

bet365 Group Limited

REPORT AND FINANCIAL STATEMENTS

27 March 2016



Company Registration No. 04241161

bet365 Group Limited

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bet365 Group Limited

COMPANY INFORMATION

DIRECTORS

D Coates CBE

JF Coates

P Coates

WW Roseff

G Rotem

SECRETARY

SJ Adlington

REGISTERED OFFICE

bet365 House

Media Way

Stoke-on-Trent

ST1 5SZ

AUDITOR

RSM UK Audit LLP

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

bet365 Group Limited

STRATEGIC REPORT

The directors have pleasure in submitting their Strategic Report for bet365 Group Limited for the period ended 27 March 2016.

DENISE COATES CBE (JOINT CHIEF EXECUTIVE) - REVIEW OF THE BUSINESS

On behalf of the board I am pleased to report that the Group continued to experience good growth during the period, with overall revenues and operating profit from the Group's Sports and Gaming activities increasing by 5%, to £1,546.9m (2015: £1,474.8m), and 10%, to £448.3m (2015: £406.4m), respectively, compared to last year which included the 2014 football World Cup. For the sixth consecutive year 'bet365' attained top spot in eGaming Review's Annual Power 50.

Trading under the bet365 brand, the Group's Sports offering continued to benefit from a number of product-enhancing developments and investment during the period. Continuing to recognise the significance of the mobile market, new versions of the Sports app were released for both iPhone and Android. The In-Play product again performed strongly, representing 72% of Sports revenue in the period, aided by expansion of the In-Play football offers.

The mobile Sports product built upon the strong performance seen in previous years delivering revenue growth of 36%, making mobile the most popular medium for betting.

With the addition of Major League Baseball and Bookmakers Afternoon Greyhound Service, the number of events "Live Streamed", for the first time, exceeded 100,000 in a period.

The Group also continued to offer attractive customer promotions, including, for the sixth consecutive year, a *Kick-off* bonus at the start of the football season along with numerous In-Play offers.

The combination of all of these factors helped to generate significant increases in new customers, with the lifetime number of signups approaching 23.1 million during the period. Amounts wagered on Sports in the period approached £37 billion, increasing by 6% over the prior period which included the 2014 football World Cup. Active users increased by 11%, with the number of signups and new depositors increasing during the period.

During the period the Group's Gaming operations continued to build on the foundations of the recreational player strategy set out in the previous period, which helped to improve player retention rates across most platforms. In addition, the *bet365 Gaming Channel* was launched for Twitter and Facebook.

The Group continued to focus on the mobile Gaming product, which is maturing into a significant platform. Mobile customer numbers are growing significantly, assisted by the introduction of native apps, not only in the App Store for IOS but also from the bet365 site for Android users. The Group believes it is well positioned with good penetration in all core markets.

Around the world the Sports and Gaming operations continue to adapt to the changing regulatory framework as jurisdictions continue to revise their regulatory regimes. bet365 currently holds licences in various territories including Great Britain, Spain, Denmark, Italy, Gibraltar, Malta, Ireland, Australia, and, post year end, Bulgaria, and will continue with its long standing policy of pursuing licences in regulated markets. Given the Group's experience in regulated markets, it believes it is well placed to benefit long-term in those countries where sensible regulation is adopted.

bet365 Group Limited

STRATEGIC REPORT

The Group is fully committed to minimising gambling-related harm and keeping crime out of gambling. bet365's Responsible Gambling and Anti-Money Laundering (AML) policies, procedures and controls are of fundamental importance to the business and, to this end, the Group constantly evaluates the effectiveness of its harm minimisation and AML programmes, working with external partners where necessary, to ensure best industry practice at all times and to ensure that the Group maintains its industry leading position.

Both the Group's AML and harm minimisation programmes have been enhanced with several changes made to both during the period. By way of example, the range of behaviours identified as potential markers of harm covered under the Group's data driven automatic customer activity monitoring system was increased during the period. The Group has committed to further increasing the range of behaviours monitored in 2016/17 along with an enhanced approach to customer interaction once potentially harmful play has been identified.

The Group continued to invest in its infrastructure and technology, including the completion of a new office to consolidate bet365's Stoke-on-Trent based staff into one location. This consolidation of staff is expected to deliver efficiencies and enhanced staff engagement. The directors are delighted to announce that the successful migration into the new office was completed shortly after the period end.

Marketing expenditure again increased, helping to maintain the 'bet365' brand's class-leading position. Staff numbers grew by 9% during the period, ensuring the business is suitably resourced to manage business growth, with 3,177 staff employed within the Group's Sports and Gaming operations and associated support activity at the end of the financial period.

During the period Stoke City Football Club contributed a profit of £8.5m compared to a loss in 2015 of £0.2m. The club maintained its Premier League status, finishing 9th in the league following further significant investment in the playing squad. The annual wage bill rose to £77.2m (2015: £62.9m).

During the period the Group donated a total of £20.0m (2015: £10.0m) to the Denise Coates Foundation, a registered charity. The size of the donation, and therefore the difference the Foundation will be able to make to people's lives over the coming years, are of great importance to the Group.

The directors of the Group are pleased with the strength of the financial position reported in the balance sheet at the period end, with cash at bank and in hand increasing significantly in the period to £1,099.1m (2015: £915.2m). The directors are confident that the balance sheet will continue to grow, due to the highly cash generative nature of the company, with such funds being held for future trading purposes.

bet365 Group Limited

STRATEGIC REPORT

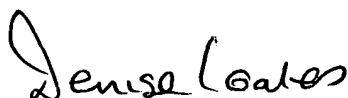
PRINCIPAL RISKS AND UNCERTAINTIES

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 risk – Competitors could entice bet365's customers and/or bet365's marketing strategy may not be effective at attracting new and/or retaining existing customers.
2. Margin risk – Although the Group's trading teams are experienced in managing risk, there is always a range of profit/loss for different outcomes for 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 the Group's key markets can change, sometimes at short notice. Such changes could have an impact upon the results of the Group. Furthermore, additional costs might be incurred in order to comply with new laws and/or regulations. The Group's key markets are monitored for legislative and regulatory developments which enables swift assessment and, when and where necessary, adaptation to changes in the markets legal and regulatory environment.
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 a sufficient standard to retain and improve its position in the Premier League.

By order of the board



Denise Coates CBE
Director

14th September 2016

bet365 Group Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of bet365 Group Limited for the 52 week period ended 27 March 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Group are; in-house software development, the provision of internet, mobile and telephone sports betting along with an Online Casino, Games, Bingo and Poker. The Group is the majority shareholder of Stoke City Football Club Limited and owns Stoke City (Property) Limited, in turn owning the stadium and training ground used by the 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 was £451,115,000 (2015: £409,327,000) from its gambling operations and a profit of £8,518,000 (2015: loss of £232,000) on the Football Club and Stoke City (Property) Limited, resulting in a combined Group profit before taxation for the period of £459,633,000 (2015: £409,095,000).

The directors paid a total dividend of £127,526,000 during the period (2015: £75,000,000). The directors do not recommend the payment of a final dividend for the period.

FUTURE DEVELOPMENTS

The Group will continue to invest in IT infrastructure and technology around the world to ensure it has both the flexibility and scalability to evolve with internal and external developments.

The changing worldwide gambling and leisure industries may or may not provide opportunities for enhancing the Group's presence worldwide.

The Group encourages innovation in its product offerings, both by improving existing products and introducing new opportunities. Successful innovation attracts new customers and supports customer retention.

At the period end the Group had agreed to the sale of one of its leasehold land and buildings. The sale was completed, in May 2016, for the amount held as the carrying value of the asset. (See note 12).

On 23 June 2016 the United Kingdom, via referendum, voted to leave the European Union. Whilst the result may have a long-term impact upon the Group's structure, it is too early to tell, at this stage, what the implications will be.

The United Kingdom will remain a member of the European Union for at least the next two years, with some commentators anticipating that this may continue for some time thereafter. As such the Group will have time to adapt as appropriate. In the meantime, it remains business as usual.

BRANCHES

The Group has unincorporated branches in Gibraltar.

bet365 Group Limited

DIRECTORS' REPORT

FINANCIAL INSTRUMENTS

The Group's cash flow fluctuates according to the timing of payments and receipts and the Group's overall profitability. The directors manage deposits to gain favourable 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.

In March 2016 the Group transferred £125m to Goldman Sachs, a leading global investment banking, securities and investment management firm, which was held as cash at the period end. The Group have instructed Goldman Sachs to invest these funds in such a way that the overall portfolio provides a very high degree of flexibility with no illiquid or "lock-up" type investments, with such funds being held for future trading purposes.

HEDGING FOREIGN EXCHANGE TRANSACTIONS

The Group accepts bets in different currencies. The Group's policy is to hedge this risk where significant. At the period end no derivative contracts were outstanding.

DIRECTORS

The following directors have held office since 30 March 2015, unless otherwise noted:

D Coates CBE
JF Coates
P Coates
WW Roseff
G Rotem

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.

CHARITABLE CONTRIBUTIONS

The Group made charitable contributions during the period of £20,623,000 (2015: £10,129,000), donating £20,000,000 (2015: £10,000,000) to the Denise Coates Foundation. The Denise Coates Foundation is a registered charity created for the purposes of charitable giving.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is 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.

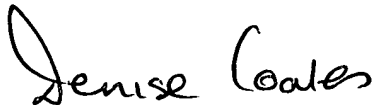
bet365 Group Limited

DIRECTORS' REPORT

AUDITOR

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By order of the board



Denise Coates CBE
Director

14th September 2016

bet365 Group Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and the Directors' 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).

Under Group 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 Group and the Company 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 accounting 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; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF bet365 GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 10 to 47. 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 FRS 102 'The Financial Reporting Standard Applicable in the United Kingdom and the Republic of Ireland'.

This report is made solely to the Group'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 Group'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 Group and the Group'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 more fully explained in the Directors' Responsibilities Statement set out on page 8, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent company's affairs as at 27 March 2016 and of its profit for the period 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 period for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' report.

Matters on which we are required to report by exception

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

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



ANNE LAKIN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

15 September 2016

bet365 Group Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 52 week period ended 27 March 2016

	Note	52 week period ended 27 March 2016			52 week period ended 29 March 2015
		Sports and gaming £000	Football Club and facilities £000	Total £000	£000
AMOUNTS WAGERED		36,999,375	-	36,999,375	34,683,633
TURNOVER	2	1,546,895	106,392	1,653,287	1,570,572
Direct costs		(222,370)	-	(222,370)	(235,832)
GROSS PROFIT		1,324,525	106,392	1,430,917	1,334,740
Administrative expenses		(876,225)	(97,976)	(974,201)	(928,582)
OPERATING PROFIT		448,300	8,416	456,716	406,158
Interest receivable and similar income	3	2,815	103	2,918	2,939
Interest payable and similar expenses	4	-	(1)	(1)	(2)
PROFIT BEFORE TAXATION	2-8	451,115	8,518	459,633	409,095
Taxation	9			(58,908)	(82,579)
PROFIT FOR THE FINANCIAL PERIOD				400,725	326,516
OTHER COMPREHENSIVE INCOME					
Currency translation differences				(2,096)	2,986
Revaluation of land and buildings				-	(2,126)
Deferred tax on revalued assets				275	425
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				398,904	327,801

Turnover and operating profit are derived from the Group's continuing operations.

Profit for the period and total comprehensive income is all attributable to the owners of the parent in 2016 and 2015.

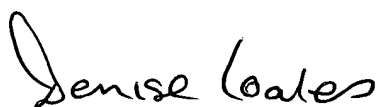
bet365 Group Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 27 March 2016

	Note	27 March 2016		29 March 2015	
		£000	£000	£000	£000
FIXED ASSETS					
Intangible assets	10		56,982		24,135
Tangible assets	11		129,598		121,029
			186,580		145,164
CURRENT ASSETS					
Stocks	14	166		216	
Debtors (amounts due after more than one year: £1,427,000 (2015: £1,376,000))	15	193,526		133,772	
Cash at bank and in hand		1,099,051		915,206	
		1,292,743		1,049,194	
CREDITORS: Amounts falling due within one year	16	(513,487)		(495,057)	
NET CURRENT ASSETS			779,256		554,137
TOTAL ASSETS LESS CURRENT LIABILITIES			965,836		699,301
CREDITORS: Amounts falling due after more than one year	17		(5,573)		(10,338)
PROVISION FOR LIABILITIES	19		(155)		(233)
NET ASSETS			960,108		688,730
CAPITAL AND RESERVES					
Called up share capital	20		3		3
Share premium account			18,998		18,998
Revaluation reserve			11,277		11,002
Profit and loss reserve			929,830		658,727
			960,108		688,730
CAPITAL AND RESERVES					
Attributable to owners of the parent			960,108		688,730
Attributable to non-controlling interests	21		-		-
TOTAL EQUITY			960,108		688,730

The financial statements on pages 10 to 47 were approved by the board of directors and authorised for issue on 14th September 2016 and are signed on its behalf by:



Denise Coates CBE
Director

Company Registration No. 04241161

bet365 Group Limited

COMPANY STATEMENT OF FINANCIAL POSITION

At 27 March 2016

	Note	27 March 2016		29 March 2015	
		£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	11		33,094		16,487
Investment properties	12		5,696		5,996
Investments	13		10,000		10,000
			<u>48,790</u>		<u>32,483</u>
CURRENT ASSETS					
Debtors (amounts due after more than one year: £1,427,000 (2015: £1,376,000))	15	330,638		198,580	
Cash at bank and in hand		327,421		317,027	
		<u>658,059</u>		<u>515,607</u>	
CREDITORS: Amounts falling due within one year	16	<u>(83,908)</u>		<u>(56,674)</u>	
NET CURRENT ASSETS			<u>574,151</u>		<u>458,933</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>622,941</u>		<u>491,416</u>
CREDITORS: Amounts falling due after more than one year	17		<u>(5,573)</u>		<u>(10,299)</u>
NET ASSETS			<u>617,368</u>		<u>481,117</u>
CAPITAL AND RESERVES					
Called up share capital	20		3		3
Share premium account			18,998		18,998
Profit and loss reserve brought forward		462,116		413,958	
Profit for the period		263,777		123,158	
Dividends	22	<u>(127,526)</u>		<u>(75,000)</u>	
Profit and loss reserve carried forward			<u>598,367</u>		<u>462,116</u>
TOTAL EQUITY			<u>617,368</u>		<u>481,117</u>

The financial statements on pages 10 to 47 were approved by the board of directors and authorised for issue on **14th September** 2016 and are signed on its behalf by:



Denise Coates CBE
Director

Company Registration No. 04241161

bet365 Group Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
At 27 March 2016

	Note	Share capital £000	Share premium £000	Revaluation reserve £000	Profit and loss account £000	Total £000	Controlling interests £000	Non- controlling interests £000 (see note 21)	Total £000
BALANCE AT 30 MARCH 2014		3	18,998	12,703	404,225	435,929	435,929	-	435,929
Profit for the period		-	-	-	326,516	326,516	326,516	-	326,516
Other comprehensive income, net of tax:-									
Revaluation of land and buildings		-	-	(2,126)	-	(2,126)	(2,126)	-	(2,126)
Currency translation differences on overseas subsidiaries		-	-	-	2,986	2,986	2,986	-	2,986
Deferred tax on revalued assets		-	-	425	-	425	425	-	425
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3	18,998	11,002	733,727	763,730	763,730	-	763,730
Transactions with owners in their capacity as owners:									
Dividends	22	-	-	-	(75,000)	(75,000)	(75,000)	-	(75,000)
TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS		-	-	-	(75,000)	(75,000)	(75,000)	-	(75,000)
BALANCE AT 29 MARCH 2015		3	18,998	11,002	658,727	688,730	688,730	-	688,730
Profit for the period		-	-	-	400,725	400,725	400,725	-	400,725
Other comprehensive income, net of tax:-									
Currency translation differences on overseas subsidiaries		-	-	-	(2,096)	(2,096)	(2,096)	-	(2,096)
Deferred tax on revalued assets		-	-	275	-	275	275	-	275
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	275	398,629	398,904	398,904	-	398,904
Transactions with owners in their capacity as owners:									
Dividends	22	-	-	-	(127,526)	(127,526)	(127,526)	-	(127,526)
TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS		-	-	-	(127,526)	(127,526)	(127,526)	-	(127,526)
BALANCE AT 27 MARCH 2016		3	18,998	11,277	929,830	960,108	960,108	-	960,108

bet365 Group Limited

COMPANY STATEMENT OF CHANGES IN EQUITY

At 27 March 2016

	Note	Share capital £000	Share premium £000	Profit and loss account £000	Total £000
BALANCE AT 30 MARCH 2014		3	18,998	413,958	432,959
Profit for the period		-	-	123,158	123,158
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	123,158	123,158
Transactions with owners in their capacity as owners:					
Dividends	22	-	-	(75,000)	(75,000)
TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS		-	-	(75,000)	(75,000)
BALANCE AT 29 MARCH 2015		3	18,998	462,116	481,117
Profit for the period		-	-	263,777	263,777
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	263,777	263,777
Transactions with owners in their capacity as owners:					
Dividends	22	-	-	(127,526)	(127,526)
TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS		-	-	(127,526)	(127,526)
BALANCE AT 27 MARCH 2016		3	18,998	598,367	617,368

bet365 Group Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
For the 52 week period ended 27 March 2016

	Note	52 week period ended 27 March 2016		52 week period ended 29 March 2015	
		£000	£000	£000	£000
OPERATING ACTIVITIES	23		545,599		553,628
Cash generated from operations					
Interest received		2,433		3,450	
Interest paid		(1)		(2)	
Income taxes paid		(83,832)		(45,636)	
NET CASH USED IN OPERATING ACTIVITIES			(81,400)		(42,188)
INVESTING ACTIVITIES					
Purchase of intangible assets		(57,241)		(16,433)	
Proceeds on disposal of intangible assets		15,940		3,325	
Purchase of tangible fixed assets		(37,693)		(38,316)	
Proceeds on disposal of tangible fixed assets		1,395		732	
NET CASH USED IN INVESTING ACTIVITIES			(77,599)		(50,692)
FINANCING ACTIVITIES					
Dividends paid	22	(127,526)		(75,000)	
NET CASH USED IN FINANCING ACTIVITIES			(127,526)		(75,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS			259,074		385,748
CASH AND CASH EQUIVALENTS AT START OF PERIOD			978,781		594,877
Effect of foreign exchange rate charges			1,903		(1,844)
CASH AND CASH EQUIVALENTS AT END OF PERIOD			1,239,758		978,781
Relating to					
Bank balances and short term deposits included in cash at bank and in hand			1,099,051		915,206
Short-term deposits included in 'debtors amounts falling due within one year'			140,707		63,575
			1,239,758		978,781

bet365 Group Limited

ACCOUNTING POLICIES

GENERAL INFORMATION

bet365 Group Limited ("the Company") is limited by shares, domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is bet365 House, Media Way, Stoke-on-Trent, Staffordshire, ST1 5SZ.

The Group consists of bet365 Group Limited and all of its subsidiaries.

The Company's and the Group's principal activities are included in the Directors' Report.

BASIS OF ACCOUNTING

These financial statements are the first financial statements of bet365 Group Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006. The financial statements of bet365 Group Limited for the year ended 29 March 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from the previous accounting standards applied. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue to trade for the foreseeable future.

The validity of the going concern basis is dependent upon the Group managing the risks of the business as identified in the Directors' Report and Strategic Report and its financial arrangements. The directors consider that they have sufficient controls in place to manage the risks of the Group and that the Group has and will continue to generate sufficient cash flows to meet the Group's working capital requirement without the need for any external finance.

On this basis the directors consider it appropriate to prepare financial statements on a going concern basis.

REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' - Carrying amounts of financial instruments held at amortised cost or cost.
- Section 33 'Related Party Disclosures – Compensation for key management personnel.

bet365 Group Limited

ACCOUNTING POLICIES

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 purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 27 March 2016 except for Stoke City Holdings Limited and Stoke City Football Club Limited which have a 31 May 2016 year end to align the financial year end with the commercial considerations of the individual entities. Detailed management accounts at 31 March 2016 have been used as a basis for the consolidation of these subsidiaries. Stoke City (Property) Limited's year end is 31 March 2016.

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.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's profit for the year and total comprehensive income for the year is £263,777,000 (2015: £123,158,000) and has been shown on the face of the statement of financial position.

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The consolidated financial statements are presented in sterling which is also the functional currency of the Company.

INTANGIBLE FIXED ASSETS

Goodwill

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:

- Goodwill is being amortised over 10 years as no reliable estimate can be made of its useful economic life. The directors consider the useful economic life to significantly exceed 10 years due to the strength of the bet365 brand and Stoke City Football Club.
- 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 the carrying amount exceeds the recoverable amount. Prior year impairments are reviewed and assessed by management and where the recoverable amount has increased above the carrying amount, the impairments are reversed. No amounts are included for players developed within the Club.

bet365 Group Limited

ACCOUNTING POLICIES

INTANGIBLE FIXED ASSETS (continued)

Other intangible assets

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Purchased computer software	-	33.3% per annum straight line
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Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

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 and leasehold land	-	No depreciation charged
Freehold buildings	-	2% per annum straight line
Leasehold buildings	-	1 - 20% per annum straight line
Football stadium	-	2% per annum straight line
Fixtures and fittings	-	4% - 33% per annum straight line
Computer equipment	-	33.3% per annum straight line
Plant and motor vehicles	-	2% - 33% per annum straight line

Residual values are calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

ASSETS UNDER CONSTRUCTION

Properties in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

IMPAIRMENTS OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group and Company estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets, are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

bet365 Group Limited

ACCOUNTING POLICIES

REVALUATION OF FOOTBALL STADIUM

The football stadium is revalued in accordance with FRS 102 Section 17 with a full valuation carried out by professionally qualified chartered surveyors on a depreciated replacement cost basis, in accordance with the Statement of Assets Valuation Practice No. 4.

This calculation allows for the obsolescence of the Stadium, excluding the land element, of 50 years.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and loss are recognised in profit or loss.

INVESTMENT PROPERTIES

Investment properties (including properties held under an operating lease) are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

FIXED ASSET INVESTMENTS

Group and Company trade investments are classified as financial instruments and accounted for in accordance with the accounting policy at fair value through profit or loss.

In the separate accounts of the Company interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in profit or loss.

SIGNING ON FEES AND LOYALTY BONUSES

The board considers that signing on fees represent a normal part of the employment cost of the player and as such should be charged to profit or loss over the period of the player's contract as the instalment payments are made, except in the circumstances of a player disposal. In that case any remaining signing on fees due are allocated in full against profit on disposal of players' registrations in the year in which the player disposal is made.

SOFTWARE DEVELOPMENT

Expenditure on software development is written off to profit or loss in the period in which it is incurred as it is considered by the directors to be revenue in nature.

STOCKS

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in, first out cost basis.

At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

Finished goods are stated net of a provision of £91,000 (2015: £109,000).

bet365 Group Limited

ACCOUNTING POLICIES

FOREIGN CURRENCIES

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the period. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

bet365 Group Limited

ACCOUNTING POLICIES

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

Group and Company leases that do not give rights approximating to ownership are “operating leases” and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

EMPLOYEE BENEFITS

The entitlement to compensated absences for Stoke City Football Club Limited ends at 30 June. The cost of any unused entitlement is recognised in the period in which the employee’s services are received.

RETIREMENT BENEFITS

The Group contributes to a number of schemes.

There is 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 profit or loss 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.

Certain 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 surplus or deficit owing to the club’s employees.

Consequently, contributions are charged to profit or loss as they become payable. In addition a provision has been established for future enhanced contributions following instruction from the actuaries of the schemes.

Contributions are also paid to individuals’ money purchase pension schemes. The contributions are charged to profit or loss 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 staked by customers in respect of individual bets placed in the period on the internet, mobile and telephone sports betting operations, net winnings on gaming activity for Online Casino, operations (including Games and Bingo) and net fees and rakes earned from poker.

This is a memorandum item only and is presented in line with industry best practice.

DUTY COSTS

Duty is charged in the financial statements of the Group based on the prevailing duty rates applicable to local legislative requirements of the country where bets are placed.

bet365 Group Limited

ACCOUNTING POLICIES

TURNOVER

Revenue is recognised under an exchange transaction with a customer when and to the extent that the Group obtains 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, mobile and telephone sports betting and Online Casino operations (including Games and Bingo), turnover represents gains and losses from betting activity in the period and is stated on a gross win basis in line with industry best practice.

In the case of the Online Poker, turnover represents the net income from fees and rakes earned from poker in the period.

In respect of Stoke City Football Club Limited, turnover represents match receipts, Premier League receipts and other income arising from the Club's activities. Revenue is recognised when substantially all of the obligations under a sales contract have been fulfilled. Revenue received from the FA Premier League is recognised in the financial statements on the basis of the number of matches played up to the period end. This is in accordance with the FA Premier League guidelines on income recognition. Performance related awards have not been recognised until achieved by the Club, as the income cannot be assumed with certainty.

CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement cash and cash equivalents at the end of the year relate to bank balances and short term deposits included in cash at bank and in hand, and short term deposits included in debtors falling due within one year.

FINANCIAL INSTRUMENTS

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade debtors

Trade debtors which are receivable within one year are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Total debtors are stated net of a provision of £10,162,000 (2015: £1,596,000).

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

bet365 Group Limited

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS (continued)

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade creditors

Trade creditors payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

DIVIDENDS

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

RESERVES

Reserves for the Group and Company represent the following:

Share Premium

Consideration received for shares issued above their nominal value net of transaction costs.

Revaluation reserve for Investment Property/Football Stadium

The cumulative revaluation gains and losses on investment properties/Football Stadium and associated deferred tax that have been recognised in profit or loss have been subsequently transferred to this reserve as permitted by FRS 102 paragraph A4.28.

Profit and loss account

Cumulative profit and loss net of distributions to owners and amounts transferred to the revaluation reserve for investment property.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 27 March 2016

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

Critical areas of judgement

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Group as lessee, or the lessee, where the Group is a lessor.

The Group values its Stadium on a depreciated replacement cost basis. This takes into account the split of the land value and buildings. It estimates the cost of rebuilding the Stadium at a set rate per capacity and the cost of buying the land at the valuation date.

The Group regularly reviews and assesses the carrying value of its investments and debtors by monitoring profitability, cash flows and transactional activities in the relevant sectors, if there were any indication that the recoverability of such items had been materially impacted the Group would recognise any such changes in the financial statements as necessary.

The reported value of goodwill reflects the value from the investment made in operating subsidiaries in prior years and is based on cost. This goodwill is amortised over 10 years as the directors consider there is no reliable estimate can be made of its useful economic life. The directors consider the useful economic life to significantly exceed 10 years due to the strength of the bet365 brand and Stoke City Football Club. No impairment has been recognised based on the directors' future expectations of profit and cash generating capabilities of the subsidiaries.

Duty accruals are calculated and recorded in the financial statements of the Group, based on the prevailing or prospective rate relevant to the jurisdictional requirements of the country under which the bets were placed. The directors are continually monitoring and appraising events in all countries in which the group operates.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 27 March 2016

2 TURNOVER

A geographical analysis of turnover, profit before taxation and net assets has not been given as in the opinion of the directors such disclosure would be severely prejudicial to the interests of the Group.

Details for the current period of turnover and profit by class of business is given in the profit and loss account and comparative information for the 52 week period ended 29 March 2015 is shown below:

	52 week period ended 29 March 2015		
	Sports and gaming £000	Football Club and facilities £000	Total £000
AMOUNTS WAGERED	34,683,633	-	34,683,633
TURNOVER	1,474,789	95,783	1,570,572
Direct costs	(235,832)	-	(235,832)
GROSS PROFIT	1,238,957	95,783	1,334,740
Administrative expenses	(832,526)	(96,056)	(928,582)
OPERATING PROFIT/(LOSS)	406,431	(273)	406,158
Interest receivable and similar income	2,897	42	2,939
Interest payable and similar charges	(1)	(1)	(2)
PROFIT/ (LOSS) BEFORE TAXATION	409,327	(232)	409,095

3	INTEREST RECEIVABLE AND SIMILAR INCOME	52 week period ended 27 March 2016 £000	52 week period ended 29 March 2015 £000
	Bank interest	2,918	2,939

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 27 March 2016

4	INTEREST PAYABLE AND SIMILAR EXPENSES	52 week period ended 27 March 2016 £000	52 week period ended 29 March 2015 £000
	On bank loans	1	2
		<u> </u>	<u> </u>
5	PROFIT BEFORE INTEREST AND TAXATION	52 week period ended 27 March 2016 £000	52 week period ended 29 March 2015 £000
	Profit before interest and taxation is stated after charging/(crediting):		
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the period – owned assets	27,970	20,397
	Amortisation of player registrations	16,970	13,557
	Amortisation of goodwill	754	737
	Amortisation of other intangible fixed assets	5,149	8,463
	Impairment of players' registrations	-	1,454
	Impairment of tangible fixed assets	-	7,323
	Profit on sale of fixed assets	(241)	(55)
	Profit on disposal of players' registrations	(14,419)	(1,176)
	Operating lease rentals:		
	Plant and machinery	24	63
	Land and buildings	7,231	6,363
	Software development	21,015	18,121
	Exchange (gains)/losses	(288)	11,053
	Stock expensed to administrative expenses	961	814
	Stock impairment gains recognised in administrative expenses	(18)	-
		<u> </u>	<u> </u>

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 27 March 2016

5 PROFIT BEFORE INTEREST AND TAXATION (continued)

	52 week period ended 27 March 2016 £000	52 week period ended 29 March 2015 £000
Audit services:		
Statutory audit of parent and consolidation accounts	14	12
Other services:		
Audit of subsidiaries where such services are provided by RSM associates	9	14
Audit of subsidiaries where such services are provided by RSM UK Audit LLP	234	283
Tax services:		
Compliance services	54	30
Advisory services	38	64
Further assurance services	11	12
All other non-audit services	30	166
	390	581
Comprising:		
Audit services	257	309
Non-audit services	133	272
	390	581

Further assurance services includes fees paid in respect of auditing assignments to meet specific industry requirements including industry levy calculations and licence applications. The above fees are exclusive of VAT.

The figures presented are for bet365 Group limited and subsidiaries as if they were a single entity.

bet365 Group Limited has taken the exemption permitted by SI 2008/489 to omit information about its individual accounts.

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 27 March 2016

6 COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases of the Group are as follows:

	52 week period ended 27 March 2016 £000	52 week period ended 29 March 2015 £000
Land and buildings		
Amounts due within one year	5,216	3,737
Amounts due between two and five years	10,037	9,594
Amounts due in more than five years	77	94
	15,330	13,425

7 EMPLOYEES

The average monthly number of persons (including directors) employed by the Group during the period was:

	52 week period ended 27 March 2016 Number	52 week period ended 29 March 2015 Number
Managers and supervisors	352	288
Operations and service support staff – betting and gaming group	2,757	2,582
Operations staff – football group	227	240
Full time playing staff and scholars	68	69
	3,404	3,179

In addition to the above the Group employed an average of 297 (2015: 271) match-day staff during the period.

	52 week period ended 27 March 2016 £000	52 week period ended 29 March 2015 £000
Staff costs for the above persons:		
Wages and salaries	277,089	220,527
Social security costs	33,694	27,120
Other pension costs	5,036	4,992
	315,819	252,639

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 27 March 2016

7 EMPLOYEES (continued)

DIRECTORS' REMUNERATION	52 week period ended 27 March 2016 £000	52 week period ended 29 March 2015 £000
Emoluments	91,055	49,775

No directors accrue benefits under the money purchase scheme.

Highest paid director

	52 week period ended 27 March 2016 £000	52 week period ended 29 March 2015 £000
Emoluments	54,024	30,004

8 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The total remuneration of the directors and managers who are considered to be the key management personnel of the Group was £108,620,000 (2015: £56,644,000).

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 27 March 2016

9	TAXATION	52 week period ended 27 March 2016		52 week period ended 29 March 2015	
		£000	£000	£000	£000
	Current tax:				
	UK corporation tax on profits of the period	25,436		59,650	
	Overseas tax	34,208		25,462	
	Adjustments in respect of previous period	(685)		465	
	Total current tax		58,959		85,577
	Deferred tax:				
	Origination and reversal of timing differences	(1,042)		(2,805)	
	Effect of change in tax rate	1,003		-	
	Adjustments in respect of previous period	(12)		(193)	
	Total deferred tax		(51)		(2,998)
	Tax on profit on ordinary activities		58,908		82,579
	Factors affecting tax charge for the period:		52 week period ended 27 March 2016 £000		52 week period ended 29 March 2015 £000
	The tax assessed for the period is lower (2015: lower) than the average standard rate of corporation tax in the UK 20% (2015: 21%). The differences are explained below:				
	Profit on ordinary activities before tax		459,633		409,095
	Profit on ordinary activities multiplied by the average standard rate of corporation tax in the UK 20% (2015: 21%)		91,927		85,910
	<i>Effects of:</i>				
	Expenses not deductible for tax purposes		550		2,599
	Overprovision		-		607
	Unprovided other timing differences		65		84
	Non taxable income		(37)		-
	Difference in tax rate of overseas subsidiaries		(34,079)		(10,635)
	Amounts relating to change in tax rates		208		114
	Utilised tax losses		(201)		(147)
	Adjustments in respect of previous period		(697)		272
	Unutilised tax losses carried forward		1,182		3,773
	Currency translation variance		(10)		(9)
	Release of deferred capital grant income		-		11
	Total tax charge		58,908		82,579

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 27 March 2016

10 INTANGIBLE FIXED ASSETS

	Goodwill – Sports and gaming £000	Goodwill – Football Club and facilities £000	Player registrations £000	Software £000	Total £000
GROUP					
<i>Cost</i>					
At beginning of period	14,378	7,411	79,656	17,160	118,605
Additions	-	224	52,334	4,683	57,241
Disposals	-	-	(27,189)	-	(27,189)
At end of period	14,378	7,635	104,801	21,843	148,657
<i>Amortisation</i>					
At beginning of period	14,378	5,670	63,964	10,458	94,470
Charge for the period	-	754	16,970	5,149	22,873
On disposals	-	-	(25,668)	-	(25,668)
At end of period	14,378	6,424	55,266	15,607	91,675
<i>Net book value</i>					
At 27 March 2016	-	1,211	49,535	6,236	56,982
At 29 March 2015	-	1,741	15,692	6,702	24,135

The goodwill – Football Club and facilities addition of £224,000 in the period relates to the additional investment in Stoke City Football Club Limited increasing the percentage of ordinary shares held from 97.4% to 98.1%.

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 27 March 2016

11 TANGIBLE FIXED ASSETS

	Assets under construction	Freehold land and buildings	Leasehold land and buildings	Football Stadium	Fixtures, fittings and computer equipment	Plant and motor vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
GROUP							
<i>Cost or valuation</i>							
At beginning of period							
- Cost	16,487	16,845	14,193	172	177,011	15,618	240,326
- Valuation	-	-	-	33,100	-	-	33,100
Additions	16,607	494	12	211	17,217	3,152	37,693
Disposals	-	(7)	(672)	-	(59,661)	(2,025)	(62,365)
Transfer	-	-	-	-	(4)	4	-
	<u>33,094</u>	<u>17,332</u>	<u>13,533</u>	<u>33,483</u>	<u>134,563</u>	<u>16,749</u>	<u>248,754</u>
At end of period							
- Cost	33,094	17,332	13,533	383	134,563	16,749	215,654
- Valuation	-	-	-	33,100	-	-	33,100
	<u>33,094</u>	<u>17,332</u>	<u>13,533</u>	<u>33,483</u>	<u>134,563</u>	<u>16,749</u>	<u>248,754</u>
<i>Depreciation</i>							
At beginning of period	-	1,190	8,037	-	134,177	8,993	152,397
Charged in the period	-	349	67	-	24,728	2,826	27,970
On disposals	-	-	(372)	-	(58,951)	(1,888)	(61,211)
	<u>-</u>	<u>1,539</u>	<u>7,732</u>	<u>-</u>	<u>99,954</u>	<u>9,931</u>	<u>119,156</u>
At end of period	-	1,539	7,732	-	99,954	9,931	119,156
<i>Net book value</i>							
At 27 March 2016	<u>33,094</u>	<u>15,793</u>	<u>5,801</u>	<u>33,483</u>	<u>34,609</u>	<u>6,818</u>	<u>129,598</u>
At 29 March 2015	<u>16,487</u>	<u>15,655</u>	<u>6,156</u>	<u>33,272</u>	<u>42,834</u>	<u>6,625</u>	<u>121,029</u>

Included in the Football Stadium is land with a net book value of £4,450,000 (2015: £4,450,000).

At 27 March 2016 the Group was party to a binding agreement to sell Leasehold land and buildings for £1,100,000. The carrying amount of the asset at 27 March 2016 was £1,089,000.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 27 March 2016

11 TANGIBLE FIXED ASSETS (continued)

In March 2015 the football stadium was revalued by GVA Grimley Limited, Chartered Surveyors. The depreciated replacement costs method of valuation for Financial Reporting in accordance with the guidance notes issued by The Royal Institution of Chartered Surveyors for Asset Valuations gave rise to a market value of the bet365 Stadium, for accounting purposes, of £34,000,000, inclusive of £900,000 of plant and machinery. The valuation excluding this plant totalled £33,100,000.

On an historical cost basis this would have been included at:

	27 March 2016 £000	29 March 2015 £000
Cost of Football Stadium	19,561	19,350
Aggregate depreciation	-	-

The net book value of leasehold land and buildings comprises:

	27 March 2016 £000	29 March 2015 £000
Long leasehold	5,647	5,996
Short leasehold	154	160
	5,801	6,156

Depreciation in respect of long leasehold properties in the period was £49,000 (2015: £115,000) and short leasehold properties in the period was £18,000 (2015: £25,000). The long leasehold properties were impaired in the period by £nil (2015: £7,323,000).

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 27 March 2016

11 TANGIBLE FIXED ASSETS (continued)

	Assets under construction £000
COMPANY	
<i>Cost</i>	
At beginning of period	16,487
Additions	16,607
At end of period	33,094
<i>Net book value</i>	
At 27 March 2016	33,094
At 29 March 2015	16,487

CAPITAL COMMITMENTS

At the period end the Group and Company had the following capital commitments

	Group		Company	
	27 March 2016 £000	29 March 2015 £000	27 March 2016 £000	29 March 2015 £000
Capital expenditure contracted for but not provided in the financial statements	5,543	16,913	916	16,913

12 INVESTMENT PROPERTIES

COMPANY	27 March 2016 £	29 March 2015 £
FAIR VALUE		
At beginning of period	5,996	5,996
Disposal	(300)	-
At end of period	5,696	5,996

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 27 March 2016

12 INVESTMENT PROPERTIES (continued)

Investment property comprises of a long leasehold buildings. The fair value of the Company's investment property at 27 March 2016 has been arrived at on the basis of a valuation carried out by the directors.

At 27 March 2016 the Company was party to a binding agreement to sell an Investment Property for £1,100,000. The carrying amount of the asset at 27 March 2016 was £1,100,000.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	27 March 2016 £	29 March 2015 £
Cost	12,878	13,548
Accumulated depreciation	(49)	(229)
Impairment	(7,182)	(7,323)
	<hr/>	<hr/>
Carrying amount	5,647	5,996
	<hr/>	<hr/>

13 FIXED ASSET INVESTMENTS

Shares in
group
undertakings
£000

COMPANY

Cost and net book value

At beginning and end of period	10,000
--------------------------------	--------

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

Subsidiary undertaking	Country of registration and address	Principal activity	Percentage of ordinary shares held	
			Group	Company
Hillside (New Media Holdings) Limited	UK - see note A	Holding Group	100%	100%
Hillside (Shared Services) Limited	UK - see note A	Provision of administration support services	100%	-
Hillside (Trader Services) Limited	UK - see note A	Provision of trader services	100%	100%
Hillside (Media Services) Limited	UK - see note A	Provision of media services	100%	100%
Hillside (Technology) Limited	UK - see note A	Provision of software and technology support services	100%	100%

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 27 March 2016

13 FIXED ASSET INVESTMENTS (continued)

<i>Subsidiary undertaking</i>	<i>Country of registration and address</i>	<i>Principal activity</i>	<i>Percentage of ordinary shares held</i>	
			<i>Group</i>	<i>Company</i>
Hillside (Spain New Media) Plc	UK – see note A	Provision of internet, mobile and telephone sports betting	100%	-
Hillside (Sports) GP Limited	Gibraltar – see note B	General partner in limited partnerships providing Online Betting	100%	-
Hillside (Gibraltar) Limited	Gibraltar – see note B	Provision of Online Casino, Poker, Bingo and Games	100%	-
Hillside (Gaming) GP Limited	Gibraltar – see note B	General partner in limited partnerships providing Online Gaming	100%	-
Hillside (New Media Holdings Malta) Limited	Malta – see note C	Holding Group	100%	-
Hillside (New Media Malta) Limited	Malta – see note C	Provision of internet, mobile and telephone sports betting	100%	-
Hillside (Marketing Malta) Limited	Malta – see note C	Provision of marketing services	100%	-
Hillside (Technology Malta) Limited	Malta – see note C	Provision of technology support services	100%	-
Hillside (Australia New Media) Pty Limited	Australia – see note D	Provision of internet, mobile and telephone sports betting	100%	-
Hillside Espana Leisure, S.A.	Spain – see note E	Provision of Online Casino, Poker, Bingo and Games	100%	-
Stoke City Holdings Limited	UK – see note F	Holding Group	100%	100%
Stoke City Football Club Limited	UK – see note F	Football Club	98.1%	-
Stoke City (Property) Limited	UK – see note F	Provision of stadium and training ground facilities	100%	-
bet365 International NV	Netherlands Antilles – see note G	Dormant	100%	-
Hillside (Gibraltar Holdings) Limited	Gibraltar – see note B	Dormant	100%	-
Hillside (Gibraltar New Media) Limited	Gibraltar – see note B	Dormant	100%	-
Hillside (Leisure) Limited	UK – see note A	Dormant	100%	-
Hillside (Alderney) Limited	Alderney – see note H	Dormant	100%	-
Hillside (Bulgaria) EOOD	Bulgaria – see note I	Dormant	100%	-

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 27 March 2016

13 FIXED ASSET INVESTMENTS (continued)

The Group controls more than 20% of the equity of the following Limited Partnerships:

Undertaking	Country of registration and address	Principal activity	Percentage of control	
			Group	Company
Hillside (International Sports) LP	Gibraltar – see note B	Provision of internet, mobile and telephone sports betting	100%	-
Hillside (Sports) LP	Gibraltar – see note B	Provision of internet, mobile and telephone sports betting	100%	-
Hillside (UK Sports) LP	Gibraltar – see note B	Provision of internet, mobile and telephone sports betting	100%	-
Hillside (International Gaming) LP	Gibraltar – see note B	Provision of Online Casino, Poker, Bingo and Games	100%	-
Hillside (Gaming) LP	Gibraltar – see note B	Provision of Online Casino, Poker, Bingo and Games	100%	-

On 15 June 2015 the Group acquired further shares in Stoke City Football Club Limited for a consideration of £224,000. This increased the percentage of shares held to 98.1%.

Note A: bet365 House, Media Way, Stoke-on-Trent, ST1 5SZ

Note B: Unit 1.1, 1st Floor Waterport Place, 2 Europort Avenue, Gibraltar

Note C: Office 1/2373, Level G, Quantam House 75, Abate Rigord Street, Ta'Xbiex, XBX 1120

Note D: Level 4, 90 Arthur Street, North Sydney, NS2 2060

Note E: 20, Calle Conde de Aranda, Madrid

Note F: bet365 Stadium, Stanley Matthews Way, Stoke-on-Trent, ST4 4EG

Note G: New Haven Centre, Emancipatie Boulevard 31, Post Box 6052, Curacao, Netherland Antilles

Note H: Century House, 12 Victoria Street, Alderney, GY9 3UF

Note I: 1463 Sofia City, Sofia District (capital city) Stolichna Municipality, Triaditza Region 82, Patriarch Evtimii Boulevard

14 STOCKS

	Group		Company	
	27 March 2016	29 March 2015	27 March 2016	29 March 2015
	£000	£000	£000	£000
Finished goods	166	216	-	-

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 27 March 2016

15	DEBTORS	Group		Company	
		27 March 2016 £000	29 March 2015 £000	27 March 2016 £000	29 March 2015 £000
	<i>Due within one year:</i>				
	Trade debtors	10,383	5,228	-	-
	Amounts owed by group undertakings	-	-	326,584	191,355
	Corporation tax	-	-	1,004	503
	Other debtors	17,500	44,502	1,157	3,556
	Cash equivalents	140,707	63,575	-	-
	Prepayments and accrued income	15,469	11,377	-	-
	Deferred tax asset (see note 19)	8,040	7,714	466	1,790
		192,099	132,396	329,211	197,204
	<i>Due after more than one year:</i>				
	Other debtors	1,427	1,376	1,427	1,376
		193,526	133,772	330,638	198,580

16	CREDITORS: Amounts falling due within one year	Group		Company	
		27 March 2016 £000	29 March 2015 £000	27 March 2016 £000	29 March 2015 £000
	Trade creditors	219,821	193,471	15	74
	Amounts owed to group undertakings	-	-	-	369
	Corporation tax	30,838	55,711	-	-
	Other taxation and social security costs	8,995	7,169	758	443
	Other creditors	69,559	88,836	2,139	1,650
	Accruals and deferred income	184,274	149,870	80,996	54,138
		513,487	495,057	83,908	56,674

Included in trade creditors is an amount of £194,937,000 (2015: £187,349,000) in respect of amounts due to customers. This is offset by an amount equivalent to these funds in cash at bank and cash equivalents.

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 27 March 2016

17 CREDITORS: Amounts falling due after more than one year

	Group		Company	
	27 March 2016 £000	29 March 2015 £000	27 March 2016 £000	29 March 2015 £000
Trade creditors	-	84	-	-
Accruals and deferred income	5,573	10,254	5,573	10,299
	<u>5,573</u>	<u>10,338</u>	<u>5,573</u>	<u>10,299</u>

18 FINANCIAL INSTRUMENTS

The carrying amount of the Group's financial instruments at the period end were:

	27 March 2016 £000	29 March 2015 £000
Financial assets:		
Debt instruments measured at amortised cost	211,915	167,708
	<u>211,915</u>	<u>167,708</u>
Financial liabilities:		
Measured at amortised cost	474,704	331,009
	<u>474,704</u>	<u>331,009</u>

Financial assets measured at amortised cost include trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost include trade creditors, other creditors and accruals.

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 27 March 2016

19 PROVISION FOR LIABILITIES

	Pension obligations £000
GROUP	
At start of period	233
Credit in the period	(78)
At end of period	155

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. In addition a provision has been established for future enhanced contributions following instruction from the actuaries of the schemes. The expected contributions to the scheme for the next financial period are £26,000 (2015: £26,000).

GROUP

	£000
DEFERRED TAXATION ASSET	
At beginning of period	7,714
Credit to the profit and loss account	51
Credit to the revaluation reserve	275
At end of period	8,040

The elements of the deferred tax asset are as follows:

	Provided		Unprovided	
	27 March 2016 £000	29 March 2015 £000	27 March 2016 £000	29 March 2015 £000
Fixed asset timing differences	8,256	7,849	111	119
Other timing differences	2,202	2,613	1,028	661
Tax losses	55	-	21,628	19,572
Revaluation of stadium	(2,473)	(2,748)	-	-
	8,040	7,714	22,767	20,352

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 27 March 2016

19 PROVISION FOR LIABILITIES (continued)

In respect of the Group there are unutilised tax losses available for future use of £21,628,000 (2015: £19,517,000) relating to Stoke City Football Club Limited and certain overseas subsidiaries.

A deferred tax asset has not been reflected as the recovery of this asset cannot be assessed with reasonable certainty.

COMPANY

DEFERRED TAX – ASSET	£000
At beginning of period	1,790
Credit to the profit and loss account	(1,324)
At end of period - asset	<u>466</u>

	Provided		Unprovided	
	27 March 2016 £000	29 March 2015 £000	27 March 2016 £000	29 March 2015 £000
Fixed timing differences - liability	(573)	(291)	-	-
Other timing differences – asset	1,039	2,081	16	-
Asset at end of period	<u>466</u>	<u>1,790</u>	<u>16</u>	<u>-</u>

20 SHARE CAPITAL	27 March 2016 £000	29 March 2015 £000
GROUP AND COMPANY		
Allotted, called up and fully paid		
284,313 ordinary shares of 1 pence each	3	3
17,000 “A” 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

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 27 March 2016

21	NON-CONTROLLING INTEREST	27 March 2016 £000	29 March 2015 £000
	Non-controlling share of profit for the period	187	21
	Reduction in provision against non-controlling interest	(187)	(21)
		<u>-</u>	<u>-</u>

The directors have made a provision against the non-controlling 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 non-controlling interests.

22	DIVIDENDS	52 week period ended 27 March 2016 £000	52 week period ended 29 March 2015 £000
	Ordinary and A Ordinary shares: Dividends paid	127,526	75,000

During the period 3 tranches (2015: 2 tranches) of dividends of £99.56, £49.78 and £273.89 (2015: £132.75 and £116.16) per share were paid by the Company amounting to £127.5m (2015: £75m) in total.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 27 March 2016

23 RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

	52 week period ended 27 March 2016 £000	52 week period ended 29 March 2015 £000
Profit after tax	400,725	326,516
Depreciation	27,970	20,397
Impairment of fixed assets	-	7,323
Amortisation and impairment of player registrations	16,970	15,011
Amortisation of goodwill	754	737
Amortisation of other intangible fixed assets	5,149	8,463
Profit on sale of fixed assets	(241)	(55)
Profit on disposal of player registrations	(14,419)	(1,176)
Interest receivable	(2,918)	(2,939)
Interest payable	1	2
Taxation	58,908	82,579
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	492,899	456,858
Decrease/(increase) in stock	50	(77)
Decrease/(increase) in debtors	25,676	(17,211)
Increase in creditors	27,052	114,085
Decrease in provisions	(78)	(27)
CASH GENERATED FROM OPERATIONS	545,599	553,628

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 27 March 2016

24 COMMITMENTS

a) Security

Barclays Bank plc holds a charge dated 18 December 2012 which provides cash cover against bank guarantees provided in relation to the Group's entry into certain regulated markets. This totalled €4.7m (Euros) at the period end date.

b) Contingent liabilities

The Group has issued trade guarantees amounting to £5,500,000 (2015: £11,737,000).

bet365 Group Limited have confirmed they will provide financial support to Stoke City Holdings Limited and Stoke City Football Limited.

The directors do not consider it practicable to estimate the financial impact of this support on the Group and it is in place for at least 12 months from the date of signing of the subsidiaries statutory accounts.

In accordance with the Group's accounting policies for transfer fees linked to player contracts and other contracts in place, any additional fees are accounted for under these agreements in the period that it becomes probable that the condition is fulfilled.

Additional fees under these contracts that may therefore be payable if certain conditions are met in the future, have been estimated by the directors at the period end date at £7,116,000 (2015: £5,851,000).

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 £5,036,000 (2015: £4,992,000). Contributions amounting to £478,000 (2015: £501,000) were payable to the scheme at the period end and are included in other creditors. In respect of the multi-employer defined benefit scheme, a provision amounting to £155,000 (2015: £233,000) is included in provisions (note 19).

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 27 March 2016

26 RELATED PARTY TRANSACTIONS

Transactions with subsidiaries (that are directly or indirectly 100% controlled) in the period are not disclosed given the exemptions provided. No amounts for any subsidiary are shown as outstanding at the period end as these are eliminated on consolidation.

Transactions between the Group and members of the Group which are not wholly owned are disclosed below:

	2016				2015			
	Sales and other income £000	Purchases and other charges £000	Loans received £000	Net amount owed to/ (from) the group £000	Sales and other income £000	Purchases and other charges £000	Loans received £000	Net amount owed to/ (from) the group £000
Subsidiary undertakings	5,321	(2,059)	2,330	-	4,878	(2,045)	3,903	-

In addition, the following transactions took place during the period with companies that are associated with the bet365 Group Limited group:

	2016			2015		
	Sales and other income £000	Purchases and other charges £000	Net amount owed from the group £000	Sales and other income £000	Purchases and other charges £000	Net amount owed to the group £000
Other related parties (common control)	562	(1,320)	(10)	514	(1,171)	195

The following transactions occurred with directors during the period:

During the period the Group donated £20,000,000 (2015: £10,000,000) to the Denise Coates Foundation, a charity of which Denise Coates CBE, John Coates and Peter Coates are trustees.

The Foundation receives support from the bet365 Group Limited in respect of office space and other costs including management time, but the Group believe that this support is not material to disclose in the period.

During the period, dividends of £113,350,000 (2015: £67,251,000) were paid to the directors of the Company.

GROUP AND COMPANY

At the period end D Coates CBE was due monies from the Group of £1,409,000 (2015: £1,004,000) and J Coates was due monies from the Group of £722,000 (2015: £638,000). During the period the maximum debtor balance for D Coates CBE was £3,459,000 (2015:nil) and J Coates £nil (2015: nil).

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 27 March 2016

27 CONTROLLING INTEREST

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

28 FIRST TIME ADOPTION OF FRS 102

GROUP

Reconciliations and descriptions of the effect of the transition to FRS 102 on;

(i) the consolidated equity at the date of transition to FRS 102;

(ii) the consolidated equity at the end of the comparative period;

(iii) the consolidated profit or loss for the comparative period reported under previous UK GAAP; are given below.

Under FRS 102, the Consolidated Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand, overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Consolidated Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments, servicing of finance, taxation, capital expenditure, financial investment, acquisitions, disposals, equity dividends paid, management of liquid resources, and financing.

RECONCILIATIONS OF CONSOLIDATED EQUITY		30 March 2014 £'000	29 March 2015 £'000
	Notes		
Consolidated equity as previously reported under previous UK GAAP		449,623	703,056
Revision to the useful life of goodwill arising on business combinations post 30 March 2014	A	(9,107)	(9,844)
Deferred tax on revalued assets	B	(3,173)	(2,748)
Compensated absences accrual	C	(3,325)	(3,591)
Release of deferred grant	D	1,911	1,857
		<hr/>	<hr/>
Consolidated equity reported under FRS 102		435,929	688,730
		<hr/>	<hr/>

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 27 March 2016

28 FIRST TIME ADOPTION OF FRS 102 (continued)

RECONCILIATION OF CONSOLIDATED TOTAL COMPREHENSIVE INCOME	Notes	Period ended 29 March 2015 £'000
Consolidated total recognised gains for the period as previously reported under previous UK GAAP		328,433
Revision of the useful life of goodwill arising on business combinations post 30 March 2014	A	(737)
Deferred tax on revalued assets	B	425
Compensated absences accrual	C	(266)
Release of deferred grant	D	(54)
Consolidated total comprehensive income reported under FRS 102		<u>327,801</u>

Note A

Some intangible assets were previously considered to have an infinite life and consequently not depreciated. In accordance with FRS 102 the directors have reconsidered the lives and amortised those assets.

Note B

Deferred tax on the revaluation of the football stadium was not previously recognised under UK GAAP on the balance sheet. FRS102 requires the recognition of the deferred tax impact on the revaluation of these assets as a result the deferred tax asset resulting from the revaluation has been recognised.

Note C

An adjustment has been made to provide for accumulated compensated absences that have not yet been taken at the period end dated.

Note D

The Group has applied a performance model accounting policy on adoption of FRS102. As the conditions of the grant relating to the original building costs of the bet365 Stadium have been fully met, the grant has been released in full at transition.

COMPANY

Reconciliations and descriptions of the effect of the transition to FRS 102 on;
(iv) the Group equity at the date of transition to FRS 102;
(v) the Group equity at the end of the comparative period; and
(vii) the Group profit or loss for the comparative period reported under previous UK GAAP
are not presented as the directors do not consider there to be any material adjustments.