of £788,567 (2014: £822,244) was owed to the group by Stanjames (Cyprus) Limited, a company controlled by S D Fisher. Interest is charged on the outstanding balance of 4.3% and totalled £30,622 (2014: £NIL).

At the year end £194,196 (2014: £200,783) was owed by Trustfulgames.com Limited, a company incorporated in Malta controlled by S D Fisher. Interest is charged on the outstanding balance at rates of 1.5% to 4.3% and totalled £4,026 (2014: £4,515).

At the year end £2,974,086 (2014: £2,658,413) was owed by Sporting Investments Limited, a company incorporated in Malta in which S D Fisher is a shareholder. Interest is charged on the outstanding balance at rates ranging from 3.75 - 4.5% and totalled £105,260 (2014: £87,154).

At the year end a balance of £372,944 (2014: £388,452) was owed to Stanjames (Abingdon) Limited from Betkick Sportwettenservice GmbH, a company incorporated in Austria in which Stanjames (Abingdon) Limited has a 50% stake. Interest is charged on the outstanding balance at 1.5% and totalled £5,002 (2014: £5,614).

During the year the group advanced cash totalling £nil (2014: £50,000) to Stanjames Betting (Pty) Limited, a company incorporated in South Africa in which S D Fisher has a 50% stake. Interest is charged on the outstanding balance at 1.5% and totalled £nil (2014: £14,025). At the year end a balance of £1,056,355 (2014: £1,056,355) was owed to Stanjames (Abingdon) Limited. The directors considered the recoverability of this debt in the prior year at the year end a provision of £1,056,355 had been made against this debtor as the directors believe that the prospect of recovery is remote at the present time.

#### **32. Post balance sheet event**

On 15 October 2016 the group acquired a further 37 shops from Ladbrokes Betting and Gaming Limited and Coral Racing Limited for a consideration of £500,000 payable in cash on completion. This acquisition extends the group's geographical reach throughout the United Kingdom.

#### **33. Controlling party**

The ultimate parent company and controlling party at the balance sheet date was PFDF Holdings Ltd, a company incorporated in Gibraltar, by virtue of its majority shareholding in Stanjames (Abingdon) Limited.

The parent of the largest and smallest group for which group accounts including Stanjames (Abingdon) Limited are drawn up is PFDF Holdings Ltd. Copies of these accounts may be obtained from the registered office.

#### **34. First time adoption of FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.