

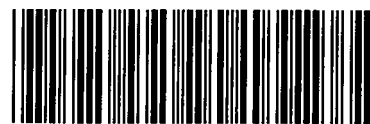
# bet365 Group Limited

## REPORT AND FINANCIAL STATEMENTS

30 March 2014

Company Registration No. 04241161

THURSDAY



\*A3BUHJXC\*

A18

10/07/2014

#77

COMPANIES HOUSE

# bet365 Group Limited

## CONTENTS

---

DIRECTORS AND ADVISORS	1
DIRECTORS' REPORT	2
STRATEGIC REPORT	4
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS	7
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF bet365 GROUP LIMITED	8
CONSOLIDATED PROFIT AND LOSS ACCOUNT	9
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	10
CONSOLIDATED BALANCE SHEET	11
COMPANY BALANCE SHEET	12
CONSOLIDATED CASH FLOW STATEMENT	13
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	14
ACCOUNTING POLICIES	15
NOTES TO THE FINANCIAL STATEMENTS	20

---

# bet365 Group Limited

## DIRECTORS AND ADVISORS

---

### DIRECTORS

D Coates CBE

JF Coates

P Coates

WW Roseff

### SECRETARY

SJ Adlington

### REGISTERED OFFICE

Hillside

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5SH

### AUDITORS

Baker Tilly UK Audit LLP

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

# bet365 Group Limited

## DIRECTORS' REPORT

---

The directors submit their report and the financial statements of bet365 Group Limited for the 52 week period ended 30 March 2014.

The directors have not disclosed the following sections of the Directors' Report: "Business review and risks and uncertainties" as these have been included within the Strategic Report on page 4.

### PRINCIPAL ACTIVITIES

The principal activities of the Group are the provision of internet, mobile and telephone sports betting along with an online casino, games, bingo and poker room, on-course betting and software development. The Group is the majority shareholder of Stoke City Football Club Limited and owns Stoke City (Property) Limited, in turn owning the stadium and training ground used by the Club. bet365 Group Limited is the holding Company of the Group and owns certain office buildings used by the Group.

### RESULTS AND DIVIDENDS

The Group's profit before taxation and before exceptional items of £105,000,000, being Charitable Donations to the bet365 Foundation, was £323,790,000 (2013: £179,239,000) from its gambling operations and a loss of £4,969,000 (2013: £30,917,000) on the Football Club and Stoke City (Property) Limited, resulting in a combined Group profit before taxation and exceptional items, for the period of £318,821,000 (2013: £148,322,000). After exceptional items the Group profit before taxation for the period was £213,821,000 (2013: £148,322,000).

The directors paid a total dividend of £95,000,000 during the period (2013: £15,000,000).

### FUTURE DEVELOPMENTS

The Group continues to invest in product development, infrastructure requirements and marketing programmes utilising its 'bet365' brand, and expects the business to continue to perform and grow strongly across its product range. The changing worldwide gambling and leisure industries may or may not provide opportunities for further acquisitions by the Group.

### FINANCIAL INSTRUMENTS

The Group's cash flow fluctuates according to the timing of payments and receipts and the Group's overall profitability. The directors manage deposits to gain favourable interest rates commensurate with having funds available to meet requirements on demand. Although interest received will vary according to interest rate levels, the differences to Group results arising are not sufficient to warrant the Group using derivatives or other methods to manage interest rates in any way.

### HEDGING FOREIGN EXCHANGE TRANSACTIONS

The Group accepts bets in different currencies. The Group's policy is to hedge this risk where significant. At the period end no financial instruments were outstanding.

### RESEARCH AND DEVELOPMENT

The Group encourages innovation in its product offerings, both by improving existing products and introducing new opportunities. Some bet offerings and games are unique to bet365, others have been imitated by other firms. Successful innovation attracts new customers to bet365 and encourages others to remain with bet365.

### DIRECTORS

The following directors have held office since 1 April 2013:

D Coates CBE  
JF Coates  
P Coates  
WW Roseff

# bet365 Group Limited

## DIRECTORS' REPORT

---

### EMPLOYEES

It is the Group's policy that disabled persons should have the same consideration as others for all job vacancies for which they apply as suitable candidates and, depending entirely on their skills and abilities, they have the same opportunity for training, career development and promotion as other employees. Attention is paid to the training and other needs of persons who become disabled whilst in the Group's employment.

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Group. This is achieved through formal team briefings and informal meetings.

Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

### CHARITABLE CONTRIBUTIONS

The Group made charitable contributions during the period of £105,573,000 (2013: £1,527,000), donating £105,500,000 to the bet365 Foundation, of which £100,000,000 is to be held by the Foundation as an expendable endowment, long-term investment. The bet365 Foundation is a registered charity created for the purposes of charitable giving.

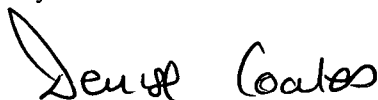
### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITOR

Baker Tilly UK Audit LLP, Chartered Accountants, were appointed auditor by the Company. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and therefore Baker Tilly UK Audit LLP will continue in office.

By order of the board



**Denise Coates CBE**  
Director

Hillside  
Festival Way  
Stoke-on-Trent  
Staffordshire  
ST1 5SH

9th July 2014

# bet365 Group Limited

## STRATEGIC REPORT

---

The directors have pleasure in submitting their Strategic Report for bet365 Group Limited for the period ended 30 March 2014. This report is a new legal requirement following its introduction in August 2013 by way of amendment to the Companies Act 2006.

### DENISE COATES CBE (JOINT CHIEF EXECUTIVE) - REVIEW OF THE BUSINESS

On behalf of the board I am pleased to report that the Group continued to experience significant growth during the period, with overall revenues from the Group's gambling activities increasing by 38%. For the fourth consecutive year 'bet365' attained top spot in eGaming Review's Annual Power 50.

Overall, the Group's Sports and Gaming operating profit for the period, excluding exceptional items, rose to £320.9m (2013: £176.8m), despite the ongoing impact of higher operating costs resulting from operating in recently regulated markets.

During the year the Group donated a total of £105.5m to the bet365 Foundation, a registered charity. The size of the donation and therefore the difference the Foundation will be able to make to people's lives over the coming years are of great importance to the Group.

Trading under the bet365 brand, the Group's Sports offerings continued to benefit from a number of product-enhancing developments and investment during the period. For example, the customer experience and choice was further enhanced through the introduction of the "Cash Out" functionality to a wide range of Sports markets. The In-Play offer was developed with a new version being released in December 2013. The In-Play product continues to perform strongly with year-on-year growth in amounts wagered of 37%.

The Group continued to invest heavily in 'Live Streaming' coverage during the period, with the number of events streamed exceeding 50,000 in the period (2013: 40,000) and the breadth of sports and events offered via the website growing further. During the period bet365 streamed North American National Hockey League (NHL) games live.

The Mobile product was also enhanced with the introduction of NHL streaming and live audio commentary on the tablet site, sports covered include; Horse Racing, Soccer and Cricket. There were over 30,000 events live streamed via Mobile in the Period. Amounts wagered via Mobile channels increased by 107% during the period, with revenues growing by some 103%.

The Group continued to offer attractive customer promotions, including, for the fourth consecutive year, a Kick-off Bonus at the start of the new Soccer Season. Other marketing initiatives saw an expansion of the use of internet and social media sites for example the introduction of Live Odds advertisements on YouTube and via Sky Go.

The combination of all of these measures helped to generate significant increases in new customers, with the lifetime number of signups approaching the 14 million mark during the period. Amounts wagered in the period exceeded £26 billion, increasing by some 36% over the prior period. Active Sports users increased by 39% in the period, and, with yields remaining broadly constant, net revenues saw a similar increase. Overall, the number of Active Users in the period was 2.9 million, with the number of signups and new depositors over 3.4 million and 1.7 million respectively during the period.

The Group continued to invest in IT infrastructures and technology, to ensure it has both the flexibility and scalability to evolve with internal and external developments. Marketing expenditure again increased helping ensure the 'bet365' brand continues to be class-leading. Staff numbers grew by 12% during the period, ensuring the business is suitably resourced to manage business growth, with 2,686 staff employed within the Group's betting and Gaming operations at the end of the financial period.

# bet365 Group Limited

## STRATEGIC REPORT

---

Hillside (Gibraltar) Limited's dedicated Gaming operation again performed strongly during the period, helped by the continued addition of new games from a wide network of suppliers, almost 100 new games were added during the period. Mobile channels saw significant growth in particular, resulting from a full year's benefit of the Mobile products introduced in 2013 which were augmented by the launch of Mobile Poker in the summer of 2013, available for both Apple and Android platforms, and Mobile Bingo, launched in January 2014.

Redesigned Casino and Poker sites were introduced during the period providing a new look and feel to the customer. The Vegas product was launched towards the end of the financial period, further enhancing customer choice.

Overall Gaming net revenue for the period grew by 17%, driven by strong Casino and Games performance. At the same time player yields were maintained at broadly similar levels to that of the prior period. Whilst the overall world Poker market saw a decline last year and the market remains highly competitive, revenues were in line with expectations. Bingo net revenue increased by over 8% on the previous period, helped by the strong brand which has been boosted over recent years by a high profile television presence.

Around the world the Group continues to adapt to the changing regulatory framework as markets have revised their regulatory regimes to cater for the internet. To-date the Group has taken licences to operate in several territories and, given its experience in regulated markets, the Group believes it is well placed to benefit long-term in those countries where sensible regulation is adopted.

The Group is fully focused on building on its commitment to continue to promote and encourage Responsible Gambling and to employ industry leading Anti-Money Laundering procedures and controls. These are areas that are central to our business and to this end the Group strives to continually improve standards by constantly reviewing and updating its relevant policies, practices and procedures to ensure best industry practice and to ensure the Group maintains its industry leading position.

The Group's share of Stoke City Football Club's losses fell significantly for the period to £4,969,000 (2013: £30,917,000). The club maintained its Premier League status after further investment in the playing squad, the annual wage bill rising to £60.4m (2013: £59.4m). Following the new Premier League Broadcast deal and the introduction of Financial Fair Play rules the Group is committed to reducing the club's reliance on the Group and over the medium term to make it self-sufficient. The Club appointed a new team manager, Mark Hughes, during the period.

The Boards of bet365 Group, Hillside (Gibraltar) Limited, Stoke City Football Club Limited and Stoke City (Property) Limited each budget their own cost bases and revenues, ensuring that any variances are analysed and explained, and were satisfied with both the results and achievements for the financial period. The Boards remain confident for continued improvements during the 2014/15 financial period.

# bet365 Group Limited

## STRATEGIC REPORT

---

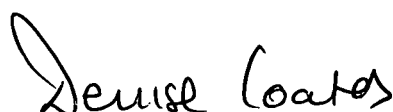
### RISKS AND UNCERTAINTIES

There are a number of material risks and uncertainties which are common to all the major providers of remote gambling services. These include:

1. Volume risk – Competitors could entice bet365's customers and/or bet365's marketing strategy may not be effective at attracting new and/or retaining existing customers.
2. Margin risk – Although bet365's trading team are experienced in managing risk, there is always a range of profit/loss for different outcomes for an individual event. This means that a run of poor results could adversely affect margin over a period. However, historically, the Group has found that margins revert to normal levels over a longer time period.
3. Regulatory risk – Regulatory, legislative and fiscal regimes for betting and gaming in bet365's key markets can change, sometimes at short notice. Such changes could have an effect on the results of bet365 and additional costs might be incurred in order to comply with any new laws or regulations. bet365 monitors legislative and regulatory developments in all of its key markets allowing it to quickly assess and adapt to changes in the environment and minimise risks to the business.
4. Technology risk – the majority of the Group's business is transacted over the Internet. The Group is continually investing at a high level to minimise technology risk, but there remains the possibility that a technology failure could adversely affect the Group's ability to trade for a period, and therefore affect its profits.

The Football Club's main risks and uncertainties centre around the ability to train, acquire and develop Players to sufficient standard to retain and improve its position in the Premier League.

By order of the board



**Denise Coates CBE**  
Director

Hillside  
Festival Way  
Stoke-on-Trent  
Staffordshire  
ST1 5SH

9<sup>th</sup> JULY 2014



# bet365 Group Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

---

The directors are responsible for preparing the Strategic Report and 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 period. 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 the Company and of the profit or loss of the Group for that period.

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

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the 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 the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF bet365 GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 9 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As more fully explained in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent Company's affairs as at 30 March 2014 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

*Baker Tilly UK Audit LLP*

ANNE LAKIN (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

*10 July* 2014

# bet365 Group Limited

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the 52 week period ended 30 March 2014

		52 week period ended 30 March 2014				53 week period ended 31 March 2013
		Sports and gaming				
	Note	Pre-exceptionals £000	Exceptional item £000	Football Club and facilities £000	Total £000	£000
AMOUNTS WAGERED		26,471,290	-	-	26,471,290	19,481,689
TURNOVER	1	1,284,163	-	86,724	1,370,887	993,433
Direct costs		(232,576)	-	-	(232,576)	(175,210)
GROSS PROFIT		1,051,587	-	86,724	1,138,311	818,223
Administrative expenses		(730,734)	(105,000)	(90,547)	(926,281)	(673,049)
OPERATING PROFIT/(LOSS)		320,853	(105,000)	(3,823)	212,030	145,174
(Loss)/profit on disposal of players' registrations		-	-	(1,168)	(1,168)	634
Interest receivable and similar income	2	2,937	-	24	2,961	2,516
Interest payable and similar charges	3	-	-	(2)	(2)	(2)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	1-5	323,790	(105,000)	(4,969)	213,821	148,322
Taxation	6				(38,897)	(30,792)
PROFIT FOR THE PERIOD	19				174,924	117,530

Turnover and operating profit/(loss) are derived from the Group's continuing operations.

# bet365 Group Limited

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the 52 week period ended 30 March 2014

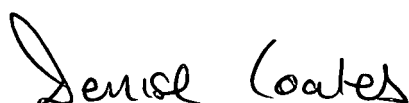
---

	Group 52 week period ended 30 March 2014 £000	53 week period ended 31 March 2013 £000
Profit for the financial period	174,924	117,530
Exchange differences arising on retranslation of overseas undertakings	7,413	(1,619)
	<hr/>	<hr/>
Total recognised gains for the period	182,337	115,911
	<hr/>	<hr/>

**bet365 Group Limited**  
**CONSOLIDATED BALANCE SHEET**  
**At 30 March 2014**

	Note	30 March 2014		31 March 2013	
		£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Intangible assets	8		<b>36,588</b>		42,230
Tangible assets	9		<b>119,887</b>		110,904
			<b>156,475</b>		153,134
<b>CURRENT ASSETS</b>					
Stocks	11	<b>139</b>		436	
Debtors					
(amounts due after more than one year:					
£2,696,000 (2013: £2,765,000))	12	<b>110,033</b>		80,966	
Cash at bank and in hand		<b>539,028</b>		432,352	
		<b>649,200</b>		513,754	
<b>CREDITORS: Amounts falling due within one year</b>	13	<b>(347,025)</b>		(295,180)	
<b>NET CURRENT ASSETS</b>			<b>302,175</b>		218,574
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>458,650</b>		371,708
<b>CREDITORS: Amounts falling due after more than one year</b>	14		<b>(8,767)</b>		(9,136)
<b>PROVISIONS FOR LIABILITIES</b>	15		<b>(260)</b>		(286)
<b>NET ASSETS</b>			<b>449,623</b>		362,286
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		<b>3</b>		3
Share premium account	17		<b>18,998</b>		18,998
Revaluation reserve	18		<b>15,876</b>		15,876
Profit and loss reserve	19		<b>414,746</b>		327,409
<b>SHAREHOLDERS' FUNDS</b>			<b>449,623</b>		362,286

The financial statements on pages 9 to 40 were approved by the board of directors and authorised for issue on **9<sup>th</sup> JULY** 2014 and are signed on its behalf by:



**Denise Coates CBE**  
Director

Company Registration No. 04241161

**bet365 Group Limited**  
**COMPANY BALANCE SHEET**  
**At 30 March 2014**

	Note	30 March 2014		31 March 2013	
		£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Tangible assets	9		<b>20,512</b>		13,773
Investments	10		<b>10,000</b>		10,000
			<b>30,512</b>		<b>23,773</b>
<b>CURRENT ASSETS</b>					
Debtors					
(amounts due after more than one year: £96,581,000 (2013: £77,671,000))	12	<b>404,582</b>		77,671	
<b>CREDITORS: Amounts falling due within one year</b>	13	<b>(1,990)</b>		(11)	
<b>NET CURRENT ASSETS</b>			<b>402,592</b>		<b>77,660</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>433,104</b>		<b>101,433</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	14		-		(75,495)
<b>PROVISIONS FOR LIABILITIES</b>	15		<b>(145)</b>		<b>(148)</b>
<b>NET ASSETS</b>			<b>432,959</b>		<b>25,790</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		<b>3</b>		3
Share premium account	17		<b>18,998</b>		18,998
Profit and loss reserve	19		<b>413,958</b>		6,789
<b>SHAREHOLDERS' FUNDS</b>			<b>432,959</b>		<b>25,790</b>

The financial statements on pages 9 to 40 were approved by the board of directors and authorised for issue on **9<sup>th</sup> JULY** 2014 and are signed on its behalf by:



**Denise Coates CBE**  
 Director

# bet365 Group Limited

## CONSOLIDATED CASH FLOW STATEMENT

For the 52 week period ended 30 March 2014

	Note	52 week period ended 30 March 2014 £000	53 week period ended 31 March 2013 £000
CASH FLOW FROM OPERATING ACTIVITIES	21	296,944	253,701
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		2,298	2,961
Interest paid		(2)	(2)
NET CASH INFLOW FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		2,296	2,959
TAXATION		(46,955)	(24,472)
CAPITAL EXPENDITURE			
Purchase of intangible assets		(12,133)	(24,428)
Sale of intangible assets		1,252	1,218
Purchase of tangible fixed assets		(38,492)	(20,993)
Sale of tangible fixed assets		234	307
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE		(49,139)	(43,896)
DIVIDENDS PAID	7	(95,000)	(15,000)
CASH INFLOW BEFORE FINANCING		108,146	173,292
FINANCING			
Loan repayments		-	(43)
NET CASH OUTFLOW FOR FINANCING		-	(43)
INCREASE IN CASH IN THE PERIOD	23	108,146	173,249

# bet365 Group Limited

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the 52 week period ended 30 March 2014

	Note	Group 52 week period ended 30 March 2014 £000	Group 53 week period ended 31 March 2013 £000	Company 52 week period ended 30 March 2014 £000	Company 53 week period ended 31 March 2013 £000
PROFIT FOR THE FINANCIAL PERIOD		<b>174,924</b>	117,530	<b>502,169</b>	14,109
Dividends	7	<b>(95,000)</b>	(15,000)	<b>(95,000)</b>	(15,000)
		<b>79,924</b>	102,530	<b>407,169</b>	(891)
Exchange differences arising on retranslation of overseas undertakings		<b>7,413</b>	(1,619)	-	-
NET ADDITION TO/(REDUCTION IN) SHAREHOLDERS' FUNDS		<b>87,337</b>	100,911	<b>407,169</b>	(891)
Opening shareholders' funds		<b>362,286</b>	261,375	<b>25,790</b>	26,681
CLOSING SHAREHOLDERS' FUNDS		<b>449,623</b>	362,286	<b>432,959</b>	25,790



# bet365 Group Limited

## ACCOUNTING POLICIES

---

### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, except for the revaluation of the football stadium, and in accordance with applicable United Kingdom accounting standards.

The Group has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the bet365 Group Limited group and are controlled 100% by the Group.

The financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue to trade for the foreseeable future.

The validity of the going concern basis is dependent upon the Group managing the risks of the business as identified in the Directors' report and strategic report and its financial arrangements. The directors consider that they have sufficient controls in place to manage the risks of the Group and that the Group has and will continue to generate sufficient cash flows to meet the Group's working capital requirement without the need for any external finance.

On this basis the directors consider it appropriate to prepare financial statements on a going concern basis.

### BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of bet365 Group Limited and all of its subsidiary undertakings for the period. Subsidiaries acquired during the period are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as goodwill, less any provision made for goodwill impairment. All financial statements are made up to 30 March 2014 except for Stoke City Holdings Limited and Stoke City Football Club Limited which have a 31 May 2014 year end to align the financial year end with the commercial considerations of the individual entities. Detailed management accounts at 31 March 2014 have been used as a basis for the consolidation of these subsidiaries. Stoke City (Property) Limited's year end is 31 March 2014.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account.

### INTANGIBLE FIXED ASSETS

Purchased goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised.

The directors have considered each constituent component of intangible assets separately to determine the appropriate amortisation in order that the financial statements provide a true and fair view:

- The goodwill supportable by the strength of the bet365 brand and Stoke City Football Club are considered to have an indefinite useful economic life and will not be amortised but subject to an annual impairment review in accordance with Financial Reporting Standard 10 and Financial Reporting Standard 11, with any excess of the carrying amount of goodwill over its recoverable amount being charged directly to the profit and loss account in the period in which it occurs.

# bet365 Group Limited

## ACCOUNTING POLICIES

---

### INTANGIBLE FIXED ASSETS (continued)

- The goodwill arising on the acquisition of the trade of Bowmans International Sports (IOM) Limited was written off evenly over 5 years from the date of acquisition on 1 December 2006, as in the opinion of the directors this represented the period over which the goodwill was expected to generate economic benefit.
- The third party costs associated with the acquisition of players' registrations and coaching staff are capitalised and amortised on a straight line basis over the period of their respective contracts. Any transfer fees payable as a result of the occurrence of one or more uncertain future events are capitalised when it is probable such an event will occur. Provision for impairment is made when it becomes clear that the carrying amount exceeds the recoverable amount. Prior year impairments are reviewed and assessed by management and where the recoverable amount has increased above the carrying amount the impairments are reversed. In accordance with Financial Reporting Standard 10, no amounts are included for players developed within the Club.

The Companies Act 2006 requires goodwill and its constituent components to be amortised over a finite period. If the above departures from the Companies Act 2006 had not been made the profit for the financial period may have been decreased by amortisation. The amount of this amortisation is not considered material because of the indefinite life of these assets and the directors have invoked a true and fair override.

### TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Freehold and leasehold land	-	No depreciation charged
Freehold buildings	-	2% per annum straight line
Leasehold land and buildings	-	1 - 20% per annum straight line
Football stadium	-	No depreciation charged
Fixtures and fittings	-	4% - 20% per annum straight line
Computer equipment	-	33.3% per annum straight line
Plant and motor vehicles	-	4% - 33% per annum straight line

No depreciation is provided on the football stadium used for the purpose of carrying on the Group's business. It is the Group's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time and accordingly the directors consider that the lives of these assets are so long that their depreciation is not material. An annual impairment review of the value of such properties is performed and any excess of the carrying amount of such properties over their recoverable amounts is charged to the profit and loss account as appropriate.

### ASSETS UNDER CONSTRUCTION

Assets under construction will be depreciated once the asset is completed and in use.

### REVALUATION OF FOOTBALL STADIUM

The football stadium is revalued in accordance with FRS 15 with a full valuation carried out by professionally qualified chartered surveyors on a depreciated replacement cost basis, in accordance with the Statement of Assets Valuation Practice No. 4 and the Guidance Notes of the Royal Institute of Chartered Surveyors every five years and an interim valuation is carried out in year three.

### INVESTMENTS

Fixed asset investments are stated at cost. Provision is made for any impairment in the value of fixed asset investments.

# bet365 Group Limited

## ACCOUNTING POLICIES

---

### SIGNING ON FEES AND LOYALTY BONUSES

The board consider that signing on fees represent a normal part of the employment cost of the player and as such should be charged to the profit and loss account over the period of the player's contract as the instalment payments are made, except in the circumstances of a player disposal. In that case any remaining signing on fees due are allocated in full against profit on disposal of players' registrations in the year in which the player disposal is made.

### SOFTWARE DEVELOPMENT

Expenditure on software development is written off to the profit and loss account in the period in which it is incurred as it is considered by the directors to be revenue in nature.

### STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value.

### FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Assets, liabilities and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

### DEFERRED TAXATION

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax on future remittances from trading overseas subsidiaries are only provided to the extent dividends are accrued as receivable or that there is a binding agreement in place to distribute past earnings.

Deferred tax assets are only recognised when their recoverability can be assessed with certainty in the foreseeable future and is considered more likely than not.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### GRANTS

Grants received by Stoke City Football Club Limited from the Football Trust in respect of the building costs of the Britannia Stadium, the freehold of which is owned by Stoke City (Property) Limited, are treated as deferred income and released to the profit and loss account over a period of 50 years.

Grants received from The Football Trust and other awarding bodies in respect of other capital expenditure are treated as deferred income and released to the profit and loss account over the expected useful lives of the related assets.

Grants received in respect of revenue expenditure and financial support are recognised in the profit and loss account in the period in which the relevant expenditure is incurred.

A provision is recognised to the extent that repayment of a grant is considered probable.

# bet365 Group Limited

## ACCOUNTING POLICIES

---

### DEFERRED INCOME

Deferred income relates to Stoke City Football Club Limited and consists of season tickets, sponsorship and other elements of income which have been received prior to the period end in respect of football events, matches or seasons.

### LEASED ASSETS AND OBLIGATIONS

Leases that do not give rights approximating to ownership are “operating leases” and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

### RETIREMENT BENEFITS

The Group contributes to a number of schemes.

There is a defined contribution (money purchase) pension scheme whose assets are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable for the period.

Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Certain of the employees of the Group participate in the Football League Pension and Life Assurance scheme and the Football League Players’ Benefit scheme. Both schemes are defined benefit schemes co-sponsored by the FA Premier League and the Football League. The Group makes contributions to the schemes in accordance with the recommendations of the actuaries to the schemes. As Stoke City Football Club Limited is one of a number of participating employers in the schemes, it is not possible to allocate that part of any actuarial surplus or deficit owing to the club’s employees. Consequently, contributions are charged to the profit and loss account as they become payable. In addition a provision has been established for future enhanced contributions following instruction from the actuaries of the schemes.

Contributions are also paid to individuals’ money purchase pension schemes. The contributions are charged to profit and loss account in the period in which they become payable.

The assets of all the pension schemes are held separately from those of the Group in independently administered funds.

### EMPLOYEE REMUNERATION

The Group has entered into certain agreements with employees linked to the Club retaining its Premier League status and recognises the cost of the services provided and liability generated over the period which the employees’ services will be rendered.

### AMOUNTS WAGERED

Amounts wagered represents the gross takings staked by customers in respect of individual bets placed in the period on the telephone and interactive sports businesses, net winnings on gaming activity for on line casino, games and bingo and net fees and rakes earned from poker.

This is a memorandum item only and is presented in line with industry best practice.

### DUTY COSTS

Duty is charged in the financial statements of the Group based on the prevailing duty rates applicable to local legislative requirements of the country where bets are placed together with UK duty payable. A respective credit is taken to allow for the double tax relief allowable under UK legislation.

# bet365 Group Limited

## ACCOUNTING POLICIES

---

### TURNOVER

In accordance with Application Note G to Financial Reporting Standard 5, revenue is recognised under an exchange transaction with a customer when and to the extent that the Group obtains the rights to consideration in exchange for its performance.

Turnover is the revenue resulting from exchange transactions under which the Group supplies to customers the services that it is in the business to provide and is net of discounts, marketing inducements, VAT and other sales related taxes and is recognised as set out below:

In the case of Internet, mobile and telephone sports betting and on line casino operations (including games and bingo), turnover represents gains and losses from betting activity in the period and is stated on a gross win basis in line with industry best practice.

In the case of the online poker room, turnover represents the net income from fees and rakes earned from poker in the period.

In respect of Stoke City Football Club Limited, turnover represents match receipts, Premier League receipts and other income arising from the Club's activities. Revenue is recognised when substantially all of the obligations under a sales contract have been fulfilled. Revenue received from the FA Premier League is recognised in the financial statements on the basis of the number of matches played up to the period end. This is in accordance with the FA Premier League guidelines on income recognition. Performance related awards have not been recognised until achieved by the Club, as the income cannot be assumed with certainty.

### EXCEPTIONAL ITEMS

Exceptional items are material items which individually, or if of a similar type, in aggregate, need to be disclosed by virtue of their size of incidence in order to assist in understanding the Group's financial performance.

### CASH

Cash for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand.

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

### 1 SEGMENTAL REPORT

A geographical analysis of turnover and profit before taxation has not been given as in the opinion of the directors such disclosure would be severely prejudicial to the interests of the Group.

Details for the current period of turnover and profit by class of business is given in the profit and loss account and comparative information for the 53 week period ended 31 March 2013 is shown below:

	53 week period ended 31 March 2013		
	Sports and gaming £000	Football Club and facilities £000	Total £000
AMOUNTS WAGERED	19,481,689	-	19,481,689
TURNOVER	929,657	63,776	993,433
Direct costs	(175,210)	-	(175,210)
GROSS PROFIT	754,447	63,776	818,223
Administrative expenses	(577,637)	(95,412)	(673,049)
OPERATING PROFIT/(LOSS)	176,810	(31,636)	145,174
Profit on disposal of players' registrations	-	634	634
Interest receivable and similar income	2,429	87	2,516
Interest payable and similar charges	-	(2)	(2)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	179,239	(30,917)	148,322

### 2 INTEREST RECEIVABLE AND SIMILAR INCOME

	52 week period ended 30 March 2014 £000	53 week period ended 31 March 2013 £000
Bank interest	2,961	2,516

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

3	INTEREST PAYABLE AND SIMILAR CHARGES	52 week period ended 30 March 2014 £000	53 week period ended 31 March 2013 £000
	On bank loans	2	2
4	PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	52 week period ended 30 March 2014 £000	53 week period ended 31 March 2013 £000
	Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the period – owned assets	28,710	32,958
	Amortisation of player registrations	17,323	21,026
	(Reversal of impairment)/Impairment of players' registrations	(1,968)	6,071
	(Profit)/loss on sale of fixed assets – included in operating expenses	(10)	386
	Operating lease rentals:		
	Plant and machinery	51	51
	Land and buildings	4,001	3,746
	Grants released	(54)	(54)
	Software development	17,599	16,854
	Exceptional items:		
	Charitable contribution – donation paid	105,000	-

During the period the Group made an exceptional donation to bet365 Foundation of £105,000,000 consisting of £100,000,000 into an expendable endowment fund and a £5,000,000 donation for general purposes of the Foundation.

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

4	PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)	52 week period ended 30 March 2014 £000	53 week period ended 31 March 2013 £000
	Audit services:		
	Statutory audit of parent and consolidation accounts	6	4
	Other services:		
	Audit of subsidiaries where such services are provided by Baker Tilly associates	21	47
	Audit of subsidiaries where such services are provided by Baker Tilly UK Audit LLP	162	130
	Work performed by associates of Baker Tilly in respect of consolidation returns or legal legislative requirements	7	10
	Further assurance services	18	21
	Other non-audit services	121	140
	Tax services:		
	Compliance services	29	31
	Advisory services	419	574
		<u>783</u>	<u>957</u>
	Comprising:		
	Audit services	189	181
	Non-audit services	594	776
		<u>783</u>	<u>957</u>

Further assurance services includes fees paid in respect of auditing assignments to meet specific industry requirements including industry levy calculations and licence applications. The above fees are exclusive of VAT.

The figures presented are for bet365 Group limited and subsidiaries as if they were a single entity.

bet365 Group Limited has taken the exemption permitted by SI 2008/489 to omit information about its individual accounts.



# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

5	EMPLOYEES	52 week period ended 30 March 2014 Number	53 week period ended 31 March 2013 Number
	The average monthly number of persons (including directors) employed by the Group during the period was:		
	Managers and supervisors	262	234
	Operations staff – internet gaming group	2,316	2,041
	Operations staff – football group	228	225
	Full time playing staff and scholars	69	64
		<u>2,875</u>	<u>2,564</u>

In addition to the above the Group employed an average of 263 (2013: 245) match-day staff during the period.

	52 week period ended 30 March 2014 £000	53 week period ended 31 March 2013 £000
Staff costs for the above persons:		
Wages and salaries	175,326	154,577
Social security costs	20,078	16,907
Other pension costs	2,891	1,759
	<u>198,295</u>	<u>173,243</u>

### DIRECTORS' REMUNERATION

	52 week period ended 30 March 2014 £000	53 week period ended 31 March 2013 £000
Emoluments	<u>21,260</u>	<u>9,515</u>

No directors accrue benefits under the money purchase scheme.

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

### 5 EMPLOYEES (continued)

	Highest paid director	
	52 week period ended 30 March 2014 £000	53 week period ended 31 March 2013 £000
Directors' emoluments disclosed include the following payments:		
Emoluments	<b>13,041</b>	5,443

6	TAXATION	52 week period ended 30 March 2014 £000      £000		53 week period ended 31 March 2013 £000      £000	
	Current tax:				
	UK corporation tax on profits of the period	28,659		25,000	
	Overseas tax	12,354		9,526	
	Adjustments in respect of previous period	(1,037)		30	
	Total current tax		39,976		34,556
	Deferred tax:				
	Origination and reversal of timing differences	(1,807)		(3,810)	
	Adjustments in respect of previous period	728		46	
	Total deferred tax		(1,079)		(3,764)
	Tax on profit on ordinary activities		<b>38,897</b>		30,792

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

### 6 TAXATION (continued)

Factors affecting tax charge for the period:	<b>52 week period ended 30 March 2014 £000</b>	<b>53 week period ended 31 March 2013 £000</b>
The tax assessed for the period is lower (2013: lower) than the average standard rate of corporation tax in the UK 23% (2013: 24%). The differences are explained below:		
Profit on ordinary activities before tax	<b>213,821</b>	148,322
Profit on ordinary activities multiplied by the average standard rate of corporation tax in the UK 23% (2013: 24%)	<b>49,179</b>	35,597
<i>Effects of:</i>		
Expenses not deductible for tax purposes	<b>859</b>	2,194
Fixed asset timing differences	<b>1,914</b>	3,835
Non taxable income	-	(6)
Other timing differences	<b>(941)</b>	(352)
Difference in tax rate of overseas subsidiaries	<b>(17,673)</b>	(13,336)
Utilised tax losses	-	(19)
Adjustments in respect of previous period	<b>(1,037)</b>	30
Overprovision	<b>311</b>	237
Unutilised tax losses carried forward	<b>7,364</b>	6,376
Current tax charge for the period	<b>39,976</b>	34,556

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

7	DIVIDENDS	52 week period ended 30 March 2014 £000	53 week period ended 31 March 2013 £000
	Ordinary and A Ordinary shares: Dividends paid	<b>95,000</b>	15,000

During the period three tranches (2013: 1 tranche) of dividends of £116.16, £82.97 and £116.16 (2013: £49.78) per share was paid by the company amounting to £95m (2013: £15m) in total.

## 8 INTANGIBLE FIXED ASSETS

	Goodwill – Sports and gaming £000	Goodwill – Football Club and facilities £000	Player registrations £000	Total £000
<b>GROUP</b>				
<i>Cost</i>				
At beginning of period	14,378	6,276	89,471	110,125
Additions	-	911	11,222	12,133
Disposals	-	-	(13,963)	(13,963)
At end of period	14,378	7,187	86,730	108,295
<i>Amortisation</i>				
At beginning of period	10,205	-	57,690	67,895
Amortisation	-	-	17,323	17,323
On disposals	-	-	(11,543)	(11,543)
Impairments	-	-	(1,968)	(1,968)
At end of period	10,205	-	61,502	71,707
<i>Net book value</i>				
<b>At 30 March 2014</b>	<b>4,173</b>	<b>7,187</b>	<b>25,228</b>	<b>36,588</b>
At 31 March 2013	4,173	6,276	31,781	42,230

The goodwill addition in the period relates to additional investment in Stoke City Football Club Limited increasing the percentage of ordinary shares held from 94.9% to 96.8%.

**bet365 Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 week period ended 30 March 2014**

**9 TANGIBLE FIXED ASSETS**

	Asset under construction	Freehold land and buildings	Leasehold land and buildings	Football Stadium	Fixtures, fittings and computer equipment	Plant and motor vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
<b>GROUP</b>							
<i>Cost or valuation</i>							
At beginning of period							
- Cost	225	15,637	14,193	591	135,965	10,710	177,321
- Valuation	-	-	-	34,000	-	-	34,000
Additions	6,853	1,252	-	309	26,669	3,409	38,492
Disposals	-	(130)	-	-	(205)	(411)	(746)
Exchange adjustment	-	-	-	-	(1,109)	(42)	(1,151)
At end of period							
- Cost	7,078	16,759	14,193	900	161,320	13,666	213,916
- Valuation	-	-	-	34,000	-	-	34,000
	7,078	16,759	14,193	34,900	161,320	13,666	247,916
<i>Depreciation</i>							
At beginning of period	-	345	386	-	94,710	4,976	100,417
Charged in the period	-	293	188	-	25,793	2,436	28,710
On disposals	-	(1)	-	-	(164)	(357)	(522)
Exchange adjustment	-	-	-	-	(563)	(13)	(576)
At end of period	-	637	574	-	119,776	7,042	128,029
<i>Net book value</i>							
<b>At 30 March 2014</b>	<b>7,078</b>	<b>16,122</b>	<b>13,619</b>	<b>34,900</b>	<b>41,544</b>	<b>6,624</b>	<b>119,887</b>
At 31 March 2013	225	15,292	13,807	34,591	41,255	5,734	110,904

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

---

### 9 TANGIBLE FIXED ASSETS (continued)

On 10 January 2012 the football stadium was revalued by GVA Grimley Limited, Chartered Surveyors. The depreciated replacement costs method of valuation for Financial Reporting in accordance with the guidance notes issued by The Royal Institution of Chartered Surveyors for Asset Valuations gave rise to a market value of the Britannia Stadium, for accounting purposes, of £34,000,000.

On an historical cost basis this would have been included at:

	Football Stadium	
	2014 £000	2013 £000
Cost	18,989	18,680
Aggregate depreciation	-	-

The net book value of leasehold land and buildings comprises:

	30 March 2014 £000	31 March 2013 £000
Long leasehold	13,434	13,548
Short leasehold	185	259
	13,619	13,807

Depreciation in respect of long leasehold properties in the period was £114,000 (2013: £nil) and short leasehold properties in the period was £74,000 (2013: £75,000).

**bet365 Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 week period ended 30 March 2014**

**9 TANGIBLE FIXED ASSETS (continued)**

	Asset under construction £000	Leasehold land and buildings £000	Total £000
<b>COMPANY</b>			
<i>Cost</i>			
At beginning of period	225	13,548	13,773
Additions	6,853	-	6,853
	<hr/>	<hr/>	<hr/>
At end of period	7,078	13,548	20,626
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
Charged in the period	-	114	114
	<hr/>	<hr/>	<hr/>
At end of period	-	114	114
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
<b>At 30 March 2014</b>	<b>7,078</b>	<b>13,434</b>	<b>20,512</b>
	<hr/>	<hr/>	<hr/>
At 31 March 2013	225	13,548	13,773
	<hr/>	<hr/>	<hr/>

The net book value of leasehold land and buildings comprises:

	<b>30 March 2014 £000</b>	<b>31 March 2013 £000</b>
Long leasehold	<b>13,434</b>	13,548
	<hr/>	<hr/>

**10 FIXED ASSET INVESTMENTS**

	Shares in group undertakings £000
<b>COMPANY</b>	
<i>Cost and net book value</i>	
At beginning and end of period	<b>10,000</b>
	<hr/>

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

### 10 FIXED ASSET INVESTMENTS (continued)

The Company holds more than 20% of the equity (and no other share or loan capital) of the following undertakings:

<i>Subsidiary undertaking</i>	<i>Country of registration</i>	<i>Principal activity</i>	<i>Percentage of ordinary shares held</i>	
			<i>Group</i>	<i>Company</i>
Hillside (New Media Holdings) Limited	UK	Holding company	100%	100%
Hillside (New Media) Limited	UK	Provision of Internet, mobile and telephone sports betting, and software development	100%	-
bet365 International NV	Netherlands Antilles	Dormant	100%	-
Hillside (Gibraltar) Limited	Gibraltar	Provision of online casino, poker room, bingo and games	100%	-
Hillside (Gibraltar Holdings) Limited	Gibraltar	Dormant	100%	-
Hillside (Gibraltar New Media) Limited	Gibraltar	Dormant	100%	-
Hillside (Leisure) Limited	UK	Dormant	100%	-
Hillside (Australia New Media) Pty Limited	Australia	Provision of internet, mobile and telephone sports betting	100%	-
Hillside (Spain New Media) Plc	UK	Provision of internet, mobile and telephone sports betting	100%	-
Hillside Espana Leisure, S.A.	Spain	Provision of on-line casino, poker, bingo and games	100%	-
Hillside (Platform Services) Limited (formerly Hillside (New Ventures) Limited)	UK	Dormant	100%	100%
Hillside (Alderney) Limited	Alderney	Dormant	100%	-
Hillside (Malta Holdings) Limited	Malta	Dormant	100%	0.1%
Hillside (Malta) Limited	Malta	Dormant	100%	0.1%
Stoke City Holdings Limited	UK	Holding company	100%	100%
Stoke City Football Club Limited	UK	Football Club	96.8%	-
Stoke City (Property) Limited	UK	Provision of stadium and training ground facilities	100%	-



# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

### 10 FIXED ASSET INVESTMENTS (continued)

On 25 March 2014 the shareholding in Hillside (Platform Services) Limited (formerly Hillside (New Ventures) Limited) was transferred from Hillside (New Media Holdings) Limited to bet365 Group Limited at nominal value.

On 7 June 2013 the Group acquired further shares in Stoke City Football Club Limited of £223,663 and on 17 December 2013 of £682,211. This increased the percentage of shares held from 94.9% to 96.8%.

### 11 STOCKS

	Group		Company	
	30 March 2014 £000	31 March 2013 £000	30 March 2014 £000	31 March 2013 £000
Finished goods	139	436	-	-

### 12 DEBTORS

	Group		Company	
	30 March 2014 £000	31 March 2013 £000	30 March 2014 £000	31 March 2013 £000
<i>Due within one year:</i>				
Trade debtors	1,835	2,991	-	-
Amounts owed by group undertakings	-	-	308,001	-
Other debtors	79,130	55,955	-	-
Prepayments and accrued income	18,908	12,870	-	-
Deferred tax asset (see note 15)	7,464	6,385	-	-
	<b>107,337</b>	<b>78,201</b>	<b>308,001</b>	<b>-</b>
<i>Due after more than one year:</i>				
Amounts owed by group undertakings	-	-	95,228	76,318
Other debtors	2,696	2,765	1,353	1,353
	<b>2,696</b>	<b>2,765</b>	<b>96,581</b>	<b>77,671</b>
	<b>110,033</b>	<b>80,966</b>	<b>404,582</b>	<b>77,671</b>

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

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

	Group		Company	
	30 March	31 March	30 March	31 March
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade creditors	138,917	118,485	-	-
Amounts owed to group undertakings	-	-	1,615	-
Corporation tax	15,770	22,749	-	-
Other taxation and social security costs	12,485	12,866	-	-
Other creditors	59,546	41,972	11	11
Accruals and deferred income	120,307	99,108	364	-
	<u>347,025</u>	<u>295,180</u>	<u>1,990</u>	<u>11</u>

Included in trade creditors is an amount of £121,658,000 (2013: £94,202,000) in respect of amounts due to customers. This is offset by an amount equivalent to these funds in cash at bank.

### 14 CREDITORS: Amounts falling due after more than one year

	Group		Company	
	30 March	31 March	30 March	31 March
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade creditors	1,240	4,315	-	-
Amounts owed to group undertakings	-	-	-	75,495
Accruals and deferred income	7,527	4,821	-	-
	<u>8,767</u>	<u>9,136</u>	<u>-</u>	<u>75,495</u>

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

### 14 CREDITORS: Amounts falling due in more than one year (continued)

#### DEFERRED GRANTS

Included within accruals and deferred income are deferred grants received from various awarding bodies to fund the acquisition or construction of certain assets in Stoke City Football Club Limited, including Britannia Stadium as follows:

	Group		Company	
	30 March 2014 £000	31 March 2013 £000	30 March 2014 £000	31 March 2013 £000
At start of period	1,965	2,019	-	-
Grants released to the profit and loss account	(54)	(54)	-	-
At end of period	1,911	1,965	-	-

	Group		Company	
	30 March 2014 £000	31 March 2013 £000	30 March 2014 £000	31 March 2013 £000
Amounts to be released relating to periods ending:				
In one year or less or on demand	54	54	-	-
In more than one year but not more than two years	54	54	-	-
In more than two years but not more than five years	162	162	-	-
In five years or more	1,641	1,695	-	-
	1,911	1,965	-	-

### 15 PROVISIONS FOR LIABILITIES

	Pension obligations £000
GROUP	
At start of period	286
Credit in the period	(26)
At end of period	260

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

### 15 PROVISIONS FOR LIABILITIES (continued)

#### *Pension obligations*

Certain staff of the Group are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme ("FLLPLAS"), a defined benefit scheme. As the Group is one of a number of participating employers in the FLLPLAS, it is not possible to allocate any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed in the profit and loss account as they become payable. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. In addition a provision has been established for future enhanced contributions following instruction from the actuaries of the schemes. The expected contributions to the scheme for the next financial period are £111,000 (2013: £26,000).

#### GROUP

#### DEFERRED TAXATION ASSET

	£000
At beginning of period	(6,385)
Credit to the profit and loss account	(1,079)
<b>At end of period</b>	<b>(7,464)</b>

The elements of the deferred tax asset are as follows:

	Provided		Unprovided	
	30 March 2014 £000	31 March 2013 £000	30 March 2014 £000	31 March 2013 £000
Fixed asset timing differences	6,175	5,066	128	128
Other timing differences	1,289	1,319	597	407
Tax losses	-	-	17,018	12,189
	<b>7,464</b>	<b>6,385</b>	<b>17,743</b>	<b>12,724</b>

In respect of the Group there are unutilised tax losses available for future use of £17,018,000 (2013: £12,189,000) relating to Stoke City Football Club Limited and certain overseas subsidiaries. A deferred tax asset has not been reflected as the recovery of this asset cannot be assessed with reasonable certainty.

No deferred tax provision is provided in respect of the revaluation of the football stadium in accordance with financial reporting standards. The unprovided deferred taxation amounted to £2,657,000 (2013: £3,827,000) and would be payable if the stadium was sold at its valuation.

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

### 15 PROVISIONS FOR LIABILITIES (continued)

#### COMPANY

DEFERRED TAX - LIABILITY £000

At beginning of period 148  
Credit to the profit and loss account (3)

At end of period 145

#### COMPANY

**30 March** 31 March  
**2014** 2013  
**£000** £000

Fixed timing differences - liability 145 148

### 16 SHARE CAPITAL

**30 March** 31 March  
**2014** 2013  
**£000** £000

#### GROUP AND COMPANY

Allotted, called up and fully paid  
284,313 ordinary shares of 1 pence each 3 3  
17,000 "A" ordinary shares of 1 pence each - -  
3 3

The ordinary shares and the "A" shares carry the same rights and rank pari passu.

### 17 SHARE PREMIUM ACCOUNT

Share  
premium  
account  
£000

#### GROUP AND COMPANY

At beginning and end of period 18,998

### 18 REVALUATION RESERVE

£000

#### GROUP

At beginning and end of period 15,876

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

19	PROFIT AND LOSS RESERVE	Group £000	Company £000
	At beginning of period	327,409	6,789
	Profit for the period	174,924	502,169
	Dividends (see note 7)	(95,000)	(95,000)
	Exchange differences on retranslation of foreign subsidiary undertakings	7,413	-
	<b>At end of period</b>	<b>414,746</b>	<b>413,958</b>

20	MINORITY INTEREST	30 March 2014 £000	31 March 2013 £000
	Minority share of losses for the period	95	1,496
	Creation of provision against minority interest	(95)	(1,496)
		-	-

The directors have made a provision against the minority interest debtor as they consider the Group would have an obligation to provide finance that they may not be able to recover in respect of the accumulated losses in its subsidiary which are attributable to the minority interests.

21	RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES	52 week period ended 30 March 2014 £000	53 week period ended 31 March 2013 £000
	Operating profit	212,030	145,174
	Depreciation	28,710	32,958
	Amortisation and impairment of player registrations	15,355	27,097
	(Profit)/loss on sale of fixed assets	(10)	386
	Decrease in stock	297	153
	Increase in debtors	(27,569)	(19,437)
	Increase in creditors	68,157	67,187
	(Decrease)/increase in provisions	(26)	183
	<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>296,944</b>	<b>253,701</b>

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

22	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	<b>52 week period ended 30 March 2014 £000</b>	<b>53 week period ended 31 March 2013 £000</b>
	Increase in cash in the period	<b>108,146</b>	173,249
	Cash outflow from reduction in debt	-	43
		<b>108,146</b>	173,292
	Translation differences	<b>(1,470)</b>	469
	MOVEMENT IN NET FUNDS IN THE PERIOD	<b>106,676</b>	173,761
	Net funds at start of period	<b>432,352</b>	258,591
	<b>NET FUNDS AT END OF PERIOD</b>	<b>539,028</b>	432,352

23	ANALYSIS OF NET FUNDS	At 31 March 2013 £000	Cash flow £000	Exchange movements £000	At 30 March 2014 £000
	Cash at bank and in hand	432,352	108,146	(1,470)	539,028

## 24 COMMITMENTS

a)	Capital commitments	Group		Company	
		<b>30 March 2014 £000</b>	31 March 2013 £000	<b>30 March 2014 £000</b>	31 March 2013 £000
	Capital expenditure contracted for but not provided in the financial statements	<b>4,046</b>	6,395	<b>4,046</b>	5,130

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

### 24 COMMITMENTS (continued)

b)		<b>30 March 2014 £000</b>	<b>31 March 2013 £000</b>
----	--	-----------------------------------	-----------------------------------

At the period end the Group was committed to making the following payments during the next period under non-cancellable operating leases as follows:

Plant and machinery			
Expiring within one year	-	59	
Land and buildings			
Expiring within one year	188	-	
Expiring between two and five years	2,356	3,212	
Expiring after five years	586	601	
	<u>3,130</u>	<u>3,872</u>	

#### c) Ground safety grants

Stoke City Football Club Limited has received grants from The Football Trust in respect of the development of the Britannia Stadium which at the period end are included in deferred grants of £1,911,000 (2013: £1,965,000).

The Football Trust reserves the right to call for repayment of all or a proportion of any grant made if the facility which has attracted a grant ceases to be used or is sold by the football club.

#### d) Security

Barclays Bank plc holds a charge dated 18 December 2012 which provides cash cover against bank guarantees provided in relation to the Group's entry into certain regulated markets. This totalled €4.7m (Euros) at the period end date.

The Co-operative Bank has a first legal charge held over the leasehold interest in the Britannia Stadium and the Indoor Training Facility, this has been released on 1 April 2014.

National Westminster Bank plc holds a charge dated 9 March 2012 over a credit bank account of the Group which at 30 March 2014 amounted to AUD\$nil (2013: AUD\$200,000).

#### e) Contingent liabilities

bet365 Group Limited have confirmed they will provide financial support to Stoke City Holdings Limited and Stoke City Football Limited.

The directors do not consider it practicable to estimate the financial impact of this support on the Group and it is in place for at least 12 months from the date of signing of the subsidiaries statutory accounts.

The Group has issued trade guarantees amounting to £nil (2013: £343,000).

Additional transfer fees that may be payable if certain conditions of player contracts are met in the future have been estimated by the directors at the period end as a liability of £3,365,000 (2013: £4,774,000).



# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

---

### 25 PENSION COMMITMENTS

The Group operates a number of defined contribution pension schemes whose assets are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £2,891,000 (2013: £1,759,000). Contributions amounting to £792,000 (2013: £369,000) were payable to the scheme at the period end and are included in creditors. A provision amounting to £260,000 (2013: £286,000) is included in provisions (note 15).

### 26 RELATED PARTY TRANSACTIONS

In 2009 the Company made a loan of £1,500,000 to Mercer Street Securities Limited, a company in which Peter Coates has an interest. At the end of the period £1,353,000 (2013: £1,353,000) was outstanding to bet365 Group Limited. The loan is non-interest bearing. The directors established the transactions on an arm's length basis.

The subsidiary, Stoke City Football Club Limited, received loans from Stoke City Holdings Limited of £18,000,000 (2013: £15,000,000) during the period. At 30 March 2014, Stoke City Football Club Limited owed Stoke City Holdings Limited £57,376,000 (2013: £39,376,000).

No interest is charged on this loan and there are no set repayment terms.

Stoke City Football Club Limited was charged rent and facilities fees by Stoke City (Property) Limited of £4,626,000 (2013: £4,426,000). Stoke City Football Club Limited loaned £1,245,000 (2013: £3,420,000) to Stoke City (Property) Limited. The balance due from Stoke City (Property) Limited to Stoke City Football Club Limited at 30 March 2014 was £12,790,000 (2013: £11,052,000).

Stoke City (Property) Limited made purchases during the period of £288,000 (2013: £240,000) from ABM Catering Limited. The balance due to ABM Catering Limited at the period end was £56,000 (2013: £21,000). ABM Holdings Limited, the parent of ABM Catering Limited, is under common ownership of bet365 Group Limited.

Stoke City Football Club Limited received commission of £489,000 (2013: £390,000) in the period covering the provision of the catering facilities at the football ground. The amount due at the period end was £75,000 (2013: £36,000).

During the period the Group sponsored Stoke City Football Club Limited. The cost of this was £2,000,000 excluding VAT (2013: £1,644,000) in the period. There was no amount due at the period end in respect of the sponsorship.

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 30 March 2014

### 26 RELATED PARTY TRANSACTIONS (continued)

During the period dividend payments were made to the following directors:

	<b>30 March 2014 £</b>	<b>31 March 2013 £</b>
D Coates CBE	<b>47,737,570</b>	7,537,511
JF Coates	<b>23,750,234</b>	3,750,037
P Coates	<b>7,362,576</b>	1,162,512
WW Roseff	<b>6,333,479</b>	1,000,023

During the period the Group donated £105,500,000 (2013: £1,155,000) to the bet365 Foundation, a charity of which Denise Coates CBE, John Coates and Peter Coates are trustees.

The Foundation receives support from the bet365 Group Limited in respect of office space and other costs including management time, but the Group believe that this support is not quantifiable and measurable or material to disclose in the period.

At the period end the following balances are due to the directors and are included within other creditors:

	Loan received £000	Payments on behalf of directors £000	<b>30 March 2014 £'000</b>	<b>31 March 2013 £'000</b>
D Coates CBE	19,174	(18,624)	<b>1,053</b>	503
JF Coates	650	(689)	<b>58</b>	97
			<b>1,111</b>	600

No interest is charged on these loans and there are no set repayment terms.

### 27 CONTROLLING INTEREST

bet365 Group Limited is under the control of Denise Coates CBE and her family.