

# **bwin.party marketing (UK) Limited**

Report and Financial Statements

Year Ended

31 December 2011

Company Number 04903940

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# **bwin.party marketing (UK) Limited**

## **Report and financial statements for the year ended 31 December 2011**

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### **Contents**

#### **Page:**

1	Report of the directors
3	Independent auditor's report
5	Statement of comprehensive income
6	Statement of changes in equity
7	Statement of financial position
8	Statement of cashflows
9	Notes forming part of the financial statements

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### **Directors**

D A Lang  
L Probert  
P Reynolds – Appointed 17 October 2011  
N Wenn – Appointed 17 October 2011

### **Secretary and registered office**

T Waters, 18 King William Street, London, EC4N 7BP

### **Company number**

04903940

### **Auditors**

BDO LLP, 85 Great North Road, Hatfield, Herts, AL9 5BS

# **bwin.party marketing (UK) Limited**

## **Report of the directors for the year ended 31 December 2011**

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The directors present their report together with the audited financial statements for the year ended 31 December 2011

### **Results**

The statement of comprehensive income is set out on page 5 and shows the loss for the year

### **Principal activities, trading review and future developments**

The principal activities of the company in the year under review were to provide marketing support services to its immediate parent company, bwin party marketing (Gibraltar) Limited, a company registered in Gibraltar, to provide facilities services to its subsidiary, Cashcade Limited and to provide investor relations and corporate communications services to the ultimate parent undertaking, bwin party digital entertainment plc

The company generated revenues of £14.5 million in the year (2010: £12.7 million) and a loss after tax of £1.1 million (2010: profit of £11.8 million), with the decrease in profitability largely as a result of investment income of £12.15 million received in the prior year

### **Dividends**

There were no dividends declared in the year

### **Charitable and political contributions**

During the year the company made charitable contributions of £399 (2010: £247). There were no political contributions

### **Financial risks**

The main financial risks arising from the company's activities are interest rate risk and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the reporting date.

The company's policy in respect of interest rate risk and liquidity risk is to maintain a mixture of long term and short term debt finance and readily accessible bank deposit accounts to ensure the company has sufficient funds for operations. The cash deposits are held in a mixture of short term deposits and current accounts which earn interest at a floating rate. Debt is maintained at fixed interest rates.

### **Directors**

The directors of the company during the year were

D A Lang

L Probert

P Reynolds – Appointed 17 October 2011

N Wenn – Appointed 17 October 2011

**bwin.party marketing (UK) Limited**  
**Report of the directors**  
**for the year ended 31 December 2011 (*continued*)**

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**Directors' responsibilities**

The directors are responsible for preparing 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 year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

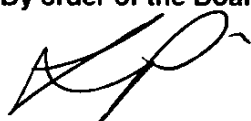
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

**Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

**By order of the Board**



**L Probert**  
**Director**

Date

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## **bwin.party marketing (UK) Limited**

### **Independent auditor's report**

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We have audited the financial statements of bwin party marketing (UK) Limited for the year ended 31 December 2011 which comprise the statement of comprehensive income, the statement of financial position, the statement of cashflows, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, 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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **bwin.party marketing (UK) Limited**

### **Independent auditor's report (*continued*)**

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#### **Matters on which we are required to report by exception**

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

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



Kieran Storan (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Hatfield  
United Kingdom

Date 25/9/2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**bwin.party marketing (UK) Limited****Statement of comprehensive income  
for the year ended 31 December 2011**

	Note	2011 £	2010 £
<b>Revenue</b>		<b>14,540,347</b>	12,706,573
Administrative expenses		<u>(13,623,086)</u>	<u>(10,722,361)</u>
<b>Profit from operations</b>		<b>917,261</b>	1,984,212
Investment income	16	-	12,150,000
Finance income		876	3,417
Finance expense	5	<u>(1,681,831)</u>	<u>(2,212,702)</u>
<b>(Loss) Profit before taxation</b>	2	<b>(763,694)</b>	11,924,927
Taxation	6	<u>360,864</u>	<u>95,684</u>
<b>(Loss) Profit after taxation</b>		<b><u>(1,124,558)</u></b>	<b><u>11,829,243</u></b>
Other comprehensive income		-	-
<b>Total comprehensive (expense) income for the year</b>		<b><u>(1,124,558)</u></b>	<b><u>11,829,243</u></b>
All amounts relate to continuing activities			

The notes on pages 9 to 25 form part of these financial statements

# **bwin.party marketing (UK) Limited**

## **Statement of changes in equity for the year ended 31 December 2011**

	<b>Called up share capital £</b>	<b>Share premium account £</b>	<b>Retained earnings £</b>	<b>Total £</b>
<b>As at 1 January 2010</b>	10,000	44,000,001	406,683	44,416,684
Profit for the year	-	-	11,829,243	11,829,243
Share based payments	-	-	804,439	804,439
Dividends	-	-	(12,150,000)	(12,150,000)
<b>As at 31 December 2010</b>	10,000	44,000,001	890,365	44,900,366
Loss for the year	-	-	(1,124,558)	(1,124,558)
Share based payments	-	-	1,118,563	1,118,563
<b>As at 31 December 2011</b>	<b>10,000</b>	<b>44,000,001</b>	<b>884,370</b>	<b>44,894,371</b>

### **Reserve**

### **Description and Purpose**

Share premium account

Amount subscribed for share capital in excess of nominal value

Retained earnings

Cumulative net gains and losses recognised in the statement of comprehensive income

The notes on pages 9 to 25 form part of these financial statements




# bwin.party marketing (UK) Limited

## Statement of financial position at 31 December 2011

<b>Company number 04903940</b>	<b>Note</b>	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Non-current assets</b>					
Property, plant and equipment	7	301,694		390,180	
Investments	8	92,007,138		91,808,337	
Trade and other receivables	9	-		368,857	
Deferred tax	12	258,071		543,723	
			92,566,903		93,111,097
<b>Current assets</b>					
Trade and other receivables	9	1,842,856		1,460,496	
Cash and cash equivalents		3,511,515		290,545	
			5,354,371		1,751,041
<b>Total assets</b>			97,921,274		94,862,138
<b>Current liabilities</b>					
Trade and other payables	10	53,026,903		14,961,772	
					14,961,772
<b>Net current liabilities</b>			(47,672,532)		(13,210,731)
<b>Total assets less current liabilities</b>					79,900,366
<b>Non-current liabilities</b>					
Loans and borrowings	11	-		35,000,000	
<b>Total liabilities</b>			53,026,903		35,000,000
<b>Total net assets</b>			44,894,371		44,900,366
<b>Equity</b>					
Called up share capital	14		10,000		10,000
Share premium account			44,000,001		44,000,001
Retained earnings			884,370		890,365
<b>Total equity</b>			44,894,371		44,900,366

The financial statements were approved by the Board of Directors and authorised for issue on

  
 L Probert  
 Director

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The notes on pages 9 to 25 form part of these financial statements

# bwin.party marketing (UK) Limited

## Statement of cashflows for the year ended 31 December 2011

	Note	2011 £	2011 £	2010 £	2010 £
(Loss) Profit before tax		(763,694)		11,924,927	
Depreciation of property, plant and equipment		204,390		250,955	
Finance income		(876)		(3,417)	
Finance expense		1,681,831		2,212,702	
Share based payments		1,118,563		804,439	
<b>Cashflow from operating activities</b>			<b>2,240,214</b>		<b>15,189,606</b>
Decrease (increase) in trade and other receivables		191,232		811,952	
Increase in trade and other payables		7,605,918		4,406,576	
Tax paid		(862,408)		(202,742)	
<b>Cash generated by (used by) working capital</b>			<b>6,934,742</b>		<b>5,015,786</b>
<b>Net cash inflow (outflow) from operating activities</b>			<b>9,174,956</b>		<b>20,205,392</b>
<b>Investing activities</b>					
Purchase of plant and equipment		(186,357)		(309,590)	
Purchase of investments		-		-	
<b>Net cash used in investing activities</b>			<b>(186,357)</b>		<b>(309,590)</b>
<b>Financing activities</b>					
Finance income		876		3,417	
Finance expense		(342)		-	
Proceeds from borrowings				-	
Deferred consideration		(5,768,163)		(7,602,610)	
Dividends paid		-		(12,150,000)	
<b>Net cash (used by) generated by financing activities</b>			<b>(5,767,629)</b>		<b>(19,749,193)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>			<b>3,220,970</b>		<b>146,609</b>
Cash and cash equivalents at beginning of year			290,545		143,936
Cash and cash equivalents at end of year			<b>3,511,515</b>		<b>290,545</b>
<b>Net increase (decrease) in cash and cash equivalents</b>			<b>3,220,970</b>		<b>146,609</b>

The notes on pages 9 to 25 form part of these financial statements

## **bwin.party marketing (UK) Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2011**

#### **1 Accounting policies**

bwin party marketing (UK) Limited is a company registered in England & Wales. The financial statements that are presented are those of the company for the year ended 31 December 2011.

##### *Basis of preparation*

The financial statements have been prepared in accordance with those International Financial Reporting Standards including International Accounting Standards (IASs) and interpretations, (collectively IFRS), published by the International Accounting Standards Board (IASB) which have been adopted by the European Commission and endorsed for use in the EU for the purposes of the Company's full year financial statements.

The following new and revised Standards and Interpretations issued by the International Accounting Standards Board ('IASB'), are effective for the first time in the current financial year and have been adopted by the company with no effect on its financial position.

<i>IFRIC 14 (Amended)</i> <i>and IAS 19</i> <i>(Amended)</i>	Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011)
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The following relevant standards and interpretations were issued by the IASB or the IFRIC before the period end but are as yet not effective for the 2011 year end.

<i>IAS 1 (Amended)</i>	Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)
<i>IAS 12 (Amended)</i>	Deferred tax - Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012)
<i>IAS 19 (Amended)</i>	Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
<i>IAS 27 (Amended)</i>	Separate Financial Statements (effective for annual periods beginning on or after 1 January 2013)
<i>IAS 28 (Amended)</i>	Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2013)
<i>IAS 32 (Amended)</i>	Offsetting of financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2014)
<i>IFRS 7 (Amended)</i>	Disclosures - Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011)
<i>IFRS 7 (Amended)</i>	Disclosures - Offsetting of financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2013)
<i>IFRS 7 (Amended)</i>	Disclosures - Initial application of IFRS 9 (effective for annual periods beginning on or after 1 January 2015)
<i>IFRS 9</i>	Financial Instruments (effective for annual periods beginning on or after 1 January 2015)
<i>IFRS 10</i>	Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)

## **bwin.party marketing (UK) Limited**

### **Statement of financial position at 31 December 2011**

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#### **1 Accounting policies (continued)**

<i>IFRS 11</i>	Joint arrangements (effective for annual periods beginning on or after 1 January 2013)
<i>IFRS 12</i>	Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013)
<i>IFRS 13</i>	Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)

The company is currently assessing the impact, if any, that these standards will have on the presentation of its results

#### *Basis of accounting*

The financial statements have been prepared under the historical cost convention

#### *Going concern*

The Company has adequate financial resources together with long term relationships with its main suppliers. Consequently, the directors believe the company is well placed to manage its business risks successfully despite the current challenging economic environment

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

#### *Basis of consolidation*

The Company has taken advantage of the exemption from preparing consolidated financial statements as it is a wholly owned subsidiary of its Ultimate Parent, bwin party digital entertainment plc. References within these financial statements to the 'Group' refer to bwin party digital entertainment plc and its subsidiaries, including the company

#### *Revenue*

Revenue represents management recharges to the parent company and fellow group companies under intercompany service agreements

#### *Taxation*

Income tax expense represents the sum of the Directors' best estimate of taxation exposures and deferred tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using rates that have been enacted or substantively enacted by the reporting date

## **bwin.party marketing (UK) Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)**

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#### **1 Accounting policies (*continued*)**

##### *Deferred tax*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences other than where IAS 12 'Income Taxes' contains specific examples. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### *Property, plant and equipment*

All items of property, plant and equipment are stated at cost less accumulated depreciation.

Cost includes directly attributable costs incurred in bringing the asset to working condition for its intended use, including professional fees. Depreciation commences when the assets are ready for their intended use.

Depreciation is provided to write off the cost, less estimated residual values, of all property, plant and equipment, evenly over their expected useful lives. It is calculated at the following rates:

Computer equipment	- 33% per annum
Fixtures, fittings, tools and equipment	- 20% per annum

##### *Financial instruments*

Financial assets and liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

##### *Leased assets*

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

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

## **bwin.party marketing (UK) Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)**

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#### **1 Accounting policies (*continued*)**

##### *Share based payments*

The ultimate parent company has applied the requirements of IFRS 2 *Share-based payments*. The ultimate parent company has issued equity-settled share-based payments to certain employees of the company.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period based, for those share options which contain only non-market vesting conditions, on the ultimate parent's estimate of the shares that will eventually vest. Fair value is measured by use of a suitable option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

##### *Investments*

Non-current investments are stated at cost less provision for any impairment.

##### *Finance expense*

Finance expense represents loan interest payable to a subsidiary of the company as a result of a loan agreement in place.

##### *Investment income*

During the prior year the company received a dividend from its subsidiary company, Cashcade Limited. All dividend income is recognised in the statement of comprehensive income in the year that it is received.

##### *Dividends*

Equity dividends are recognised when they become legally payable. Fixed equity dividends are recognised when approved by the shareholders at the annual general meeting.

## bwin.party marketing (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)

#### 2 Profit/loss from operations

	2011	2010
	£	£
The operating profit or loss is stated after charging		
Depreciation of tangible non-current assets	204,390	250,955
Operating lease rentals – land and buildings	560,951	576,539
Audit services	7,500	10,000
Loss on foreign exchange	22,159	14,351
Share based payments	1,118,563	804,439
	<u>          </u>	<u>          </u>

#### 3 Employee benefits

	2011	2010
	£	£
Staff costs (including directors) consist of		
Wages and salaries	7,575,860	6,443,010
Social security costs	902,556	788,810
Share based payment expense	1,118,563	804,439
	<u>          </u>	<u>          </u>
	9,596,979	8,036,259
	<u>          </u>	<u>          </u>

	2011	2010
	Number	Number
The average number of employees during the year was as follows		
Directors	2	2
Sales and marketing	112	107
	<u>          </u>	<u>          </u>
	114	109
	<u>          </u>	<u>          </u>

## bwin.party marketing (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2011 *(continued)*

#### 4 Directors remuneration

	2011 £	2010 £
Directors' remuneration consist of		
Emoluments	546,541	546,541
Share based payments	402,534	561,730
	<u>949,075</u>	<u>1,108,271</u>
Highest paid director		
Emoluments (including share based payments)	<u>833,877</u>	<u>1,019,940</u>

The number of directors who are entitled to receive shares under long term incentive schemes in the year was 2 (2010 – 2)

#### 5 Finance expense

	2011 £	2010 £
Unsecured loan interest	1,638,848	2,049,040
Unwinding of discount in current and non-current liabilities	42,983	163,662
	<u>1,681,831</u>	<u>2,212,702</u>



# bwin.party marketing (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2011 *(continued)*

## 6 Taxation on profit from ordinary activities

	2011 £	2011 £	2010 £	2010 £
<i>Current tax</i>				
UK corporation tax on profits of the year	68,480		164,170	
Adjustment in respect of previous years	6,732		(156,542)	
	<hr/>		<hr/>	
Total current tax		75,212		7,628
<i>Deferred tax</i>				
Current year deferred tax	245,376		65,493	
Prior year deferred tax	40,276		22,564	
	<hr/>		<hr/>	
		360,864		95,684
		<hr/>		<hr/>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below

	2011 £	2010 £
Profit/loss on ordinary activities before tax	(763,693)	11,924,927
	<hr/>	<hr/>
Profit/loss on ordinary activities at the standard rate of corporation tax in the UK of 26.5% (2010 - 28 %)	(202,379)	3,338,980
Effects of		
Capital allowances for year in excess of depreciation	-	-
Permanent differences	17,542	57,367
Effects of share-based payments	513,433	237,742
Prior year under provision	47,008	(133,978)
Investment income	-	(3,402,000)
Corporation tax rate changes	(14,740)	(2,427)
	<hr/>	<hr/>
Current tax charge for year	360,864	95,684
	<hr/>	<hr/>

## bwin.party marketing (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2011 (*continued*)

### 7 Property, plant and equipment

	Plant and equipment £
<i>Cost or valuation</i>	
At 1 January 2011	2,560,163
Additions	186,357
Disposals	(317,485)
	<hr/>
At 31 December 2011	<b>2,429,035</b>
	<hr/>
<i>Depreciation</i>	
At 1 January 2011	2,169,983
Provided for the year	204,390
Disposals	(247,032)
	<hr/>
At 31 December 2011	<b>2,127,341</b>
	<hr/>
<i>Net book value</i>	
<b>At 31 December 2011</b>	<b>301,694</b>
	<hr/>
At 31 December 2010	390,180
	<hr/>

### 8 Investments

	2011 £	2010 £
Cashcade Limited	<b>92,007,138</b>	91,808,337
	<hr/>	<hr/>

At 31 December 2011 the company continued to hold 100% of the share capital of Cashcade Limited, a company registered in the United Kingdom

The movement in the value of the investment in Cashcade Limited in 2011 reflects adjustments made during the year to account for the final instalment of the deferred consideration paid to the former shareholders of Cashcade Limited

# **bwin.party marketing (UK) Limited**

## **Notes forming part of the financial statements for the year ended 31 December 2011 (continued)**

### **9 Trade and other receivables**

	2011 £	2010 £
<b>Amounts falling due within one year</b>		
Taxation and social security recoverable	256,147	35,055
Amounts due from group undertakings	1,089,545	704,726
Prepayments and other receivables	497,164	720,715
	<hr/>	<hr/>
<b>Amounts falling due after more than one year</b>	1,842,856	1,460,496
Other receivables	-	368,857
	<hr/>	<hr/>
	<b>1,842,856</b>	<b>1,829,353</b>
	<hr/>	<hr/>

The directors consider that the carrying amount of trade and other receivables approximates to their fair values, which is based on estimation of amounts recoverable. The recoverable amount is determined by calculating the present value of expected future cash flows.

### **10 Trade and other payables**

	2011 £	2010 £
<b>Amounts falling due within one year</b>		
Trade payables	126,779	64,634
Amounts owed to group undertakings	51,211,519	7,168,992
Other taxation and social security	222,134	807,469
Other payables	1,466,471	1,394,299
Deferred and contingent consideration	-	5,526,378
	<hr/>	<hr/>
	<b>53,026,903</b>	<b>14,961,772</b>
	<hr/>	<hr/>

The directors consider that the carrying amount of trade and other payables approximates to their fair values which are based on the net present values of expected future cash flows.

## bwin.party marketing (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2011 (*continued*)

### 11 Loans and borrowings

	2011 £	2010 £
Unsecured loan (current)	35,000,000	-
Unsecured loan (non-current)	-	35,000,000
	<hr/>	<hr/>
Total non-current liabilities	35,000,000	35,000,000
	<hr/>	<hr/>

	Lender	Amount	Nominal rate	Year of maturity
As at 31 December 2010	Cashcade Limited	£35 million	6 months LIBOR plus 4.25%	2012
As at 31 December 2011	Cashcade Limited	£35 million	6 months LIBOR plus 4.25%	2012

Borrowings are recognised at fair value and subsequently carried at amortised cost based on their internal rates of return. The discount rate applied was 5.44%.

Current borrowings in respect of the unsecured loan are included within trade and other payables in note 10.

### 12 Deferred tax asset

	2011 £	2010 £
Capital allowances in advance of depreciation	81,814	87,047
Share based payments	176,257	456,676
	<hr/>	<hr/>
	258,071	543,723
	<hr/>	<hr/>

The deferred tax asset in respect of share options has been calculated based on the market value of PartyGaming Plc shares at 31 December 2011 of 164p (31 December 2010: 205.50p).

The movement in deferred tax comprises:

As at 1 January 2010	775,510
Amount charged to statement of comprehensive income	(231,787)
	<hr/>
Balance as at 31 December 2010	543,723
Amount charged to statement of comprehensive income	(285,652)
	<hr/>
<b>Balance as at 31 December 2011</b>	<b>258,071</b>
	<hr/>

## bwin.party marketing (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2011 *(continued)*

### 12 Deferred tax asset *(continued)*

	Accelerated capital allowances £	Share based payments £	Total £
As at 1 January 2010	96,202	679,308	775,510
Movement	(9,155)	(222,632)	(231,787)
As at 31 December 2010	<b>87,047</b>	<b>456,676</b>	<b>543,723</b>
Movement	(5,233)	(280,419)	(285,652)
As at 31 December 2011	<b>81,814</b>	<b>176,257</b>	<b>258,071</b>

### 13 Dividends

	2011 £	2010 £
Ordinary shares		
Interim dividend of £1,215 per ordinary share paid during the prior year	-	12,150,000

### 14 Share Capital

	2011 Number	Allotted 2010 Number	2011 £	2010 £
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
	2011 Number	Allotted, called up and fully paid 2010 Number	2011 £	2010 £
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

### 15 Ultimate parent company

The immediate parent company is bwin party marketing (Gibraltar) Limited, a company incorporated and registered in Gibraltar. At 31 December 2011 the company's ultimate parent company was bwin party digital entertainment plc, incorporated and registered in Gibraltar.

## bwin.party marketing (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2011 *(continued)*

#### 16 Investment income

	2011 £	2010 £
Dividend received from Cashcade Limited	-	12,150,000
	<u>          </u>	<u>          </u>

#### 17 Commitments under operating leases

As at 31 December 2011, the company had total commitments under non-cancellable operating leases as set out below

	Land and buildings 2011 £	Land and buildings 2010 £
Payments due		
Within one year	522,926	538,404
Between two and five years	-	522,926
	<u>          </u>	<u>          </u>
	522,926	1,061,330
	<u>          </u>	<u>          </u>

Rental costs under operating leases are charged to the statement of comprehensive income in equal annual amounts over the periods of the leases

#### 18 Related party transactions

At the year-end a total of £12,786,201 was due to the parent company, bwin party marketing (Gibraltar) Limited (2010 £5,256,106 was due from the parent company) and £1,089,545 (2010 £704,725) was due from bwin party digital entertainment plc. As a result of the loan agreement between both parties, loan interest of £1,638,507 was charged to the company by Cashcade Limited (2010 £2,049,040). At the year-end £3,687,547 of the loan interest was outstanding. At the year end, a total of £38,410,422 was due to Cashcade Limited.

#### Remuneration of key management personnel

Key management personnel are those individuals who the directors believe have significant authority and responsibility for planning, directing and controlling the activities of the company. During the year, the following remuneration and share based payments were made to key management personnel:

	Remuneration £	Share based payments £	Total £
Year ended 31 December 2010	546,541	561,730	1,108,271
Year ended 31 December 2011	546,541	402,534	949,075

## **bwin.party marketing (UK) Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)**

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#### **19 Financial risk management**

The company's financial instruments comprise cash and liquid resources and various items such as trade receivables and payables that arise directly from its operations. Exposure to credit, interest rate and currency risk arises in the normal course of business.

##### **Credit risk**

Management monitors liquidity to ensure that sufficient liquid resources are available. The company's principle financial assets are cash and bank deposits. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position. There is no significant concentration of credit risk.

##### **Interest rate risk**

At 31 December 2011 the company had a loan outstanding with Cashcade Limited, details of which are set out in note 11.

##### **Foreign currency risk**

The company incurs foreign currency risk on sales and purchases that are denominated in a currency other than pounds sterling. In respect of such transactions and other monetary assets and liabilities held in currencies other than pounds sterling, the amounts involved have historically been immaterial. Going forward, the company will continue to monitor the position and will take steps to ensure that the net exposure is kept to an acceptable level.

## bwin.party marketing (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2011 *(Continued)*

#### 20 Share based payments

The ultimate parent company, bwin party digital entertainment plc, granted options to certain employees under the Nil-cost plan and the FMV plan as a reward and retention incentive for employees of the company

	2011 £	2010 £
Nil cost options	129,927	187,005
FMV options	431,663	408,053
PSP options	150,393	209,381
VCP options	131,419	-
BBP options	34,631	-
BSP options	167,964	-
Bwin party rollover options	4,733	-
GSP options	67,833	-
	<hr/>	<hr/>
<b>Total charge</b>	<b>1,118,563</b>	<b>804,439</b>
	<hr/>	<hr/>

#### Nil-cost plan

These options are not generally subject to performance conditions as this is regarded as detracting from their attraction and retention capabilities and instead usually vest on a phased basis over a four- to five-year period. No new awards are to be granted under this plan

	2011 million	2010 million
Outstanding at the beginning of the period	0.3	0.3
Options granted during the period	-	0.1
Options lapsed during the period	-	0.0
Exercised during the period	-	(0.1)
	<hr/>	<hr/>
<b>Outstanding at the end of the period</b>	<b>0.3</b>	<b>0.3</b>
	<hr/>	<hr/>
Exercisable at the end of the period	0.2	0.2
Weighted average share price for share options exercised	-	£3.12
	<hr/>	<hr/>



## bwin.party marketing (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2011 *(continued)*

#### 20 Share based payments *(continued)*

##### FMV plan

Options granted under this plan during the period generally vest in instalments over a three year period. There are no performance conditions attached to options issued by the company under the terms of the FMV Plan. No new awards are to be granted under this plan.

	2011 million	2010 million
Outstanding at the beginning of the period	3.7	3.4
Options granted during the period	-	0.9
Options lapsed during the period	(0.1)	(0.5)
Exercised during the period	-	(0.1)
	<hr/>	<hr/>
<b>Outstanding at the end of the period</b>	<b>3.6</b>	<b>3.7</b>
	<hr/>	<hr/>

##### PSP plan

These options were to vest subject to the achievement of a total shareholder return ('TSR') performance target over the three-year period commencing on 1 January or 1 July of each year from 2007 compared to the median TSR of a comparator group. The threshold for vesting at which 25% will vest, would have been TSR equaling the median of the comparator group, rising on a straight-line basis to 100% vesting if the Company's TSR exceeded the median by 10% per annum calculated over the three-year period. It is estimated that outperformance of the median by 10% per annum over that period is performance in excess of the upper quartile. No new awards are to be granted under this plan.

	2011 Thousand	2010 Thousand
Outstanding at the beginning of the period	407.3	338.0
Options granted during the period	-	95.0
Options lapsed during the period	(95.0)	(25.7)
Exercised during the period	(48.0)	-
	<hr/>	<hr/>
<b>Outstanding at the end of the period</b>	<b>264.3</b>	<b>407.3</b>
	<hr/>	<hr/>

## **bwin.party marketing (UK) Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2011 (continued)**

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#### **20 Share based payments (continued)**

##### **Bonus Banking Plan (BBP) plan**

The BBP plan covers a three year period with annual performance targets set at the beginning of each year. Depending on the extent to which the performance targets have been met in any year, an amount may be credited (or debited) to the participant's bonus account on the measurement date. 50 % will be credited in the form of shares (through a nil-cost option) and 50 % in cash. Shortly after each measurement date an amount equal to half of the balance of the bonus account will be paid in cash to the participant. After the initial 3 years half the nil-cost option vests, with the balance vesting in year 4, together with the balance of any cash. If the performance in any year does not satisfy the performance target then a participant's bonus account is debited 50% of its current value.

As at 31 December 2011 the liability associated with the share-based element of the BBP was £233,000 (2010: £nil).

##### **Bonus share plan (BSP) plan**

This plan has the same conditions as the BBP, except where the performance conditions are not met in a particular year then there is no deduction made to a participant's bonus account.

As at 31 December 2011 the liability associated with the share-based element of the BSP was £426,000 (2010: £nil).

##### **Global share plan (GSP)**

Awards of free shares worth up to a maximum of £25,000 (or equivalent) may be made to each eligible employee each year. The award may be subject to performance conditions. There is flexibility to grant different types of free share award including nil-cost options, conditional awards of shares and restricted shares where the employee is the owner of the shares from the date of award. At 31 December 2011, all shares under this scheme are nil-cost options with no performance conditions.

Additionally, where employees buy shares up to a maximum of £1,500 each, they may be awarded additional free shares on a matching basis, up to a maximum of two matching shares for each purchased share. Purchased shares must be held for a minimum of three years for the matching shares to vest.

Directors are not eligible to receive any awards under this plan.

As at 31 December 2011 the liability associated with the GSP was £117,000 (2010: £nil).

##### **Value creation plan (VCP)**

Participants are granted VCP points, being a right to receive shares (in the form of a nil cost option or a conditional share award) with a value equal to their allocated percentage of the VCP pool. The size of the VCP pool will be linked to the value created for shareholders, taking into account the increase in share price, dividends paid and share buy backs, over three 1 year performance periods, in excess of a hurdle amount (10% annual growth). The VCP pool will be calculated as being equal to 4% of the increase in the Company's share price during the relevant year. After each year end the VCP pool will be converted into awards over a specific number of shares using the market value of a share at the relevant measurement date and in accordance with the participant's allocated share of the VCP pool. The awards will be structured as nil-cost share options, with half of the shares under each option vesting at the end of the third performance period and the remaining half vesting one year later. As nil cost options, they will remain exercisable for ten years from the date of grant.

As at 31 December 2011 the liability associated with the VCP was £nil (2010: £nil).

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## **bwin.party marketing (UK) Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)**

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#### **20 Share based payments (*continued*)**

##### **bwin party Rollover Plan**

These options were granted as a result of the Merger to replace the existing bwin options at the time using the same exchange ratio as for Shares. They are subject to the original vesting conditions and have no performance conditions. No new awards are to be granted under this plan.

#### **21 Events after the reporting year**

There have been no material events after the reporting year which would require disclosure or adjustment to the financial statements for the year ended 31 December 2011.