

RANK DIGITAL LIMITED
Registered Number: 03796653

REPORT

AND

FINANCIAL STATEMENTS

30 JUNE 2015

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RANK DIGITAL LIMITED

STRATEGIC REPORT

Principal activities

The principal activities of the Company are the provision of certain services to its sister company, Rank Digital Gaming (Alderney) Limited, together with making similar services available to third parties through the launch of branded online gambling websites and potentially other Business to Business services.

The Company is a limited company incorporated and domiciled in England and Wales.

During the year the Company transitioned from EU-adopted IFRS to FRS101 'Reduced Disclosure Framework', and has taken advantage of the disclosure exemptions allowed under this standard. The Company has early adopted FRS101, and its requirements have been applied to all periods presented. The Company's immediate parent undertaking, The Rank Group Plc, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. There were no material recognition or measurement differences arising on the adoption of FRS101.

Review of the business and future developments

The directors' focus is on continuing to provide services to its sister company and third party clients in order to support the provision of enjoyable online gambling experiences for consumers.

- Creating a compelling multi-channel offer – by utilising the existing portfolio of venues, membership systems and reward programmes within The Rank Group Plc to enhance the digital gaming product;
- Building digital capability – replicate the strong position of the venue based casinos business within the Group across the digital channels operated by the Company;
- Investing in brands and marketing – increased brand marketing programmes, providing appropriate support for the established brands and development on new brands for the digital market; and
- Using technology to drive efficiency and improve customer experience – we have identified a number of opportunities to harness technological developments to offer our customers more engaging experiences and to achieve sustainable growth in operating margins.

The results for the Company show a pre-tax profit of £1.1m for the year (2014: £0.6m) and revenue of £10.5m (2014: £11.0m). In 2015, the Company recorded no exceptional income (2014: £0.2m) or exceptional costs (2014: £0.3m). Further details of exceptional items are shown in note 2 to the financial statements.

The balance sheet as at 30 June 2015 shows net current assets of £39.9m (2014: £38.4m) and cash of £1.0m (2014: £2.0m). Consequently, the directors consider that the going concern assumption remains appropriate. The Company will continue to look for opportunities to improve upon the services provided to its clients in order to support the growth of the digital operations of the Group within which it operates.

Key performance indicators (KPI)

The directors of The Rank Group Plc manage the Group's operations on a brand basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance, and position of the digital brands of the Group, which includes the Company, are discussed in more detail on pages 25 to 31 of the Group's 2015 annual report and financial statements which do not form part of this report. The directors do not anticipate any immediate or substantial variations in the Company's current activities.

Principal risks and uncertainties

The principal risk for the Company arises from the majority of its revenue being generated from its sister company, and therefore the performance of the Company is closely correlated to the performance and actions of its sister company. The directors, having assessed the responses of the directors of The Rank Group Plc to their enquiries have no reason to believe the performance and actions of its sister company will cast significant doubt over the ability of the Company to continue as a going concern in the foreseeable future.

The principal risks to the successful implementation of the Company's strategy are:

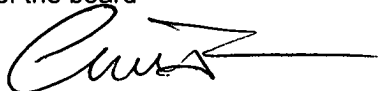
- Regulatory and tax – adverse change in regulation could increase the administrative cost of operations, while new or increased taxation could have a material impact on the financial condition and results of the Company;
- New online gaming platform – the Group is in the process of replacing its online gaming platform. The new online gaming platform could prove not to be fit for purpose, may not be implemented on time or on budget, or the transition from the existing platform may not be adequate – any of which could have an impact on the financial performance of the Company;

RANK DIGITAL LIMITED
STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties (continued)

- Business continuity and disaster recovery – due to the digital nature of the business, the significant reliance on technology is such that the disruption of serious technology failure may cause an interruption to the ability to operate elements of the business if business continuity and disaster recovery plans failed to operate successfully;
- Wage rise inflation – an increase in the minimum wage or other significant change to employment legislation could impact the Company's results;
- Loss of licences – gaming licences are fundamental to the operations of the sister company to which the Company provides services; and
- Reliance on technology – the Company is highly dependent on complex technology and advanced information systems with many interfaces and a significant number of separate suppliers. The pace of business change and development means that IT changes such as new software coding, systems enhancements and new software application integrations are undertaken continually and consequently these systems are inherently vulnerable to experiencing malfunctions, failures, or cyber-attacks such as viruses or hacker intrusion. Comprehensive technology resilience and systems protection measures are in place but it is difficult to detect all threats and vulnerabilities in order to prevent all service interruptions and problems.

By order of the board



Director: Mr C.A.R. Jennings

Date: 21 December 2015

Registered Office: Statesman House, Stafferton Way, Maidenhead, Berkshire, SL6 1AY

Registered Number: 03796653

RANK DIGITAL LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 30 June 2015.

Directors

The following were directors of the Company during the year and up to the date of these accounts:

H. B. Birch

C.A.R. Jennings

Dividends

The directors do not recommend the payment of a dividend (2014: £nil).

Human resources

The Company recognises that the contribution made by its employees is crucial to the success of the business. Substantial investment is therefore made in the training, development and motivation of employees with particular attention to ensuring customer satisfaction through the consistent achievement of high standards of service and delivery of quality products.

Employee involvement in the direction and objectives of the business is encouraged through the use of incentive schemes to focus employees on key performance indicators. In addition, communication and consultation programmes exist at site and Company level.

The Company endorses the active application of equal opportunities policies and programmes to provide fair and equitable conditions for all employees regardless of sex, family status, religion, creed, colour, ethnic origin, age, disability or sexual orientation.

Future developments

Details of future developments are included in the Strategic Report on pages 1 and 2.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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:

- present fairly the financial position and financial performance of the Company;
- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in UK Generally Accepted Accounting Practice is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and final performance;
- state whether the financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements for the Company on the going concern basis, unless it is appropriate to assume that the Company will not continue in business, in which case there should be supporting assumptions or qualifications.

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

RANK DIGITAL LIMITED
DIRECTORS' REPORT (Continued)

Statement of directors' responsibilities (continued)

They 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. They are also accountable for safeguarding the assets of the Company and, therefore, for taking reasonable steps to prevent and detect fraud and other irregularities.

Insurance and indemnities

The Rank Group Plc has arranged insurance cover in respect of legal action against the directors of the Company. To the extent permitted by English law, the Company also indemnifies the directors. Neither the insurance nor the indemnity provides cover in situations where a director has acted fraudulently or dishonestly.

Financial instruments

The Company finances its activities with a combination of intercompany funding and cash at bank, details of which are disclosed in note 14. Other financial assets and liabilities arise directly from the Company's operating activities.

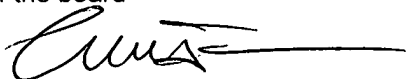
The financial instruments give rise to market, credit and liquidity risks. As a wholly owned subsidiary of The Rank Group Plc many of these risks are combined on a group basis and managed by a centralised treasury team. Details of the financial risk management objectives and policies of this centralised team are disclosed in note 20 of The Rank Group Plc's annual report. Details of how to obtain this report are shown in note 17.

Auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps that ought to have been taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

In accordance with s487(2) of the Companies act 2006, Ernst & Young LLP will continue as auditors of the Company.

On behalf of the board



Director: Mr C.A.R. Jennings

Date: 21 December 2015

Registered Office: Statesman House, Stafferton Way, Maidenhead, Berkshire, SL6 1AY

Registered Number: 03796653

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RANK DIGITAL LIMITED

We have audited the financial statements of Rank Digital Limited for the year ended 30 June 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Accounting Policies and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 set out on pages 3 and 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of its profit 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; 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.

Ernst & Young LLP

Nick Powell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 21 December 2015

RANK DIGITAL LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Revenue		10,460	11,017
Cost of sales		(1,583)	(2,195)
Gross profit		<u>8,877</u>	<u>8,822</u>
Other operating costs		(8,169)	(8,668)
Exceptional operating income	2	-	195
Exceptional operating costs	2	-	(280)
Total net exceptional costs		<u>-</u>	<u>(85)</u>
Operating profit	2	708	69
- interest receivable	3	3,313	2,108
- interest payable	3	(2,907)	(1,597)
Total net interest receivable		<u>406</u>	<u>511</u>
Profit on ordinary activities before taxation		<u>1,114</u>	<u>580</u>
Taxation	4	(268)	(585)
Profit (loss) for the year		<u>846</u>	<u>(5)</u>

All results are from continuing operations

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Profit (loss) for the year	846	(5)
Debit in respect of deferred taxation	-	(30)
Total comprehensive income (expense) for the year	<u>846</u>	<u>(35)</u>


The tax effect of items of comprehensive income is disclosed in note 4.

RANK DIGITAL LIMITED
BALANCE SHEET
AT 30 JUNE 2015

	Note	At 30 June 2015 £000	At 30 June 2014 £000
Fixed assets			
Intangible assets	5	165	493
Tangible assets	6	674	936
Investment in subsidiary	7	200	200
Deferred tax	8	1,007	1,203
		<u>2,046</u>	<u>2,832</u>
Current assets			
Other debtors	9	299,541	255,852
Cash at bank and in hand	13	1,004	1,998
		<u>300,545</u>	<u>257,850</u>
Creditors: amounts falling due within one year			
Trade and other creditors	10	(260,656)	(219,432)
		<u>(260,656)</u>	<u>(219,432)</u>
Net current assets		39,889	38,418
Total assets less current liabilities		41,935	41,250
Provisions for liabilities	11	(25)	(186)
Net assets		<u>41,910</u>	<u>41,064</u>
Capital and reserves			
Ordinary share capital	12	154	154
Share premium account		855	855
Capital contribution reserve		31,224	31,224
Retained earnings		9,677	8,831
Total equity		<u>41,910</u>	<u>41,064</u>

The notes on pages 9 to 19 are an integral part of these financial statements.

These accounts were approved by the board on 21 December 2015 and signed on its behalf by:



Director: Mr C.A.R. Jennings

RANK DIGITAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Ordinary share capital £000	Share premium £000	Capital contribution reserve £000	Retained earnings £000	Total £000
At 1 July 2013	154	855	31,224	8,919	41,152
Comprehensive income:					
Total comprehensive income for the year	-	-	-	(35)	(35)
Debit in respect of employee share schemes	-	-	-	(53)	(53)
At 30 June 2014	<u>154</u>	<u>855</u>	<u>31,224</u>	<u>8,831</u>	<u>41,064</u>
Comprehensive income:					
Total comprehensive income for the year	-	-	-	846	846
At 30 June 2015	<u>154</u>	<u>855</u>	<u>31,224</u>	<u>9,677</u>	<u>41,910</u>

RANK DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies are in accordance with applicable accounting standards and have been consistently applied to all the periods presented, unless otherwise stated.

A Basis of preparation

The financial statements are prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The Company transitioned from EU-adopted IFRS to FRS101 for all periods presented. There were no material amendments on the adoption of FRS101. The Company has taken advantage of the following disclosure exemptions under FRS101:

- the requirements of IAS7 'Statement of Cash Flows';
- the requirements of paragraph 17 of IAS24 'Related Party Disclosures';
- the requirements in IAS24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- the requirements of paragraph 45(b) and 46-52 of IFRS2 'Share Based Payments';
- the requirements of IFRS7 'Financial Instruments: Disclosures';
- the requirements of paragraph 134(d)-134(f) and 135(c)-135(e) of IAS36 'Impairment of Assets';
- the requirements of paragraphs 10(d) and 134-136 of IAS1 'Presentation of Financial Statements'; and
- the requirements of paragraph 38 of IAS1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 73(e) of IAS16 'Property, Plant and Equipment', and paragraph 118(e) of IAS38 'Intangible Assets'.

The results of the Company, along with the equivalent disclosures in respect of the exemptions listed above are included in the consolidated financial statements of The Rank Group Plc, details of which are contained in note 17.

The financial statements have been prepared under the historical cost convention. A summary of the more important Company accounting policies is set out below.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are set out in the relevant accounting policies below. The best estimate of the directors may differ from the actual results.

(i) Standards, amendments to and interpretations of existing standards adopted by the Company

The following new standards, amendments to and interpretations of existing standards are mandatory for the first time for the financial year beginning 1 July 2014:

- IFRS10 Consolidated Financial Statements
- IFRS11 Joint Arrangements
- IFRS12 Disclosure of Interests in Other Entities
- IAS27 Separate Financial Statements (Revised)
- IAS28 Investments in Associates and Joint Ventures (Revised)
- IAS32 Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities (Amendment)
- IAS36 Recoverable Amount Disclosures for Non-Financial Assets (Amendment)
- IAS39 Novation of Derivatives and Continuation of Hedge Accounting (Amendment)
- IFRIC21 Levies

RANK DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

A Basis of preparation (continued)

The Company has not been materially impacted by the adoption of any of these standards, amendments or interpretations. The Company has not early adopted any other standard, amendment or interpretation that was issued but is not yet effective.

(ii) Standards, amendments to and interpretations of existing standards that are not yet effective

The following standards, amendments to and interpretations of existing standards have been published and are mandatory for accounting periods starting after 1 July 2014:

- IAS19 Defined Benefits Plans: Employee Contributions – Effective 1 February 2015
- IFRS9 Financial Instruments – Effective 1 January 2018
- IFRS15 Revenue from Contracts with Customers – Effective 1 January 2017
- Annual Improvements to IFRS's – 2011-2013 cycle – Effective 1 January 2015

It is not anticipated that the adoption of the above standards, amendments and interpretations of existing standards will have a material impact on the Company financial statements in the period of initial application.

B Revenue recognition

Sale of services

Revenue from services is recognised in the accounting period the services have been rendered. Service revenue for Rank Digital Limited arose exclusively from services provided to Rank Digital Gaming (Alderney) Limited ("RDGA"). For RDGA the income was derived from gross win margin after deducting the fair value of free bets, promotions and customer bonuses.

C Leases

Leases are tested at inception to determine whether the lease is a finance or operating lease and treated accordingly.

Operating leases - Leases of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership to the Company are classified as operating leases. Operating lease payments (including any lease incentives or premiums) are recognised as an expense in the income statement on a straight-line basis over the lease term.

D Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

E Tangible assets

Tangible assets are stated at cost, net of accumulated depreciation and impairment. Such cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on assets using the straight line method to allocate their cost less residual values over their estimated useful lives, as follows:

- fixtures, fittings, plant and machinery 3 to 20 years

Residual values and useful lives are reviewed at each balance sheet date, and adjusted prospectively, if appropriate. An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

RANK DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

F Intangible assets

Computer software and other development costs

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives (3 to 5 years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production and development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets for both externally purchased and internally developed software. Direct costs include specific employee costs for software development.

Computer software development costs recognised as assets are amortised over their estimated useful lives (3 to 5 years).

G Impairment of intangible assets and tangible assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised as the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset'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 inflows (cash-generating units, CGUs). The expected cash flows generated by the assets are discounted using appropriate discount rates that reflect the time value of money and risks associated with the groups of assets.

If an impairment loss is recognised, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an exceptional expense in the income statement immediately.

Any impairment is allocated equally across all assets in a CGU unless there is an indication that a class of assets should be impaired in the first instance or a fair market value exists for one or more assets. Once an asset has been written down to its fair value less costs to sell then any remaining impairment is allocated equally amongst all other assets.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years.

A reversal of an impairment loss is recognised within exceptional items in the income statement immediately.

H Employee benefit costs

(i) *Pension obligations* - The Company participates in a group defined contribution plan under which the Company pays fixed contributions to a separate entity. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(ii) *Share-based compensation* - The Company is included in an equity-settled, share-based compensation plan relating to The Rank Group Plc. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

RANK DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

H Employee benefit costs (continued)

(iii) *Bonus plans* – The Company recognises a liability in respect of the best estimate of bonuses payable where contractually obliged to do so or where past practice has created a constructive obligation.

I Taxation

(a) Current tax

Current tax is applied to taxable profits at the prevailing tax rate for the year.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if deferred tax arises from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

J Cash and cash equivalents

Cash and short-term deposits in the balance sheet include cash at banks and in hand and short-term deposits with an original maturity of three months or less.

K Other debtors

Other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

L Investment in subsidiaries

Investments in subsidiaries are held at cost less impairment.

M Trade creditors

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

N Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events if it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the best estimate of the expenditures required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

O Exceptional items

The Company separately discloses those items which, by their size or nature, are separately disclosed in order to give a full understanding of the Group's financial performance and aid comparability of the Company's result between periods.

RANK DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

2. Operating profit for the year

The following items have been (credited) charged in arriving at the operating profit for the year:

		Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
	Note		
Management fees to fellow group companies		(10,460)	(10,985)
Staff costs	15	4,293	4,502
Depreciation of tangible assets			
- Owned assets	6	272	747
Amortisation of intangible assets	5	337	822
Operating lease rentals payable			
- Minimum lease payments		449	451
Auditors' remuneration for audit services		<u>8</u>	<u>8</u>

The analysis of exceptional items is as follows:

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Exceptional operating income:		
Release from restructuring provision	<u>-</u>	<u>(195)</u>
		(195)
Exceptional operating costs:		
Redundancy and restructuring costs	<u>-</u>	<u>280</u>
	-	280
Total exceptional operating cost	<u>-</u>	<u>85</u>

Year ended 30 June 2014

The Company released £195,000 of restructuring obligations. These arose as a result of the sale of the assets and trademark of the Blue Square Bet business by the Company's sister company, Rank Digital Gaming (Alderney) Ltd (to which the Company provides services) in the preceeding year.

The Company incurred £280,000 of restructuring costs associated with the Blue Square Bet disposal.

3. Interest

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Interest receivable		
Interest receivable from Group companies	<u>3,313</u>	<u>2,108</u>
Total	<u>3,313</u>	<u>2,108</u>
Interest payable		
Interest payable to Group companies	<u>(2,907)</u>	<u>(1,597)</u>
Total	<u>(2,907)</u>	<u>(1,597)</u>

RANK DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

4. Taxation

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Current tax		
UK corporation tax in respect of current year	107	(39)
Adjustment in respect of prior periods	(35)	54
Total current tax	72	15
Deferred tax		
Origination and reversal of timing differences	164	155
Adjustment in respect of prior periods	94	227
Deferred tax restatement	(62)	188
Total deferred tax	196	570
Total tax charge	268	585

The tax on the Company's profit (loss) before tax differs from the standard rate of UK Corporation tax 20.75% (2014: 22.5%). The differences are explained below:

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Profit before tax	1,114	580
Tax calculated at 20.75% (2014: 22.5%)	231	131
Expenses not deductible for tax purposes	40	13
Non-taxable income	-	(14)
Deferred tax restatement	(62)	188
Adjustment in respect of prior periods	59	281
Transfer pricing adjustment	-	(14)
Total tax charge	268	585

With effect from 1 April 2015 the main rate of UK corporation tax is 20%. However, in the Summer Budget 2015, the Chancellor of the Exchequer announced a reduction in the UK rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. These rates were substantively enacted in October 2015 and reduce the amount of cash tax payments to be made by the Company in future periods.

RANK DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

5. Intangible assets

	Computer software licence and development costs
	£000
Cost	
At 1 July 2014	3,498
Additions	36
Disposals	(27)
At 30 June 2015	3,507
Aggregate amortisation and impairment	
At 1 July 2014	3,005
Charge for the year	337
Disposals	-
At 30 June 2015	3,342
Net book value at 30 June 2014	493
Net book value at 30 June 2015	165

6. Tangible assets

	Fixtures, Fittings, plant and machinery £000
Cost	
At 30 June 2014	4,492
Additions	13
Disposals	(13)
At 30 June 2015	4,492
Aggregate depreciation	
At 30 June 2014	3,556
Charge for the year	272
Disposals	(10)
At 30 June 2015	3,818
Net book value at 30 June 2014	936
Net book value at 30 June 2015	674

7. Investment in subsidiary

	At 30 June 2015 £000	At 30 June 2014 £000
Cost and net book value:		
At 1 July 2013, 30 June 2014 and 30 June 2015	200	200

At 30 June 2015, the Company owned directly 100% of the ordinary share capital and voting rights of Rank Interactive Development Limited, a company incorporated in England and Wales, which is currently inactive.

RANK DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

8. Deferred tax

	At 30 June 2015 £000	At 30 June 2014 £000
Accelerated capital allowances	1,007	1,203
Deferred tax asset	1,007	1,203

	At 30 June 2015 £000	At 30 June 2014 £000
Accelerated capital allowances	196	558
Other temporary differences	-	12
Deferred tax charge in the income statement	196	570

The reconciliation of movement in the deferred tax asset is as follows:

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
At 1 July	1,203	1,803
Deferred tax charge in the income statement	(196)	(570)
Deferred tax (debit) credit in reserves	-	(30)
At end of year	1,007	1,203

9. Trade and other debtors

	At 30 June 2015 £000	At 30 June 2014 £000
Amounts owed by group undertakings	299,084	255,332
Other debtors	170	205
Prepayments and accrued income	287	315
	299,541	255,852

The Company held no trade debtors at either balance sheet date and accordingly no provision for trade debtors was held. The other classes within other debtors do not contain impaired or past due assets.

The carrying value of other debtors is assumed to approximate to their fair value due to the short term nature of the debtors. This includes amounts owed by related undertakings which are unsecured and repayable on demand.

The maximum exposure to credit risk at the reporting date is the fair value of each class of debtor disclosed above. The Company does not hold any collateral as security.

10. Trade and other creditors

	At 30 June 2015 £000	At 30 June 2014 £000
Trade creditors	215	340
Amounts owed to fellow group undertakings	258,703	218,074
Accruals	1,738	1,018
	260,656	219,432

RANK DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

10. Trade and other creditors (continued)

The Company's trade creditors are all due within one year. Due to the short term nature of these creditors the carrying value equates to the contractual amount due as the impact of discounting is not considered material.

Amounts owed to related undertakings are repayable on demand and accordingly have no set maturity date. The Company has provided no collateral as security.

11. Provision for other liabilities and charges

	Restructuring Provision £000	Total £000
At 1 July 2014	186	186
Released to the income statement	(26)	(26)
Utilised in year	(135)	(135)
At 30 June 2015	<u>25</u>	<u>25</u>

Restructuring provision – The Company has recognised a provision in respect of restructuring costs associated with the disposal of the Blue Square Bet business in 2013. The amount remaining represents the directors' best estimate of the outflow likely to arise.

12. Called-up share capital

	At 30 June 2015 £000	At 30 June 2014 £000
Authorised		
499,500,000 "A" ordinary shares of 1p each	4,995	4,995
500,000 "B" ordinary shares of 1p each	5	5
	<u>5,000</u>	<u>5,000</u>
Issued and fully paid		
14,884,600 "A" ordinary shares of 1p each	149	149
500,000 "B" ordinary shares of 1p each	5	5
At 31 December	<u>154</u>	<u>154</u>

The "A" and "B" ordinary shares rank pari passu in all respects save that, on transfer, "B" ordinary shares are first required to be offered to all members in proportion to their existing holdings of shares.

13. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	At 30 June 2015 £000	At 30 June 2014 £000
Cash at bank and in hand	<u>1,004</u>	<u>1,998</u>

RANK DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

14. Financial assets and liabilities

The accounting policies for financial assets have been applied to the line items below:

	Loans and receivables	
	At 30 June	At 30 June
	2015	2014
	£000	£000
Other debtors	299,084	255,332
Cash and cash equivalents	1,004	1,998
Total	300,088	257,330

The accounting policies for financial liabilities have been applied to the line items below:

	Other financial liabilities	
	At 30 June	At 30 June
	2015	2014
	£000	£000
Trade and other creditors	260,656	219,432
Total	260,656	219,432

15. Employees and directors

	Year ended	Year ended
	30 June	30 June
	2015	2014
	£000	£000
Staff costs for the Company during the year		
Wages and salaries	3,662	3,850
Social security costs	418	427
Other pension costs	124	171
Redundancy costs	89	54
	4,293	4,502

The average monthly number of employees was 97 (2014: 103).

	Year ended	Year ended
	30 June	30 June
	2015	2014
	£000	£000
Directors		
Aggregate emoluments	188	119
Company contributions to pension schemes	11	23
	199	142

	Year ended	Year ended
	30 June	30 June
	2015	2014
	£000	£000
Highest paid director		
Aggregate emoluments	118	68
Company contributions to pension schemes	6	18
	124	86

RANK DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

16. Lease commitments

Operating lease agreements where the company is lessee

The company has entered into a commercial lease on a property. The lease has a remaining duration of two years. Future minimum rentals payable under the non-cancellable operating lease are as follows:

Company	At 30 June 2015 £000	At 30 June 2014 £000
Not later than one year	449	469
After one year but not more than five years	559	1,796
After five years	-	1,453
Total minimum rentals payable	1,008	3,718

17. Parent undertakings and related party transactions

Throughout the year ended 30 June 2015 and to the date of signing these financial statements, the Company's immediate parent company was The Rank Group Plc. The Company and The Rank Group Plc are incorporated and registered in England and Wales.

The ultimate parent undertaking is Hong Leong Company (Malaysia) Berhad (Hong Leong), which is incorporated in Malaysia. Hong Leong is the parent undertaking of the largest group to consolidate these financial statements

The Rank Group Plc is the parent undertaking of the smallest group to consolidate these financial statements. Copies of The Rank Group Plc consolidated financial statements can be obtained from <http://asp-gb.secure-zone.net/v2/index.jsp?id=624/2682/10451&lng=en> or by written request to the Company Secretary at Statesman House, Stafferton Way, Maidenhead, Berkshire, SL6 1AY.

Details of compensation of key management are disclosed in note 15.