

**Sportingbet Holdings Limited**

**Company number: 07264739**

**Report and Financial Statements**

**Period ended**

**31 December 2013**

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# **SPORTINGBET HOLDINGS LIMITED**

## **Annual report and financial statements for the period ended 31 December 2013**

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# **SPORTINGBET HOLDINGS LIMITED**

## **Board of Directors and professional advisors**

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### **Directors**

K J Alexander  
R Q M Cooper

### **Registered office**

3<sup>rd</sup> Floor, 45 Moorfields, London, EC2Y 9AE

### **Company number**

07264739

### **Auditor**

Grant Thornton UK LLP, Chartered accountants, Statutory auditor, 1020 Eskdale Road,  
Winnersh, Wokingham

# **SPORTINGBET HOLDINGS LIMITED**

## **Report of the directors for the period ended 31 December 2013**

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The directors present their report together with the financial statements of the Company, for the period ended 31 December 2013.

### **Principal activities**

The principal activity of the Company is that of a holding company. The Company also holds cash reserves and provides funding, when required, to other companies within the Group.

### **Results and dividends**

The profit and loss account is set out on page 7 and shows the profit (2012: loss) for the period.

### **Trading Review**

The financial performance highlights for the period ended 31 December 2013 are as follows:

- Administrative expenses before exceptional items were £0.6m (2012: £0.9m).
- Exceptional items were a credit to the profit and loss account of £10.9m (2012: £nil)
- Profit before and after tax for the period ended 31 December 2013 of £11.4m (2012: loss of £6.1m).

### **Future developments**

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

### **Principal Risks and Certainties**

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 served markets.

#### *Competitor Risk*

The directors of the company manage competition through close attention to market research, benchmarking with competition, 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.

# **SPORTINGBET HOLDINGS LIMITED**

## **Report of the directors for the period ended 31 December 2013**

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### **Directors**

The directors of the Company during the period were:

A R McIver (resigned 19<sup>th</sup> March 2013)  
J H Wilkinson (resigned 19<sup>th</sup> March 2013)  
K J Alexander (appointed 19<sup>th</sup> March 2013)  
R Q M Cooper (appointed 19<sup>th</sup> March 2013)

### **Going concern**

The Directors have considered the implications of the potential impact of regulatory uncertainties discussed in note 14. The Directors have reviewed the cash flow projections for the Company in light of these uncertainties and have considered the financial resources available to the Company and the support provided by the ultimate parent company. Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### **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 year. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 or loss of the company. 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; 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.

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.

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

## **SPORTINGBET HOLDINGS LIMITED**

### **Report of the directors for the period ended 31 December 2013 *(continued)***

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#### **Small companies**

In preparing this report the directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

#### **Auditor**

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**



**R Q M Cooper**  
**Director**  
**Sportingbet Holdings Limited**  
**Company number: 07264739**

Date: *9 December 2014*

# SPORTINGBET HOLDINGS LIMITED

## Report of the independent auditor

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### To the members of Sportingbet Holdings Limited

We have audited the financial statements of Sportingbet Holdings Limited for the period ended 31 December 2013, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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).

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 on pages 3 to 4, 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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### *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 2013 and its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with requirements of the Companies Act 2006

### *Opinion on other matter prescribed by the Companies Act 2006*

In our opinion the information given in Report of the directors for the financial period for which the financial statements are prepared is consistent with the financial statements.

## **SPORTINGBET HOLDINGS LIMITED**

### **Report of the independent auditor (continued)**

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#### *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 take advantage of the small companies exemption from the requirements to prepare a Strategic Report or in preparing the Directors' Report.



**Paul Creasey**

*Senior Statutory Auditor*

for and on behalf of Grant Thornton UK LLP

*Statutory Auditor, Chartered Accountants*

Reading

Date: 10 December 2014

# SPORTINGBET HOLDINGS LIMITED

## Profit and loss account for the period ended 31 December 2013

	Note	Period ended 31 December 2013 £000's	Year ended 31 July 2012 £000's
Administrative expenses		11,416	(885)
<b>Operating profit/(loss)</b>	2	11,416	(885)
Operating profit/(loss) before exceptional items		527	(885)
Exceptional items	5	10,889	-
<b>Operating profit/(loss)</b>		11,416	(885)
Interest payable	3	-	(10,261)
Interest receivable	4	-	5,018
<b>Profit/(loss) on ordinary activities before taxation</b>		11,416	(6,128)
Taxation	6	-	-
<b>Profit/(loss) on ordinary activities after taxation</b>		11,416	(6,128)

All amounts relate to continuing activities.

The notes on pages 10 to 16 form part of these financial statements.

**SPORTINGBET HOLDINGS LIMITED****Statement of total recognised gains and losses for the period ended 31<sup>st</sup> December 2013**

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	<b>Period ended 31 December 2013 £000's</b>	<b>Year ended 31 July 2012 £000's</b>
<b>Profit/(loss) for the period/year</b>	<b>11,416</b>	<b>(6,128)</b>
Exchange loss on investment	-	(78)
	<hr/>	<hr/>
<b>Total profit/(loss) recognised for the period/year</b>	<b>11,416</b>	<b>(6,206)</b>
	<hr/>	<hr/>

The notes on pages 10 to 16 form part of these financial statements

**SPORTINGBET HOLDINGS LIMITED**  
**Company number: 07264739**

**Balance sheet at 31 December 2013**

	Note	2013 £000's	2012 Restated £000's
<b>Fixed assets</b>			
Investments	7	219,810	250,997
<b>Current assets</b>			
Debtors	8	113,509	90,559
Cash at bank		-	16
<b>Net current assets</b>		<u>113,509</u>	<u>90,575</u>
<b>Total assets less current liabilities</b>		<u>113,509</u>	<u>341,572</u>
<b>Creditors: amounts falling due in more than one year</b>	9	<u>(176,597)</u>	<u>(165,079)</u>
<b>Net assets</b>		<u>156,722</u>	<u>176,493</u>
<b>Capital and reserves</b>			
Called up share capital	10	2,469	2,469
Share premium	11	13,727	13,727
Profit and loss account	11	140,526	160,297
<b>Shareholders' funds</b>	11	<u>156,722</u>	<u>176,493</u>

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



**R Q M Cooper**  
**Director**

Date: 9 December 2014

The notes on pages 10 to 16 form part of these financial statements.

# SPORTINGBET HOLDINGS LIMITED

## Notes forming part of the financial statements for the period ended 31 December 2013

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### 1 Accounting policies

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

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

Under the provision of section 400 of the Companies Act 2006, the Company is exempt from preparing consolidated financial statements and has not done so; therefore the financial statements show information about the Company as an individual entity.

The following principal accounting policies have been applied:

#### *Going concern*

The directors have considered the implications of the potential impact of regulatory uncertainties discussed in note 14. The directors have reviewed the cash flow projections of the Company and ongoing support from its parent in light of these uncertainties and have considered the financial resources available to the Company and the support provided by the ultimate parent company. Accordingly, the directors have a reasonable expectation that the Company has adequate resources to continue operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

#### *Cash flow statement*

The Company is exempt from the requirement under Financial Reporting Standard 1 (Revised) "Cash Flow Statements" to prepare a cash flow statement as its cashflows are consolidated in the financial statements of GVC Holdings Plc which are publicly available.

#### *Fixed asset investments*

Fixed asset investments are shown at cost less any amounts written off. Provisions are made for impairment. Only dividends received and receivable are credited to the Company's profit and loss account.

#### *Foreign currencies*

Assets and liabilities in foreign currencies are translated into sterling at the rate 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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

# SPORTINGBET HOLDINGS LIMITED

Notes forming part of the financial statements for the period ended 31 December 2013 (*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, 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 near future. Deferred tax balances are not discounted.

### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

## 2 Operating loss

	Period ended 31 December 2013 £000's	Year ended 31 July 2012 £000's
This has been arrived at after crediting/(charging):		
Exceptional items (note 5)	10,889	-
Foreign exchange gain/(loss)	527	(885)

The Company has taken the exemption not to disclose auditor's remuneration for non-audit services on the grounds that this information is disclosed in the accounts of the ultimate parent company, which are publicly available.

## 3 Interest payable

	Period ended 31 December 2013 £000's	Year ended 31 July 2012 £000's
Interest payable to group undertakings	-	(10,261)

## SPORTINGBET HOLDINGS LIMITED

Notes forming part of the financial statements for the period ended 31 December 2013 (*continued*)

### 4 Interest receivable

	Period ended 31 December 2013 £000's	Year ended 31 July 2012 £000's
Interest receivable from group undertakings	-	5,018
	<u>-</u>	<u>5,018</u>
	<u>-</u>	<u>5,018</u>

### 5 Exceptional items

Included in administration expenses are a credit for exceptional items of £10,889k (2012: £nil), a breakdown of which is set out below:

	Period ended 31 December 2013 £000's	Year ended 31 July 2012 £000's
Intercompany loan waiver	10,889	-
	<u>10,889</u>	<u>-</u>
	<u>10,889</u>	<u>-</u>

# SPORTINGBET HOLDINGS LIMITED

Notes forming part of the financial statements for the period ended 31 December 2013 (*continued*)

## 6 Taxation

	Period ended 31 December 2013 £000's	Year ended 31 July 2012 £000's
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### *Current tax*

UK corporation tax on profit/(loss) for the year

- -

The tax assessed for the year is lower (2012: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	Period ended 31 December 2013 £000's	Year ended 31 July 2012 £000's
Profit/(loss) on ordinary activities before tax	11,416	(6,128)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 23.47% (2012 – 26.67%)	2,679	(1,634)
Effects of:		
Non-deductible expenses	1	-
Utilisation of tax losses	(2,680)	1,634
Current tax charge for period/year	-	-

# SPORTINGBET HOLDINGS LIMITED

Notes forming part of the financial statements for the period ended 31 December 2013 (continued)

## 7 Investments

Shares in  
subsidiary  
undertakings  
2013  
£000's

Investment in subsidiary undertakings

As at 31 July 2012 as previously stated	344,885
Prior year adjustment (note 15)	(93,888)
As at 31 July 2012 as restated	250,997
Disposals*	(31,187)
As at 31 December 2013	<u>219,810</u>

\*The company disposed of its investment in Sportingbet Australia Holdings PTY Limited by way of a dividend in specie to its parent company Sportingbet Plc.

The company held 100% of the issued ordinary share capital of the following subsidiary undertakings at 31 December 2013.

Subsidiary	Activity	Country of incorporation or registration
Interactive Sports (CI) Limited	Online betting	Alderney
Interactive Sports Limited	Online betting	England
Internet Opportunity Entertainment (Sports) Limited	Online betting	Antigua and Barbuda
Sporting Odds Limited	Online betting	England
MLB Limited	Contract call centre	Ireland
SB Properties (Guernsey) Limited	Investment property holding company	Guernsey
Sportingbet (Management Services) Limited	Administrative services	England
Sportingbet (IT Services) Limited	Software development and IT related services	England
Sportingbet (Product Services) Limited	Market research, project management and web design services	England
Sportingbet Spain S.A.	Online betting	Spain
Danbook Limited	Online betting	Denmark

For all undertakings listed above, the country of incorporation is the same as the country of operation.

# SPORTINGBET HOLDINGS LIMITED

Notes forming part of the financial statements for the period ended 31 December 2013 (continued)

8 Debtors	2013 £000's	2012 £000's
Amounts due from group undertakings	<u>113,509</u>	<u>90,559</u>

Amounts due from group undertakings have no fixed date for recovery. Intercompany loan balances bear interest at the rate of 0% per annum (2012 - 4.5%).

9 Creditors: amounts falling due in more than one year	2013 £000's	2012 Restated £000's
Amounts owed to group undertakings	<u>176,597</u>	<u>165,079</u>

Amounts owed to group undertakings have no fixed date for repayment. Intercompany loan balances bear interest at the rate of 0% per annum (2012 - 4.5%).

10 Share capital	2013 £000's	2012 £000's
Allotted, issued and fully paid		
246,926,301 ordinary 1p shares	<u>2,469</u>	<u>2,469</u>

## 11 Shareholders' funds

	Share Capital £'000s	Share Premium £'000s	Profit and loss account £'000s	Total £'000s
At 1 August 2013 as previously stated	2,469	13,727	173,301	189,497
Prior year adjustment	-	-	(13,004)	(13,004)
At 1 August 2013 as restated	2,469	13,727	160,297	176,493
Dividends paid	-	-	(31,187)	(31,187)
Profit for the period	-	-	11,416	11,416
At 31 December 2013	<u>2,469</u>	<u>13,727</u>	<u>140,526</u>	<u>156,722</u>

## 12 Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" 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 HOLDINGS LIMITED**

**Notes forming part of the financial statements for the period ended 31 December 2013 *(continued)***

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### **13 Parent company and ultimate parent company**

The Company's immediate parent company is Sportingbet Plc, a company incorporated in England and Wales. The ultimate parent company is GVC Holdings Plc, a company incorporated in the Isle of Man. Copies of the Group accounts prepared by the ultimate parent company are available from Milbourn House, St Georges Street, Douglas, Isle of Man, IM1 1AJ.

### **14 Contingent liabilities**

From time to time the Group is subject to legal claims and actions. The Group takes legal advice as to the likelihood of success of the claims and actions and no provision or disclosure is made where the Directors feel, based on that advice, that action is unlikely to result in a material loss or a sufficiently reliable estimate of the potential obligation cannot be made.

As part of the ongoing operational risk assessment process adopted by the Group, there is continued monitoring of the legal and regulatory developments and their potential impact on the business. Appropriate advice continues to be taken in respect of these developments.

There is uncertainty as to what actions, if any, may occur from the above noted events, and any impact as such action may have on the Group. However, the Board does not consider it probable that a material liability or a material impairment in the carrying value of assets will arise as a result of any potential action.

### **15 Prior year adjustment**

A prior year adjustment has been recognised to reduce the carrying value of investments held on the balance sheet at 31 July 2012 by £80,884,335 with a corresponding reduction in amounts owed to group undertakings. In addition a prior year adjustment to recognise a dividend in specie of £13,004,000 to Sportingbet Plc has been processed. The prior year adjustments arose as a result of mis-posting of the acquisition accounting entries relating to the acquisition of the Centrebet group of companies in the year ended 31 July 2012.