

Registered number: 03357517

MAGELLAN ROBOTECH LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2022

TUESDAY



ACCCYY18

A09

19/09/2023

#98

COMPANIES HOUSE

MAGELLAN ROBOTECH LIMITED

COMPANY INFORMATION

Directors

G. Garrisi
A. Morris
B. Wade

Registered number

03357517

Registered office

14b, 14th Floor
The Plaza, 100 Old Hall Street
Liverpool
Merseyside
L3 9QJ

The Company is registered in Liverpool, Merseyside, England in the United Kingdom and is a private company limited by shares.

MAGELLAN ROBOTECH LIMITED

CONTENTS

	Page(s)
Strategic report	1 - 2
Directors' report	3 - 6
Independent auditors' report	7 - 9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13 - 25

Introduction

The directors present their strategic report for Magellan Robotech Limited for the year ended 31 December 2022.

The Company's principal activity is a B2B supplier of betting services, using its in-house 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 £10,985,000, turnover was higher than the prior year (2021: £7,980,000), reflecting the recovery from the impact that the COVID 19 pandemic had on the revenue streams of retail gaming operators that the Company supplies, particularly in the first half of the prior year.

The Company reported an operating profit of £1,139,000 in the current year (2021: £262,000), an increase of £877,000. This was due to the recovery in revenue figures and a continued focus on cost containment.

Profit before tax was £1,133,000 (2021: £252,000), £881,000 more than the prior year. Profit after tax was £1,243,000 (2021: £446,000), £797,000 higher than 2021.

Net assets decreased by £739,000 during the year to £2,512,000, a decrease of 23% on the prior year (2021: £3,251,000). This was largely due to a decrease in amounts owed by group undertakings and the payment of a dividend.

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

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.

Principal risks and uncertainties (continued)

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

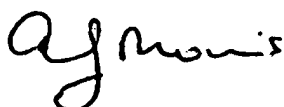
A failure in the technology that the Company employs may impact the Company's ability to generate income which in turn could negatively impact results. To mitigate this risk, the Company continually invests in technology across the business.

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:

	2022	2021
Increase / (decrease) in turnover (%)	38%	(11%)
Increase in operating profit (£)	877,000	196,000

This report was approved by the board on 26 June 2023 and signed on its behalf.



A. Morris
Director

The directors present their report and the audited financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the 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 prepared 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 United Kingdom 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 £1,243,000 (2021: £446,000).

The directors recommended the payment of a dividend of £2,000,000 during the year (2021: £Nil).

Directors

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

G. Garrisi
A. Morris
B. Wade

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effect of margin risk, foreign exchange risk, credit risk and liquidity risk as outlined below. The Company has a risk management programme that seeks to limit the effect of adverse effects on the financial performance of the Company. The Board has ultimate responsibility for monitoring financial risk management, and its policies are implemented by the Company's finance team.

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.

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in currencies that are not the Company's functional currency, principally sterling. The Directors consider that the Company's exposure to adverse fluctuations in foreign currency exchange rates at the end of the reporting year to be insignificant.

Credit risk

The Company has no significant concentration of credit risk with respect to trade debtors. The Company monitors the performance of these financial assets to identify incurred collection losses that are inherent in the Company's debtors, taking into account historical experience in the collection of accounts receivable. Other debtors relate to amounts due from tax authorities and related parties so credit risk in this respect is limited.

Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which principally comprise trade and other creditors. Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Company's obligations. Management monitors liquidity risk continuous weekly observations of Company cash inflows and outflows with the aim of maintaining cash balances at sufficient levels.

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. The Company also views this development as fundamental for attracting other B2C operators to its product range and growth of this channel.

Engagement with employees

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.

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.

Branches outside the United Kingdom

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 that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that 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.

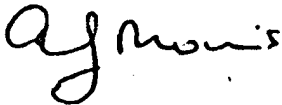
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Independent auditors

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

This report was approved by the board on 26 June 2023 and signed on its behalf.



A. Morris
Director

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 2022 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, including 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 2022; the statement of comprehensive income and 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2022 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent financial reporting and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and legal counsel including consideration of ongoing tax litigation, compliance with gaming regulations, other known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing legal expense listings to identify indications of potential non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular forecasting assumptions in relation to going concern assessments and ongoing legal matters;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Identifying and testing what we considered to be higher risk journal entries.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

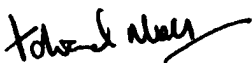
Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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 June 2023

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Turnover	4	10,985	7,980
Cost of sales		(7,366)	(5,435)
Gross profit		3,619	2,545
Administrative expenses		(2,480)	(2,283)
Operating profit	5	1,139	262
Interest payable and similar expenses	9	(6)	(10)
Profit before tax		1,133	252
Tax on profit	10	110	194
Profit for the financial year		1,243	446
Other comprehensive income / (expense) for the year			
Currency translation differences		18	(18)
Other comprehensive income / (expense) for the year		18	(18)
Total comprehensive income for the year		1,261	428

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 13 to 25 form part of these financial statements.

MAGELLAN ROBOTECH LIMITED

Registered number: 03357517

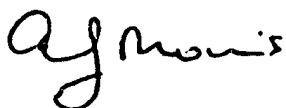
BALANCE SHEET

As at 31 December 2022

Page 11

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	12	1,130	1,356
Tangible assets	13	471	339
		<u>1,601</u>	<u>1,695</u>
Current assets			
Debtors: amounts falling due within one year	14	1,815	2,770
Cash at bank and in hand	15	799	613
		<u>2,614</u>	<u>3,383</u>
Creditors: amounts falling due within one year	16	(1,685)	(1,769)
Net current assets		<u>929</u>	<u>1,614</u>
Total assets less current liabilities		<u>2,530</u>	<u>3,309</u>
Creditors: amounts falling due after more than one year	17	(18)	(58)
Net assets		<u><u>2,512</u></u>	<u><u>3,251</u></u>
Capital and reserves			
Called up share capital	20	40	40
Foreign exchange reserve		4	(14)
Retained earnings		2,468	3,225
Total equity		<u><u>2,512</u></u>	<u><u>3,251</u></u>

The financial statements on pages 10 to 25 were approved and authorised for issue by the board and were signed on its behalf on 26 June 2023.



A. Morris
Director

The notes on pages 13 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Called up share capital £000	Foreign exchange reserve £000	Retained earnings £000	Total equity £000
At 1 January 2021	40	4	2,779	2,823
Comprehensive income / (expense) for the year				
Profit for the financial year	-	-	446	446
Currency translation differences	-	(18)	-	(18)
Total comprehensive income for the year	-	(18)	446	428
At 31 December 2021 and 1 January 2022	40	(14)	3,225	3,251
Comprehensive income for the year				
Profit for the financial year	-	-	1,243	1,243
Currency translation differences	-	18	-	18
Total comprehensive income for the year	-	18	1,243	1,261
Dividends: Equity capital	-	-	(2,000)	(2,000)
At 31 December 2022	40	4	2,468	2,512

The notes on pages 13 to 25 form part of these financial statements.

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 Suite 14b, 14th Floor, The Plaza, 100 Old Hall Street, Liverpool, L3 9QJ, United Kingdom.

The Company's principal activity during the year was as a B2B supplier of betting services, using its in-house 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 Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of these financial statements.

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 Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Stanleybet Holdings Limited. The directors have received confirmation that Stanleybet Holdings Limited intends to support the Company for at least one year after these financial statements are signed.

2.3 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. Accounting policies (continued)**2.4 Turnover**

Turnover principally represents software licence fees 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.

2.5 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.

2.6 Intangible assets

An intangible asset is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost, comprising its purchase price and any directly attributable cost of preparing the asset for its intended use.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write down the carrying amount of the intangible asset using the straight line method over its expected useful life.

Amortisation is provided on the following basis:

- Software	9% - 25%	per annum straight-line
------------	----------	-------------------------

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.

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
-------------------------	-----	-------------------------

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

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.

2.8 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 (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.

2.9 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.

2.10 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.

2.11 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. Accounting policies (continued)

2.12 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.

2.13 Finance costs

Finance costs are charged to the 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.

2.14 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.

2.15 Operating leases

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

2.16 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.

2.17 Interest income

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

2. Accounting policies (continued)

2.18 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 charge 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;
- 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 judgements 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 intangible and tangible assets

The annual amortisation / depreciation charge for intangible / 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 notes 12 and 13 for the carrying amount of intangible assets and property, plant and equipment respectively, and notes 2.6 and 2.7 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 14 for the net carrying amount of the debtors.

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:

	2022 £000	2021 £000
Depreciation of tangible fixed assets	221	216
Amortisation of intangible fixed assets	226	359
Operating lease rentals - land and buildings	231	204

6. Auditors' remuneration

	2022	2021
	£000	£000
Fees payable to the Company's auditors and its associates in respect of:		
The auditing of accounts of associates of the Company pursuant to legislation	17	12
	<u>17</u>	<u>12</u>

No fees for non-audit services were paid to the Company's auditors during the year (2021: £Nil).

7. Employees

	2022	2021
	£000	£000
Staff costs were as follows:		
Wages and salaries	3,788	2,618
Social security costs	417	310
Other pension costs	160	131
	<u>4,365</u>	<u>3,059</u>

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

	2022	2021
	No.	No.
Administration	<u>63</u>	<u>57</u>

8. Directors' remuneration

The directors' remuneration is paid by the ultimate parent company and recharged to the Company as part of a management charge. This management charge, which in 2022 amounted to £401,000 (2021: £297,000), also includes a recharge of administration costs borne by the ultimate parent company on behalf of the Company and it is not possible to separately identify the directors' remuneration.

9. Interest payable and similar expenses

	2022	2021
	£000	£000
Finance leases and hire purchase contracts	6	10
	<u>6</u>	<u>10</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

Page 20

10. Tax on profit

	2022 £000	2021 £000
Current tax		
Adjustments in respect of prior periods	(180)	(215)
	(180)	(215)
Foreign tax		
Foreign tax on income for the year	28	33
Adjustments in respect of prior periods	8	-
	36	33
Total current tax	(144)	(182)
Deferred tax		
Origination and reversal of timing differences	34	(48)
Adjustments in respect of prior periods	-	36
Effect of tax rate change on opening balance	-	-
Total deferred tax	34	(12)
Tax on profit	(110)	(194)

Factors affecting tax charge for the year

The tax assessed for the year is lower (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £000	2021 £000
Profit before tax	1,133	252
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below.	215	48
Effects of:		
Expenses not deductible for tax purposes	1	1
Adjustments in respect of prior periods	(172)	(215)
Adjustments in respect of prior periods - deferred tax	-	36
Overseas tax at higher rates than the UK rate	5	33
Remeasurement of deferred tax for changes in tax rates	30	(12)
Group relief claimed	(189)	(85)
Total tax credit for the year	(110)	(194)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

Page 21

10. Tax on profit (continued)**Factors that may affect future tax charges**

Following the enactment of the Finance Act 2021, the standard UK corporation tax rate will remain at 19% before increasing to 25% from 1 April 2023. Deferred tax has been recognised at 25%, the rate expected to be in force at the time of the reversal of temporary differences.

11. Dividends

	2022 £000	2021 £000
Ordinary shares		
£50 (2021: £Nil) per £1 share	2,000	-
	<u>2,000</u>	<u>-</u>

12. Intangible assets

	2022 £000	2021 £000
Software		
Cost		
At 1 January	2,765	2,797
Disposals	(612)	(32)
At 31 December	<u>2,153</u>	<u>2,765</u>
Accumulated amortisation		
At 1 January	1,409	1,082
Charge for the year on owned assets	226	359
Disposals	(612)	(32)
At 31 December	<u>1,023</u>	<u>1,409</u>
Net book value		
At 1 January	1,356	1,715
At 31 December	<u>1,130</u>	<u>1,356</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

Page 22

13. Tangible assets

	2022 £000	2021 £000
Fixtures and fittings		
Cost		
At 1 January	5,168	5,164
Additions	374	4
Disposals	(4,570)	-
At 31 December	972	5,168
Accumulated depreciation		
At 1 January	4,829	4,613
Charge for the year on owned assets	221	216
Disposals	(4,549)	-
At 31 December	501	4,829
Net book value		
At 1 January	339	551
At 31 December	471	339

14. Debtors: Amounts falling due within one year

	2022 £000	2021 £000
Trade debtors	13	16
Amounts owed by group undertakings	917	1,823
Other debtors	143	306
Corporation tax recoverable	-	226
Deferred taxation	15	49
Prepayments and accrued income	727	350
	1,815	2,770

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

15. Cash at bank and in hand

	2022 £000	2021 £000
Cash at bank and in hand	799	613
	799	613

16. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	263	67
Amounts owed to group undertakings	324	388
Corporation tax	9	-
Obligations under finance lease and hire purchase contracts	40	153
Other creditors	861	591
Accruals and deferred income	188	570
	<u>1,685</u>	<u>1,769</u>

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

17. Creditors: Amounts falling due after more than one year

	2022 £000	2021 £000
Obligations under finance lease and hire purchase contracts	18	58
	<u>18</u>	<u>58</u>

18. Hire purchase and finance leases

	2022 £000	2021 £000
Minimum lease payments under hire purchase fall due as follows:		
Within one year	40	153
Between 1 - 5 years	18	58
	<u>58</u>	<u>211</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

Page 24

19. Deferred taxation

	2022 £000	2021 £000
At the beginning of the year	49	37
Credited to profit or loss	(34)	12
Utilised in the year	-	-
At the end of the year	15	49

The deferred tax asset is made up as follows:

Accelerated capital allowances	(88)	(53)
Short term timing differences	103	102
	15	49

20. Called up share capital

	2022 £000	2021 £000
Authorised, allotted, called up and fully paid		
40,000 (2021: 40,000) ordinary shares of £1.00 each	40	40

21. 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 £160,000 (2021: £131,000) in the year. At the year end, contributions amounting to £27,000 (2021: £23,000) were payable to the fund and are included in accruals and deferred income.

22. Commitments under operating leases

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

	2022 £000	2021 £000
Not later than 1 year	83	175
Later than 1 year and not later than 5 years	305	173
	388	348

23. 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 2022. The Company is exempt from disclosing the nature of these transactions in line with FRS 102 Section 33.

24. Controlling party

The immediate parent undertaking of Magellan Robotech 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 2022. The consolidated financial statements of Stanleybet Holdings Limited are available from 14b, 14th Floor, The Plaza, 100 Old Hall Street, Liverpool, L3 9QJ, United Kingdom.