Company Registration No. 09474031 (England and Wales)

Spynsol Limited

Annual report and group financial statements for the year ended 31 December 2018

Spynsol Limited

Company information

Directors	Pascal Blyau	(Appointed 30 May 2019)
	Olivier De Laitre	(Appointed 30 May 2019)
	Xavier Eitienne	(Appointed 30 May 2019)
	Simon Trim	
	Andrew Woolley	(Appointed 7 August 2018)
Secretary	Stuart Baker	(Appointed 2 August 2018)
Company number	09474031	
Registered office	Gateway House Milverton Street Kennington London SE11 4AP	
Independent auditor	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE	

Spynsol Limited

Contents

Principal activities and business review

The directors present the strategic report for the period ended 31 December 2018.

Spynsol Ltd is the ultimate UK parent company for the Sporting Index Group of companies ('the Group').

Spynsol Ltd was incorporated on 5 March 2015 and acquired the Sporting Index Group of companies on 29 April 2015 and the Touchbet group of companies on 14 June 2017.

The principal activities of the Group are:

- providing B2C sports and gaming betting services by Sporting Index Ltd, a UK registered company;
- providing B2B pricing and risk management services to the gaming and betting industry by SPIN Services Ltd, a UK registered company; and
- trading a number of sports on the main global betting exchanges such as Betfair and with a small number of other counterparties through Touchbet Ltd, a Malta based company.

B2C operations

The Sporting Index brand was founded in 1992 and commands a strong position in the UK's sports spread betting market. Sporting Index is authorised and regulated by the FCA for the spread bets that it offers. Sporting Index is not subject to consolidated regulatory capital requirements. Sporting Index is also regulated by the UK Gambling Commission.

The B2C strategy is to increase revenues by improving its product through:

- offering an increased number of inplay betting opportunities by trading an increased number of events;
- increasing its range of products per event;
- investing in its online betting channel technologies e.g. desktop, tablet and mobile websites; and
- launching an online fixed odds platform to complement its existing spread online platform.

The company seeks to retain and increase revenue from existing customers by providing a first-class customer experience. The company interacts with most of its customers through its online presence at www.sportingindex.com but also provides tele betting services to high value customers. High value customers are serviced by a dedicated team and the company believes that this level of personal contact is key to delivering a differentiated service.

The company considers its key performance indicators (KPIs) to be:

- the number of bets taken;
- the number of accounts that place bets; and
- profit per bet.

The company generated B2C revenue of £22.1m for the year ended 31 December 2018 which compares to £13.4m for the seven-month period ending 31 December 2017. On a pro-rata basis this represents a decline of 4%. The decline was driven by a small number of established customers whose betting profile is variable.

The company accepted 3m spread bets in the twelve month period to 31 December 2018 compared to 1.7m in the seven month period to 31 December 2017, which pro-rated is an increase of circa 3% driven by increased activity around the world cup.

The number of accounts that placed spread bets increased by 25% between the two periods and reflects the longer period.

B2B operations

The Group also has an expanding B2B business, supplying software and data services to a significant number of leading international betting and gaming operators under its Sporting Solutions brand. Sporting Solutions is the trading name of SPIN Services Ltd which was founded in 2007. It provides services across the full betting lifecycle including fixture information, pre-match and in-play pricing, resulting and content, scoreboards and liability management. These services are supplied via its market leading Connect platform.

The B2B strategy is to increase revenues by:

- increasing coverage of sports and events with its pricing products;
- developing risk management pricing services; and
- developing additional software functionality that assists in the pricing and processing of bets.

This seeks to attract both new customers and increase revenue per customer from the existing customer base. The company continues to invest into both marketing and product development.

The company considers its key performance indicators (KPIs) to be:

- the number of contracts in place;
- recurring annual revenues;
- the pipeline of new customers and churn of existing customers;
- cost of integrating new customers; and
- the gross margin per contract.

Revenue of £11.3m from non-UK Group companies for the year ended 31 December 2018 compares to £5m for the seven-month period ending 31 December 2017. On a pro-rata basis this represents an increase of 32%. The increase was driven by both an increase in customers numbers and by an increased wallet share from existing customers.

Exchange trading

The Touchbet group of companies actively trade on several betting exchanges and with other counterparties. Trading and risk management is conducted using sophisticated algorithms which interact with the exchanges in a highly automated way.

Revenue net of commission to exchanges was £5.6m for the twelve months to 31 December 2018, compared to £4.2m for the period from acquisition on 14 June 2017 to 31 December 2017.

Touchbet would consider the number of games traded, total stake and trading margin as its KPIs. The trading margin was below levels in the same period to 31 December 2017 and meant revenues were lower on a pro-rata basis.

The Group's overall key financial and non-financial indicators during the period were as follows:

	12 months ended 31 December 2018 £'000	7 months ended 31 December 2017 £'000
Group turnover	41,400	24,942
EBITDA	7,592	5,536
Net cash flow from operating activities	9,609	3,769
Full time staff numbers	286	288

The Group is EBITDA profitable and now benefits from the inclusion of the Touchbet activity. The Group has positive cash flow from operating activities which are used to fund the investment in fixed assets and service debt.

An operating loss is recorded in the consolidated statement of total comprehensive income due to the amortisation of goodwill and other intangibles.

The Group's balance sheet shows net liabilities primarily due to the presentation of preference shares as a debt instrument within creditors and the amortisation of intangible assets. The Group holds £3.9m (31 December 2017: £3.2m) of cash at the balance sheet date excluding client money.

Future developments

Future developments for the Group are focused on Sporting Index Ltd launching an omni-channel fixed odds betting service alongside its existing sports spread betting product. SPIN Services Ltd's future developments are based on expanding its nascent Risk Management Service and increasing the number of clients who take it. Touchbet Ltd will concentrate on integrating new counterparties and increasing non-football revenues where possible.

The Group's significant experience in pricing North American sports means that it is well positioned to sell its services into the USA following the US Supreme Court's ruling in favour of the State of New Jersey which effectively repealed the Professional and Amateur Sports Protection Act (PASPA), a federal law that essentially limited sports betting to one state for the last 25 years.

On 30 May 2019, the company was acquired by FDJ Gaming Solutions SASU, a 100% owned subsidiary of La Francaise Des Jeux SA. FDJ Gaming Solutions has stated its intention to work jointly with the company to acquire additional contracts where it makes commercial sense for both parties to do so.

Principal risks and uncertainties

Risks are monitored and controlled using a risk register which is reviewed by the Board on a regular basis.

Liquidity risk: This risk arises if the company fails to meet its payments to its providers of debt, clients or suppliers as they fall due. All customers monies are segregated in client money accounts in accordance with the FCA rules on Client Assets. The company actively monitors its liquidity and the cash required to support its regulatory capital position.

On 30 May 2019, all the Group's external debt both to its former parent Sports Tech Holdings Limited and to its bankers, Investec, was refinanced by loans from the company's new parent company, FDJ Gaming Solutions SASU. The interest rates on these are at margins of circa 0.5% to 0.75% above market rates compared to the previous margin which was at a minimum margin of 6%.

The company has sufficient cash resources to provide it with working capital to grow revenues.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future despite the operating loss for the period and the net liabilities shown in the balance sheet. The Group is expected to generate positive operating cash flow in the forthcoming period and based on cash flow and regulatory capital forecasts it is expected the Group can meet its debts as they fall due and the FCA's regulatory capital requirements that Sporting Index Ltd is subject to. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Trading risk: The B2C operations principal risk arises from taking positions on the future outcome of sporting events. It is therefore exposed to market risk from adverse price movements. The company manages this risk through a number of risk management processes which have been developed over a number of years

The B2B operations principal risk involves the supply of services in accordance with agreed contracted service levels. The company manages this risk through a number of quality led operating processes that are adhered to when providing services to customers. Service levels are monitored by the client service managers. The security of access to sports data is also a key risk and the company seeks to ensure that access of supply is maintained at all time.

The trading operations principal risk arises from taking positions on sporting events. This is managed by algorithms which interact with the exchanges in a highly automated way. The performance of these algorithms is reviewed regularly in conjunction with testing changes to the parameters in a test environment.

Credit risk: This risk arises if a consumer customer fails to meet its contractual obligations under a spread bet and defaults. The company actively manages its credit exposure through a dedicated independent credit team to ensure that defaults are kept to a minimum.

This risk also arises if a commercial customer fails to meet its contractual obligations under a contract. The company actively manages its credit exposure with the majority of customers on a monthly billing cycle.

Brexit risk: This risk arises from the decision of the United Kingdom to leave the European Union. The company does not perceive this as a significant risk as its holds no passporting rights into the European Union and over 95% of its spread revenue derives from consumer customers based in the UK. For commercial customers the offering is solely services from the United Kingdom.

Internal control risk: This risk arises from the potential for gaps or weaknesses in any system of internal controls to permit error or fraud to occur and cause consequential losses for the company.

Systems risk: This risk arises from the company's reliance on systems to deliver the customer service. The company continues to evaluate the robustness and functionality of its own and third-party software and, where appropriate, make developments to improve the scalability and functionality of the platform.

Regulatory risk: This risk arises if the Group does not comply with the range of regulations and its licence obligations. The Group is exposed to law and regulation changes. The Group actively monitors global regulatory developments and areas on which the Gambling Commission is focusing.

Financial instruments – Financial risk management

The Group managed its financial risk exposure to movements in interest rates using an interest rate swap to hedge a proportion of the Group's variable rate interest costs linked to LIBOR. See note 15 of the accounts for details. With the change of ownership described above, this interest swap was closed out.

On behalf of the board

Andy Woolley
....
Andrew Woolley
Director
26/9/2019

Directors' report
For the year ended 31 December 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Pascal Blyau	(Appointed 30 May 2019)
Olivier De Laitre	(Appointed 30 May 2019)
Xavier Eitienne	(Appointed 30 May 2019)
Simon Trim	
Andrew Woolley	(Appointed 7 August 2018)
John Hannon	(Resigned 30 May 2019)
Martin Pates	(Resigned 30 November 2018)
Bobby Powell	(Resigned 30 May 2019)

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Employee involvement

Details of the numbers of employees are given in the notes to the financial statements.

Applications for employment by disabled persons are always fully considered. In the event of existing members of staff becoming disabled every effort would be made to ensure that their employment with the company continues and the appropriate support and training is available.

The company aims to keep employees informed of all relevant matters through regular staff meetings, both formal and informal, and through written communications and any staff issues are dealt with efficiently and fairly.

Auditor

Saffery Champness LLP have expressed their willingness to remain in office as auditors of the company.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

An Woolley
....
Andrew Woolley
Director
Date: 26/9/2019

Independent auditor's report
To the members of Spynsol Limited

Opinion

We have audited the financial statements of Spynsol Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2018 and of the group's loss 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.

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 group's or the parent 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.

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 our 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

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, 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 group's and the parent 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 group or the parent 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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

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Donna Caira (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

27/9/19.

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Spynsol Limited

Group statement of comprehensive income
For the year ended 31 December 2018

	Notes	Year ended 31 December 2018 £'000s	Period ended 31 December 2017 £'000s
Turnover	3	41,400	24,942
Cost of sales		(10,101)	(5,471)
Gross profit		31,299	19,471
Administrative expenses		(36,991)	(21,541)
Other operating income		107	-
Operating loss	4	(5,585)	(2,070)
Interest receivable and similar income		1	1
Interest payable and similar expenses	6	(6,208)	(4,017)
Loss before taxation		(11,792)	(6,086)
Tax on loss	7	647	595
Loss for the financial year	22	(11,145)	(5,491)

Total comprehensive income for the year is all attributable to the owners of the parent company.

The Income Statement has been prepared on the basis that all operations are continuing operations.

Spynsol Limited

Group statement of financial position
As at 31 December 2018

	Notes	2018 £'000s	2018 £'000s	2017 £'000s	2017 £'000s
Fixed assets					
Goodwill	9		20,064		25,304
Other intangible assets	9		6,326		9,477
Total intangible assets			26,390		34,781
Tangible assets	10		1,556		2,149
			27,946		36,930
Current assets					
Debtors	13	17,706		19,646	
Cash at bank and in hand		6,954		6,725	
		24,660		26,371	
Creditors: amounts falling due within one year	14	(77,831)		(16,094)	
Net current (liabilities)/assets			(53,171)		10,277
Total assets less current liabilities			(25,225)		47,207
Creditors: amounts falling due after more than one year	15		(245)		(61,043)
Provisions for liabilities	18		(336)		(886)
Net liabilities			(25,806)		(14,722)
Capital and reserves					
Called up share capital	21		1		1
Share premium account	22		1,040		1,041
Translation reserve	22		130		68
Other reserves	22		10,843		10,843
Profit and loss reserves	22		(37,820)		(26,675)
Total equity			(25,806)		(14,722)

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Income Statement in these financial statements. The company's loss for the year was £413,000 (2017 - £424,000 loss).

The notes on pages 17 to 41 form part of these financial statements.

Group statement of financial position (continued)
As at 31 December 2018

The financial statements were approved by the board of directors and authorised for issue on 26/9/2019 and are signed on its behalf by:

....
Andrew Woolley
Director

Company Registration No. 09474031

Spynsol Limited

Company statement of financial position
As at 31 December 2018

	Notes	£'000s	2018 £'000s	£'000s	2017 £'000s
Fixed assets					
Investments	11		9,893		9,893
Current assets					
Debtors	13	29,406		26,800	
Cash at bank and in hand		1		1	
		29,407		26,801	
Creditors: amounts falling due within one year	14	(40,816)		-	
Net current (liabilities)/assets			(11,409)		26,801
Total assets less current liabilities			(1,516)		36,694
Creditors: amounts falling due after more than one year	15	-		(37,425)	
			-		(37,425)
Net liabilities			(1,516)		(731)
Capital and reserves					
Called up share capital	21		1		1
Share premium account	22		1,041		1,041
Profit and loss reserves	22		(2,558)		(1,773)
Total equity			(1,516)		(731)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £413,000 (2017 : £424,000).

The financial statements were approved by the board of directors and authorised for issue on 26/4/2019 and are signed on its behalf by:

Andy Woolley

Andrew Woolley
Director

Company Registration No. 09474031

Spynsol Limited

Group statement of changes in equity
For the year ended 31 December 2018

	Share capital	Share premium account	Translation reserve	Capital contrbtn	Profit and loss reserves	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Balance at 1 June 2017	1	1,041	7	-	(21,184)	(20,135)
Period ended 31 December 2017:						
Loss for the period	-	-	-	-	(5,491)	(5,491)
Other comprehensive income:						
Currency translation differences	-	-	61	-	-	61
Total comprehensive income for the period	-	-	61	-	(5,491)	(5,491)
Capital contribution	-	-	-	10,843	-	10,843
Balance at 31 December 2017	1	1,041	68	10,843	(26,675)	(14,722)
Year ended 31 December 2018:						
Loss and total comprehensive income for the year	-	-	-	-	(11,145)	(11,145)
Other movements	-	-	62	-	-	62
Balance at 31 December 2018	1	1,041	130	10,843	(37,820)	(25,806)

Spynsol Limited

Group statement of cash flows
For the year ended 31 December 2018

	Notes	£'000s	2018 £'000s	£'000s	2017 £'000s
Cash flows from operating activities					
Cash generated from operations	26		7,592		3,965
Interest paid			(2,016)		(4,060)
Income taxes paid			(218)		(196)
Net cash inflow/(outflow) from operating activities			5,358		(291)
Investing activities					
Purchase of intangible assets		(2,939)		(2,673)	
Purchase of tangible fixed assets		(294)		(751)	
Purchase of subsidiaries		-		(16,899)	
Net cash used in investing activities			(3,233)		(20,323)
Financing activities					
Net decrease in borrowings		(1,896)		(29,925)	
Receipt from debt issued		-		50,458	
Net cash (used in)/generated from financing activities			(1,896)		20,533
Net increase/(decrease) in cash and cash equivalents			229		(81)
Cash and cash equivalents at beginning of year			6,725		6,806
Cash and cash equivalents at end of year			6,954		6,725

1 Accounting policies

Company information

Spynsol Limited ("the company") is a private limited company incorporated in England and Wales. The registered office is Gateway House, Milverton Street, Kennington, London, SE11 4AP.

The group consists of Spynsol Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000s.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

The group financial statements consolidate the financial statements of Spynsol Ltd and all its subsidiary undertakings drawn up to 31 December each year.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements.

1 Accounting policies (continued)

1.3 Going concern

The financial statements are prepared on a going concern basis.

At the time of approving the financial statements, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future despite the loss for the period and net liabilities shown on the balance sheet. The net liabilities shown in the balance sheet are partly due to costs incurred triggered by the acquisition of the Sporting Index group. Further, the treatment of the preference shares of £4.425m as debt in these financial statements and included in other creditors (see Note 15) contributes to the Group balance sheet showing net liabilities.

The Group is expected to generate positive operating cash flow and based on cash flow and regulatory capital forecasts it is expected the Group can meet its debts as they fall due. Accordingly, the directors have adopted the going concern basis of accounting in preparing the annual financial statements.

1.4 Turnover

Betting turnover is defined as the difference between the total value of bets won and the total value of bets lost by the group less any client rebates or deposit bonuses. Provision is made in full for marked-to-market losses and profits in respect of the spread book at the year end.

B2B services turnover represents amounts invoiced under contracts for the provision of trading, pricing and liability management services, net of VAT and credit notes.

1.5 Customer rebates, deposit bonuses and other promotions

Customer rebates and deposit bonuses are recognised as deductions from income rather than as operating expenses as the Group considers that this conveys the underlying nature of the transaction. The Group continues to include the cost of other promotions such as marketing expenditure within operating costs.

1 Accounting policies (continued)

1.6 Intangible assets

Intangible assets other than customer lists and relationships and goodwill, are measured at cost less accumulated amortisation and any accumulated impairment losses.

Customer lists and relationships are measured at fair value at acquisition.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using either the straight-line method or the sum of digits method.

The intangible assets are amortised over the following useful economic lives:

Goodwill (BGPH Ltd)	10 years straight line
Goodwill (Touchbet group)	5 years straight line
Customer lists and relationships	5 years sum of digits
Software	3 years straight line

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to be benefitted.

Software developed internally is included within software.

1.7 Tangible Assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, over their expected useful lives, using the straight-line method. The rates applicable are:

Short leasehold assets	Over the period of the lease
Computer equipment	20% - 33.33% straight line
Furniture and fittings	20% - 33.33% straight line
Office improvements	Over the period of the lease

1 Accounting policies (continued)

1.8 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

1.9 Investment in subsidiaries

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1 Accounting policies (continued)

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Except for goodwill, if an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.12 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.13 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Client funds are held in segregated client accounts which are not available for use in business. The total amount owed to clients at year end was £3.085m (2017 : £3.759m) and this is included in Trade Creditors in note 14.

Within own funds is £671,000 of funds held at Satabank by the subsidiary company Touchbet Ltd. Satabank was placed into special measures under Maltese law on 20 October 2019 due to concerns regarding compliance with money laundering regulations. The Malta Financial Services Authority has initiated a controlled process for the return of Satabank deposits over time. Touchbet Ltd has provided the relevant documentation to ensure the release of these funds.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies (continued)

Current tax

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

1 Accounting policies (continued)

1.15 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1.16 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

The group recognises the cost for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The cost is measured at the salary cost payable for the period of absence and is included within the accruals balance.

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

1 Accounting policies (continued)

1.18 Foreign currency translation

Functional currency and presentation currency
The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Transactions and balances
In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

Translation of group companies
For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

2 Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include the estimated useful lives of capitalised goodwill, software costs and acquired customer lists.

3 Turnover and other revenue

Turnover and operating profits in the period arose from the group's principal activities: sports and gaming spread betting, and B2B services. These activities are carried out in the United Kingdom, although a number of clients reside in other countries.

	2018 £'000s	2017 £'000s
Turnover analysed by class of business		
Sports and gaming betting	30,274	19,964
B2B services	11,126	4,978
	41,400	24,942

	2018 £'000s	2017 £'000s
Turnover analysed by geographical market		
United Kingdom	33,296	18,540
European Union	8,104	6,402
	41,400	24,942

4 Operating loss

	2018 £'000s	2017 £'000s
Operating loss for the year is stated after charging:		
Exchange losses	19	46
Depreciation of tangible fixed assets	811	440
Amortisation of intangible assets	11,314	8,656
Impairment of intangible assets	19	-
Operating lease charges	4	4

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through the profit and loss, amounted to £19k (2017 : £46k).

5 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group		Company	
	2018	2017	2018	2017
	Number	Number	Number	Number
Management and administration	107	118	-	-
Trading	149	139	-	-
	256	257	-	-

Their aggregate remuneration comprised:

	Group		Company	
	2018	2017	2018	2017
	£'000s	£'000s	£'000s	£'000s
Wages and salaries	11,823	7,424	-	-
Social security costs	1,632	1,162	-	-
Pension costs	543	390	-	-
	13,998	8,976	-	-

6 Interest payable and similar expenses

	2018	2017
	£'000s	£'000s
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	2,211	1,856
Interest payable to group undertakings	4,036	2,145
	6,247	4,001
Other finance costs:		
Finance costs for financial instruments measured at fair value through profit or loss	(39)	16
Total finance costs	6,208	4,017

7 Taxation

	2018 £'000s	2017 £'000s
Current tax		
UK corporation tax on profits for the current period	9	570
Foreign current tax on profits for the current period	105	-
Total current tax	114	570
Deferred tax		
Origination and reversal of timing differences	(761)	(1,107)
Foreign exchange differences	-	(58)
Total deferred tax	(761)	(1,165)
Total tax credit	(647)	(595)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £'000s	2017 £'000s
Loss before taxation	(11,792)	(6,086)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	(2,240)	(1,156)
Tax effect of expenses that are not deductible in determining taxable profit	336	709
Permanent capital allowances in excess of depreciation	840	235
Other non-reversing timing differences	171	1,002
Other permanent differences	236	(249)
Deferred tax adjustments in respect of prior years	10	(1,136)
Taxation credit	(647)	(595)

The overall tax credit of £647,000 (2017: £595,000) includes a £211,000 increase (2017: £220,000 increase) in the deferred tax asset and a £536,000 (2017: £482,000) unwind of the deferred tax liability. The deferred tax asset and liability are required to be shown separately. See notes 18 and 19.

8 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2018 £'000s	2017 £'000s
In respect of:			
Intangible assets	9	19	-
Property, plant and equipment	10	34	-
Recognised in:			
Administrative expenses		53	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the income statement.

9 Intangible fixed assets

Group	Goodwill	Software	Customer lists	Total
	£'000s	£'000s	£'000s	£'000s
Cost				
At 1 January 2018	29,578	30,340	14,652	74,570
Additions - internally developed	-	2,939	-	2,939
Exchange adjustments	-	42	-	42
At 31 December 2018	29,578	33,321	14,652	77,551
Amortisation and impairment				
At 1 January 2018	4,274	24,771	10,744	39,789
Amortisation charged for the year	5,240	3,794	2,280	11,314
Impairment losses	-	19	-	19
Exchange adjustments	-	39	-	39
At 31 December 2018	9,514	28,623	13,024	51,161
Carrying amount				
At 31 December 2018	20,064	4,698	1,628	26,390
At 31 December 2017	25,304	5,569	3,908	34,781

The company had no intangible fixed assets at 31 December 2018 or 31 December 2017.

10 Tangible fixed assets

Group	Short leasehold assets £'000s	Computer equipment £'000s	Furniture and fittings £'000s	Office improvements £'000s	Total £'000s
Cost					
At 1 January 2018	268	6,790	846	2,594	10,498
Additions	25	189	75	5	294
Disposals	-	(45)	-	-	(45)
Exchange adjustments	-	4	-	-	4
At 31 December 2018	293	6,938	921	2,599	10,751
Depreciation and impairment					
At 1 January 2018	184	5,224	711	2,231	8,350
Depreciation charged in the year	2	666	105	79	852
Impairment losses	34	-	-	-	34
Eliminated in respect of disposals	-	(45)	-	-	(45)
Exchange adjustments	-	3	1	-	4
At 31 December 2018	220	5,848	817	2,310	9,195
Carrying amount					
At 31 December 2018	73	1,090	104	289	1,556
At 31 December 2017	84	1,566	135	363	2,148

The company had no tangible fixed assets at 31 December 2018 or 31 December 2017.

11 Fixed asset investments

		Group		Company	
		2018	2017	2018	2017
	Notes	£'000s	£'000s	£'000s	£'000s
Investments in subsidiaries	12	-	-	9,893	9,893

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Movements in fixed asset investments

Company	Shares in group undertakings
	£'000s
Cost or valuation	
At 1 January 2018 and 31 December 2018	9,893
Carrying amount	
At 31 December 2018	9,893
At 31 December 2017	9,893

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Spynsolln Limited	England and Wales	Intermediate parent company	Ordinary	100.00	-
BGPH Limited	England and Wales	Intermediate parent company	Ordinary	-	100.00
Sporting Index Holdings Limited	England and Wales	Intermediate parent company	Ordinary	-	100.00
Sporting Index Limited	England and Wales	Sports spread betting	Ordinary	-	100.00
Sporting Consultants Limited	England and Wales	Dormant	Ordinary	-	100.00
SPIN Services Limited	England and Wales	Trading, pricing and liability management services	Ordinary	-	100.00
SPIN Services Canada Inc.	Canada	Pricing data collation	Ordinary	-	100.00
Sporting Capital Management Limited	England and Wales	Proprietary betting	Ordinary	-	100.00
Romney Holdco Ltd	Malta	Intermediate parent company	Ordinary	-	100.00
Betstat Ltd	Malta	Intermediate parent company	Ordinary	-	100.00
RPA Software Limited	Malta	Trading services	Ordinary	-	100.00
Touchbet Ltd	Malta	Trading services	Ordinary	-	100.00
Touchbet (BVI)	British Virgin Islands	Trading services	Ordinary	-	100.00
RPA Realtime Algorithm AB	Sweden	Technology company	Ordinary	-	100.00
Algo Pricing S.L	Spain	Trading services	Ordinary	-	100.00

13 Debtors

	Group 2018	2017	Company 2018	2017
Amounts falling due within one year:	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Trade debtors	4,004	10,049	1	-
Corporation tax recoverable	2,074	2,931	-	-
Amounts owed by group undertakings	2,065	2,040	29,392	-
Other debtors	5,307	1,085	-	26,774
Prepayments and accrued income	1,769	1,264	13	26
	15,219	17,369	29,406	26,800
Amounts falling due after more than one year:				
Deferred tax asset (note 19)	2,487	2,277	-	-
Total debtors	17,706	19,646	29,406	26,800

14 Creditors: amounts falling due within one year

	Notes	Group 2018 £'000s	2017 £'000s	Company 2018 £'000s	2017 £'000s
Bank loans and overdrafts	16	24,413	4,100	-	-
Obligations under finance leases	17	203	203	-	-
Other borrowings	16	28,859	-	28,859	-
Trade creditors		3,575	3,195	-	-
Amounts owed to group undertakings		2,080	-	-	-
Corporation tax payable		2,452	3,414	-	-
Other taxation and social security		710	737	-	-
Derivative financial instruments		-	182	-	-
Preference dividends		1,254	-	1,254	-
Other creditors		5,683	1,712	4,426	-
Accruals and deferred income		8,602	2,551	6,277	-
		77,831	16,094	40,816	-

14 Creditors: amounts falling due within one year (continued)

Trade creditors include amounts owed to clients at the year end as represented by segregated client funds.

Derivative financial instruments consists of an interest rate swap. The company uses interest rate swaps to manage interest rate volatility.

The company entered into an interest rate swap on 10 August 2017 which matures on 30 June 2021. In accordance with FRS 102, the interest rate swap is classified as a non-basic financial instrument and recognised at fair value, with movements through the profit and loss account. At inception the fair value of the interest rate swap was considered to be £nil.

At 31 December 2018, the fair value of the interest rate swap is £86k liability (2017: £218k liability). This fair value was obtained from Investec Bank Plc and is based on the mid-market end-of-day data as at 31 December 2018. The amount credited to the profit and loss during the year was £39k (2017: £44k) which is included in interest payable.

15 Creditors: amounts falling due after more than one year

		Group		Company	
		2018	2017	2018	2017
	Notes	£'000s	£'000s	£'000s	£'000s
Bank loans and overdrafts	16	-	21,124	-	-
Obligations under finance leases	17	245	395	-	-
Other borrowings	16	-	31,526	-	29,505
Preference dividends payable		-	882	-	882
Other creditors		-	4,503	-	4,426
Accruals and deferred income		-	2,612	-	2,612
		245	61,042	-	37,425

15 Creditors: amounts falling due after more than one year (continued)

The bank loan facilities are due for repayment in instalments by 14 June 2023. The bank loans include a revolving credit facility. The bank loans accrue interest at rates varying between LIBOR plus 4% to LIBOR plus 7%. The bank loans have been accounted for at amortised cost. At year end, both Investec Bank Plc and GLAS Trust Corporation Limited had fixed and floating charges over all the assets of the company.

The unsecured loans are due for repayment on 29 April 2020 and 12 September 2023 and accrue interest at a rates of 7% and 12.5%.

The company has in issue 4,425,867 7% cumulative redeemable preference shares of £1 each. The shares are to be redeemed by no later than 29 April 2020.

The treatment of the preference shares as debt in these financial statements contributes to the Group balance sheet showing net liabilities. The directors believe that the going concern basis of preparation of these financial statements is appropriate.

16 Loans and overdrafts

	Group 2018 £'000s	2017 £'000s	Company 2018 £'000s	2017 £'000s
Bank loans	24,413	12,500	-	-
Other loans	28,859	45,626	28,859	29,505
	53,272	58,126	28,859	29,505
Payable within one year	53,272	4,100	28,859	-
Payable after one year	-	54,026	-	29,505

17 Finance lease obligations

	Group 2018 £'000s	2017 £'000s	Company 2018 £'000s	2017 £'000s
Future minimum lease payments due under finance leases:				
Within one year	203	203	-	-
In two to five years	308	512	-	-
	511	715	-	-
Less: future finance charges	(63)	(117)	-	-
	448	598	-	-

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

18 Provisions for liabilities

	Notes	Group 2018 £'000s	2017 £'000s	Company 2018 £'000s	2017 £'000s
Deferred tax liabilities	19	336	886	-	-

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2018 £'000s	Liabilities 2017 £'000s	Assets 2018 £'000s	Assets 2017 £'000s
Timing differences on capital allowances	-	-	2,269	2,134
Other timing differences	-	-	218	143
Fair value adjustments	336	886	-	-
	336	886	2,487	2,277

20 Retirement benefit schemes

	2018	2017
Defined contribution schemes	**£'000s**	**£'000s**
Charge to profit or loss in respect of defined contribution schemes	543	319

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

21 Share capital

	Group and company	
	2018	**2017**
Ordinary share capital	**£'000s**	**£'000s**
Issued and fully paid		
595 A Ordinary shares of £1 each	1	1

The company has one class of ordinary shares which carry no right to fixed income. The ordinary shares carry equal voting rights.

22 Reserves

Profit and loss reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital contribution reserve represents the effective capital contribution made by the UBO as part of the transaction to acquire the Touchbet group of companies.

Foreign exchange translation reserve – comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling (£).

Income Statement – includes all current and prior period retained profits and losses.

23 Events after the reporting date

On 30 May 2019, the Company's entire share capital, both preference and Ordinary was acquired by FDJ Gaming Solutions SASU , a 100% owned subsidiary of La Francaise Des Jeux SA.

The ultimate controlling party of the group is the Republic of France.

On 30 May 2019, all amounts owed to its former parent Company, Sport Tech Holdings Limited were refinanced by borrowing from FDJ Gaming Solutions SASU. Funds were also lent by FDJ Gaming Solutions SASU so that bank loans owed by the company's subsidiary, Spynsolln Limited were re paid. Simultaneously, all the fixed and floating charges held by Investec Bank Plc and Glas Trust Corporation Limited were discharged.

On 30 May, the following indirect subsidiaries were sold:

- Algo Pricing SL to Mr Jonathan Corrieri
- Sporting Capital Management Limited to Lotto Trading Limited
- Touchbet BVI to Milkyway Holding Company Limited

Both Lotto Trading Limited and Milkyway Holding Company Limited are controlled by the group's former controlling party Bengt Magnus Peter Hedman.

24 Related party transactions

Directors' emoluments

	2018 £'000	2017 £'000
Emoluments for qualifying services	661	249
Company pension contributions to money purchase schemes	58	23
	719	272

Directors' service contracts are held by Sporting Index Limited and RPA Realtime Pricing AB, subsidiary undertakings of Spynsol Limited. The emoluments disclosed above are paid by Sporting Index Limited and recharged via management fee to the following group companies:

	2018 £'000	2017 £'000
Sporting Index Holdings Limited	661	249
	661	249

The number of directors for whom retirement benefits are accruing under money purchase schemes amounted to 2 (2017: 2).

Emoluments disclosed above include the following amounts paid to the highest director:

	2018 £'000	2017 £'000
Emoluments for qualifying services	352	152
Company pension scheme contributions to money purchase schemes	27	14

24 Related party transactions (continued)

Transactions with related parties

During the financial year the company paid interest totalling £3.666m (2017 £1.938m) on balances due to Sports Tech Holdings Limited. At the year end the balance with Sports Tech Holdings Limited was £28.858m (2017 : £32.117m).

Sports Tech Holdings Limited, registered in Malta, is the immediate parent company of Spynsol Ltd. The ultimate parent company is Cassiopeia Holding Limited, a company registered in Malta. The ultimate controlling party of the group is Bengt Magnus Petter Hedman.

25 Financial risk management

The group has exposures to four main areas of risk - liquidity risk, customer credit exposure, interest rate risk and, to a lesser extent, foreign exchange transactional currency exposure.

Liquidity risk
The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the group has credit facilities available. Given the maturity of the bank loan in note 16, the group is in position to meet its commitments and obligations as they come due.

Customer credit exposure
The group may offer credit terms to its customers which allow payment of the debt after the settlement of the bet or the delivery of the services. The group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships, an Approved Credit Management Policy (ACMP) and an experienced in-house debt collection team.

Interest rate risk
The group borrows from its bankers using term loans and revolving credit facilities where the interest payable is linked to LIBOR. The group has entered into an interest rate swap to manage the risk associated with interest rate movements.

Foreign exchange transactional currency exposure
The group is exposed to currency exchange rate risk due to a small proportion of its receivables and operating expenses being denominated in non-Sterling currencies. The net exposure of each currency is monitored. Currently, no forward foreign exchange contracts, currency loans or overdrafts are used as the overall risk not viewed as significant enough to require active management of this risk.

26 Cash generated from group operations

	2018 £'000s	2017 £'000s
Loss for the year after tax	(11,145)	(5,491)
Adjustments for:		
Taxation credited	(647)	(595)
Finance costs	6,208	4,018
Investment income	(1)	(1)
Amortisation and impairment of intangible assets	11,333	7,166
Depreciation and impairment of tangible fixed assets	886	440
Movements in working capital:		
Decrease in debtors	1,352	791
Decrease in creditors	(394)	(2,363)
Cash generated from operations	7,592	3,965