
**MAGELLAN ROBOTECH LIMITED (FORMERLY STANLEY
INTERNATIONAL BETTING LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



MAGELLAN ROBOTECH LIMITED (FORMERLY STANLEY INTERNATIONAL BETTING LIMITED)

COMPANY INFORMATION

Directors	J Whittaker G Garrisi W L Bland
Registered number	03357517
Registered office	Exchange Station Tithebarn Street Liverpool L2 2QP

MAGELLAN ROBOTECH LIMITED (FORMERLY STANLEY INTERNATIONAL BETTING LIMITED)

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MAGELLAN ROBOTECH LIMITED (FORMERLY STANLEY INTERNATIONAL BETTING LIMITED)

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The directors present their Strategic Report for Magellan Robotech Limited for the year ended 31 December 2018. The Company changed its name from Stanley International Betting Limited to Magellan Robotech Limited on 2 January 2018.

The Company's principal activity during 2017 was the provision of corporate services and software to other companies in the Stanleybet Holdings Limited group.

In 2018 the Company was repositioned as a B2B supplier of betting services, using its inhouse developed software and other resources, to B2C gaming operators. The Company also acts as a holding company for a number of other companies in the Stanleybet Holdings Limited group.

Business review

At £11,292,000, turnover decreased by £2,864,000 on the prior year representing a decrease of 20% (2017: £14,156,000). This was as a result of a group reorganisation of the Company's activities, which reduced the nature, range and value of the supplies of the Company.

Operating profit fell to £725,000 in the current year (2017: £1,299,000). This fall was driven by the change in activity in 2018.

Profit before tax was £3,879,000 (2017: £1,298,000) £2,581,000 higher than 2017, largely as a result of the receipt of dividends from its investments in other companies in the Stanleybet Holdings Limited group. Dividends received in 2018 were £3,154,000 (2017: £Nil).

Profit after tax was £3,820,000 (2017: £1,116,000) £2,704,000 higher than 2017.

Net assets increased by £824,000 during the year to £2,472,000, an increase of 50% on the prior year (2017: £1,648,000). This was as a result of better working capital management leading to a reduction in creditors balances, partly offset by a decrease in debtors.

As a result of the above, the solvency position of the Company improved year on year and the balance sheet looks stable and positioned to support the activities of the Company.

MAGELLAN ROBOTECH LIMITED (FORMERLY STANLEY INTERNATIONAL BETTING LIMITED)

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Principal risks and uncertainties

The Company is exposed to a number of risks and uncertainties common to a supplier of betting services to the gaming sector:

Volume risk

Volume risk arises as a result of the possibility that the Company's customers may be enticed by competitors in the sector. There is also a risk that the Company may be ineffective at attracting new and/or retaining existing customers.

Margin risk

The Company's profitability largely depends on the underlying performance of its customers. This is because of the primary pricing model that the Company employs, whereby it takes a percentage based commission on its customers' net gaming revenue. The gaming revenue of an operator can be volatile given its dependence on the outcome of sporting and other events.

Regulatory risk

Regulatory, legislative and fiscal requirements for gaming can change, sometimes at short notice, which may have an impact on the Company's results. Compliance with new laws and regulations may also result in additional costs. Key markets are closely monitored for possible changes in regulations and legislation, enabling appropriate action to be taken to assess and / or implement changes where necessary.

Technology risk

A failure in the technology that the Company employs may impact the Company's ability to generate income which in turn could negatively impact results. To mitigate this risk, the Company continually invests in technology across the business.

Foreign exchange risk

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities which are denominated in currencies that are not the Company's functional currency, principally Euro. The directors consider that the Company's exposure to adverse fluctuations in foreign currency exchange rate at the end of the reporting period to be significant. The Company hedges against foreign exchange risk.

Financial key performance indicators

The Company's strategy is one of growth with improved profitability. The directors monitor progress against this strategy by reference to two KPIs. Performance for the year together with comparative data is as follows:

	2018	2017
(Decrease)/Increase in turnover	(20%)	12%
Decrease in operating profit	(£574,000)	(£1,004,000)

MAGELLAN ROBOTECH LIMITED (FORMERLY STANLEY INTERNATIONAL BETTING LIMITED)

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

This report was approved by the Board on 26 September 2019 and signed on its behalf.



J Whittaker
Director

MAGELLAN ROBOTECH LIMITED (FORMERLY STANLEY INTERNATIONAL BETTING LIMITED)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Results and dividends

The profit for the year, after taxation, amounted to £3,820,000 (2017 - £1,116,000).

The directors declared a dividend of £3,000,000 (2017: £1,500,000) during the year.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

J Whittaker
G Garrisi
W L Bland

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

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Future developments

The Company continues to improve the software which it owns and which is used by other group companies and considers that this will allow the group companies to expand their activities from which the Company will benefit.

Disabled employees

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee consultation

The Company recognises that the success of its business is fundamentally linked to the contribution made by its employees. The Company strives to attract, motivate and retain quality employees by offering competitive salary and benefit packages, investing in employee development and training programmes and encouraging employee involvement and communication.

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, as well as internal communications.

Branches

The Company has a foreign branch outside of the UK but as noted in note 4, the directors' disclosure of turnover by geographical area would be seriously prejudicial to the interest of the Company and accordingly the directors have taken advantage of the exemption conferred by paragraph 68(5) of Schedule 1 to Statutory Instrument 2008/410 and have not disclosed this information.

Disclosure of information to auditors

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's auditors are 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's auditors are aware of that information.

Post balance sheet events

There were no post balance sheet events requiring disclosure.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

MAGELLAN ROBOTECH LIMITED (FORMERLY STANLEY INTERNATIONAL BETTING LIMITED)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

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



J Whittaker
Director

Date: 26 September 2019

Independent auditors' report to the members of Magellan Robotech Limited

Report on the audit of the financial statements

Opinion

In our opinion, Magellan Robotech Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

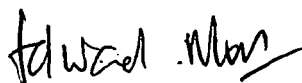
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Edward Moss (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
26 September 2019

MAGELLAN ROBOTECH LIMITED (FORMERLY STANLEY INTERNATIONAL BETTING LIMITED)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover	4	11,292	14,156
Cost of sales		(7,257)	(10,773)
Gross profit		4,035	3,383
Administrative expenses		(3,310)	(2,084)
Operating profit	5	725	1,299
Income from other fixed asset investments	8	3,154	-
Interest payable and similar expenses	9	-	(1)
Profit before taxation		3,879	1,298
Tax on profit	10	(59)	(182)
Profit for the financial year		3,820	1,116
Currency translation differences		4	-
Other comprehensive income for the year		4	-
Total comprehensive income for the year		3,824	1,116

The notes on pages 12 to 23 form part of these financial statements.

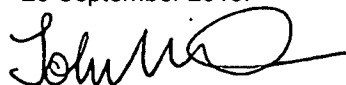
There were no other forms of comprehensive income for 2018 (2017: £Nil).

MAGELLAN ROBOTECH LIMITED (FORMERLY STANLEY INTERNATIONAL BETTING LIMITED)
REGISTERED NUMBER: 03357517

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	12	880	2,451
		<u>880</u>	<u>2,451</u>
Current assets			
Debtors: amounts falling due within one year	13	6,939	8,382
Cash at bank and in hand	14	395	774
		<u>7,334</u>	<u>9,156</u>
Creditors: amounts falling due within one year	15	(5,742)	(9,959)
Net current assets/(liabilities)		<u>1,592</u>	<u>(803)</u>
Total assets less current liabilities		<u>2,472</u>	<u>1,648</u>
Net assets		<u>2,472</u>	<u>1,648</u>
Capital and reserves			
Called up share capital	17	40	40
Foreign exchange reserve		4	-
Profit and loss account		2,428	1,608
Total equity		<u>2,472</u>	<u>1,648</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 26 September 2019.



J Whittaker

Director

The notes on pages 12 to 23 form part of these financial statements.

MAGELLAN ROBOTECH LIMITED (FORMERLY STANLEY INTERNATIONAL BETTING LIMITED)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £000	Foreign exchange reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2017	40	-	1,992	2,032
Comprehensive income for the year				
Profit for the year	-	-	1,116	1,116
Total comprehensive income for the year	-	-	1,116	1,116
Dividends: Equity capital	-	-	(1,500)	(1,500)
Total transactions with owners	-	-	(1,500)	(1,500)
At 1 January 2018	40	-	1,608	1,648
Comprehensive income for the year				
Profit for the year	-	-	3,820	3,820
Currency translation differences	-	4	-	4
Other comprehensive income for the year	-	4	-	4
Total comprehensive income for the year	-	4	3,820	3,824
Dividends: Equity capital	-	-	(3,000)	(3,000)
Total transactions with owners	-	-	(3,000)	(3,000)
At 31 December 2018	40	4	2,428	2,472

The notes on pages 12 to 23 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

Magellan Robotech Limited is a private company limited by shares incorporated in the United Kingdom.

The registered office address of Magellan Robotech Limited is Exchange Station, Tithebarn Street, Liverpool, L2 2QP, United Kingdom.

The Company's principal activity during 2017 was the provision of corporate services and software to other companies in the Stanleybet Holdings Limited group.

In 2018 the Company was repositioned as a B2B supplier of betting services, using its inhouse developed software and other resources, to B2C gaming operators. The Company also acts as a holding company for a number of other companies in the Stanleybet Holdings Limited group.

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.

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

The following principal accounting policies have been consistently applied to all the years presented, other than where new policies have been adopted:

2.2 Disclosure exemptions

The Company is a wholly owned subsidiary of Stanleybet Holdings Limited and is included in the consolidated financial statements of Stanleybet Holdings Limited, which are publicly available. Consequently, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows'
- Section 11 'Basic Financial Instruments'
- Section 33 'Related Party Disclosures'.

2.3 Turnover

Turnover principally represents service fee income in the normal course of business. Turnover is only recognised once the right to consideration has been earned, in line with the contractual obligations of the service agreement in place, and on an accruals basis.

2.4 Exceptional items

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.5 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	25% per annum straight-line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.6 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 (CGU's). 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.

2.7 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.

2.8 Cash

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.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the year. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. All foreign exchange differences have been taken to the Statement of Comprehensive Income in the year.

2.11 Finance costs

Finance costs are charged to the income statement 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.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.13 Operating leases

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

2.14 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the 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 Company in independently administered funds.

2.15 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 operates and generates 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.

3. Significant judgment and estimates

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property, plant and equipment, and note 2.6 for the useful economic lives for each class of assets.

Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors.

MAGELLAN ROBOTECH LIMITED (FORMERLY STANLEY INTERNATIONAL BETTING LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Turnover

All of the Company's business falls within a single class of activity.

In the opinion of the directors disclosure of turnover by geographical area would be seriously prejudicial to the interests of the Company and accordingly the directors have taken advantage of the exemption conferred by paragraph 68(5) of Schedule 1 to Statutory Instrument 2008/410 and have not disclosed this information.

5. Operating profit

The operating profit is stated after charging/(crediting):

	2018	2017
	£000	£000
Depreciation of tangible fixed assets	557	455
Impairment of tangible fixed assets	(85)	-
Operating lease rentals - land and buildings	324	436
Operating lease rentals - other	13	8
Gains on foreign exchange	-	(56)
Amortisation of intangible assets	-	3
Fees payable to the Company's auditors and their associates in respect of:		
Fees payable for the statutory audit	9	14
Fees payable for taxation/other services	-	66
	(9)	(80)

No fees for non-audit services were paid to the Company's auditors during the year (2017: £66,000).

MAGELLAN ROBOTECH LIMITED (FORMERLY STANLEY INTERNATIONAL BETTING LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. Employees

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

	2018	2017
	£000	£000
Wages and salaries	3,121	7,588
Social security costs	380	732
Other pension costs	114	244
	3,615	8,564

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

	2018	2017
	No.	No.
Administration	77	133

7. Directors' remuneration

	2018	2017
	£000	£000
Directors' emoluments	-	1,054
	-	1,054

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2017: £Nil).

8. Income from other fixed asset investments

	2018	2017
	£000	£000
Dividends from shares in group undertakings	3,154	-
	3,154	-

MAGELLAN ROBOTECH LIMITED (FORMERLY STANLEY INTERNATIONAL BETTING LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Interest payable and similar expenses

	2018 £000	2017 £000
Bank overdrafts	-	1
	<u>-</u>	<u>1</u>
	<u>-</u>	<u>1</u>

10. Tax on profit

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	107	33
Adjustments in respect of previous periods	(26)	31
	<u>81</u>	<u>64</u>
Foreign tax		
Foreign tax on income for the year	22	92
Adjustments in respect of prior periods	(17)	-
	<u>5</u>	<u>92</u>
Total current tax	<u>86</u>	<u>156</u>
Deferred tax		
Origination and reversal of timing differences	(27)	13
Changes in tax rates and laws	-	13
	<u>(27)</u>	<u>26</u>
Tax on profit	<u>59</u>	<u>182</u>

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10. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit before taxation	3,879	1,298
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	737	250
Effects of:		
Expenses not deductible for tax purposes	7	13
Adjustments in respect of prior periods	(43)	31
Non-taxable income	(600)	-
Overseas tax at higher rates than the UK rate	(36)	-
Double taxation relief	-	72
Fixed asset differences	26	(26)
Changes in tax rates	3	11
Group relief	(35)	(169)
Total tax charge for the year	59	182

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly.

11. Dividends

	2018 £000	2017 £000
Ordinary shares:		
£75 (2017: £37.50) per £1 share	3,000	1,500
	3,000	1,500

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Tangible assets

	Fixtures and fittings £000
Cost	
At 1 January 2018	6,895
Additions	882
Disposals	(2,063)
At 31 December 2018	<u>5,714</u>
Accumulated Depreciation	
At 1 January 2018	4,444
Charge for the year	557
Disposals	(252)
Impairment charge	85
At 31 December 2018	<u>4,834</u>
Net book value	
At 31 December 2018	<u><u>880</u></u>
At 31 December 2017	<u><u>2,451</u></u>

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13. Debtors: amounts falling due within one year

	2018	2017
	£000	£000
Trade debtors	120	11
Amounts owed by group undertakings	5,755	7,742
Other debtors	10	-
Prepayments and accrued income	174	198
Corporation tax recoverable	457	332
Deferred taxation	126	99
VAT recoverable	297	-
	6,939	8,382

The amounts owed by group undertakings and other related parties are unsecured, repayable on demand and do not bear interest.

14. Cash at bank and in hand

	2018	2017
	£000	£000
Cash at bank and in hand	395	774
	395	774

15. Creditors: Amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	98	381
Amounts owed to group undertakings	3,167	3,940
Corporation tax	664	941
Other taxation and social security	566	1,476
Other creditors	937	2,676
Accruals and deferred income	310	545
	5,742	9,959

The amounts owed to group undertakings and other related parties are unsecured, repayable on demand and do not bear interest.

16. Deferred taxation

MAGELLAN ROBOTECH LIMITED (FORMERLY STANLEY INTERNATIONAL BETTING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
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16. Deferred taxation (continued)

	2018 £000	2017 £000
At beginning of year	99	125
Credited / (charged) to profit or loss	27	(26)
At end of year	126	99

The deferred tax asset is made up as follows:

	2018 £000	2017 £000
UK accelerated capital allowances	-	(10)
UK short-term timing differences	126	109
	126	99

17. Called up share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
40,000 (2017: 40,000) Ordinary shares of £1 each	40	40

18. Pension commitments

Certain employees of the Company are eligible for membership of funded defined contribution stakeholder pension schemes to which employees and the company contribute. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension charge included in the statement of comprehensive income represents contributions payable by the Company to these funds and amounted to £114,000 (2017: £244,000) in the year. At the year end, contributions amounting to £22,000 (2017: £31,000) were payable to the fund and are included in accruals and deferred income.

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19. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£000	£000
Not later than 1 year	233	265
Later than 1 year and not later than 5 years	698	931
	931	1,196

20. Related party transactions

During the year the Company entered into transactions with related parties that were fully owned by the Stanleybet Holdings Limited group at 31 December 2018. The Company is exempt from disclosing the nature of these transactions in line with FRS 102 Section 33.

21. Controlling party

The immediate parent undertaking of Magellan Robotech Limited (formerly Stanleybet International Betting Limited) is Interbets Limited, a company incorporated in the UK. The ultimate parent undertaking is Stanleybet Holdings Limited, a company incorporated in the UK which the directors regard as being controlled by G. Garrisi. Stanleybet Holdings Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2018. The consolidated financial statements of Stanleybet Holdings Limited are available from Exchange Station, Tithebarn Street, Liverpool, L2 2QP, United Kingdom.