

COMPANY REGISTRATION NUMBER 477913

**PORTWAY PRESS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR**  
**30 APRIL 2007**

TUESDAY



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# **PORTWAY PRESS LIMITED**

## **FINANCIAL STATEMENTS**

**16 MONTHS PERIOD ENDED 30 APRIL 2007**

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# **PORTWAY PRESS LIMITED**

## **THE DIRECTORS' REPORT**

### **16 MONTHS PERIOD ENDED 30 APRIL 2007**

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The directors have pleasure in presenting their report and the financial statements of the company for the 16 months ending 30 April 2007.

#### **PRINCIPAL ACTIVITIES**

The principal activities of the company throughout the year have been that of printers and publishers of Timeform Horse Racing Publications.

#### **BUSINESS REVIEW**

The Company made a loss of £522,206 for the 16 months ended 30 April 2007 (2005: £87,863 loss). During the period the entire share capital of the Company was acquired by Betfair Limited. The loss for the period was exacerbated by a provision for impairment of £253,720 against certain fixed asset investments and reassessing the Company's depreciation policies.

#### **DIRECTORS**

The directors who served the company during the year were as follows:

R F Griffin (resigned 13 November 2007)	S Johnson (appointed 20 December 2007)
J C McGrath	M Entenmann (appointed 19 June 2008)
P R Bell	S Burn (appointed 19 June 2008)
A Byrne (appointed 6 March 2007; resigned 2 October 2007)	G Nichols (appointed 29 November 2006; resigned 19 June 2008)
G Greetham (resigned 3 March 2008)	

#### **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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# PORTWAY PRESS LIMITED

## THE DIRECTORS' REPORT

16 MONTHS PERIOD ENDED 30 APRIL 2007

(continued)

### DONATIONS

During the year the company made the following contributions:

	2007	2005
	£	£
Charitable	<u>345</u>	<u>670</u>

### DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

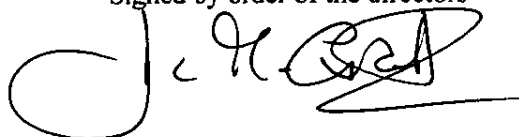
### AUDITORS

During the period Spenser, Wilson & Co resigned as auditors and KPMG LLP were appointed. A resolution to re-appoint KPMG LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed by order of the directors



**J C McGrath**  
Director

Waterfront  
Hammersmith Embankment  
Chancellors Road  
London  
W6 9HP

23 January 2009

## **PORTWAY PRESS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PORTWAY PRESS LIMITED**

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We have audited the financial statements of Portway Press Limited for the period ended 30 April 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 AUDITORS**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **BASIS OF AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. However, with respect to the pension asset/liability as at 1 January 2005 and the movement on the pension asset/liability in the year ended 31 December 2005 the evidence available to us was limited. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the movement on the pension asset/ liability by using other audit procedures. Any adjustments would have a consequential effect on the company's loss for the year ended 31 December 2005.

# PORTWAY PRESS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PORTWAY PRESS LIMITED

*(continued)*

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### QUALIFIED OPINION ARISING FROM LIMITATION IN AUDIT EVIDENCE ABOUT COMPARATIVES

In our opinion the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 April 2007.

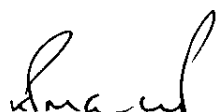
Except for the financial effect of such adjustments, if any, to the comparative information for the year ended 31 December 2005 as might have been determined to be necessary had we been able to satisfy ourselves as to the movement on the pension asset/liability, in our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities, of the company's loss for the period ended 30 April 2007; and
- have been properly prepared in accordance with the Companies Act 1985 applicable to small companies; and
- the information given in the Directors' Report is consistent with the financial statements.

In respect solely of the limitation on our work relating to the comparative information for the year ended 31 December 2005:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records had been maintained for that year.

In our opinion the information given in the Directors' Report is consistent with the financial statements.



**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*  
1 The Embankment  
Neville Street  
Leeds, LS1 4DW

26/1/2009

**PORTWAY PRESS LIMITED****PROFIT AND LOSS ACCOUNT****16 MONTHS PERIOD ENDED 30 APRIL 2007**

		<b>16 months ended 30/4/2007</b>	<b>Year ended 31/12/2005 Restated (note 1) £</b>
	<b>Note</b>	<b>£</b>	
<b>TURNOVER</b>	<b>1</b>	<b>3,685,731</b>	<b>2,758,004</b>
Cost of sales		<u>(609,301)</u>	<u>(487,890)</u>
<b>GROSS PROFIT</b>		<b>3,076,430</b>	<b>2,270,114</b>
Administrative expenses before investment write off		<u>(3,448,480)</u>	<u>(2,384,754)</u>
Amounts written off investments	<b>6</b>	<u>(253,720)</u>	<u>(426)</u>
Total administrative expenses		<u>(3,702,200)</u>	<u>(2,385,180)</u>
<b>OPERATING LOSS</b>	<b>2</b>	<b>(625,770)</b>	<b>(115,066)</b>
Interest receivable	<b>4</b>	<b>70,643</b>	<b>8,257</b>
Interest payable	<b>5</b>	<u>(2,847)</u>	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(557,974)</b>	<b>(106,809)</b>
Tax on loss on ordinary activities	<b>7</b>	<b>35,768</b>	<b>18,946</b>
<b>LOSS FOR THE FINANCIAL PERIOD</b>		<u><b>(522,206)</b></u>	<u><b>(87,863)</b></u>

All amounts relate to continuing activities.

There is no difference between the loss for the financial period stated above and its historical cost equivalent.

The notes on pages 10 to 20 form part of these financial statements.

# PORTWAY PRESS LIMITED

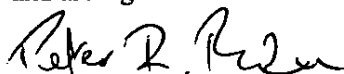
## BALANCE SHEET

30 APRIL 2007

		2007		2005	
	Note	£	£	Restated (note 1)	£
<b>FIXED ASSETS</b>					
Tangible assets	9		1,497,292		611,987
Investments	10		1		203,721
			<u>1,497,293</u>		<u>815,708</u>
<b>CURRENT ASSETS</b>					
Stocks		28,503		10,728	
Debtors due within one year	11	411,827		255,256	
Investments	12	500,000		500,000	
Cash at bank and in hand		8,498		120,749	
		<u>948,828</u>		<u>886,733</u>	
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(1,064,016)</u>		<u>(628,347)</u>	
<b>NET CURRENT (LIABILITIES)/ ASSETS</b>			<u>(115,188)</u>		<u>258,386</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,382,105</u>		<u>1,074,094</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Deferred taxation	15		-		(35,768)
<b>NET ASSETS EXCLUDING PENSION LIABILITIES</b>			<u>1,382,105</u>		<u>1,038,326</u>
Net pension liability	14		-		(374,000)
<b>NET ASSETS INCLUDING PENSION LIABILITIES</b>			<u>1,382,105</u>		<u>664,326</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	16		5,000		5,000
Capital contribution reserve	17		400,000		-
Profit and loss account	17		92,120		659,326
Revaluation Reserve	17		884,985		-
<b>SHAREHOLDERS' FUNDS</b>			<u>1,382,105</u>		<u>664,326</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements were approved and authorised for issue by the directors on 23 Jan 2009 and are signed on their behalf by:



**P R Bell**  
Director

The notes on pages 10 to 20 form part of these financial statements.

# PORTWAY PRESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

16 MONTHS PERIOD ENDED 30 APRIL 2007

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	16 months ended 31/12/2007 £	Year ended 31/12/2005 £
<b>Loss for the financial period</b>	<b>(522,206)</b>	<b>(87,863)</b>
Actuarial gain recognised in the pension scheme	116,000	-
Deferred tax arising on (gains)/losses in the pension scheme	(161,000)	-
Unrealised surplus on revaluation of properties	884,985	-
<b>Total recognised gains and losses relating to the financial period</b>	<b>317,779</b>	<b>(87,863)</b>
Prior year adjustment (note 1)	(374,000)	-
<b>Total gains and losses recognised since last annual report</b>	<b>(56,221)</b>	

### Reconciliation of Movements in Shareholders' Funds

	2007 £	2005 restated £
<b>Loss for the financial period</b>	<b>(522,206)</b>	<b>(87,863)</b>
Dividends on shares classified in shareholders' funds	-	(20,705)
<b>Retained loss</b>	<b>(522,206)</b>	<b>(108,568)</b>
Actuarial gain relating to pension scheme	116,000	-
Deferred tax arising on (gains)/losses in the pension scheme	(161,000)	-
Other recognised gains and losses relating to the period	884,985	-
Capital contribution	400,000	-
<b>Net addition to/reduction in shareholders' funds</b>	<b>717,779</b>	<b>(108,568)</b>
Opening shareholders' funds	664,326	1,146,894
Prior year adjustment (note 1)	-	(374,000)
<b>Closing shareholders' funds</b>	<b>1,382,105</b>	<b>664,326</b>

The capital contribution represents a payment made to the company in February 2007 by its parent, Belfair Limited. This money has been paid into the defined benefit pension scheme.

# **PORTWAY PRESS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**16 MONTHS PERIOD ENDED 30 APRIL 2007**

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### **1. ACCOUNTING POLICIES**

#### **Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards and the Financial Reporting Standard for Smaller Entities (effective January 2005). They have been prepared under the historical cost accounting rules, modified to include the revaluation of land and buildings.

During the period management reassessed the depreciation policies which resulted in an additional charge of £100,000 (see note 9).

For the first time in its financial statements the company has adopted the requirements in respect of accounting for defined benefit pension schemes. This has resulted in a net pension deficit of £374,000 being brought into the comparative balance sheet.

During the period management has reviewed the allocation of certain costs in the Profit & Loss account. This has resulted in the reallocation of certain costs between cost of sales, distribution costs and administration costs. In 2005 this has reduced cost of sales by £1,462,261, increased administrative expenses by £1,787,591 and has removed distribution costs. There is no overall impact on the loss for the year. In the Directors' opinion this reallocation better reflects the nature of the transactions undertaken by the company.

The financial statements have been prepared on a going concern basis in view of the fact that the ultimate parent undertaking Betfair Group Limited, has formally indicated that it will provide sufficient funding to the company to enable it to meet its liabilities as they fall due, for at least the next twelve months.

The directors have no reason to believe that the parent company will not be in a position to provide the support referred to above and, accordingly, have prepared the financial statements on a going concern basis.

#### **Consolidation**

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

#### **Turnover**

Turnover comprises the total cash and credit sales of Timeform Publications, advertising receipts, telephone service receipts and printing sales, net of value added tax.

#### **Fixed assets and Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold buildings	2% on Cost
Printing Machinery	10% on Cost
Office equipment	20% on Cost
Computer equipment	33% on Cost
Motor vehicles	33% on Cost

# **PORTWAY PRESS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**16 MONTHS PERIOD ENDED 30 APRIL 2007**

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### **1. ACCOUNTING POLICIES *(continued)***

#### **Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

The Company also operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. For quoted securities the mid-market price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses. However in the comparative period the pension charge has been expensed on a contributions basis.

#### **Taxation**

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by the Financial Reporting Standard for Smaller Entities (effective January 2005).

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates 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.

#### **Accounting for employee share schemes**

The company has taken advantage of the exemption provided by the Financial Reporting Standard for Smaller Entities (effective January 2005) in relation to employee share schemes.

# PORTWAY PRESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

16 MONTHS PERIOD ENDED 30 APRIL 2007

### 2. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	16 months ended 30/4/2007 £	Year ended 31/12/2005 £
Staff pension costs		
Defined benefit	96,000	104,062
Defined contribution	31,848	42,040
Depreciation of owned fixed assets (including £100,000 additional charge as a result of reassessment of depreciation policies)	275,816	115,168
(Profit)/loss on disposal of fixed assets	(7,016)	2,552
Auditors' fees – audit of these financial statements	11,000	7,190
Net profit on foreign currency translation	<u>(35)</u>	<u>(124)</u>

### 3. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	16 months ended 30/4/2007 £	Year ended 31/12/2005 £
Aggregate emoluments	<u>398,371</u>	<u>267,123</u>

Retirement benefits were accruing to 3 directors under defined benefit schemes.

### 4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	16 months ended 30/4/2007 £	Year ended 31/12/2005 £
Bank Interest	<u>70,643</u>	<u>8,257</u>

### 5. OTHER INTEREST PAYABLE AND SIMILAR CHARGES

	16 months ended 30/4/2007 £	Year ended 31/12/2005 £
On bank loans and overdrafts	463	-
Interest on loan from parent company	2,384	-
	<u>2,847</u>	<u>-</u>

# PORTWAY PRESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 16 MONTHS PERIOD ENDED 30 APRIL 2007

#### 6. AMOUNTS WRITTEN OFF INVESTMENTS

	16 months ended 30/4/2007 £	Year ended 31/12/2005 £
Amount written off investments (see note 10)	<u>253,720</u>	<u>426</u>

#### 7. TAXATION ON ORDINARY ACTIVITIES

	16 months ended 30/4/2007 £	Year ended 31/12/2005 £
Analysis of charge in the period		
UK Corporation tax		
Current tax on income in the period	-	(6,674)
Over/under provision in prior year	-	(86)
Total current tax	-	(6,760)
Deferred tax:		
Origination and reversal of timing differences (note 15):		
Capital allowances	(49,116)	(2,498)
Losses	13,810	(8,821)
Effect of changes in tax rate on opening balance	20,775	-
Other	<u>(21,237)</u>	<u>(867)</u>
Total deferred tax (note 15)	<u>(35,768)</u>	<u>(12,186)</u>
Tax on loss on ordinary activities	<u>(35,768)</u>	<u>(18,946)</u>

#### 8. DIVIDENDS

The following dividends were paid during the year:

	2007 £	2005 £
Ordinary £1 shares	<u>-</u>	<u>20,705</u>

In accordance with the changes included in the Financial Reporting Standard of Smaller Entities (effective January 2005) to the recognition of liabilities, dividends have been accounted for only to the extent that they have been paid.

# PORTWAY PRESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

16 MONTH PERIOD ENDED 30 APRIL 2007

### 9. TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Printing & office equipment £	Computer equipment £	Motor vehicles £	Total £
<b>COST</b>					
At 1 January 2006	149,015	1,015,119	627,509	181,771	1,973,414
Additions	—	235,549	44,471	—	280,020
Disposals	—	(11,400)	—	(11,699)	(23,099)
Revaluation	875,985	—	—	—	875,985
<b>At 30 April 2007</b>	<b>1,025,000</b>	<b>1,239,268</b>	<b>671,980</b>	<b>170,072</b>	<b>3,106,320</b>
<b>DEPRECIATION</b>					
At 1 January 2006	9,000	723,837	566,069	62,521	1,361,427
Charge for the period	8,542	112,805	63,580	90,889	275,816
On disposals	—	(11,400)	—	(7,815)	(19,215)
Revaluation	(9,000)	—	—	—	(9,000)
<b>At 30 April 2007</b>	<b>8,542</b>	<b>825,242</b>	<b>629,649</b>	<b>145,595</b>	<b>1,609,028</b>
<b>NET BOOK VALUE</b>					
<b>At 30 April 2007</b>	<b>1,016,458</b>	<b>414,026</b>	<b>42,331</b>	<b>24,477</b>	<b>1,497,292</b>
At 31 December 2005	140,015	291,282	61,440	119,250	611,987

The depreciation charge for the period includes £100,000 of additional depreciation as a result of aligning the depreciation policies of the company to those of its parent. The depreciation policies are shown in note 1.

The amount of revalued freehold property and land as determined according to the historical cost accounting rules is £131,473. The Freehold land & buildings were valued in October 2006 by CRE Collier. The valuation was prepared on the open market value basis and was made in accordance with the RICS Appraisal and Valuation Manual.

#### Capital commitments

	2007 £	2005 £
Contracted but not provided for in the financial statements	—	199,950

# PORTWAY PRESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

16 MONTH PERIOD ENDED 30 APRIL 2007

### 10. FIXED ASSET INVESTMENTS

Shares in other investments and subsidiary undertaking:

	Subsidiary £	Other Investments £	Total £
<b>COST</b>			
At 1 January 2006	1	203,720	203,721
Additions	-	50,000	50,000
At 30 April 2007	<u>1</u>	<u>253,720</u>	<u>253,721</u>
<b>AMOUNTS WRITTEN OFF</b>			
Written off in year	-	253,720	253,720
At 30 April 2007	<u>-</u>	<u>253,720</u>	<u>253,720</u>
<b>NET BOOK VALUE</b>			
At 30 April 2007	<u>1</u>	<u>-</u>	<u>1</u>
At 31 December 2005	<u>1</u>	<u>203,720</u>	<u>203,721</u>

#### Investment in subsidiaries

	2007 £	2005 £
Portway Press Trustee Limited	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

The company holds 100% of the issued share capital of Portway Press Trustee Limited, a company incorporated in England. Its only activity is to act as trustee of the Portway Press Profit Sharing Scheme and the Portway Press Employee Trusts.

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

# PORTWAY PRESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

16 MONTH PERIOD ENDED 30 APRIL 2007

### 10. FIXED ASSET INVESTMENTS *(continued)*

Other investments comprise:

	Nominal holding	Cost £
<b>Race-O UK Limited</b>		
Class A shares	2,418	20,166
Unsecured loan stock	120,000	80,662
Loan		25,000
<b>Race-O International Limited</b>		
Ordinary shares	741	102,892
<b>Racing Lotto Limited</b>	2,731	25,000
At cost		<u>253,720</u>
Impairment provision		<u>(253,720)</u>
Net book value		<u>-</u>

At 30 April 2007 the investments in Race-O UK Limited, Race-O International Limited and Racing Lotto Limited were reviewed for impairment and due to the uncertain future of these entities a provision for impairment was charged to the Profit & Loss Account.

### 11. DEBTORS

	2007 £	2005 £
Trade debtors	133,502	119,817
Corporation tax repayable	-	6,674
Pension contributions - defined benefit	-	70,791
Other debtors	134,908	9,249
Prepayments and accrued income	143,416	48,725
	<u>411,826</u>	<u>255,256</u>

### 12. CURRENT ASSET INVESTMENTS

	2007 £	2005 £
Portfolio Bond – at cost	<u>500,000</u>	<u>500,000</u>

The accrued interest on the bond is included within prepayments and accrued income.

# PORTWAY PRESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

16 MONTH PERIOD ENDED 30 APRIL 2007

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### 13. CREDITORS: Amounts falling due within one year

	2007	2005
	£	£
Bank loans and overdrafts	89,608	34,761
Trade creditors	90,362	182,528
Taxation and social security	43,099	49,335
Amounts owed to parent company	201,477	-
Other creditors	29,297	19,919
Accruals and deferred income	610,173	341,804
	<u>1,064,016</u>	<u>628,347</u>

Included within amounts owed to parent company is a £100,000 loan which is re-payable on demand. Interest is payable on this loan at 1% above LIBOR.

# PORTWAY PRESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

16 MONTH PERIOD ENDED 30 APRIL 2007

### 14. DEFINED BENEFIT SCHEME

The company operated a funded pension scheme providing benefits based on final pensionable salaries. Contributions to the scheme ceased on 31 January 2007. The assets of the scheme are held in a separate trustee administered fund. The contributions are determined by a qualified actuary on the basis of triennial valuations. Future costs will be affected by surpluses or shortfalls revealed in future actuarial valuations.

The latest full actuarial valuation was carried out at 29 November 2006 and was updated to 30 April 2007 by a qualified independent actuary.

The principal assumptions made by the actuary were:

	2007
Inflation	3.25%
Discount rate	5.40%
Salary increase	3.25%
Pensions in payment increase	3.0% - 3.25%
Expected return on plan assets	6.0%

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Expected return 2007	Value £'000 2007
Equities	7.0%	1,445
Gilts and bonds	5.5%	308
Cash	4.5%	996
Other - Property	6.0%	580
Fair value of scheme assets	6.0%	3,329
Present value of scheme liabilities		(3,040)
Deferred tax		-
Net pension asset carried forward		289
Pension liability brought forward		(535)
Deferred tax		161
Net pension liability as at 31 December 2005		(374)

The net pension asset has not been recognised as an asset at 30 April 2007 on the basis that it cannot be recovered through reduced future contributions or refunds from the scheme.

The pension charge for the period was £96,000 (2005: £104,062).

# PORTWAY PRESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

16 MONTH PERIOD ENDED 30 APRIL 2007

### 14. DEFINED BENEFIT SCHEME *(continued)*

	2007 £ '000
Pension scheme deficit at the beginning of the period	(535)
Current service cost	(96)
Cash contributions	515
Past service cost	-
Net finance income	25
Actuarial gain	380
Pension scheme surplus at the end of the period	<u>289</u>

The non recognition of the pension surplus has been dealt with by adjusting the finance charge and actuarial loss accordingly in the profit and loss accounts and statement of total recognised gains and losses.

### 15. PROVISIONS FOR LIABILITIES AND CHARGES

The movement in the deferred taxation provision during the year was:

	2007 £	2005 £
Provision brought forward	35,768	47,954
Profit and loss account movement arising during the period	(35,768)	(12,186)
Provision carried forward	<u>-</u>	<u>35,768</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2007 £	2005 £
Excess of taxation allowances over depreciation on fixed assets	-	31,139
Tax losses available	-	(8,821)
Other timing differences	-	13,450
	<u>-</u>	<u>35,768</u>

Certain tax allowances have been claimed on expenditure included within freehold land and buildings. If these assets were disposed of at cost there would be a potential tax liability of approximately £32,000 (2005: £20,236), which has not been provided for. It is not envisaged that any tax will become payable in the foreseeable future.

There is an unrecognised deferred tax asset amounting to £21,000 arising in respect of future capital allowances and tax losses. This asset has not been recognised on the basis that there is uncertainty over future profits against which the asset would be realised.

# PORTWAY PRESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

16 MONTH PERIOD ENDED 30 APRIL 2007

### 16. SHARE CAPITAL

#### Authorised share capital:

	2007	2005
	£	£
86,068 Ordinary shares of £1 each	86,068	86,068
750 "A" Ordinary shares of £1 each	750	750
	<u>86,818</u>	<u>86,818</u>

#### Allotted, called up and fully paid:

	2007		2005	
	No	£	No	£
Ordinary shares of £1 each	4,250	4,250	4,250	4,250
"A" Ordinary shares of £1 each	750	750	750	750
	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

The two classes of ordinary share will rank pari passu in all respects except with regard to the transfer of the shares.

### 17. RESERVES

	Capital contribution reserve	Revaluation reserve	Profit and loss account
	£	£	£
Balance brought forward (restated – see note 1)	-	-	659,326
Loss for the period	-	-	(522,206)
Actuarial gain	-	-	116,000
Deferred tax arising on gains/(losses) in the pension scheme	-	-	(161,000)
Capital contribution from parent company	400,000	-	-
Land & Buildings re-valued	-	884,985	-
Balance carried forward	<u>400,000</u>	<u>884,985</u>	<u>92,120</u>

### 18. POST BALANCE SHEET EVENTS

In November 2007 the company decided to close its print works. As a result of this decision costs of £113,000 were incurred, mainly in respect of redundancy payments. Property and fixed asset plant and equipment with a net book value of £603,000 was disposed of giving rise to a loss on disposal of £16,000. This loss has not been reflected in these financial statements.

### 19. ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH THE COMPANY IS A MEMBER

The Company's immediate parent is Betfair Limited, a company incorporated in England. The Company's ultimate parent is Betfair Group Ltd, a company incorporated in England. At 31 March 2007 the ultimate parent was The Sporting Exchange Limited, a company incorporated in England. The largest group in which the results of the Company are consolidated is that headed by The Sporting Exchange Limited. The consolidated financial statements of The Sporting Exchange Limited are available from Companies House. No other group financial statements include the results of the Company.