London Multi-Asset Exchange (Holdings) Limited

Annual Report and Accounts

Registered number 06331069

For the year ended 31 December 2017

Contents

Directors' Report

The Directors present their Directors' Report and Financial Statements for the year ended 31 December 2017.

Principal activities

The principal activity of London Multi-Asset Exchange (Holdings) Limited (the 'Company') is to carry on the business of an investment and holding company as part of the Paddy Power Betfair plc group (comprising Paddy Power Betfair plc and its subsidiaries) (the 'PPB Group' or 'Group').

The Company changed its accounting reference date from 30 April to 31 December in the prior year so as to be coterminous with the year end of its ultimate parent company. Accordingly, the prior year Financial Statements are prepared for 8 months from 1 May 2016 to 31 December 2016 ('period') and as a result, the comparative current figures ('31 December 2017') in the Profit and loss account and other comprehensive income and the related notes are not directly comparable, as these were prepared for a 12-month period ('year').

Review of the business

During the year ended 31 December 2017 the Company generated £48,141 (period ended 31 December 2016: £Nil) of interest receivable on intercompany loans.

The Company has met the requirements of Section 414B of the Companies Act 2006 to obtain the exemption provided from the presentation of a strategic report.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The key business risks and uncertainties affecting the Group are considered to relate to regulation, licensing and regulatory compliance, data management and cyber security, technology infrastructure, systems stability and availability, business continuity planning and disaster recovery, product availability and competition, reliance on third parties and key supplier relationships, health and safety and key employees recruitment and retention. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 46 to 49 of the Paddy Power Betfair plc Annual Report & Accounts 2017 which does not form part of this report. A copy of the Paddy Power Betfair plc Annual Report & Accounts 2017 can be found on its website, www.paddypowerbetfair.com/investor-relations, and can be obtained from the following address:

The Company Secretary
Paddy Power Betfair plc
Power Tower
Belfield Office Park
Beech Hill Road
Clonskeagh
Dublin 4

The Group's risks are formally reviewed by the Paddy Power Betfair plc Board and appropriate processes are put in place to mitigate them. It is possible that the overall effect of such events would result in adverse implications for the Company.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the Financial Statements.

Financial risk management

The Group continues to have a prudent treasury management policy in place.

The Group's operations expose it to a variety of other financial risks, including interest rate and foreign exchange movements. Management continues to monitor closely the Group's financial risks where appropriate.

Directors' Report (continued)

Dividends

During the year, the Company paid no dividends and the Directors do not recommend the payment of a final dividend for the year ended 31 December 2017 (period ended 31 December 2016: £Nil).

Political contributions

The Company made no political contributions during the year ended 31 December 2017 (period ended 31 December 2016: £Nil).

Directors

The Directors who held office during the year, and up to the date of this report, are as follows:

Kevin Smith
Recep Ozcan
Alexander Gersh
Paul Rushton (resigned 23 July 2018)
Pritti Patel

All Directors benefited from qualifying third-party indemnity provisions in place during the financial year and at the date of this report.

Company Secretary

Pritti Patel

Disclosure of information to auditor

Each of the Directors who held office at the date of approval of the Directors' Report confirms that:

- so far as they are aware, there is no relevant audit information of which the external auditor is unaware; and
- that they have taken all steps that they ought to have taken as a Director to make them aware of any relevant audit information and to establish that the external auditor is aware of that information.

Auditor

Pursuant to section 485 of the Companies Act 2006, the auditor, KPMG Ireland, will be appointed for succeeding years.

The Directors' Report is approved by the Board and signed on its behalf by:

Alexander Gersh
Director

26 September 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (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 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of London Multi-Asset Exchange (Holdings) Limited

Opinion

We have audited the financial statements of London Multi-Asset Exchange (Holdings) Limited ("the company") for the year ended 31 December 2017 which comprise the profit and loss account and other comprehensive loss, balance sheet, statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1.

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 UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Michael Harper

Michael Harper (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

Date: 27th September 2018

Profit and loss account and other comprehensive income
For the year ended 31 December 2017

	Note	**Year ended December 2017 £'000**	Period ended December 2016 £'000
Interest receivable and similar income		**48**	-
Profit before tax	2	**48**	-
Tax on profit	3	-	-
Profit and total comprehensive income for the financial year/period		**48**	-

All activities relate to continuing operations in the current year and prior period.

The notes on pages 9 to 12 form an integral part of these Financial Statements.

Balance sheet
As at 31 December 2017

	Note	**December 2017 £000**	December 2016 £000
Fixed assets			
Investments	4	**1**	1
Current assets			
Debtors	5	**3,753**	3,705
Net current assets		**3,753**	3,705
Net assets		**3,754**	3,706
Capital and reserves			
Share capital	6	**4,343**	4,343
Share premium account		**22,399**	22,399
Preference shares		**30,483**	30,483
Profit and loss account		**(53,471)**	(53,519)
Shareholders' funds		**3,754**	3,706

The notes on pages 9 to 12 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board on 26 September 2018 and were signed on its behalf by:

Alexander Gersh
Director

Statement of changes in equity
For the year ended 31 December 2017

	Called up share capital £'000	Share premium £'000	Profit and loss account £000
At 1 May 2016	34,826	22,399	(53,519)
Comprehensive income for the period			
Profit for the period	-	-	-
At 31 December 2016	34,826	22,399	(53,519)
Comprehensive profit for the year			
Profit for the year	-	-	**48**
At 31 December 2017	**34,826**	**22,399**	**(53,471)**

The notes on pages 9 to 12 form an integral part of these Financial Statements.

Notes

(forming part of the Financial Statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's Financial Statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules in accordance with applicable UK accounting standards, including FRS 101 'Reduced Disclosure Framework' ('FRS 101'), and comply with the requirements of the Companies Act of 2006. In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosure:

- Cash flow statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and,
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of the PPB Group include the equivalent disclosures, the Company has also taken advantage of the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instrument Disclosures'.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Financial instruments

Classification of financial instruments issued by the Group

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- They include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these consolidated Financial Statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (continued)

1 Accounting policies (continued)

Financial instruments (continued)

Basic financial instruments

Basic financial instruments comprise investments in equity securities, trade and other receivables, including cash and cash equivalents and trade and other payables.

Basic financial instruments are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Investments

Investments in subsidiary undertakings are stated at cost less provision for any impairment.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Profit before tax

The Directors received no remuneration for services to the Company during the period (31 December 2016: £Nil).

The Company had no employees during the current period or prior year.

Audit fees have been borne by a fellow Group undertaking in the current year and prior period.

3 Tax on profit

Analysis of tax for the year/period	**December 2017 £'000**	December 2016 £'000
UK corporation current year/period	-	-
UK corporation tax – prior year adjustment	-	-
Total current tax expense	-	-

Notes (continued)

3 Tax on profit (continued)

Reconciliation of effective tax rate:

	December 2017 £'000	December 2016 £'000
Profit before tax	**48**	-
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	**9**	-
Group relief claimed for nil consideration	**(9)**	-
Total tax expense	**-**	-

Reductions in the UK corporation tax rate from 20% to 19.25% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015.

The UK corporation tax rate was further reduced to 17% (effective from 1 April 2020) as part of the Finance Bill 2016. This received Royal Assent on 15 September 2016. This will reduce the Company's future current tax charge accordingly.

4 Investments

	December 2017 £'000	December 2016 £'000
Investments	**1**	1

The Company owns 100% of the ordinary shares of Tradefair Spreads Limited which has a principal activity of financial spread betting and is incorporated in England and Wales and registered at the following address:

Waterfront
Hammersmith Embankment
Chancellors Road
London, W6 9HP

5 Debtors

	December 2017 £'000	December 2016 £'000
Amounts receivable from Group undertakings	**3,753**	3,705

Amounts receivable from Group undertakings are unsecured, interest bearing and repayable on demand.

Notes (continued)

6 Called up share capital

	December 2017 £'000	December 2016 £'000
Allotted and called up		
434,314,461 (31 December 2016: 434,314,461) ordinary shares of £0.01 each	**4,343**	4,343
30,483,336 (31 December 2016: 30,483,336) preference shares of £1.00 each	**30,483**	30,483
	34,826	34,826

The Company has the option to redeem the preference shares in full from July 2015 with no premium due upon redemption; hence this has been treated as equity.

7 Immediate and ultimate parent company

The immediate parent company is The Sporting Exchange Limited, a company incorporated in England and Wales.

The ultimate parent company is Paddy Power Betfair plc which is incorporated in the Republic of Ireland. Copies of the Group's Annual Report and Accounts 2017 can be found at www.paddypowerbetfair.com/investor-relations, and can be obtained from:

The Company Secretary
Paddy Power Betfair plc
Power Tower
Belfield Office Park
Beech Hill Road
Clonskeagh
Dublin 4