

Sportingbet (IT Services) Limited

Company number: 05214498

Report and Financial Statements

Year ended 31 December 2017



SPORTINGBET (IT SERVICES) LIMITED

Annual report and financial statements for the year ended 31 December 2017

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SPORTINGBET (IT SERVICES) LIMITED

Board of Directors and professional advisors

Directors

J Humberstone
A Lewis
W Longton

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, EC2A 1AG

SPORTINGBET (IT SERVICES) LIMITED

Report of the Directors for the year ended 31 December 2017

The Directors present their report together with the audited financial statements for the year ended 31 December 2017.

Directors

The Directors of the Company during the year were:

J Humberstone
A Lewis
W Longton

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 (2016: £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 statement

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'. 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 and profit and loss of the Company for that year.

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 2017 (*continued*)

Directors' responsibilities (*continued*)

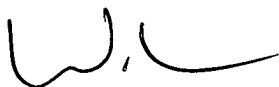
The directors confirm that:

- so far 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

Grant Thornton have informed the Directors of their intention to resign and KPMG LLP will replace them in December 2018.

On behalf of the Board



W Longton

Director

Company number: 05214498

Date: 3 December 2018

SPORTINGBET (IT SERVICES) LIMITED

Strategic Report for the year ended 31 December 2017

The Directors present their Strategic Report for the year ended 31 December 2017.

Principal activities

The Company's principal activity is the provision of IT services to companies within the GVC Holdings PLC group.

Trading review

The key performance indicators for the year ended 31 December 2017 are as follows:

- Turnover of £5.5m (2016: £11.7m).
- Operating Costs of £3.6m (2016: £12.4m).
- Profit before and after tax of £1.9m (2016: loss £0.8m).
- Net liabilities at year end of £7.2m (2016 net liabilities: £9.1m).

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: 3 December 2018

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 2017, 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'.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

SPORTINGBET (IT SERVICES) LIMITED

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

We have nothing to report in this regard.

Opinions 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matter on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 2-3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Grant Thornton UK LLP

Anthony Thomas

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

Date: 7/12/18

SPORTINGBET (IT SERVICES) LIMITED**Statement of profit or loss and other comprehensive income for the year ended 31 December 2017**

	Note	Year ended 31 December 2017 £000's	Year ended 31 December 2016 £000's
Turnover	2	5,485	11,661
Operating costs		(3,554)	(12,420)
Operating profit / (loss)	3	1,931	(759)
Interest payable	5	-	(39)
Interest receivable		1	-
Profit / (loss) on ordinary activities before taxation		1,932	(798)
Taxation	6	-	-
Profit / (loss) on ordinary activities after taxation		1,932	(798)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		1,932	(798)

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 2017

	Note	2017 £000's	2017 £000's	2016 £000's	2016 £000's
Fixed assets					
Intangible assets	7		257		1,448
Tangible assets	8		-		278
			<u>257</u>		<u>1,726</u>
Current assets					
Debtors	9	38,262		38,590	
Cash at bank		82		63	
		<u>38,344</u>		<u>38,653</u>	
Creditors: amounts due within one year	10	(45,790)		(49,500)	
		<u>(45,790)</u>		<u>(49,500)</u>	
Net current liabilities			(7,446)		(10,847)
			<u>(7,446)</u>		<u>(10,847)</u>
Net liabilities			(7,189)		(9,121)
			<u>(7,189)</u>		<u>(9,121)</u>
Capital and reserves					
Called up share capital	11		-		-
Profit and loss account			(7,189)		(9,121)
			<u>(7,189)</u>		<u>(9,121)</u>
Shareholders' deficit			(7,189)		(9,121)
			<u>(7,189)</u>		<u>(9,121)</u>

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


W Longton

Director

Date: 3 December 2018

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 2017**

	Share capital £000's	Profit and loss account £000's	Total £000's
Balance at 1 January 2016	-	(8,323)	(8,323)
Loss for the year ended 31 December 2016	-	(798)	(798)
At 1 January 2017	-	(9,121)	(9,121)
Profit for the year for the year ended 31 December 2017	-	1,932	1,932
At 31 December 2017	-	(7,189)	(7,189)

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 2017

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 2017 (*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 2017 (*continued*)

2 Turnover

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

3 Operating profit / (loss)

Year ended 31 December 2017 £000's	Year ended 31 December 2016 £000's
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This has been arrived at after charging / (crediting):

Amortisation on owned intangible assets	841	705
Amortisation on finance lease intangible assets	74	264
Depreciation on owned fixed assets	96	197
Depreciation on finance lease assets	158	160
Auditor's remuneration	5	-
Foreign exchange loss / (gain)	(1,611)	1,312

The audit fee in the current and prior year was borne by the ultimate parent company.

4 Employees

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

Year ended 31 December 2017 £000's	Year ended 31 December 2016 £000's
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Wages and salaries	2,397	2,157
Social security costs	344	221
Pension contributions (defined contribution scheme)	73	87
	2,814	2,465

No Director received any emoluments in respect of his services to the Company (2016: £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 27 (2016: 37).

SPORTINGBET (IT SERVICES) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

5 Interest payable

	Year ended 31 December 2017 £000's	Year ended 31 December 2016 £000's
Finance lease charges	-	39

6 Taxation

	31 December 2017 £000's	31 December 2016 £000's
<i>Current tax</i>		
UK corporation tax on profit / (loss) for the year	-	-

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2017 £000's	Year ended 31 December 2016 £000's
Profit / (loss) on ordinary activities before tax	1,932	(798)
Profit / (loss) on ordinary activities at the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	372	(160)
Effects of:		
Capital Allowances in excess of depreciation	(356)	(412)
Tax losses carried forward	293	-
Tax losses surrendered to group companies	-	301
Disallowed (income) / expense	(309)	271
Current tax charge for the year	-	-

SPORTINGBET (IT SERVICES) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

7 Intangible fixed assets

	Computer software
Cost	£000's
At 1 January 2017 and 31 December 2017	3,923
Amortisation	
At 1 January 2017	2,475
Charge for the year	915
Foreign exchange movement	276
At 31 December 2017	3,666
Net book value	
At 31 December 2017	257
At 31 December 2016	1,448

8 Tangible fixed assets

	Computer Equipment & software
Cost	£000's
At 1 January 2017 and 31 December 2017	1,594
Depreciation	
At 1 January 2017	1,316
Charge for the year	254
Foreign exchange movement	24
At 31 December 2017	1,594
Net book value	
At 31 December 2017	-
At 31 December 2016	278

Included in the net book value of intangible and tangible assets of £0.3m is £nil (2016: £0.2m) in respect of assets purchased under finance leases. Amounts due in respect of finance leases are secured on the respective assets.

SPORTINGBET (IT SERVICES) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

9 Debtors due within one year	2017 £000's	2016 £000's
Amounts owed by group undertakings	37,967	37,993
Other debtors	104	8
Prepayments and accrued income	191	589
	<u>38,262</u>	<u>38,590</u>

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

10 Creditors: amounts falling due within one year	2017 £000's	2016 £000's
Amounts owed to group undertakings	45,408	49,185
Trade creditors	-	37
Accruals	382	278
	<u>45,790</u>	<u>49,500</u>

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

11 Share capital	2017 £	2016 £
<i>Allotted, issued and fully paid</i>		
1 ordinary £1 share	<u>1</u>	<u>1</u>

12 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.

SPORTINGBET (IT SERVICES) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 *(continued)*

13 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.