

bet365 Group Limited

REPORT AND FINANCIAL STATEMENTS

29 March 2015



Company Registration No. 04241161

bet365 Group Limited

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bet365 Group Limited

DIRECTORS AND ADVISORS

DIRECTORS

D Coates CBE

JF Coates

P Coates

WW Roseff

G Rotem (appointed 29 September 2014)

SECRETARY

SJ Adlington

REGISTERED OFFICE

Hillside

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5SH

AUDITOR

Baker Tilly UK Audit LLP

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

bet365 Group Limited

STRATEGIC REPORT

The directors have pleasure in submitting their Strategic Report for bet365 Group Limited for the period ended 29 March 2015.

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 15%. For the fifth consecutive year 'bet365' attained top spot in eGaming Review's Annual Power 50.

The most significant influence on the business during the period has been the key changes to the regulatory frameworks within the markets which the gambling side of the Group operates.

As a consequence of the above the Group reorganised its transactional remote gambling business in order to locate its operating hub in Gibraltar. This augmented the Group's existing presence in that jurisdiction which offers a mature and stable environment for international remote gambling operators. The Group now operates its international betting businesses under licences granted by the Government of Gibraltar.

bet365 currently holds licences in various territories including Great Britain, Spain, Denmark, Italy and Australia, and will continue with its long standing policy of pursuing licences in regulated markets. The Group, as a whole, remains committed to playing its part in helping to protect the integrity of sport and from 1 November 2014 continued to be licensed by the British Gambling Commission in respect of its British customers.

Aside from staff relocating to Gibraltar, the Group retained a significant presence in Stoke-on-Trent with some existing employees remaining there in to order support licensing agreements and to provide contracted support services to the Gibraltar operating hub, for example; licensing of software and brand use, outsourced customer services, contracted marketing services and back office support services.

Following the reorganisation the key trading function of the Group's Sports activities are now managed and controlled out of the Gibraltar operating hub. The hub also contracts with external trading services in locations around the world, as well as consuming services provided by Group Companies.

Overall, the Group's Sports and Gaming operating profit for the period before exceptional items rose to £406.4m (2014: £320.9m).

The four weeks of the FIFA Football World Cup Tournament generated a significant number of new customers, increased amounts wagered and strong revenue performance during the traditionally slower betting period of June and July.

Trading under the bet365 brand, the Group's Sports offering continued to benefit from a number of product-enhancing developments and investment during the period. For example, market leading customer experience and choice was further enhanced when bet365 became the first online sportsbook to introduce "Partial Cash Out" functionality, enabling customers to cash out just part of an active bet. The In-Play product again performed strongly, representing 75% of amounts wagered in the year.

The mobile sports product built upon the strong performance seen in previous years delivering an overall increase in amounts wagered of 59% and revenue growth of 66%, making mobile the most popular medium for betting.

A successful TV advertising campaign by the Group to support "Live On TV Soccer" again utilised the iconic Ray Winstone as its figurehead. In addition, the Group used Samuel L. Jackson to front TV advertising campaigns promoting bet365 products and the bet365 brand.

bet365 Group Limited

STRATEGIC REPORT

Continued investment in “Live Streaming” coverage saw the number of events streamed exceeding 60,000 for the period. The Group also continued to offer attractive customer promotions including, for the fifth consecutive year, a Kick-Off Bonus at the start of the new soccer season along with the World Cup Penalty Payback and numerous In-Play offers.

The combination of all of these factors helped to generate significant increases in new customers, with the lifetime number of signups approaching the 18.5 million mark during the period. Amounts wagered on Sports in the period exceeded £34 billion, increasing by some 33% over the prior period. Active Sports users increased by 43% to 4.1 million, with the number of signups and new depositors over 4.4 million and 2.3 million respectively during the period.

The Group’s dedicated Gaming operations again performed strongly, particularly in regulated markets. The mobile channel grew significantly, attributable to the release of new applications and improved game offerings. The mobile games portfolio increased from 148 to 364 games, enhancing customer choice. Significant double-digit growth in active players across the majority of products was driven by mobile activity.

Despite a worldwide decline in the Poker market, the Group, through a focus upon recreational players, achieved a 3% increase in Poker revenue. During the period mobile Poker was launched and by the end of the financial year it accounted for 47% of newly acquired players in the period.

The Group launched a new look Bingo site in September 2014. The continued introduction of minigames, combined with a strong mobile platform performance ensured that the product vertical delivered excellent growth. A redesign of the tablet app for Bingo in the first half of the year plus the launch of a HTML5 site later in the period, contributed to an overall growth of 44% in Bingo revenue.

Around the world the Sports and Gaming operations continue to adapt to the changing regulatory framework as markets continue to revise 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 continued to invest in IT infrastructure 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 9% during the period, ensuring the business is suitably resourced to manage business growth, with 2,926 staff employed within the Group’s Sports and Gaming Gambling operations and associated support activity at the end of the financial year.

bet365 Group Limited

STRATEGIC REPORT

During the period Stoke City Football Club contributed a profit of £0.8m compared to a loss in 2014 of £5.0m. The club maintained its Premier League status, finishing 9th in the league following further investment in the playing squad. The annual wage bill rose to £62.9m (2014: £60.4m).

During the period the Group donated a total of £10.0m (2014: £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.

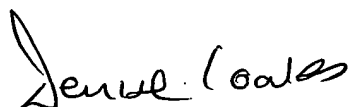
PRINCIPAL RISKS AND UNCERTAINTIES

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 the Group's trading teams 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 the Group's key markets can change, sometimes at short notice. Such changes could have an impact upon the results of the Group. Furthermore, additional costs might be incurred in order to comply with new laws and/or regulations. The Group's key markets are monitored for legislative and regulatory developments which enables swift assessment and, when and where necessary, adaptation to changes in the markets legal and regulatory environment.
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

24 September 2015

bet365 Group Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of bet365 Group Limited for the 52 week period ended 29 March 2015.

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 2.

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, and in-house 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.

REORGANISATION FOR REGULATORY REASONS

During the period, the Group carried out a review, for regulatory reasons, of its corporate structure with Gibraltar now acting as its new operating hub. As part of the restructure, Hillside (Shared Services) Limited and Hillside (Gibraltar) Limited became limited partners of the new Gibraltar partnerships to operate bet365's Sports and Gaming businesses. With effect from 29 September 2014 Hillside Sports GP and Hillside Gaming GP became the General Partners of the Limited Partnerships.

With effect from 29 September 2014 Hillside (Shared Services) Limited contributed substantially all of its sports business to the Gibraltar partnerships. In addition Hillside (Shared Services) Limited transferred its then other trade and related assets to fellow UK based subsidiaries. Following these transactions, with effect from 29 September, the UK based Companies principal activities became;

Hillside (Technology) Limited – Provision of IT Infrastructure, Software and IT Support Services.

Hillside (Media Services) Limited – Provision of Brand Licensing and Media Support Services.

Hillside (Trader Services) Limited & Hillside (Shared Services) Limited – Provision of Support Services.

BRANCHES

The Group formed unincorporated branches in Gibraltar during the period.

RESULTS AND DIVIDENDS

The Group's profit before exceptional items was £409,327,000 (2014: £323,790,000) from its gambling operations and a profit of £825,000 (2014: Loss of £4,969,000) on the Football Club and Stoke City (Property) Limited, resulting in a combined Group profit before taxation and exceptional items for the period of £410,152,000 (2014: £318,821,000).

The directors paid a total dividend of £75,000,000 during the period (2014: £95,000,000).

FUTURE DEVELOPMENTS

The Group will continue to invest in infrastructure and technology around the world, including the construction of a new office to consolidate all Stoke-on-Trent based staff in one location to deliver efficiencies and enhanced staff engagement. The move to the new office will take place in 2016.

The changing worldwide gambling and leisure industries may or may not provide opportunities for enhancing the Group's presence worldwide.

The Group encourages innovation in its product offerings, both by improving existing products and introducing new opportunities. Successful innovation attracts new customers and supports customer retention.

bet365 Group Limited

DIRECTORS' REPORT

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.

DIRECTORS

The following directors have held office since 30 March 2014, unless otherwise noted:

D Coates CBE

JF Coates

P Coates

WW Roseff

G Rotem (appointed 29 September 2014)

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 £10,129,000 (2014: £105,573,000), donating £10,000,000 (2014: £105,500,000) to the bet365 Foundation. 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.

bet365 Group Limited

DIRECTORS' REPORT

AUDITOR

Baker Tilly UK Audit LLP, Chartered Accountants, were appointed as 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

24 September 2015

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; and
- 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 10 to 42. 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 8, 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 29 March 2015 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

25 September 2015

bet365 Group Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the 52 week period ended 29 March 2015

	Note	52 week period ended 29 March 2015			52 week period ended 30 March 2014
		Sports and gaming £000	Football Club and facilities £000	Total £000	£000
AMOUNTS WAGERED		34,683,633	-	34,683,633	26,471,290
TURNOVER	1	1,474,789	95,836	1,570,625	1,370,887
Direct costs		(235,832)	-	(235,832)	(232,576)
GROSS PROFIT		1,238,957	95,836	1,334,793	1,138,311
Administrative expenses					
- recurring costs		(832,526)	(96,283)	(928,809)	(821,281)
- exceptional costs – donations paid		-	-	-	(105,000)
TOTAL ADMINISTRATIVE EXPENSES		(832,526)	(96,283)	(929,809)	(926,281)
OPERATING PROFIT/(LOSS)		406,431	(447)	405,984	212,030
Profit on sale of fixed assets		-	55	55	-
Profit/(loss) on disposal of players' registrations		-	1,176	1,176	(1,168)
Interest receivable and similar income	2	2,897	42	2,939	2,961
Interest payable and similar charges	3	(1)	(1)	(2)	(2)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1-5	409,327	825	410,152	213,821
Taxation	6			(82,579)	(38,897)
PROFIT FOR THE PERIOD	19			327,573	174,924

Turnover and operating profit are derived from the Group's continuing operations.

bet365 Group Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

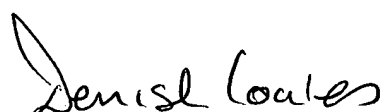
For the 52 week period ended 29 March 2015

	Group	
	52 week period ended 29 March 2015 £000	52 week period ended 30 March 2014 £000
Profit for the financial period	327,573	174,924
Exchange differences arising on retranslation of overseas undertakings	2,986	7,413
Unrealised deficit on revaluation of property	(2,126)	-
Total recognised gains for the period	<u>328,433</u>	<u>182,337</u>

bet365 Group Limited
CONSOLIDATED BALANCE SHEET
At 29 March 2015

	Note	29 March 2015		30 March 2014	
		£000	£000	£000	£000
FIXED ASSETS					
Intangible assets	8		27,276		36,588
Tangible assets	9		127,731		119,887
			<u>155,007</u>		<u>156,475</u>
CURRENT ASSETS					
Stocks	11	216		139	
Debtors					
(amounts due after more than one year: £1,376,000 (2014: £2,696,000))	12	136,520		110,033	
Cash at bank and in hand		915,206		539,028	
		<u>1,051,942</u>		<u>649,200</u>	
CREDITORS: Amounts falling due within one year	13	<u>(491,464)</u>		<u>(347,025)</u>	
NET CURRENT ASSETS			<u>560,478</u>		<u>302,175</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>715,485</u>		<u>458,650</u>
CREDITORS: Amounts falling due after more than one year	14		(12,196)		(8,767)
PROVISIONS FOR LIABILITIES	15		(233)		(260)
NET ASSETS			<u>703,056</u>		<u>449,623</u>
CAPITAL AND RESERVES					
Called up share capital	16		3		3
Share premium account	17		18,998		18,998
Revaluation reserve	18		13,750		15,876
Profit and loss reserve	19		670,305		414,746
SHAREHOLDERS' FUNDS			<u>703,056</u>		<u>449,623</u>

The financial statements on pages 10 to 42 were approved by the board of directors and authorised for issue on **24 September** 2015 and are signed on its behalf by:



Denise Coates CBE
Director

Company Registration No. 04241161

bet365 Group Limited
COMPANY BALANCE SHEET
At 29 March 2015

	Note	29 March 2015		30 March 2014	
	1	£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	9		22,483		20,512
Investments	10		10,000		10,000
			<hr/>		<hr/>
			32,483		30,512
CURRENT ASSETS					
Debtors					
(amounts due after more than one					
year: £1,376,000 (2014: £96,581,000))	12	198,580		404,582	
Cash at bank and in hand		317,027		-	
		<hr/>		<hr/>	
		515,607		404,582	
CREDITORS: Amounts falling due					
within one year	13	(56,674)		(1,990)	
		<hr/>		<hr/>	
NET CURRENT ASSETS			458,933		402,592
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT					
LIABILITIES			491,416		433,104
CREDITORS: Amounts falling due					
after more than one year	14		(10,299)		-
PROVISIONS FOR LIABILITIES	15		-		(145)
			<hr/>		<hr/>
NET ASSETS			481,117		432,959
			<hr/>		<hr/>
CAPITAL AND RESERVES					
Called up share capital	16		3		3
Share premium account	17		18,998		18,998
Profit and loss reserve	19		462,116		413,958
			<hr/>		<hr/>
SHAREHOLDERS' FUNDS			481,117		432,959
			<hr/>		<hr/>

The financial statements on pages 10 to 42 were approved by the board of directors and authorised for issue on **24 September** 2015 and are signed on its behalf by:



Denise Coates CBE
Director

Company Registration No. 04241161

bet365 Group Limited

CONSOLIDATED CASH FLOW STATEMENT

For the 52 week period ended 29 March 2015

	Note	52 week period ended 29 March 2015		52 week period ended 30 March 2014	
		£000	£000	£000	£000
CASH FLOW FROM OPERATING ACTIVITIES	21		545,902		296,944
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		3,450		2,298	
Interest paid		(2)		(2)	
NET CASH INFLOW FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			3,448		2,296
TAXATION			(45,636)		(46,955)
CAPITAL EXPENDITURE					
Purchase of intangible assets		(7,848)		(12,133)	
Sale of intangible assets		3,325		1,252	
Purchase of tangible fixed assets		(46,901)		(38,492)	
Sale of tangible fixed assets		732		234	
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE			(50,692)		(49,139)
DIVIDENDS PAID	7		(75,000)		(95,000)
INCREASE IN CASH IN THE PERIOD	23		378,022		108,146

bet365 Group Limited

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the 52 week period ended 29 March 2015

	Note	Group 52 week period ended 29 March 2015 £000	52 week period ended 30 March 2014 £000	Company 52 week period ended 29 March 2015 £000	52 week period ended 30 March 2014 £000
PROFIT FOR THE FINANCIAL PERIOD		327,573	174,924	123,158	502,169
Dividends	7	(75,000)	(95,000)	(75,000)	(95,000)
		252,573	79,924	48,158	407,169
Exchange differences arising on retranslation of overseas undertakings		2,986	7,413	-	-
Other recognised gains and losses relating to the year		(2,126)	-	-	-
NET ADDITION TO SHAREHOLDERS' FUNDS		253,433	87,337	48,158	407,169
Opening shareholders' funds		449,623	362,286	432,959	25,790
CLOSING SHAREHOLDERS' FUNDS		703,056	449,623	481,117	432,959

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 29 March 2015 except for Stoke City Holdings Limited and Stoke City Football Club Limited which have a 31 May 2015 year end to align the financial year end with the commercial considerations of the individual entities. Detailed management accounts at 31 March 2015 have been used as a basis for the consolidation of these subsidiaries. Stoke City (Property) Limited's year end is 31 March 2015.

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

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. A respective credit is taken to allow for the double tax relief allowable where appropriate.

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 online 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.

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2015

1 SEGMENTAL REPORT

A geographical analysis of turnover, profit before taxation and net assets 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 52 week period ended 30 March 2014 is shown below:

	52 week period ended 30 March 2014		
	Sports and gaming £000	Football Club and facilities £000	Total £000
AMOUNTS WAGERED	26,471,290	-	26,471,290
TURNOVER	1,284,163	86,724	1,370,887
Direct costs	(232,576)	-	(232,576)
GROSS PROFIT	1,051,587	86,724	1,138,311
Administrative expenses:			
- recurring	(730,734)	(90,547)	(821,281)
- exceptional item	(105,000)	-	(105,000)
TOTAL ADMINISTRATIVE EXPENSES	(835,734)	(90,547)	(926,281)
OPERATING PROFIT/(LOSS)	215,853	(3,823)	212,030
Loss on disposal of players' registrations	-	(1,168)	(1,168)
Interest receivable and similar income	2,937	24	2,961
Interest payable and similar charges	-	(2)	(2)
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	218,790	(4,969)	213,821

Included in sports and gaming administrative expenses is an exceptional item of £105,000,000 (see note 4).

2	INTEREST RECEIVABLE AND SIMILAR INCOME	52 week period ended 29 March 2015 £000	52 week period ended 30 March 2014 £000
	Bank interest	2,939	2,961

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2015

3	INTEREST PAYABLE AND SIMILAR CHARGES	52 week	52 week
		period	period
		ended 29	ended 30
		March	March
		2015	2014
		£000	£000
	On bank loans	2	2
		<u>2</u>	<u>2</u>
4	PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	52 week	52 week
		period	period
		ended 29	ended 30
		March	March
		2015	2014
		£000	£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	28,860	28,710
	Impairment of fixed assets	7,323	-
	Amortisation of player registrations	13,557	17,323
	Impairment of players' registrations/(reversal of impairment)	1,454	(1,968)
	Loss/(profit) on sale of fixed assets – included in operating expenses	1	(10)
	Operating lease rentals:		
	Plant and machinery	63	51
	Land and buildings	6,363	4,001
	Grants released	(54)	(54)
	Software development	18,121	17,599
		<u>18,121</u>	<u>17,599</u>
	Exceptional items:		
	Charitable contribution – donation paid	-	105,000
		<u>-</u>	<u>105,000</u>

In the previous 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. In 2015 a further £10,000,000 was donated as an expendable endowment.

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2015

4	PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)	52 week period ended 29 March 2015 £000	52 week period ended 30 March 2014 £000
	Audit services:		
	Statutory audit of parent and consolidation accounts	12	6
	Other services:		
	Audit of subsidiaries where such services are provided by Baker Tilly associates	14	21
	Audit of subsidiaries where such services are provided by Baker Tilly UK Audit LLP	283	162
	Work performed by associates of Baker Tilly in respect of consolidation returns or legal legislative requirements	-	7
	Tax services:		
	Compliance services	30	29
	Advisory services	64	419
	Further assurance services	12	18
	All other non-audit services	166	121
		<hr/>	<hr/>
		581	783
		<hr/>	<hr/>
	Comprising:		
	Audit services	309	189
	Non-audit services	272	594
		<hr/>	<hr/>
		581	783
		<hr/>	<hr/>

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 29 March 2015

5	EMPLOYEES	52 week period ended 29 March 2015 Number	52 week period ended 30 March 2014 Number
	The average monthly number of persons (including directors) employed by the Group during the period was:		
	Managers and supervisors	288	262
	Operations and service support staff – betting and gaming group	2,582	2,316
	Operations staff – football group	240	228
	Full time playing staff and scholars	69	69
		<u>3,179</u>	<u>2,875</u>

In addition to the above the Group employed an average of 271 (2014: 263) match-day staff during the period.

	52 week period ended 29 March 2015 £000	52 week period ended 30 March 2014 £000
Staff costs for the above persons:		
Wages and salaries	220,527	175,326
Social security costs	27,120	20,078
Other pension costs	4,992	2,891
	<u>252,639</u>	<u>198,295</u>

DIRECTORS' REMUNERATION

	52 week period ended 29 March 2015 £000	52 week period ended 30 March 2014 £000
Emoluments	<u>49,775</u>	<u>21,260</u>

No directors accrue benefits under the money purchase scheme.

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2015

5 EMPLOYEES (continued)

	Highest paid director	
	52 week period ended 29 March 2015 £000	52 week period ended 30 March 2014 £000
Directors' emoluments disclosed include the following payments:		
Emoluments	30,004	13,041

6 TAXATION	52 week period ended 29 March 2015 £000	52 week period ended 30 March 2014 £000
Current tax:		
UK corporation tax on profits of the period	59,650	28,659
Overseas tax	25,462	12,354
Adjustments in respect of previous period	465	(1,037)
Total current tax	85,577	39,976
Deferred tax:		
Origination and reversal of timing differences	(2,805)	(1,807)
Adjustments in respect of previous period	(193)	728
Total deferred tax	(2,998)	(1,079)
Tax on profit on ordinary activities	82,579	38,897

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2015

6 TAXATION (continued)

Factors affecting tax charge for the period:	52 week period ended 29 March 2015 £000	52 week period ended 30 March 2014 £000
The tax assessed for the period is lower (2014: lower) than the average standard rate of corporation tax in the UK 21% (2014: 23%). The differences are explained below:		
Profit on ordinary activities before tax	410,152	213,821
Profit on ordinary activities multiplied by the average standard rate of corporation tax in the UK 21% (2014: 23%)	86,132	49,179
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2,329	859
Fixed asset timing differences	1,787	1,914
Other timing differences	1,881	(630)
Difference in tax rate of overseas subsidiaries	(10,635)	(17,673)
Utilised tax losses	(147)	-
Adjustments in respect of previous period	465	(1,037)
Unutilised tax losses carried forward	3,773	7,364
Currency translation variance	(8)	-
Current tax charge for the period	85,577	39,976

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2015

7	DIVIDENDS	52 week period ended 29 March 2015 £000	52 week period ended 30 March 2014 £000
	Ordinary and A Ordinary shares: Dividends paid	75,000	95,000

During the period 2 tranches (2014: 3 tranches) of dividends of £132.75 and £116.16 (2014: £116.16, £82.97 and £116.16) per share were paid by the company amounting to £75m (2014: £95m) in total.

8 INTANGIBLE FIXED ASSETS

	Goodwill – Sports and gaming £000	Goodwill – Football Club and facilities £000	Player registrations £000	Total £000
GROUP				
<i>Cost</i>				
At beginning of period	14,378	7,187	86,730	108,295
Additions	-	224	7,624	7,848
Disposals	-	-	(14,698)	(14,698)
At end of period	14,378	7,411	79,656	101,445
<i>Amortisation</i>				
At beginning of period	10,205	-	61,502	71,707
Charge for the period	-	-	13,557	13,557
On disposals	-	-	(12,549)	(12,549)
Impairments	-	-	1,454	1,454
At end of period	10,205	-	63,964	74,169
<i>Net book value</i>				
At 29 March 2015	4,173	7,411	15,692	27,276
At 30 March 2014	4,173	7,187	25,228	36,588

The goodwill addition of £224,000 in the period relates to the additional investment in Stoke City Football Club Limited increasing the percentage of ordinary shares held from 96.8% to 97.4%.

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2015

9 TANGIBLE FIXED ASSETS

	Assets 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
GROUP							
<i>Cost or valuation</i>							
At beginning of period							
- Cost	7,078	16,759	14,193	900	161,320	13,666	213,916
- Valuation	-	-	-	34,000	-	-	34,000
Additions	9,409	70	-	498	33,926	2,998	46,901
Disposals	-	(281)	-	-	(770)	(982)	(2,033)
Transfer	-	297	-	-	(297)	-	-
Translation differences	-	-	-	-	(8)	(64)	(72)
Revaluation	-	-	-	(2,126)	-	-	(2,126)
	<u>16,487</u>	<u>16,845</u>	<u>14,193</u>	<u>33,272</u>	<u>194,171</u>	<u>15,618</u>	<u>290,586</u>
At end of period							
- Cost	16,487	16,845	14,193	172	194,171	15,618	257,486
- Valuation	-	-	-	33,100	-	-	33,100
	<u>16,487</u>	<u>16,845</u>	<u>14,193</u>	<u>33,272</u>	<u>194,171</u>	<u>15,618</u>	<u>290,586</u>
<i>Depreciation</i>							
At beginning of period	-	637	574	-	119,776	7,042	128,029
Charged in the period	-	318	140	-	25,588	2,814	28,860
On disposals	-	(4)	-	-	(490)	(863)	(1,357)
Transfer	-	239	-	-	(239)	-	-
Impairment	-	-	7,323	-	-	-	7,323
	<u>-</u>	<u>1,190</u>	<u>8,037</u>	<u>-</u>	<u>144,635</u>	<u>8,993</u>	<u>162,855</u>
At end of period	-	1,190	8,037	-	144,635	8,993	162,855
<i>Net book value</i>							
At 29 March 2015	<u>16,487</u>	<u>15,655</u>	<u>6,156</u>	<u>33,272</u>	<u>49,536</u>	<u>6,625</u>	<u>127,731</u>
At 30 March 2014	<u>7,078</u>	<u>16,122</u>	<u>13,619</u>	<u>34,900</u>	<u>41,544</u>	<u>6,624</u>	<u>119,887</u>

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2015

9 TANGIBLE FIXED ASSETS (continued)

In March 2015 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, inclusive of £900,000 of plant and machinery. The valuation excluding this plant totalled £33,100,000.

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

	Football Stadium	
	2015	2014
	£000	£000
Cost	19,350	18,124
	<hr/>	<hr/>
Aggregate depreciation	-	-
	<hr/>	<hr/>

The net book value of leasehold land and buildings comprises:

	29 March	30 March
	2015	2014
	£000	£000
Long leasehold	5,996	13,434
Short leasehold	160	185
	<hr/>	<hr/>
	6,156	13,619
	<hr/>	<hr/>

Depreciation in respect of long leasehold properties in the period was £115,000 (2014: £114,000) and short leasehold properties in the period was £25,000 (2014: £74,000). The long leasehold properties were impaired in the period by £7,323,000 (2014: £nil).

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2015

9 TANGIBLE FIXED ASSETS (continued)

	Assets under construction £000	Leasehold land and buildings £000	Total £000
COMPANY			
<i>Cost</i>			
At beginning of period	7,078	13,548	20,626
Additions	9,409	-	9,409
	<hr/>	<hr/>	<hr/>
At end of period	16,487	13,548	30,035
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of period	-	114	114
Charged in the period	-	115	115
Impairment	-	7,323	7,323
	<hr/>	<hr/>	<hr/>
At end of period	-	7,552	7,552
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 29 March 2015	16,487	5,996	22,483
	<hr/>	<hr/>	<hr/>
At 30 March 2014	7,078	13,434	20,512
	<hr/>	<hr/>	<hr/>

The net book value of leasehold land and buildings comprises:

	29 March 2015 £000	30 March 2014 £000
Long leasehold	5,996	13,434
	<hr/>	<hr/>

10 FIXED ASSET INVESTMENTS

COMPANY

Cost and net book value

At beginning of period	10,000
Additions	-
	<hr/>
At end of period	10,000
	<hr/>

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2015

10 FIXED ASSET INVESTMENTS (continued)

The Group 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 (Shared Services) Limited (formerly Hillside (New Media) Limited)	UK	Provision of internet, mobile and telephone sports betting, and software development – up to 28 September 2014 From 29 September 2014 – provision of administration support services	100%	-
Hillside (Trader Services) Limited	UK	Provision of trader services	100%	100%
Hillside (Media Services) Limited	UK	Provision of media services	100%	100%
bet365 International NV	Netherlands Antilles	Dormant	100%	-
Hillside (Technology) Limited (formerly Hillside (Platform Services) Limited)	UK	Provision of software and technology support services	100%	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 online casino, poker, bingo and games	100%	-
Hillside (Alderney) Limited	Alderney	Dormant	100%	-
Hillside (New Media Holdings Malta) Limited (formerly Hillside (Malta Holdings) Limited)	Malta	Holding company	100%	-
Hillside (New Media Malta) Limited (formerly Hillside (Malta) Limited)	Malta	Dormant	100%	-

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2015

10 FIXED ASSET INVESTMENTS (continued)

<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 (Marketing Malta) Limited	Malta	Dormant	100%	-
Hillside (Technology Malta) Limited	Malta	Provision of technology support services	100%	-
Hillside (Bulgaria) EOOD	Bulgaria	Dormant	100%	-
Hillside (Sports) GP Limited	Gibraltar	Provision of administration support	100%	-
Hillside (Gaming) GP Limited	Gibraltar	Provision of administration support	100%	-
Stoke City Holdings Limited	UK	Holding company	100%	100%
Stoke City Football Club Limited	UK	Football Club	97.4%	-
Stoke City (Property) Limited	UK	Provision of stadium and training ground facilities	100%	-

The Group controls more than 20% of the equity of the following Limited Partnerships:

<i>Undertaking</i>	<i>Country of registration</i>	<i>Principal activity</i>	<i>Percentage of control</i>	
			<i>Group</i>	<i>Company</i>
Hillside (International Sports) LP	Gibraltar	Provision of internet, mobile and telephone sports betting	100%	-
Hillside (Sports) LP	Gibraltar	Provision of internet, mobile and telephone sports betting	100%	-
Hillside (UK Sports) LP	Gibraltar	Provision of internet, mobile and telephone sports betting	100%	-
Hillside (International Gaming) LP	Gibraltar	Provision of on-line casino, poker, bingo and games	100%	-
Hillside (Gaming) LP	Gibraltar	Provision of online casino, poker, bingo and games	100%	-

On 13 June 2014 the Group acquired further shares in Stoke City Football Club Limited of £223,590. This increased the percentage of shares held from 96.8% to 97.4%.

bet365 Group Limited
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11	STOCKS	Group		Company	
		29 March 2015 £000	30 March 2014 £000	29 March 2015 £000	30 March 2014 £000
	Finished goods	216	139	-	-
12	DEBTORS	Group		Company	
		29 March 2015 £000	30 March 2014 £000	29 March 2015 £000	30 March 2014 £000
	<i>Due within one year:</i>				
	Trade debtors	5,228	1,835	-	-
	Amounts owed by group undertakings	-	-	191,355	308,001
	Corporation tax	-	-	503	-
	Other debtors	108,077	79,130	3,556	-
	Prepayments and accrued income	11,377	18,908	-	-
	Deferred tax asset (see note 15)	10,462	7,464	1,790	-
		135,144	107,337	197,204	308,001
	<i>Due after more than one year:</i>				
	Amounts owed by group undertakings	-	-	-	95,228
	Other debtors	1,376	2,696	1,376	1,353
		1,376	2,696	1,376	96,581
		136,520	110,033	198,580	404,582

bet365 Group Limited
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For the 52 week period ended 29 March 2015

13 CREDITORS: Amounts falling due within one year

	Group		Company	
	29 March 2015 £000	30 March 2014 £000	29 March 2015 £000	30 March 2014 £000
Trade creditors	193,471	138,917	74	-
Amounts owed to group undertakings	-	-	369	1,615
Corporation tax	55,711	15,770	-	-
Other taxation and social security costs	7,169	12,485	443	-
Other creditors	88,836	59,546	1,650	11
Accruals and deferred income	146,277	120,307	54,138	364
	<u>491,464</u>	<u>347,025</u>	<u>56,674</u>	<u>1,990</u>

Included in trade creditors is an amount of £187,349,000 (2014: £121,658,000) 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	
	29 March 2015 £000	30 March 2014 £000	29 March 2015 £000	30 March 2014 £000
Trade creditors	84	1,240	-	-
Accruals and deferred income	12,112	7,527	10,299	-
	<u>12,196</u>	<u>8,767</u>	<u>10,299</u>	<u>-</u>

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2015

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	
	29 March	30 March	29 March	30 March
	2015	2014	2015	2014
	£000	£000	£000	£000
At start of period	1,911	1,965	-	-
Grants released to the profit and loss account	(54)	(54)	-	-
At end of period	1,857	1,911	-	-

	Group		Company	
	29 March	30 March	29 March	30 March
	2015	2014	2015	2014
	£000	£000	£000	£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	1,587	1,641	-	-
	1,857	1,911	-	-

15 PROVISIONS FOR LIABILITIES

	Pension obligations £000
GROUP	
At start of period	260
Credit in the period	(27)
At end of period	233

bet365 Group Limited
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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 £26,000 (2014: £111,000).

GROUP

	£000
DEFERRED TAXATION ASSET	
At beginning of period	(7,464)
Credit to the profit and loss account	(2,998)
	<hr/>
At end of period	(10,462)
	<hr/>

The elements of the deferred tax asset are as follows:

	Provided		Unprovided	
	29 March	30 March	29 March	30 March
	2015	2014	2015	2014
	£000	£000	£000	£000
Fixed asset timing differences	7,849	6,175	132	128
Other timing differences	2,613	1,289	639	597
Tax losses	-	-	19,517	17,018
	<hr/>	<hr/>	<hr/>	<hr/>
	10,462	7,464	20,288	17,743
	<hr/>	<hr/>	<hr/>	<hr/>

In respect of the Group there are unutilised tax losses available for future use of £19,517,000 (2014: £17,018,000) 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 £2,375,000 (2014: £2,657,000) and would be payable if the stadium was sold at its valuation.

bet365 Group Limited
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15 PROVISIONS FOR LIABILITIES (continued)

COMPANY

DEFERRED TAX – (ASSET)/LIABILITY	£000
At beginning of period	145
Credit to the profit and loss account	(1,935)
	<hr/>
At end of period - asset	(1,790)
	<hr/>

COMPANY

	29 March 2015 £000	30 March 2014 £000
Fixed timing differences - liability	291	145
Other timing differences – asset	(2,081)	-
	<hr/>	<hr/>
(Asset)/Liability at end of period	(1,790)	145
	<hr/>	<hr/>

16 SHARE CAPITAL

GROUP AND COMPANY

	29 March 2015 £000	30 March 2014 £000
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	-	-
	<hr/>	<hr/>
	3	3
	<hr/>	<hr/>

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

17 SHARE PREMIUM ACCOUNT

GROUP AND COMPANY

At beginning and end of period	18,998
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Share
premium
account
£000

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2015

18	REVALUATION RESERVE		£000
	GROUP		
	At beginning of period		15,876
	Deficit on revaluation of property		(2,126)
			<hr/>
	At end of period		13,750
			<hr/>
19	PROFIT AND LOSS RESERVE	Group £000	Company £000
	At beginning of period	414,746	413,958
	Profit for the period	327,573	123,158
	Dividends (see note 7)	(75,000)	(75,000)
	Exchange differences on retranslation of foreign subsidiary undertakings	2,986	-
		<hr/>	<hr/>
	At end of period	670,305	462,116
		<hr/>	<hr/>
20	MINORITY INTEREST	29 March 2015 £000	30 March 2014 £000
	Minority share of losses for the period	21	95
	Creation of provision against minority interest	(21)	(95)
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>

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.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2015

21	RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES			
		52 week period ended 29 March 2015 £000	52 week period ended 30 March 2014 £000	
	Operating profit	405,984	212,030	
	Depreciation	28,860	28,710	
	Impairment of fixed assets	7,323	-	
	Amortisation and impairment of player registrations	15,011	15,355	
	Loss/(profit) on sale of fixed assets	1	(10)	
	(Increase)/decrease in stock	(77)	297	
	Increase in debtors	(24,936)	(27,569)	
	Increase in creditors	113,763	68,157	
	Decrease in provisions	(27)	(26)	
	NET CASH FLOW FROM OPERATING ACTIVITIES	545,902	296,944	
22	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
		52 week period ended 29 March 2015 £000	52 week period ended 30 March 2014 £000	
	Increase in cash in the period	378,022	108,146	
	Translation differences	378,022 (1,844)	108,146 (1,470)	
	MOVEMENT IN NET FUNDS IN THE PERIOD	376,178	106,676	
	Net funds at start of period	539,028	432,352	
	NET FUNDS AT END OF PERIOD	915,206	539,028	
23	ANALYSIS OF NET FUNDS			
		At 30 March 2014 £000	Cash flow £000	Exchange movements £000
				At 29 March 2015 £000
	Cash at bank and in hand	539,028	378,022	(1,844)
				915,206

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2015

24 COMMITMENTS

a)	Capital commitments	Group		Company	
		29 March 2015 £000	30 March 2014 £000	29 March 2015 £000	30 March 2014 £000
	Capital expenditure contracted for but not provided in the financial statements	16,913	4,046	16,913	4,046

b)	Commitments under operating leases	29 March 2015 £000	30 March 2014 £000
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At the period end the Group was committed to making the following payments during the next period under non-cancellable operating leases as follows:

Land and buildings		
Expiring within one year	94	188
Expiring between two and five years	3,119	2,356
Expiring after five years	656	586
	3,869	3,130

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 £1,857,000 (2014: £1,911,000).

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.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2015

24 COMMITMENTS (continued)

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 £11,737,000 (2014: £nil).

In accordance with the Group's accounting policies for transfer fees linked to player contracts and other contracts in place, any additional fees are accounted for under these agreements in the period that it becomes probable that the condition is fulfilled.

Additional fees under these contracts that may therefore be payable if certain conditions are met in the future, have been estimated by the directors at the period end date at £5,851,000 (2014: £3,365,000).

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 £4,461,000 (2014: £2,891,000). Contributions amounting to £501,000 (2014: £792,000) were payable to the scheme at the period end and are included in other creditors. A provision amounting to £233,000 (2014: £260,000) is included in provisions (note 15).

26 RELATED PARTY TRANSACTIONS

The subsidiary, Stoke City Football Club Limited, received loans from Stoke City Holdings Limited of £2,000,000 (2014: £18,000,000) during the period. At 29 March 2015, Stoke City Football Club Limited owed Stoke City Holdings Limited £59,376,000 (2014: £57,376,000).

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 £4,746,000 (2014: £4,626,000). Stoke City Football Club Limited loaned £5,903,000 (2014: £1,245,000) to Stoke City (Property) Limited. The balance due from Stoke City (Property) Limited to Stoke City Football Club Limited at 29 March 2015 was £13,809,000 (2014: £12,790,000).

Stoke City (Property) Limited made purchases during the period of £276,000 (2014: £288,000) from ABM Catering Limited. The balance due to ABM Catering Limited at the period end was £59,000 (2014: £56,000). ABM Holdings Limited, the parent of ABM Catering Limited, is under common ownership of bet365 Group Limited.

Stoke City Football Club Limited received commission from ABM Catering Limited of £514,000 (2014: £489,000) in the period covering the provision of the catering facilities at the football ground and made purchases during the period of £895,000 (2014: £971,000). The amount due to Stoke City Football Club Limited at the period end was £254,000 (2014: £75,000).

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2015

26 RELATED PARTY TRANSACTIONS (continued)

During the period the Group sponsored Stoke City Football Club Limited. The cost of this was £2,000,000 excluding VAT (2014: £2,000,000) in the period. There was no amount due at the period end in respect of the sponsorship. There were also other services to Stoke City Football Club Limited of £132,000 (2014: £nil) and from Stoke City Football Club Limited of £45,000 (2014: £nil).

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

	29 March 2015 £000	30 March 2014 £000
D Coates CBE	37,688	47,738
JF Coates	18,750	23,750
P Coates	5,813	7,363
WW Roseff	5,000	6,333

During the period the Group donated £10,000,000 (2014: £105,500,000) 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.

27 CONTROLLING INTEREST

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