

SPORTECH HOLDCO 2 LIMITED
(Registered No. 07119697)
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

WEDNESDAY



A1DFNBN5

A17

18/07/2012

#151

COMPANIES HOUSE

SPORTECH HOLDCO 2 LIMITED

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

CONTENTS	Page
Report of the Directors	1 – 3
Independent Auditors' Report	4
Profit and Loss Account	5
Balance Sheet	6
Statement of Accounting Policies	7
Notes to the Financial Statements	8

SPORTECH HOLDCO 2 LIMITED REPORT OF THE DIRECTORS

The directors present their report, together with the audited financial statements of the Company, for the year to 31 December 2011.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company is the holding company of Sportech Inc. which is the holding company of the following subsidiaries of the Sportech PLC Group

Company name	Country of incorporation
Sportech Racing Ltd	British Virgin Islands
Sportech Racing Panama Inc	Panama
Sportech Racing LLC	USA
Sportech Venues Inc	USA
Sportech Racing Canada Inc	Canada

The Company received \$1,022,000 of interest on the intercompany loan it holds during the year. The Company expects to continue to receive interest on the loan and pay dividends to its parent company in the future.

KEY PERFORMANCE INDICATORS

The Group's operations are managed on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of Sportech PLC, which includes the Company, is discussed on pages 4 to 19 of the Group's Annual Report and Accounts for the year ended 31 December 2011 which does not form part of this report

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to \$754,000. No dividends were approved or paid during the year.

DIRECTORS

The directors who held office during the year and up to the date of signing the accounts were

Mr. I. R. Penrose
Mr. S. P. Cunliffe

The directors had no interest in the share capital of the Company. During the year no remuneration or benefits of any kind were received by any director from the Company.

SPORTECH HOLDCO 2 LIMITED
REPORT OF THE DIRECTORS (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 judgements and accounting 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 that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

DIRECTORS' THIRD-PARTY INDEMNITY PROVISIONS

During the year, qualifying indemnity insurance was provided to the directors by the ultimate parent company. No claim was made under this provision.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. The principal risks that the Company faces relate to the value of its investments which is at risk from the current economic recession and ongoing changes in gaming regulation.

FINANCIAL RISK MANAGEMENT

The Company's treasury arrangements for the provision of finance and management of liquidity are undertaken via the Sportech Group's centralised accounting unit. The Company's principal financial instruments comprise intercompany debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's future operations.

The main risk arising from the Company's operations is liquidity risk. The Board reviews and agrees policies for managing this risk. The Company does not trade in financial instruments.

SPORTECH HOLDCO 2 LIMITED
REPORT OF THE DIRECTORS (continued)

POLICY ON PAYMENT OF CREDITORS

The Company does not follow any code or standard on payment practices, and there is no fixed policy for payment for goods and services. Payment is made promptly once authorisation of the invoice is obtained. Creditor payment days outstanding at 31 December 2011 were nil

AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



S. P. Cunliffe
Secretary
19 June 2012, LIVERPOOL

**SPORTECH HOLDCO 2 LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SPORTECH HOLDCO 2 LIMITED**

We have audited the financial statements of Sportech Holdco 2 Limited for the year ended 31 December 2011, which comprise the profit and loss account, the balance sheet, the statement of accounting policies 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, set out on page 2, 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Report of the directors 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 December 2011 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

Opinion on other matters prescribed by the Companies Act 2006

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

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.



Martin Heath (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Liverpool
19 June 2012

SPORTECH HOLDCO 2 LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

		1 January to 31 December 2011	8 January to 31 December 2010
	Note	\$000	\$000
Interest receivable and similar income		1,022	244
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,022</u>	<u>244</u>
Tax on profit on ordinary activities	1	(268)	(68)
PROFIT FOR THE FINANCIAL YEAR/PERIOD		<u>754</u>	<u>176</u>

There is no difference between the profit on ordinary activities before taxation, and the profit for the periods stated above, and their historical cost equivalents.

The Company has no other recognised gains or losses other than the profit for the financial periods shown above, and therefore no separate statement of total recognised gains and losses has been presented

Interest income is earned from a loan to a subsidiary company. All operations are continuing

SPORTECH HOLDCO 2 LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2011

Company Registration Number 07119697

	Note	2011 \$000	2010 \$000
FIXED ASSETS			
Investment in subsidiary	2	12,430	12,430
Intercompany loan receivable	3	23,600	23,600
CURRENT ASSETS			
Intercompany debtors	4	930	176
NET CURRENT ASSETS		930	176
NET ASSETS		36,960	36,206
CAPITAL AND RESERVES			
Called up share capital	5	-	-
Capital reserve	6	36,030	36,030
Profit and loss reserve	6	930	176
TOTAL SHAREHOLDER'S FUNDS	6	36,960	36,206

The financial statements on pages 5 to 9 were approved by the Board of directors on 19 June 2012 and signed on their behalf by

S P Cunliffe
Director



SPORTECH HOLDCO 2 LIMITED STATEMENT OF ACCOUNTING POLICIES

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

The financial statements are prepared on a going concern basis and the historical cost convention has been followed.

BASIS OF ACCOUNTING

SUBSIDIARIES

Investments in subsidiaries are carried at historic cost less any impairment. Annual impairment reviews are performed.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated into US dollars at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into US dollars at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currency are translated into US dollars at the rate prevailing on the date of the transaction and are not retranslated subsequently but remain fixed. The Company's functional and presentational currency is US Dollars.

CASH FLOW

The Company is a wholly owned subsidiary of Sportech PLC, a Company registered in the UK, and the cash flows of the Company are included in the publicly available consolidated cash flow statement of that company. Consequently, the Company is exempt under the terms of FRS 1 "Cash flow Statements (revised 1996)" from publishing a cash flow statement.

RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Sportech PLC, whose accounts are publicly available.

CURRENT AND DEFERRED TAXATION

Corporation tax payable is provided on taxable profits at the applicable rate during the year (26.25%). Deferred tax is provided in full on all timing differences, which result in either an obligation at the balance sheet date to pay more tax or a right to pay less tax. Deferred tax assets are only recognised to the extent that it is more likely than not they will crystallise. Assets and liabilities are calculated at rates expected to apply when they crystallise, and are not discounted.

EXEMPTION FROM PREPARING CONSOLIDATED ACCOUNTS

At 31 December 2011, the Company was a wholly-owned subsidiary company and was included within the audited consolidated financial statements of Sportech PLC, a company incorporated in Great Britain, which have been prepared in accordance with International Financial Reporting Standards and filed with the Registrar of Companies. The Company is therefore exempt from the obligation to prepare consolidated financial statements in accordance with section 400 of the Companies Act 2006.

SPORTECH HOLDCO 2 LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011

1. TAX ON PROFIT FROM ORDINARY ACTIVITIES

	2011 \$000	2010 \$000
Current tax:		
UK corporation tax at 26 25% (2010: 28.0%)	<u>268</u>	<u>68</u>

There is no difference (2010 no difference) between the tax assessed for the year and the standard rate of corporation tax in the UK

The Finance Act 2011 was substantively enacted on 29 March 2011 and included legislation to reduce the main rate of corporation tax from 28% to 26% from 1 April 2011. A further reduction to 25% from 1 April 2012 was substantively enacted by subsequent legislation on 5 July 2011. There is no effect on these financial statements as a result of the latter of these changes due to there being no deferred tax recognised requiring re-measurement.

Further reductions to the UK corporation tax rate were announced in the 2011 Budget on 23 March 2011, which proposed to reduce the rate by 1% per annum to 23% by 1 April 2014.

A further announcement was made in the 2012 Budget on 21 March 2012, which will result in the rate reducing to 24% from 1 April 2012, with further 1% reductions per annum to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements. The effect of these changes would however have been nil in these financial statements given there is no deferred tax recognised.

2. INVESTMENT IN SUBSIDIARY

	2011 \$000	2010 \$000
At 1 January and 8 January	12,430	-
Additions in the year	<u>-</u>	<u>12,430</u>
At 31 December	<u>12,430</u>	<u>12,430</u>

The Company is the immediate parent of Sportech Inc. in which it holds 100% of the voting rights. Sportech Inc. is an intermediate holding company and incurs management expenses for the US subsidiaries of the Sportech PLC group. The following table shows details of the subsidiary investments of Sportech Inc., all in which it holds 100% of the voting rights:

Name of Company	Nature of business
Sportech Racing Ltd	Pari-mutuel systems provision
Sportech Racing Panama Inc	Pari-mutuel systems provision
Sportech Racing LLC	Pari-mutuel systems provision
Sportech Venues Inc	Off-track betting provision
Sportech Racing Canada Inc	Pari-mutuel systems provision

The directors believe that the carrying value of the investments is supported by the underlying net assets and future cashflows of each investee.

SPORTECH HOLDCO 2 LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011

3. INTERCOMPANY LOAN RECEIVABLE

	2011 \$000	2010 \$000
Intercompany loan receivable after more than 12 months	<u>23,600</u>	<u>23,600</u>

The above loan is repayable on 5 October 2020 and bears interest at 4.33% per annum payable quarterly in arrears

4 INTERCOMPANY DEBTORS

	2011 \$000	2010 \$000
Intercompany debtor receivable from parent company	<u>930</u>	<u>176</u>

5. CALLED UP SHARE CAPITAL

	2011 \$000	2010 \$000
Allotted and fully paid		
1 ordinary shares of £1 each	<u>-</u>	<u>-</u>

6 RECONCILIATION OF SHAREHOLDER'S FUNDS

	Share capital \$000	Capital reserve \$000	Profit and loss account \$000	Total \$000
At 8 January	-	-	-	-
Capital contribution in the year	-	36,030	-	36,030
Profit for the period	-	-	176	176
At 31 December 2010	-	36,030	176	36,206
Profit for the year	-	-	754	754
At 31 December 2011	-	36,030	930	36,960

7 ULTIMATE PARENT COMPANY

The ultimate parent undertaking and controlling party is Sportech PLC, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The directors regard Sportech PLC as the ultimate controlling party. Copies of Sportech PLC consolidated financial statements can be obtained from the Company Secretary at Walton House, Charnock Road, Liverpool L67 1AA.