

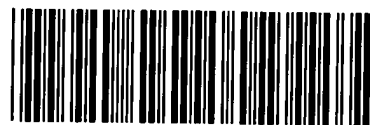
Sportingbet (IT Services) Limited

Company number: 05214498

Report and Financial Statements

Year ended 31 December 2016

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SPORTINGBET (IT SERVICES) LIMITED

Annual report and financial statements for the year ended 31 December 2016

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SPORTINGBET (IT SERVICES) LIMITED

Board of Directors and professional advisors

Directors

J Humberstone (appointed 11 October 2016)
A Lewis (appointed 11 October 2016)
W Longton (appointed 11 October 2016)
R Q M Cooper (resigned 11 October 2016)
K A Alexander (resigned 11 October 2016)

Secretary and registered office

3rd Floor, One New Change, London, EC4M 9AF

Company number

05214498

Auditor

Grant Thornton UK LLP, Chartered Accountants & Statutory Auditor
30 Finsbury Square, London, EC2P 2YU

SPORTINGBET (IT SERVICES) LIMITED

Report of the Directors for the year ended 31 December 2016

The Directors present their report together with the audited financial statements for the year ended 31 December 2016.

Directors

The Directors of the company during the year were:

J Humberstone (appointed 11 October 2016)
A Lewis (appointed 11 October 2016)
W Longton (appointed 11 October 2016)
R Q M Cooper (resigned 11 October 2016)
K J Alexander (resigned 11 October 2016)

Results and dividends

The Profit and loss account is set out on page 8 and shows the result for the year. The Directors do not recommend the payment of a dividend (2015: £nil).

Going concern

The ultimate parent undertaking, GVC Holdings PLC, has provided assurances that it will continue to provide finance where required so that the Company will be in a position to meet its liabilities and obligations for the foreseeable future. On this basis, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Directors' responsibilities

The Directors are responsible for preparing the Report of the directors, the Strategic 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 financial statements in accordance United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 101 'Reduced Disclosure Framework'.

The financial statements are required to give a true and fair view of the state of affairs of the Company and of the Profit or loss for the year then ended. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the 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.

SPORTINGBET (IT SERVICES) LIMITED

Report of the Directors for the year ended 31 December 2016 (*continued*)

Directors' responsibilities (*continued*)

So far as each Director is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

On behalf of the Board



W Longton

Director

Company number: 05214498

Date: 28 September 2017

SPORTINGBET (IT SERVICES) LIMITED

Strategic Report for the year ended 31 December 2016

The Directors present their Strategic Report for the year ended 31 December 2016.

Principal activities

The Company's principal activity is the provision of IT services to other Group companies.

Trading review

The key performance indicators for the year ended 31 December 2016 are as follows:

- Turnover of £11.7m (2015: £10.9m).
- Gross loss of £11.7m (2015: profit £10.9m)
- Operating Costs of £12.4m (2015: £9.7m).
- Loss before and after tax of £0.8m (2015: profit £1.1m).
- Net liabilities at year end of £9.1m (2015 net liabilities: £8.3m).

Future developments

The Company intends to continue to provide general IT services to other Group companies.

Principal Risks and Uncertainties

The Directors consider the risks detailed below as inherent to the Company:

Economic Risk

The risk of foreign exchange losses, increased interest rates and or inflation having an adverse impact on the Group in certain markets.

Competitor Risk

The Directors of the Group manage competition through close attention to market research, benchmarking with competitors, and recruitment of highly skilled professional staff.

Financial Risk

The Company has budgetary and financial reporting procedures, supported by appropriate key performance indicators to manage credit, liquidity and other financial risk.

On behalf of the Board



W Longton

Director

Date: 28 September 2017

SPORTINGBET (IT SERVICES) LIMITED

Independent auditor's report to the members of Sportingbet (IT Services) Limited

We have audited the financial statements of Sportingbet (IT Services) Limited for the year ended 31 December 2016, which comprise the Statement of profit or loss and other comprehensive income, the Balance sheet, 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' responsibilities statement on pages 2 and 3, 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 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 Company's affairs as at 31 December 2016 and its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Directors' Report has been prepared in accordance with the applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Independent auditor's report to the members of Sportingbet (IT Services) Limited (continued)

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; and
- the Directors were not entitled to take advantage of the small companies' exemption for the requirement to prepare a Strategic Report and in preparing the Directors' Report.

Grant Thornton UK LLP

Gary Jones
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
London Finsbury

Date *28/9/17*

SPORTINGBET (IT SERVICES) LIMITED**Statement of profit or loss and other comprehensive income for the year ended 31 December 2016**

	Note	Year ended 31 December 2016 £000's	Year ended 31 December 2015 £000's
Turnover	2	11,661	10,924
Operating costs		(12,420)	(9,671)
Operating (loss) / profit	3	(759)	1,253
Interest payable	5	(39)	(109)
(Loss) / profit on ordinary activities before taxation		(798)	1,144
Taxation	6	-	-
(Loss) / profit on ordinary activities after taxation		(798)	1,144
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year	13	(798)	1,144

All amounts relate to continuing activities.

The notes on pages 11 to 17 form part of these financial statements.

SPORTINGBET (IT SERVICES) LIMITED

Company Number: 05214498

Balance sheet as at 31 December 2016

	Note	2016 £000's	2016 £000's	2015 £000's	2015 £000's
Fixed assets					
Intangible assets	7		1,448		1,501
Tangible assets	8		278		546
			<u>1,726</u>		<u>2,047</u>
Current assets					
Debtors	9	38,590		35,967	
Cash at bank		63		13	
		<u>38,653</u>		<u>35,980</u>	
Creditors: amounts due within one year	10	(49,500)		(46,350)	
		<u>(49,500)</u>		<u>(46,350)</u>	
Net current liabilities			(10,847)		(10,370)
			<u>(10,847)</u>		<u>(10,370)</u>
Net liabilities			(9,121)		(8,323)
			<u>(9,121)</u>		<u>(8,323)</u>
Capital and reserves					
Called up share capital	12		-		-
Profit and loss account	13		(9,121)		(8,323)
			<u>(9,121)</u>		<u>(8,323)</u>
Shareholders' deficit	13		(9,121)		(8,323)
			<u>(9,121)</u>		<u>(8,323)</u>

The financial statements were approved by the Board and authorised for issue and signed on its behalf by


W Longton

Director

Date: 28 September 2017

The notes on pages 11 to 17 form part of these financial statements.

SPORTINGBET (IT SERVICES) LIMITED**Statement of Changes in Equity for the year ended 31 December 2016**

	Share capital £000's	Profit and loss account £000's	Total £000's
Balance at 1 January 2015	-	(9,467)	(9,467)
Profit for the year ended 31 December 2015	-	1,144	1,144
At 1 January 2016	-	(8,323)	8,323
Loss for the year for the year ended 31 December 2016	-	(798)	(798)
At 31 December 2016	-	(9,121)	(9,121)

The notes on pages 11 to 17 form part of these financial statements.

SPORTINGBET (IT SERVICES) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2016

1 Accounting policies

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

As permitted under FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the listing of new and revised standards that have not been adopted, financial instruments, fair values, presentation of a cash flow statement, presentation of an opening balance sheet in the first year of adopting FRS 101, and related party transactions.

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial period and the preceding year. The directors have reviewed the principal accounting policies and consider that they remain the most appropriate for the company.

The following principal accounting policies have been applied:

Going concern

The ultimate parent undertaking, GVC Holdings PLC, has provided assurances that it will continue to provide finance where required so that the Company will be in a position to meet its liabilities and obligations for the foreseeable future. On this basis, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Cash flow statement

The Company is exempt from the requirement under IAS 7 "Statement of Cash Flows" to prepare a cash flow statement as its cash flows are consolidated in the financial statements of GVC Holdings PLC which are publicly available

Turnover

Turnover represents amounts from other Group companies for the provision of general IT services and is recognised net of sales taxes once the service has been provided.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis to write off the cost, less any estimated residual value, of all fixed assets over their expected useful lives. It is calculated at the following rates per annum:

Furniture and fittings	25% on a straight line basis
Computer equipment and software	20-33% on a straight line basis

Computer software

Where the Company's expenditure, in relation to the development of internet activities, results in the provision of further services under licensing type agreements, these costs are capitalised and amortised over the shorter of three years or the average period of aggregate licence agreements in existence during the period.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

SPORTINGBET (IT SERVICES) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2016 (*Continued*)

1 Accounting policies (*continued*)

Deferred taxation

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed by the Balance sheet date, except for deferred tax assets which are only recognised to the extent that they have either been agreed with the relevant tax authority and/or the Company anticipates making sufficient suitable taxable profits in the future. Deferred tax balances are not discounted.

Leased assets

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the Profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Operating Leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Financial instruments

Financial liabilities and equity instruments are classified 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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

SPORTINGBET (IT SERVICES) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

2 Turnover

Turnover arose from the company's principal activity. This activity is carried out exclusively in the United Kingdom.

3 Operating (loss) / profit

	Year ended 31 December 2016 £000's	Year ended 31 December 2015 £000's
This has been arrived at after charging/(crediting):		
Amortisation on owned intangible assets	705	267
Amortisation on finance lease intangible assets	264	428
Depreciation on owned fixed assets	197	246
Depreciation on finance lease assets	160	143
Foreign exchange loss / (gain)	1,312	(563)
	<u> </u>	<u> </u>

The audit fee in the current and prior year was borne by the ultimate parent company. All directors were remunerated through other group companies.

4 Employees

Employees' remuneration and related costs during the year amounted to:

	Year ended 31 December 2016 £000's	Year ended 31 December 2015 £000's
Wages and salaries	2,157	2,518
Social security costs	221	250
Pension contributions (defined contribution scheme)	87	91
	<u> </u>	<u> </u>
	2,465	2,859
	<u> </u>	<u> </u>

No Director received any emoluments in respect of his services to the Company (2015: £nil) and were remunerated through other group companies.

The average monthly number of full-time persons (including directors) employed by the Company during the period was 37 (2015: 41).

SPORTINGBET (IT SERVICES) LIMITED**Notes forming part of the financial statements for the year ended 31 December 2016 (continued)****5 Interest payable**

	Year ended 31 December 2016 £000's	Year ended 31 December 2015 £000's
Finance lease charges	39	109

6 Taxation

	31 December 2016 £000's	31 December 2015 £000's
<i>Current tax</i>		
UK corporation tax on (loss) / profit for the year	-	-

The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2016 £000's	Year ended 31 December 2015 £000's
(Loss) / profit on ordinary activities before tax	(798)	1,144
(Loss) / profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015: 20.25%)	(160)	232
Effects of:		
Capital Allowances in excess of depreciation	(412)	(583)
Tax losses carried forward	-	222
Tax losses surrendered to group companies	301	251
Movement in short term timing differences	-	(6)
Disallowed expense / (income)	271	(116)
Current tax charge for the year	-	-

SPORTINGBET (IT SERVICES) LIMITEDNotes forming part of the financial statements for the year ended 31 December 2016 (*continued*)**7 Intangible fixed assets**

	Computer software
<i>Cost</i>	£000's
At 1 January 2016	3,240
Additions	683
31 December 2016	<u>3,923</u>
<i>Amortisation</i>	
At 1 January 2016	1,739
Charge for the year	969
Foreign exchange movement	(233)
At 31 December 2016	<u>2,475</u>
<i>Net book value</i>	
At 31 December 2016	<u>1,448</u>
At 31 December 2015	<u>1,501</u>

8 Tangible fixed assets

	Computer Equipment & software
<i>Cost</i>	£000's
At 1 January 2016	1,577
Additions	17
31 December 2016	<u>1,594</u>
<i>Depreciation</i>	
At 1 January 2016	1,031
Charge for the year	357
Foreign exchange movement	(72)
At 31 December 2016	<u>1,316</u>
<i>Net book value</i>	
At 31 December 2016	<u>278</u>
At 31 December 2015	<u>546</u>

SPORTINGBET (IT SERVICES) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

8 Tangible fixed assets (continued)

Included in the net book value of intangible and tangible assets of £1.7m is £0.2m (2015: £0.6m) in respect of assets purchased under finance leases. Amounts due in respect of finance leases are secured on the respective assets.

9 Debtors due within one year	2016 £000's	2015 £000's
Amounts owed by group undertakings	37,993	34,840
Other debtors	8	7
Prepayments and accrued income	589	1,120
	<u>38,590</u>	<u>35,967</u>

Amounts owed by group undertakings are non-interest bearing and are repayable on demand.

10 Creditors: amounts falling due within one year	2016 £000's	2015 £000's
Amounts owed to group undertakings	49,185	45,431
Finance lease obligations	-	507
Trade creditors	37	87
Accruals	278	325
	<u>49,500</u>	<u>46,350</u>

Amounts owed by group undertakings are non-interest bearing and are repayable on demand.

11 Obligations under finance leases

Amounts included in creditors in respect of finance leases are repayable as follows:

	2016 £000's	2015 £000's
In one year or less or on demand	-	507
	<u>-</u>	<u>507</u>

SPORTINGBET (IT SERVICES) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

12	Share capital	2016 £	2015 £
	<i>Allotted, issued and fully paid</i>		
	1 ordinary £1 share	1	1
		<hr/>	<hr/>
13	Shareholders' funds		Profit and loss account £000's
	At 1 January 2016		(8,323)
	Retained loss for the year		(798)
			<hr/>
	At 31 December 2016		(9,121)
			<hr/>

14 Related party transactions

The Company has taken advantage of the exemption in FRS 101 "Reduced Disclosure Framework" from the requirement to disclose transactions with Group companies on the grounds that the Company is a wholly owned subsidiary and publicly available consolidated financial statements are prepared by the ultimate parent company.

15 Parent company and controlling related party

The Company's immediate parent company is Sportingbet Holdings Limited, a company incorporated in England and Wales. The Company's ultimate parent company and controlling related party is GVC Holdings PLC, a company incorporated in the Isle of Man. Copies of the financial statements of GVC Holdings PLC can be obtained from the Company Secretary at the Company's registered office at 32 Athol Street, Douglas, Isle of Man, IM1 1 JB or from the Investor Relations section of the Company's website at www.gvc-plc.com