

bet365 Group Limited

REPORT AND FINANCIAL STATEMENTS

29 March 2009



Company Registration No. 04241161

bet365 Group Limited

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bet365 Group Limited

DIRECTORS AND ADVISORS

DIRECTORS

P Coates

JF Coates

D Coates

WW Roseff

SECRETARY

SJ Adlington

REGISTERED OFFICE

Hillside

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5SH

AUDITORS

Baker Tilly UK Audit LLP

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

bet365 Group Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of bet365 Group Limited for the 52 week period ended 29 March 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the provision of internet and telephone betting along with an online casino, games, bingo and poker room, mobile betting operations and software development. The Group is also the majority shareholder in Stoke City Football Club Limited and Stoke City (Property) Limited, a Company owning the Stadium of the Football Club. bet365 Group Limited is the holding Company of the Group and owns certain office buildings used by the Group.

RESULTS AND DIVIDENDS

The Group's profit before taxation for the period comprised of £72,173,000 (2008: £33,681,000) from its gambling operations and a loss of £5,642,000 (2008: £3,226,000) on the Football Club and Stadium, resulting in a combined Group profit of £66,531,000 (2008: £30,455,000) for the period.

The directors paid a total dividend of £25,000,000 during the period (2008: nil) which leaves a profit of £27,427,000 (2008: £20,256,000) to be retained.

REVIEW OF THE BUSINESS

The Group's strong financial performance in the period reflects the continued growth in its remote gambling business, which saw significant increases across its range of Sports and Gaming products, in both its UK and international customer base.

Sports betting turnover grew by over 90% in the year, with average gross margin broadly stable at 4.6% (2008: 4.9%). This was primarily driven by the Group's market-leading In-Play technology and wide range of markets and bet offerings, together with its popular live streaming content, and significant levels of investment in brand promotion.

The telephone side of the business operates in a more static market, yet still achieved growth in turnover of nearly 25%, reflecting the high levels of customer service provided by our experienced call centre teams.

Overall, active Sports customers grew by nearly 50% in the year, with yield per unique customer increasing by some 20%.

The Group continues to invest and expand its dedicated operations in Gibraltar which runs the Group's online Casino, Games, Bingo and Poker room. The strong business growth achieved in these areas during the 12 months to 29 March 2009 was underpinned by a combination of targeted marketing campaigns, good customer service, attractive customer promotions, and continued product development.

Casino net revenues increased by 57% compared to the previous year, mirroring its growth in active users, with yields per player remaining broadly constant. Poker remains a particularly competitive market but in spite of this still grew by 12%. Our Games offerings continue to be developed to ensure that the latest popular 'branded' games are available, and saw growth of over 75% in the year. Bingo was also launched in May 2008 which, supported by TV campaigns, shows encouraging progress despite being a relatively new product.

Significant investments have been made in Gibraltar following the year end in terms of both its local IT infrastructure and operational expertise. This included the establishment of a local dedicated Gaming Customer Support Centre, headed up by a local Operations Director, which has provided further improvements in customer service levels and organisational efficiency. Staff numbers increased to over 70 members of staff shortly after the year end to facilitate these developments. The Board of Directors of Hillside (Gibraltar) Limited are pleased with the progress made in these areas and are confident that it will help to drive the business forward.

bet365 Group Limited

DIRECTORS' REPORT

Stoke City Football Club was promoted to the Premier League in May 2008 for the 2008/09 football season. The Group's share of Stoke City Football Club's losses for the period was £5,642,000 (2008: £3,226,000).. The Club's turnover has grown £29m in the year due to its premiership status and the ground now being at full capacity for most matches. This has been offset by a growth in costs as the Club has invested heavily in players to maintain its premiership status. These results also reflect the fact that at March 2009 the football season was only part way through and therefore the results do not recognise any income for the remaining matches in the 2008/09 football season The Group continues to support, fund and invest in the Club throughout the period.

The Boards of each of Hillside (Gibraltar) Limited, the Club and of The Group each budget their own cost bases and income projections and, through effective review processes, ensure that any variances are analysed and explained.

RISKS AND UNCERTAINTIES

There are a number of material risks and uncertainties which are common to all the major providers of remote gambling services. These include:

1. Volume risks – Competitors could attract away bet365's customers and/or bet365's marketing spend may not sufficiently attract new customers.
2. Margin risk – Although bet365's Trading team are experienced in managing risk, there is always a range of profit/loss for different outcomes of an individual event. This means that a run of poor results could adversely affect margin over a period. However, historically, the Group has found that margins revert to normal levels over a longer time period.
3. Regulatory risk – Regulatory, legislative and fiscal regimes for betting and gaming in bet365's key markets can change, sometimes at short notice. Such changes could have an affect on the results of bet365 and additional costs might be incurred in order to comply with any new laws or regulations. bet365 monitors legislative and regulatory developments in all of its key markets allowing it to quickly assess and adapt to changes in the environment and minimise risks to the business.
4. Technology risk – the majority of the Group's business is transacted over the internet. The Group is continually investing at a high level to minimise technology risk, but there remains the possibility that a technology failure could adversely affect the Group's ability to trade for a period, and therefore affect its profits.

The Football Club's main risks and uncertainties centre around the ability to train, acquire and develop Players to sufficient standard to retain and improve its position in the Premier League.

FUTURE DEVELOPMENTS

The Group continues to invest in its product development, infrastructural requirements and marketing programmes utilising its 'bet365' brand, and expects the business to continue to perform and grow strongly across its product range. The changing worldwide gambling and leisure industries may or may not provide opportunities for further acquisitions by the Group.

FINANCIAL INSTRUMENTS

The Group's cash flow fluctuates according to the timing of payments out, the amounts of client balances and Group profitability. The directors manage deposits to gain the best possible interest rates commensurate with having funds available to meet requirements on demand. Although interest received will vary according to interest rate levels, the differences to Group results arising are not sufficient to warrant the Group using derivatives or other methods to manage interest rates in any way.

bet365 Group Limited

DIRECTORS' REPORT

HEDGING FOREIGN EXCHANGE TRANSACTIONS

The Group accepts bets in different currencies. Its exposure to foreign exchange risk is limited to the liability to repay client balances in the currency deposited, less the amounts held by the Group on bank deposit in that currency. The Group's policy is to hedge this risk where significant.

RESEARCH AND DEVELOPMENT

The Group encourages innovation in its product offerings, both by improving existing products and introducing new opportunities. Some bet offerings and games are unique to bet365, others have been imitated by other firms. Successful innovation attracts new customers to bet365 and encourages others to remain with bet365.

MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of property at 29 March 2009 would exceed the net book value included in the financial statements, but they are unable to quantify this excess in the absence of a professional valuation, the costs of which are not considered justifiable in view of the Group's intention to retain ownership of its existing property for use in its business for the foreseeable future.

DIRECTORS

The following directors have held office since 31 March 2008:

P Coates

JF Coates

D Coates

WW Roseff

EMPLOYEES

It is the Group's policy that disabled persons should have the same consideration as others for all job vacancies for which they apply as suitable candidates and, depending entirely on their skills and abilities, they have the same opportunity for training, career development and promotion as other employees. Attention is paid to the training and other needs of persons who become disabled whilst in the Group's employment.

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Group. This is achieved through formal team briefings and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made charitable contributions during the period of £125,000 (2008: £92,000) consisting of £8,000 to the NSPCC, £57,000 to the Responsibility in Gambling Trust, £8,000 to Peoples' Choice, £5,000 to International Health Honduras, £25,000 to World Concern and £22,000 to local charities. The Group made political contributions of £2,000 (2008: £nil) to the Labour Party. The political donation was made by Hillside (New Media) Limited.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, that as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

bet365 Group Limited

DIRECTORS' REPORT

AUDITORS

A resolution for the reappointment of Baker Tilly UK Audit LLP as auditors of the Group is to be proposed at the forthcoming Annual General Meeting.

By order of the board



SJ Adlington
Secretary

Hillside
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5SH

25 January 2010

bet365 Group Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 period. 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 and applicable law).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 keeping proper accounting records which 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 requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF bet365 GROUP LIMITED

We have audited the financial statements on pages 9 to 36.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF bet365 GROUP LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and parent Company's affairs as at 29 March 2009 and of the Group's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

28 January 2010

bet365 Group Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the 52 week period ended 29 March 2009

		52 week period ended 29 March 2009			53 week period ended 30 March 2008
	Note	Sports and gaming £000	Football Club and stadium £000	Total £000	£000
AMOUNTS WAGERED		3,470,652	-	3,470,652	1,849,926
TURNOVER	1	249,154	39,592	288,746	159,699
Operating expenses	2	(179,631)	(45,710)	(225,341)	(136,577)
OPERATING PROFIT/(LOSS)					
- Continuing operations	2	69,523	(6,118)	63,405	23,019
- Acquisition	2	-	-	-	103
OPERATING PROFIT/(LOSS)	2	69,523	(6,118)	63,405	23,122
Income from interests in associated undertakings		-	-	-	874
Profit on disposal of players' registrations		-	455	455	3,758
Interest receivable and similar income	3	2,805	59	2,864	2,749
Interest payable and similar charges	4	(155)	(38)	(193)	(48)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	1-6	72,173	(5,642)	66,531	30,455
Taxation	7			(14,104)	(10,199)
PROFIT FOR THE PERIOD	19			52,427	20,256

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

bet365 Group Limited
CONSOLIDATED BALANCE SHEET
At 29 March 2009

	Note	29 March 2009		30 March 2008	
		£000	£000	£000	£000
FIXED ASSETS					
Intangible assets	9		34,964		24,429
Tangible assets	10		40,449		34,246
			<hr/>		<hr/>
			75,413		58,675
CURRENT ASSETS					
Stocks	12	157		94	
Debtors	13	13,255		9,771	
Cash at bank and in hand		102,534		68,388	
		<hr/>		<hr/>	
		115,946		78,253	
CREDITORS: Amounts falling due within one year	14	(90,644)		(57,871)	
		<hr/>		<hr/>	
NET CURRENT ASSETS			25,302		20,382
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			100,715		79,057
CREDITORS: Amounts falling due in more than one year	15		(8,746)		(6,949)
PROVISIONS FOR LIABILITIES AND CHARGES	16		(415)		(7,981)
			<hr/>		<hr/>
NET ASSETS			91,554		64,127
			<hr/>		<hr/>
CAPITAL AND RESERVES					
Called up share capital	17		3		3
Share premium account	18		18,998		18,998
Profit and loss reserve	19		72,553		45,126
Minority interest	20		-		-
			<hr/>		<hr/>
SHAREHOLDERS' FUNDS			91,554		64,127
			<hr/>		<hr/>

The financial statements on pages 9 to 36 were approved by the board of directors and authorised for issue on 25 January 2010 and are signed on its behalf by:

JR Coates
 Director

Company Registration No. 04241161

bet365 Group Limited
COMPANY BALANCE SHEET
At 29 March 2009

	Note	29 March 2009		30 March 2008	
		£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	10		7,581		6,058
Investments	11		10,000		10,000
			<u>17,581</u>		<u>16,058</u>
CURRENT ASSETS					
Debtors	13	34,601		22,840	
CREDITORS: Amounts falling due within one year	14	<u>(26,098)</u>		<u>(491)</u>	
NET CURRENT ASSETS			<u>8,503</u>		<u>22,349</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>26,084</u>		<u>38,407</u>
PROVISIONS FOR LIABILITIES AND CHARGES	16		<u>(16)</u>		<u>(7)</u>
NET ASSETS			<u><u>26,068</u></u>		<u><u>38,400</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		3		3
Share premium account	18		18,998		18,998
Profit and loss reserve	19		7,067		19,399
SHAREHOLDERS' FUNDS			<u><u>26,068</u></u>		<u><u>38,400</u></u>

The financial statements on pages 9 to 36 were approved by the board of directors and authorised for issue on 25 January 2010 and are signed on its behalf by:

JF Coates
Director

bet365 Group Limited

CONSOLIDATED CASH FLOW STATEMENT

For the 52 week period ended 29 March 2009

	Note	52 week period ended 29 March 2009 £000	53 week period ended 30 March 2008 £000
CASH FLOW FROM OPERATING ACTIVITIES	21	112,624	43,558
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		2,864	2,749
Interest paid		(193)	(48)
Dividends received		-	653
NET CASH INFLOW FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		2,671	3,354
TAXATION		(8,528)	(602)
CAPITAL EXPENDITURE			
Purchase of intangible assets		(28,705)	(6,420)
Sale of intangible assets		817	4,406
Purchase of tangible fixed assets		(10,308)	(14,950)
Sale of tangible fixed assets		148	48
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE		(38,048)	(16,916)
ACQUISITIONS AND DISPOSALS			
Acquisition of a trade – deferred consideration		(5,821)	(1,060)
Acquisition of a subsidiary – deferred consideration		(3,250)	(2,298)
Cash acquired with subsidiary undertakings		-	27
NET CASH OUTFLOW FOR ACQUISITIONS AND DISPOSALS		(9,071)	(3,331)
EQUITY DIVIDENDS PAID	8	(25,000)	-
FINANCING			
Share buy back		-	(4,003)
Loans repaid		(502)	(150)
NET CASH OUTFLOW FOR FINANCING		(502)	(4,153)
INCREASE IN CASH EQUIVALENTS IN THE PERIOD	23	34,146	21,910

bet365 Group Limited

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the 52 week period ended 29 March 2009

	Note	Group		Company	
		52 week period ended 29 March 2009 £000	53 week period ended 30 March 2008 £000	52 week period ended 29 March 2009 £000	53 week period ended 30 March 2008 £000
PROFIT FOR THE FINANCIAL PERIOD		52,427	20,256	12,668	1,392
Dividends paid	8	(25,000)	-	(25,000)	-
Purchase of own shares		-	(4,003)	-	(4,003)
NET ADDITION TO/(REDUCTION IN) SHAREHOLDERS' FUNDS		27,427	16,253	(12,332)	(2,611)
Opening shareholders' funds		64,127	47,874	38,400	41,011
CLOSING SHAREHOLDERS' FUNDS		91,554	64,127	26,068	38,400

bet365 Group Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Group has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the bet365 Group Limited group.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of bet365 Group Limited and all of its subsidiary undertakings for the period. Subsidiaries acquired during the period are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised. Provision is made for any impairment. All financial statements are made up to 29 March 2009 except for Stoke City Holdings Limited and Stoke City Football Club Limited which have a 31 May 2009 year end as it wishes to align the financial year end with the commercial considerations of the individual entities. Detailed management accounts at 31 March 2009 have been used as a basis for the consolidation of these subsidiaries. In addition Stoke City (Property) Limited's year end is 31 March 2009.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

As permitted by Section 230(4) of the Companies Act 1985, the Company has not presented its own profit and loss account.

INTANGIBLE FIXED ASSETS

Purchased goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised.

The directors have considered each constituent component of intangible assets separately to determine the appropriate amortisation in order that the financial statements provide a true and fair view:

- The goodwill supportable by the strength of the bet365 brand and Stoke City Football Club are considered to have an indefinite useful economic life and will not be amortised but subject to an annual impairment review in accordance with Financial Reporting Standard 10 and Financial Reporting Standard 11, with any permanent diminution in value being charged directly to the profit and loss account in the period in which it occurs.
- The goodwill arising on the acquisition of the trade of Bowmans International Sports (IOM) Limited is written off evenly over 5 years from the date of acquisition on 1 December 2006, as in the opinion of the directors this represents the period over which the goodwill is effective.
- The third party costs associated with the acquisition of players' registrations and coaching staff are capitalised and amortised on a straight line basis over the period of their respective contracts. Any transfer fees payable as a result of the occurrence of one or more uncertain future events are capitalised when it is probable such an event will occur. Provision for impairment is made when it becomes clear that any diminution in value has occurred. In accordance with Financial Reporting Standard 10, no amounts are included for players developed within the Club.

bet365 Group Limited

ACCOUNTING POLICIES

INTANGIBLE FIXED ASSETS (continued)

The Companies Act 1985 requires goodwill and its constituent components to be amortised over a finite period. If the above departures from the Companies Act 1985 had not been made the profit for the financial period may have been decreased by amortisation. The amount of this amortisation is considered not material because of the indefinite life of these assets and the directors have invoked a true and fair override.

TANGIBLE FIXED ASSETS

Depreciation is provided on tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Freehold land and buildings	-	No depreciation charged
Leasehold land and buildings	-	No depreciation charged or over the life of the lease
Fixtures and fittings	-	15% per annum straight line
Computer equipment	-	33.3% per annum straight line
Motor vehicles	-	25% per annum straight line

No depreciation is provided on freehold land and buildings and certain long leasehold used for the purpose of carrying on the Group's business. It is the Group's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time and accordingly the directors consider that the lives of these assets are so long and residual values (based on prices prevailing at the time of acquisition) are so high that their depreciation is not material. An annual impairment review of the value of such properties is performed and any permanent diminution in the value of such properties is charged to the profit and loss account as appropriate.

The Companies Act 1985 requires fixed assets and its constituent components to be amortised over a finite period. If the departure from the Companies Act 1985 had not been made the profit for the financial period may have been decreased by additional depreciation. The amount of this depreciation is considered not material because of the indefinite life of these assets and the directors have invoked a true and fair override.

INVESTMENTS

Fixed asset investments are stated at cost. Provision is made for any impairment in the value of fixed asset investments.

SOFTWARE DEVELOPMENT

Expenditure on software development is written off to the profit and loss account in the period in which it is incurred.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

The functional and presentational currency of the overseas subsidiary is Sterling. No exchange differences therefore arise.

bet365 Group Limited

ACCOUNTING POLICIES

DEFERRED TAXATION

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are only recognised when their recoverability can be assessed with certainty in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

GRANTS

Grants received by Stoke City Football Club Limited from the Football Trust in respect of the building costs of the Britannia Stadium, the freehold of which is owned by Stoke City (Property) Limited, are treated as deferred income and released to the profit and loss account over a period of 50 years.

Grants received from The Football Trust and other awarding bodies in respect of other capital expenditure are treated as deferred income and released to profit and loss account over the expected useful lives of the related assets.

Grants received in respect of revenue expenditure and financial support are recognised in the profit and loss account in the period in which the relevant expenditure was incurred.

DEFERRED INCOME

Deferred income relates to Stoke City Football Club Limited and consists of season tickets, sponsorship and other elements of income which have been received prior to the period end in respect of football events, matches or seasons.

LEASED ASSETS AND OBLIGATIONS

All leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

RETIREMENT BENEFITS

The group contributes to a number of schemes.

A defined contribution (money purchase) pension scheme whose assets are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable for the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Certain of the employees of the Group participate in the Football League Pension and Life Assurance scheme and the Football League Players' Benefit scheme. Both schemes are defined benefit schemes co-sponsored by the FA Premier League and the Football League. The Group makes contributions to the schemes in accordance with the recommendations of the actuaries to the schemes.

As Stoke City Football Club Limited is one of a number of participating employers in the schemes, it is not possible to allocate that part of any actuarial rights or deficit owing to the club's employees. Consequently, contributions are charged to the profit and loss account as they become payable. In addition a provision has been established for future enhanced contributions following instruction from the actuaries of the schemes.

bet365 Group Limited

ACCOUNTING POLICIES

RETIREMENT BENEFITS (continued)

Contributions are also paid to individuals' money purchase pension schemes. The contributions are charged to profit and loss account in the period in which they become payable.

The assets of all the pension schemes are held separately from those of the Group in independently administered funds.

AMOUNTS WAGERED

Amounts wagered represents the gross takings receivable from customers in respect of individual bets placed in the period on the telephone and interactive sports businesses, net winnings on gaming activity for on line casino, games and bingo and net fees and rakes earned from poker.

TURNOVER

In accordance with Application Note G to Financial Reporting Standard 5, revenue is recognised under an exchange transaction with a customer when to the extent that the Group obtain the rights to consideration in exchange for its performance.

Turnover is the revenue resulting from exchange transactions under which the Group supplies to customers the services that it is in the business to provide and is net of discounts, marketing inducements, VAT and other sales related taxes and is recognised as set out below:

In the case of internet, telephone and mobile betting operations and on line casino operations (including games and bingo), it represents gains and losses from betting activity in the period.

In the case of the online poker room, turnover represents the net income from fees and rakes earned from poker activities in the period.

Turnover recognition is stated on a gross win basis for the internet and telephone sports betting operations, in line with industry best practice.

In respect of Stoke City Football Club Limited, turnover represents net match receipts, Premier League receipts and other income arising from the Club's activities.

CASH

Cash for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2009

1 SEGMENTAL REPORT

The analysis of turnover and profit before taxation by class of business and the geographical analysis of turnover have not been given as in the opinion of the directors such disclosure would be severely prejudicial to the interests of the Group.

2 ANALYSIS OF CONTINUING AND ACQUIRED OPERATIONS

	52 week period ended 29 March 2009	53 week period ended 30 March 2008		
	Continuing Sports and gaming and football club Total £000	Continuing Sports and gaming £000	Acquisition Stoke City (Property) Limited £000	Total £000
TURNOVER	288,746	159,572	127	159,699
Operating expenses	(225,341)	(136,553)	(24)	(136,577)
OPERATING PROFIT	63,405	23,019	103	23,122

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	52 week period ended 29 March 2009 £000	53 week period ended 30 March 2008 £000
Bank interest	2,864	2,749

4 INTEREST PAYABLE AND SIMILAR CHARGES

	52 week period ended 29 March 2009 £000	53 week period ended 30 March 2008 £000
On bank loans and overdrafts	38	32
Other interest	155	16
	193	48

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2009

5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	52 week period ended 29 March 2009 £000	53 week period ended 30 March 2008 £000
	Profit on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the period:		
	Owned assets	3,998	2,927
	Amortisation of player registrations	9,425	2,218
	Impairment of player registrations	4,283	-
	Amortisation of goodwill	2,302	2,846
	Profit on sale of fixed assets – included in operating expenses	41	(18)
	Operating lease rentals:		
	Plant and machinery	431	79
	Land and buildings	39	757
	Grants released	(101)	(55)
		<hr/>	<hr/>
	Audit services:		
	Statutory audit of parent and consolidation accounts	50	67
	Other services:		
	Audit of subsidiaries where such services are provided by Baker Tilly or its associates	26	26
	Work performed by associates of Baker Tilly in respect of consolidation returns or legal legislative requirements	2	4
	Further assurance services	9	8
	Other services:		
	Services in respect of remuneration	3	-
	Tax services:		
	Compliance services	14	13
	Advisory services	158	100
		<hr/>	<hr/>
		262	218
		<hr/>	<hr/>
	Comprising:		
	Audit services	76	93
	Non-audit services	186	125
		<hr/>	<hr/>
		262	218
		<hr/>	<hr/>

Further assurance services includes fees paid in respect of auditing assignments to meet specific industry requirements including industry levy calculations. The Group audit fee includes £4,000 (2008: £4,000) in respect of the Company audit.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2009

6	EMPLOYEES	52 week period ended 29 March 2009 Number	53 week period ended 30 March 2008 Number
	The average monthly number of persons (including directors) employed by the group during the period was:		
	Managers and supervisors	110	88
	Operations staff	798	637
	Full time playing staff and scholars	49	44
	Other staff	77	89
		1,034	858
		52 week period ended 29 March 2009 £000	53 week period ended 30 March 2008 £000
	Staff costs for the above persons:		
	Wages and salaries	42,586	28,751
	Social security costs	6,265	2,866
	Other pension costs	976	659
		49,827	32,276
	DIRECTORS' REMUNERATION	52 week period ended 29 March 2009 £000	53 week period ended 30 March 2008 £000
	Emoluments	2,648	1,565
	Pension fund contributions	490	375
		3,138	1,940

The pension payments in 2008 and 2009 were made to the personal pension plans of the directors.
No directors accrue benefits under the money purchase scheme.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2009

6 EMPLOYEES (continued)

	Highest paid director	
	52 week period ended 29 March 2009	53 week period ended 30 March 2008
	£000	£000
Directors' emoluments disclosed above include the following payments:		
Emoluments	1,027	579
Pension fund contributions	245	225
	<u>1,272</u>	<u>804</u>

7 TAXATION	52 week period ended 29 March 2009		53 week period ended 30 March 2008	
	£000	£000	£000	£000
Current tax:				
UK corporation tax on profits of the period	12,000		4,972	
Overseas tax	5,290		5,134	
Share of associates tax	-		2	
Adjustments in respect of previous period	(3,249)		(76)	
Total current tax		14,041		10,032
Deferred tax:				
Origination and reversal of timing differences	(106)		99	
Adjustments in respect of previous period	169		49	
Share of associate tax	-		19	
Total deferred tax		63		167
Tax on profit on ordinary activities		<u>14,104</u>		<u>10,199</u>

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2009

7 TAXATION (continued)

Factors affecting tax charge for the period:	52 week period ended 29 March 2009 £000	53 week period ended 30 March 2008 £000
The tax assessed for the period is lower (2008: higher) than the standard rate of corporation tax in the UK 28% (2008: 30%). The differences are explained below:		
Profit on ordinary activities before tax	66,531	30,455
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2008: 30%)	18,629	9,136
<i>Effects of:</i>		
Expenses not deductible for tax purposes	346	117
Fixed asset timing differences	(30)	(9)
Non taxable income	(53)	(235)
Other timing differences	(13)	(57)
Difference in tax rate	(3,135)	(1,101)
Double taxation of overseas profits	-	2,259
Adjustments in respect of previous period	(3,249)	(76)
Other differences	42	(2)
Tax on overseas dividend	(3)	-
Unutilised tax losses carried forward	1,510	-
Current tax charge for the period	14,041	10,032

8 DIVIDENDS

	52 week period ended 29 March 2009 £000	53 week period ended 30 March 2008 £000
Ordinary shares:		
Interim paid	25,000	-

On 16 December 2008 and 26 March 2009, a dividend of £41.49 (2008: £nil) per share was paid to both the ordinary shareholders and 'A' ordinary shareholders.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2009

9 INTANGIBLE FIXED ASSETS

	Goodwill – Sports and gaming £000	Goodwill – Football Club and stadium £000	Player registrations £000	Total £000
GROUP				
<i>Cost</i>				
At beginning of period	16,176	6,276	6,435	28,887
Additions	-	-	28,705	28,705
Disposals	-	-	(721)	(721)
Fair value adjustment	(1,798)	-	-	(1,798)
At end of period	14,378	6,276	34,419	55,073
<i>Amortisation</i>				
At beginning of period	3,201	-	1,257	4,458
Amortisation/impairments	2,302	-	13,708	16,010
On disposals	-	-	(359)	(359)
At end of period	5,503	-	14,606	20,109
<i>Net book value</i>				
At 29 March 2009	8,875	6,276	19,813	34,964
At 30 March 2008	12,975	6,276	5,178	24,429

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2009

10 TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leasehold land and buildings	Fixtures, fittings, and computer equipment	Plant and motor vehicles	Total
	£000	£000	£000	£000	£000
GROUP					
<i>Cost</i>					
At beginning of period	19,806	7,088	15,272	1,994	44,160
Additions	206	2,144	6,407	1,551	10,308
Disposals	(58)	-	-	(258)	(316)
At end of period	19,954	9,232	21,679	3,287	54,152
<i>Depreciation</i>					
At beginning of period	-	150	9,142	622	9,914
Charged in the period	-	189	3,092	717	3,998
On disposals	-	-	-	(209)	(209)
At end of period	-	339	12,234	1,130	13,703
<i>Net book value</i>					
At 29 March 2009	19,954	8,893	9,445	2,157	40,449
At 30 March 2008	19,806	6,938	6,130	1,372	34,246

The net book value of leasehold land and buildings comprises:

	29 March 2009 £000
Long leasehold	8,335
Short leasehold	830
	<u>8,893</u>

Depreciation in respect of long leasehold properties in the period was £32,000 (2008: £23,000) and £157,000 (2008: £66,000) in respect of short leasehold properties.

Long leasehold of £7,581,000 (2008: £6,058,000) has not been depreciated in the period.

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2009

10 TANGIBLE FIXED ASSETS (continued)

	Leasehold land and buildings £000
COMPANY	
<i>Cost</i>	
At beginning of period	6,058
Additions	1,523
	<hr/>
At end of period	7,581
	<hr/>
<i>Net book value</i>	
At 29 March 2009	7,581
	<hr/>
At 30 March 2008	6,058
	<hr/>

The net book value of leasehold land and buildings comprises:

	29 March 2009 £000
Long leasehold	7,581
Short leasehold	-
	<hr/>
	7,581
	<hr/>

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2009

11 FIXED ASSET INVESTMENTS

Shares in
group
undertakings
£000

COMPANY

Cost and net book value

At beginning and end of period

10,000

The Company holds more than 20% of the equity (and no other share or loan capital) of the following undertakings:

<i>Subsidiary undertaking</i>	<i>Country of registration</i>	<i>Principal activity</i>	<i>Percentage of ordinary shares held</i>	
			<i>Group</i>	<i>Company</i>
Hillside (New Media Holdings) Limited	UK	Holding company	100%	100%
Hillside (New Media) Limited	UK	Provision of telephone, internet and mobile betting and software development	100%	-
Hillside (Gibraltar) Limited	Gibraltar	Provision of online casino, poker room, bingo and games	100%	-
bet365 International NV	Netherlands Antilles	Dormant	100%	-
Hillside (Leisure) Limited	UK	Dormant	100%	-
Stoke City Holdings Limited	UK	Holding company	100%	100%
Stoke City Football Club Limited	UK	Football Club	84.4%	-
Stoke City (Property) Limited	UK	Provision of stadium facility	92.356%	-
Hillside (Alderney) Limited	Alderney	Dormant	100%	-
Hillside (Malta Holdings) Limited	Malta	Dormant	100%	0.1%
Hillside (Malta) Limited	Malta	Dormant	100%	0.1%

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2009

12	STOCKS	Group		Company	
		29 March 2009 £000	30 March 2008 £000	29 March 2009 £000	30 March 2008 £000
	Finished goods	157	94	-	-
		<u>157</u>	<u>94</u>	<u>-</u>	<u>-</u>
13	DEBTORS	Group		Company	
		29 March 2009 £000	30 March 2008 £000	29 March 2009 £000	30 March 2008 £000
	Trade debtors	2,404	2,826	-	-
	Amounts owed by group undertakings	-	-	33,248	22,840
	Other debtors	6,556	2,449	1,353	-
	Prepayments and accrued income	4,295	4,496	-	-
		<u>13,255</u>	<u>9,771</u>	<u>34,601</u>	<u>22,840</u>

Included within other debtors for the Group are £1,392,000 (2008: £nil) that falls due in more than one year.

14	CREDITORS: Amounts falling due within one year	Group		Company	
		29 March 2009 £000	30 March 2008 £000	29 March 2009 £000	30 March 2008 £000
	Bank loans and overdrafts	411	677	-	-
	Trade creditors	40,839	24,654	-	-
	Amounts owed to group undertakings	-	-	26,019	-
	Corporation tax	12,372	7,948	68	480
	Other taxation and social security costs	3,185	1,060	-	-
	Other creditors	8,152	4,639	11	11
	Accruals and deferred income	23,455	16,663	-	-
	Deferred consideration	2,230	2,230	-	-
		<u>90,644</u>	<u>57,871</u>	<u>26,098</u>	<u>491</u>

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2009

15 CREDITORS: Amounts falling due in more than one year

	Group		Company	
	29 March	30 March	29 March	30 March
	2009	2008	2009	2008
	£000	£000	£000	£000
Bank loans and overdrafts	-	236	-	-
Trade creditors	2,388	-	-	-
Overseas tax	3,350	2,260	-	-
Accruals and deferred income	3,008	3,203	-	-
Deferred consideration	-	1,250	-	-
	<u>8,746</u>	<u>6,949</u>	<u>-</u>	<u>-</u>

ANALYSIS OF DEBT MATURITY

	Group		Company	
	29 March	30 March	29 March	30 March
	2009	2008	2009	2008
	£000	£000	£000	£000
Amounts payable:				
In one year or less or on demand	411	677	-	-
In more than one year but not more than two years	-	236	-	-
	<u>411</u>	<u>913</u>	<u>-</u>	<u>-</u>

Bank loans and overdrafts

Included within amounts repayable within one year are bank loans of £411,000 (2008: £324,000). This amount is repayable over a period of 5¼ years.

The bank loans are secured by way of a fixed and floating charge over all the assets of Stoke City Football Club Limited and a legal charge over the Club's leasehold interest in Britannia Stadium.

Deferred consideration

Included within creditors is £1,250,000 (2008: £2,500,000) payable in relation to the acquisition of Stoke City (Property) Limited and £980,000 (2008: £980,000) in relation to Stoke City Football Club Limited.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2009

15 CREDITORS: Amounts falling due in more than one year (continued)

DEFERRED GRANTS

Included within accruals and deferred income are deferred grants received from various awarding bodies to fund the acquisition or construction of certain assets in Stoke City Football Club Limited, including Britannia Stadium as follows:

	Group		Company	
	29 March 2009 £000	30 March 2008 £000	29 March 2009 £000	30 March 2008 £000
At start of period	2,227	2,282	-	-
Grants released to the profit and loss account	(101)	(55)	-	-
At end of period	<u>2,126</u>	<u>2,227</u>	<u>-</u>	<u>-</u>

	Group		Company	
	29 March 2009 £000	30 March 2008 £000	29 March 2009 £000	30 March 2008 £000
Amounts to be released relating to periods ending:				
In one year or less or on demand	55	56	-	-
In more than one year but not more than two years	55	55	-	-
In more than two years but not more than five years	165	166	-	-
In five years or more	1,851	1,950	-	-
	<u>2,126</u>	<u>2,227</u>	<u>-</u>	<u>-</u>

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2009

16 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred consideration £000	Pension obligations £000	Total £000
GROUP			
At start of period	7,619	72	7,691
Credit for the period	-	(9)	(9)
Paid in the period	(5,821)	-	(5,821)
Fair value revaluation	(1,798)	-	(1,798)
At end of period	-	63	63
Deferred taxation (see below)			352
			415

	Group £000	Company £000
DEFERRED TAXATION		
At beginning of period	290	7
Charge/(credit) for the period	62	9
At end of period	352	16

The elements of the deferred tax liability, which is carried within provisions for liabilities and charges, are as follows:

	Group		Company	
	29 March 2009 £000	30 March 2008 £000	29 March 2009 £000	30 March 2008 £000
Accelerated capital allowances	359	297	16	7
Other timing differences	(7)	(7)	-	-
	352	290	16	7

There are unutilised tax losses available for future use of £2,444,000 (2008: £2,444,000) relating to Stoke City Football Club Limited. A deferred tax asset has not been reflected as the recovery of this asset cannot be assessed with full certainty.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2009

16. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

ANALYSIS OF DEFERRED CONSIDERATION:

	29 March 2009 £000	30 March 2008 £000
Amounts payable:		
In one year	-	2,078
In more than two but no more than five years	-	5,540
	<hr/>	<hr/>
	-	7,618
	<hr/>	<hr/>

Deferred consideration

The deferred consideration in 2008 related to the directors' estimate of the present value of future consideration payments in relation to the acquisition of the trade of Bowmans International Sports (IOM) Limited. In 2009 the Group have re-negotiated the purchase price and agreed to pay a set amount of £5,820,000. This agreement has led to a fair value revaluation of £1,798,000 in 2009 and accordingly a corresponding adjustment in goodwill (see note 9).

Pension obligations

Certain staff of the Group are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme ("FLLPLAS"), a defined benefit scheme. As the Group is one of a number of participating employers in the FLLPLAS, it is not possible to allocate any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed in the profit and loss account as they become payable. The assets of the scheme are held separately from those of the Group, being invested with insurance companies.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2009

17	SHARE CAPITAL GROUP AND COMPANY	29 March 2009 £000	30 March 2008 £000
	Authorised		
	Equity: 980,000 ordinary shares of 1 pence each	10	10
	17,000 "A" ordinary shares of 1 pence each	-	-
	3,000 "C" ordinary shares of 1 pence each	-	-
		<u>10</u>	<u>10</u>
	Allotted, called up and fully paid		
	Equity: 284,313 ordinary shares of 1 pence each	3	3
	17,000 "A" ordinary shares of 1 pence each	-	-
	Nil "C" ordinary shares of 1 pence each	-	-
		<u>3</u>	<u>3</u>

The ordinary shares and the "A" shares carry the same rights and rank pari passu.

bet365 Group Limited Share Option Plan

bet365 Group Limited's share option plan was adopted on 13 March 2003. Options granted under this scheme may be exercised, subject to certain restrictions, from 13 March 2006 up to ten years from grant for eligible employees.

Options over bet365 Group Limited shares outstanding at 29 March 2009 were as follows:

Options at 30 March 2008	Options granted in year	Options lapsed in year	Options exercised in year	Options at 29 March 2009	Exercise price £	Market price at date of exercise £
2,241	-	(27)	-	2,214	7.88	N/A

The options outstanding at 29 March 2009 had a remaining weighted average contractual life of 8 years (2008: 9 years).

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2009

18	RESERVES		Share premium account £000
	GROUP AND COMPANY		
	At beginning and end of period		18,998
			<u> </u>
19	PROFIT AND LOSS RESERVE	Group £000	Company £000
	At beginning of period	45,126	19,399
	Profit for the period	52,427	12,668
	Dividends paid (see note 8)	(25,000)	(25,000)
		<u> </u>	<u> </u>
	At end of period	72,553	7,067
		<u> </u>	<u> </u>
20	MINORITY INTEREST	29 March 2009 £000	30 March 2008 £000
	Minority share of losses for the period	906	276
	Creation of provision against minority interest	(906)	(276)
		<u> </u>	<u> </u>
		-	-
		<u> </u>	<u> </u>

The directors have made a provision against the minority interest debtor as they consider the Group would have an obligation to provide finance that they may not be able to recover in respect of the accumulated losses in its subsidiary which are attributable to the minority interests.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2009

21 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	52 week period ended 29 March 2009 £000	53 week period ended 30 March 2008 £000
Operating profit	63,405	23,122
Depreciation	3,998	2,927
Amortisation of player registrations	13,708	2,218
Amortisation of goodwill	2,302	2,846
Profit on sale of fixed assets	(41)	(18)
(Increase)/decrease in stock	(63)	41
Increase in debtors	(3,484)	(5,215)
Increase in creditors	32,808	17,685
Increase in provisions	(9)	(48)
NET CASH FLOW FROM OPERATING ACTIVITIES	112,624	43,558

22 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

£000

Increase in cash in the period	34,146
Cash outflow from reduction in debt	502

MOVEMENT IN NET FUNDS IN THE PERIOD

Net funds at 30 March 2008	34,648
	67,475

NET FUNDS AT 29 MARCH 2009

102,123

23 ANALYSIS OF NET FUNDS

	At 30 March 2008 £000	Cash flow £000	At 29 March 2009 £000
Cash in hand and at bank	68,388	34,146	102,534
Debt due within one year	(677)	266	(411)
Debt due after one year	(236)	236	-
Total	67,475	34,648	102,123

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2009

24 COMMITMENTS

a) Capital commitments

	Group		Company	
	29 March 2009 £000	30 March 2008 £000	29 March 2009 £000	30 March 2008 £000
Capital expenditure contracted for but not provided in the financial statements	4,570	223	3,675	-

b) Commitments under operating leases

	29 March 2009 £000	30 March 2008 £000
At the period end the Group was committed to making the following payments during the next period under non-cancellable operating leases as follows:		
Plant and machinery		
Expiring within one year	39	30
Expiring between two and five years	-	51
Expiring after five years	-	-
Land and buildings		
Expiring within one year	-	-
Expiring between two and five years	-	30
Expiring after five years	330	341
	369	452

c) Ground safety grants

Stoke City Football Club has received grants from The Football Trust in respect of the development of the Britannia Stadium which at the year end are included in deferred grants of £2.126m.

The Football Trust reserves the right to call for repayment of all or a proportion of any grant made if the facility which has attracted a grant ceases to be used or is sold by the football club.

d) Security

The Royal Bank of Scotland plc holds a charge dated 23 March 2008 over a credit bank account of the Group which at 29 March 2009 amounted to £2,000,000.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2009

25 PENSION COMMITMENTS

The Group operates a number of defined contribution pension schemes whose assets are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £976,000 (2008: £659,000). Contributions amounting to £46,000 (2008: £45,000) were payable to the scheme at the period end and are included in creditors. A provision amounting to £63,000 (2008: £72,000) is included in provisions (note 16).

26 RELATED PARTY TRANSACTIONS

During the financial period the Company made a loan of £1,500,000 to Mercer Street Securities Limited, a company in which Peter Coates has an interest. At the end of the period £1,393,000 was outstanding to bet365 Group Limited. The loan is repayable on demand.

The directors established the transactions on an arm's length basis.

27 CONTROLLING INTEREST

bet365 Group Limited is under the control of Denise Coates and her family.