

**DIGIBET UK LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2011**



## **DIGIBET UK LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	G W H Boyks E Pink
<b>Company secretary</b>	G W H Boyks
<b>Company number</b>	05776501
<b>Registered office</b>	Unit 8 Spitfire Business Park 1 Hawker Road Croydon Surrey CR0 4RF
<b>Auditor</b>	PKF (Isle of Man) LLC Analyst House 20-26 Peel Road Douglas Isle of Man IM99 1AP

## **DIGIBET UK LIMITED**

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**DIGIBET UK LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2011**

The directors present their report and the financial statements for the year ended 31 March 2011

**Principal activities**

The company's principal activity is that of a bookmaker

The company holds a licence issued under the Gambling Act 2005

**Results and dividends**

The loss for the period, after taxation, amounted to £246,847 (2010 - £468,875)

As the directors do not recommend the payment of a dividend, this sum has been carried forward to reserves

**Directors**

The directors who served during the year were

G W H Boyks  
E Pink

**Provision of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

In preparing this report the directors have taken advantage of the small company exemptions in Part 15 of the Companies Act 2006



**G W H Boyks**  
Director



5.3.2012

## **DIGIBET UK LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and accounting estimates that are reasonable and prudent, 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 that are sufficient to show and explain the company's transactions, to 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.

## **DIGIBET UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGIBET UK LIMITED**

We have audited the financial statements of Digibet UK Limited for the year ended 31 March 2011, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditor**

As explained more fully in the directors' responsibilities statement, 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 Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Emphasis of matter - going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1.4 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £246,847 during the year ended 31 March 2011 and, at that date, the company's current liabilities exceeded its total assets by £2,432,785. These conditions, along with the matters explained in Note 1.4 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

#### **Opinion on other matter 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.

**DIGIBET UK LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGIBET UK LIMITED**

**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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report

A handwritten signature in black ink, appearing to read 'M. Crowe', followed by 'LLC'.

**Michael Crowe (Senior statutory auditor)**

for and on behalf of PKF (Isle of Man) LLC, Statutory auditors  
Douglas  
Isle of Man

Date 19 MARCH 2012

**DIGIBET UK LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 £	2010 £
<b>TURNOVER</b>		<b>5,164</b>	385,076
Cost of sales		<b>(2,071)</b>	(361,693)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		<b>3,093</b>	23,383
Distribution costs		<b>(7,711)</b>	(16,169)
Administrative expenses		<b>(242,244)</b>	(478,069)
Other operating income		<b>15</b>	3,024
		<hr/>	<hr/>
<b>OPERATING LOSS</b>	2	<b>(246,847)</b>	(467,831)
Interest payable and similar charges		<b>-</b>	(1,044)
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(246,847)</b>	(468,875)
Tax on loss on ordinary activities	3	<b>-</b>	-
		<hr/>	<hr/>
<b>LOSS FOR THE FINANCIAL YEAR</b>	8	<b>(246,847)</b>	(468,875)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 7 to 10 form part of these financial statements



**DIGIBET UK LIMITED**  
**REGISTERED NUMBER: 05776501**

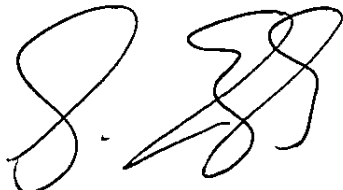
**BALANCE SHEET**  
**AS AT 31 MARCH 2011**

	Note	£	2011 £	2010 £
<b>FIXED ASSETS</b>				
Tangible assets	4		73,379	166,748
<b>CURRENT ASSETS</b>				
Debtors	5	45,093		39,905
Cash at bank		8,383		45,608
		<u>53,476</u>		<u>85,513</u>
<b>CREDITORS</b> amounts falling due within one year	6	(2,559,640)	(2,438,199)	
<b>NET CURRENT LIABILITIES</b>			<u>(2,506,164)</u>	<u>(2,352,686)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>(2,432,785)</u>	<u>(2,185,938)</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	7		100	100
Profit and loss account	8		<u>(2,432,885)</u>	<u>(2,186,038)</u>
<b>SHAREHOLDERS' DEFICIT</b>			<u>(2,432,785)</u>	<u>(2,185,938)</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

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

**G W H Boyks**  
Director



5.3.2012

The notes on pages 7 to 10 form part of these financial statements

## **DIGIBET UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011**

#### **1. ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

##### **1.2 Turnover**

Turnover represents the stakes received from customers (including any amount received from agents) less any void bets recorded. Betting duty payable is 15% on the gross stakes received less winnings paid. The betting duty is payable to Her Majesty's Revenue and Customs.

Stakes received from customers (including any amount received via an agent) less any voids are recognised as income at the point that the event to which they relate has been completed. Winnings paid are reflected at the point the outcome of the event to which the bet relates becomes known. Any stakes received prior to the balance sheet date where the event to which they relate occurs after the balance sheet date are not recognised as income, but are reflected as deferred income in the balance sheet.

##### **1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

S/Term Leasehold Property	-	over the period of the lease
Fixtures & fittings	-	25% straight line
Other fixed assets	-	20% straight line

##### **1.4 Going concern**

The balance sheet shows that the company has made losses and has net liabilities of £2,432,785 as at 31 March 2011. The company ceased its contract with Manchester City Football Club at the end of the 2008/09 football season and also closed its two outlets. The company re-opened one of its outlets in November 2010. The directors are confident that the business will generate positive cash flows in the short to medium term.

The directors have received confirmation of continued financial support from the company's shareholder for a period of at least 12 months from the date of approval of these financial statements and are satisfied that with this support, the company will have sufficient resources to continue in business for the foreseeable future. This reliance on parent company financial support indicates a material uncertainty related to events or conditions which may cast significant doubt on the company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

# DIGIBET UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

### 2. OPERATING LOSS

The operating loss is stated after charging

	2011 £	2010 £
Depreciation of tangible fixed assets - owned by the company	95,460	101,556
Auditors' remuneration	9,203	10,301
Auditors' remuneration - non-audit	11,787	5,166
	<u>117,450</u>	<u>116,823</u>

During the year, no director received any emoluments (2010 - £NIL)

### 3. TAXATION

The company has no charge to taxation due to losses made in the year

No deferred tax asset has been recognised due to losses being made going forward

### 4. TANGIBLE FIXED ASSETS

	S/Term Leasehold Property £	Fixtures & fittings £	Other fixed assets £	Total £
<b>Cost</b>				
At 1 April 2010	49,094	366,442	17,000	432,536
Additions	-	2,091	-	2,091
At 31 March 2011	<u>49,094</u>	<u>368,533</u>	<u>17,000</u>	<u>434,627</u>
<b>Depreciation</b>				
At 1 April 2010	12,773	236,015	17,000	265,788
Charge for the year	3,327	92,133	-	95,460
At 31 March 2011	<u>16,100</u>	<u>328,148</u>	<u>17,000</u>	<u>361,248</u>
<b>Net book value</b>				
At 31 March 2011	<u>32,994</u>	<u>40,385</u>	<u>-</u>	<u>73,379</u>
At 31 March 2010	<u>36,321</u>	<u>130,427</u>	<u>-</u>	<u>166,748</u>

### 5. DEBTORS

	2011 £	2010 £
Amounts owed by group undertakings (note 11)	100	100
Prepayments and accrued income	15,245	9,672
Other debtors	29,748	30,133
	<u>45,093</u>	<u>39,905</u>

# DIGIBET UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

### 6. CREDITORS:

Amounts falling due within one year

	2011 £	2010 £
Trade creditors	4,302	23,544
Amounts owed to group undertakings (note 11)	2,530,101	2,381,100
Social security and other taxes	2,818	1,732
Wages and Salaries	-	1,970
Accruals	22,055	29,489
Amounts due to other related parties (note 11)	364	364
	<u>2,559,640</u>	<u>2,438,199</u>

### 7. SHARE CAPITAL

	2011 £	2010 £
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 8. RESERVES

	Profit and loss account £
At 1 April 2010	(2,186,038)
Loss for the year	(246,847)
At 31 March 2011	<u>(2,432,885)</u>

### 9. OPERATING LEASE COMMITMENTS

At 31 March 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2011 £	2010 £
<b>Expiry date:</b>		
Between 2 and 5 years	25,100	25,100
After more than 5 years	<u>15,000</u>	<u>15,000</u>

# DIGIBET UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

### 10. RELATED PARTY TRANSACTIONS

During the year the company had the following transactions with related parties

	2011 £	2010 £
Gunter Boyks - Loan to the company	-	364
Digibet (IOM) Limited - Loan to the company	149,001	501,000
Digitote Limited - Repayment of loan balance	-	(11,100)
Digitote Software GmbH Deutschland - Repayment of loan balance	-	(66,236)
	<u>149,001</u>	<u>364</u>

### 11. RELATED PARTY BALANCES

	2011 £	2010 £
Gunter Boyks	364	364
Digibet (IOM) Limited	2,530,101	2,381,100
	<u>2,530,465</u>	<u>2,381,464</u>

The following amounts are due from related parties

	2011 £	2010 £
Digibet (IOM) Limited	-	-

Gunter Boyks is a director of the company and one of the controlling parties

Digibet (IOM) Limited, a company incorporated in the Isle of Man, holds the shares in Digibet UK Limited  
Digitote Limited, a company incorporated in the Isle of Man, and Digibet Software GmbH Deutschland, a company incorporated in Germany are under common control

The loans with related parties are interest free, unsecured and repayable on demand

### 12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by Digibet (IOM) Limited, a company incorporated in the Isle of Man. The ultimate controlling parties are Gunter Boyks and Gert Albers

**DIGIBET UK LIMITED**

**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2011**

	Page	2011 £	2010 £
<b>TURNOVER</b>	12	<b>5,164</b>	385,076
Cost of sales	12	<b>(2,071)</b>	(361,693)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		<b>3,093</b>	23,383
Other operating income	12	<b>15</b>	3,024
		<hr/>	<hr/>
		<b>3,108</b>	26,407
 <b>LESS: OVERHEADS</b>			
Direct expenses	12	<b>(7,711)</b>	(16,169)
Administrative expenses	13	<b>(242,244)</b>	(478,069)
		<hr/>	<hr/>
<b>OPERATING LOSS</b>		<b>(246,847)</b>	(467,831)
Interest payable		-	(1,044)
		<hr/>	<hr/>
<b>LOSS FOR THE YEAR</b>		<b>(246,847)</b>	(468,875)
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**DIGIBET UK LIMITED**

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2011**

	2011 £	2010 £
<b>TURNOVER</b>		
Betting income	<u>5,164</u>	<u>385,076</u>
	2011 £	2010 £
<b>COST OF SALES</b>		
Betting payouts	1,996	358,787
Betting duty	75	2,906
	<u>2,071</u>	<u>361,693</u>
	2011 £	2010 £
<b>OTHER OPERATING INCOME</b>		
Sundry income	<u>15</u>	<u>3,024</u>
	2011 £	2010 £
<b>DIRECT EXPENSES</b>		
Advertising	873	1,675
Promotion	-	4,525
Betting consumables	-	6,643
Horse race levy board	3	1,535
Sales promotions	-	2
Sundry	6,835	1,789
	<u>7,711</u>	<u>16,169</u>

**DIGIBET UK LIMITED**

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2011**

	2011 £	2010 £
<b>ADMINISTRATIVE EXPENSES</b>		
Staff salaries	38,123	108,170
Staff training	-	1,082
Staff recruitment expenses	(35)	-
Motor running costs	56	3,208
Entertainment	298	395
Hotels, travel and subsistence	3,401	6,358
Printing and stationery	469	1,731
Postage	309	1,877
Telephone and fax	4,960	6,607
Computer costs	-	528
Subscriptions	2,019	27,873
Legal and professional	6,292	3,269
Auditors' remuneration	9,203	10,301
Auditors' remuneration - non-audit	11,787	5,166
Accountancy fees	675	7,917
Equipment hire	6,026	-
Bank charges	862	4,872
Difference on foreign exchange	-	12,125
Sundry expenses	3,233	3,767
Rent	40,451	50,199
Rates	820	20,713
Light and heat	1,494	4,476
Cleaning	333	1,393
Insurances	3,937	5,744
Repairs and maintenance	3,211	5,866
Depreciation	95,460	105,437
Profit/loss on sale of tangible assets	-	15,351
Storage costs	-	9,019
Premises expenses - shop	494	557
Licences	8,366	54,068
	<u>242,244</u>	<u>478,069</u>