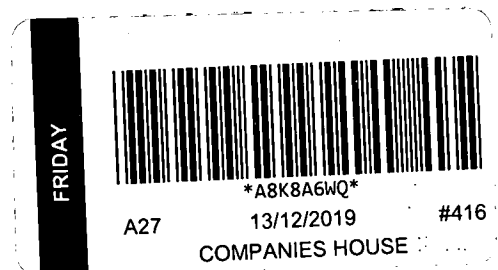


bet365 Group Limited

REPORT AND FINANCIAL STATEMENTS

31 March 2019



Company Registration No. 04241161

bet365 Group Limited

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bet365 Group Limited

COMPANY INFORMATION

DIRECTORS

D Coates CBE

JF Coates

P Coates

WW Roseff

SECRETARY

SJ Adlington

REGISTERED OFFICE

bet365 House

Media Way

Stoke-on-Trent

ST1 5SZ

AUDITOR

RSM 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 53 week period ended 31 March 2019.

DENISE COATES CBE (JOINT GROUP 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.

The Group's Sports offering evolved further with the release of a "Cash Out" option within the "Bet Builder" feature on both In-Play and Pre-Match and the enhancement of the "Edit My Bet" functionality, now available for "Each Way" bets.

Additionally, the Group continued to invest in further development of its responsible gambling programme, more detail is provided on the next page.

The Gaming product continued to grow assisted by significant investment in the development of in-house Games, the delivery of Native Apps in key regulated markets, and strong live Casino growth. In addition, the number of unique new games available to customers increased in the period. As a result the Group's Gaming operations experienced improved player retention and, ultimately, an increase in the number of active customers over the period.

Marketing expenditure again increased, primarily as a result of the 2018 FIFA World Cup, whilst the Group was also keen to deliver a strong emphasis on promoting the message of safer gambling.

Around the world the Sports and Gaming operations continue to adapt to the changing regulatory framework as jurisdictions revise their regulatory regimes. bet365 holds licences in various territories including; Australia, Bulgaria, Cyprus, Denmark, Estonia, Gibraltar, Great Britain, Greece, Ireland, Italy, Malta, Spain, Sweden and most recently the United States of America where the Group launched its online operations in the state of New Jersey.

The Group will continue with its long standing policy of pursuing licences in regulated markets and, given the Group's experience in regulated markets, it believes it is well placed to benefit long-term in those countries where commercially viable regulation is adopted.

Over recent years the Sports and Gaming segment of the Group has made substantial charitable donations. This continued in the period with a total of £85.0m being donated (2018: £75.0m) to the Denise Coates 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.

Looking forward, the Sports, Gaming and associated support functions will continue to make sure that they are suitably resourced to manage business growth, deliver innovative product development, provide a safe and high quality customer experience, maintain robust processes that ensure compliance with the requirements of multiple regulatory frameworks and maintain their collective position at the forefront of the industry – a position recognised again in the year as 'bet365' attained top spot in eGaming Review's Annual Power 50, winning the award for the ninth consecutive year.

bet365 Group Limited

STRATEGIC REPORT

RESPONSIBLE GAMBLING

The Group's ambition to provide world-leading products and services is matched by an unwavering commitment to deliver industry leading approaches to player protection.

For a number of years, the Group has employed a range of proactive player protection measures designed to alert customers to their betting and gaming patterns and to seek to identify potentially at-risk customers.

A key focus for the Group going forward is the improvement of the methods it uses to identify harmful play and deliver effective customer interactions, designed to make customers better aware of their own behaviour and offer real solutions allowing customers to take control of their gambling.

The Group's flagship Early Risk Detection System (ERDS) monitors customer activity for behaviours that may indicate a potential concern. Where concerns are identified, customers are interacted with through a variety of means, including on site messages and telephone calls. Ideally, these interactions result in the customer agreeing to regulate their behaviour; evaluation of ERDS shows that resulting interactions have a positive impact on player behaviour and use of gambling management tools. However, in a number of instances the Group will take the decision for the customer and ultimately terminate the relationship if it feels the risk of harm is too high.

These systems are continually updated, and over the last year the Group has progressed a range of projects designed to deliver on this core commitment.

The Group has been exploring the potential usefulness of machine learning techniques to develop ERDS further, and significantly improve its detection of at-risk behaviours. A preliminary model has been developed which will shortly be put through its initial phase of testing.

The Group is partnered with Focal Research (a social research company based in Canada) and is developing a practical tool using player data to identify high-risk gambling patterns among its customers; additionally, and to maximise the impact of the resulting customer interactions, the Group is also using the same data to inform how it communicates with high-risk customers.

The Group has continued its partnership with the Behavioural Insights Team (BIT) in Great Britain to explore how their experience from other sectors can be applied to gambling and used to identify best practice in customer interaction. Following an initial pilot trial, the Group is now progressing the next phase of BIT's work.

Additionally, the Group is improving how it carries out more direct forms of customer interaction. Utilising the experience of GamCare in Great Britain, the Group is developing the training provided to specialist customer-facing staff, in particular through the development of core skills such as motivational strategies for encouraging customers to take positive steps in controlling their gambling.

In addition to improvements in the identification and interaction with at-risk customers, the Group is committed to providing all customers access to better tools to help them manage their gambling; in clear recognition of the fact that approaches to social responsibility concern all customers, and not just those who may be at-risk or currently experiencing harm.

The Group has established a dedicated team to focus on building new and improved safeguards for customers. Key projects the Group is currently undertaking are driven by a desire to give customers far greater flexibility in the setting of gambling management tools, in addition to putting more behavioural data in the hands of the customer to help them make informed decisions about their gambling.

By way of example, during the period, development of a new tool was undertaken that allows customers to block access to gambling on specific days and/or times, with the option to have that repeat every week. Subsequent to the period end the tool was launched.

bet365 Group Limited

STRATEGIC REPORT

RESPONSIBLE GAMBLING (continued)

Further to the expansion of the existing suite of gambling management tools available to customers, the Group is continually exploring ways in which safer gambling information can be more accessible, prominent and engaging.

In the last year, the Group built and launched a new customer-facing responsible gambling website, across all languages and jurisdictions, where customers can access information on how to stay in control and find details of all the tools available to them.

The Group has continued to maintain its already strong relationships with leading treatment providers. In particular, the Group is proud to be one of the first operators to sign up for accreditation against GamCare's newly developed Safer Gambling Standard in Great Britain.

The Group recognises that player protection is not a competitive exercise. To that end, the impact of its systems and the positive results it identifies through internal research are routinely shared across the industry. In the coming year, the Group will continue in this vein, and is willing to work with other operators and regulators on raising standards across the industry, in a shared endeavour to make gambling safe for all.

ANTI-MONEY LAUNDERING

During the period, the Group continually assessed its approach to Anti-Money Laundering and Counter Terrorism Financing (AML/CTF), with increased technological resource being dedicated to the development and enhancement of controls in areas such as customer transaction monitoring and customer risk profiling. The Group has made significant investment in the development of a bespoke, in-house system for the management of the enhanced customer due diligence process. The Group has also committed to the development of an in-house system to manage the customer screening process, allowing greater flexibility to enable the Group to react swiftly to changes within the regulatory landscape or its licence portfolio.

The Group enhanced its internal methodology for the identification of countries posing an enhanced level of financial crime risk during the period. Additional sources are now considered which allow the Group to apply a more holistic approach to high-risk country monitoring.

Formal internal auditing of AML/CTF controls was bolstered by the Group in order to help measure the effectiveness of existing controls. This type of review seeks to validate internal processes as risk mitigation measures, refining and prompting enhancements to internal policies and procedures to ensure that the Group is able to exemplify or exceed all standards in this area.

The Group continued to expand into new markets in key jurisdictions over the period. Due to regulatory developments in various jurisdictions and the evolving global regulatory environment for online betting and gaming, the Group increased its existing presence in Malta, a jurisdiction which provides a mature and robust regulatory environment for the industry.

Additionally, the Group was among the first to be awarded a licence by Sweden's Spelinspektionen for the start of 2019 to coincide with the country's move into the regulated online market. Country-specific AML/CTF requirements and guidance were closely scrutinised and internal processes adapted accordingly to ensure full compliance in this area.

The European Union's (EU) Fifth Anti-Money Laundering Directive (5AMLD) came into effect during the period and Member States now have until January 2020 to transpose 5AMLD into national legislation. Although it remains to be seen whether the UK will adopt EU directives post-Brexit, the Group will continue to proactively tackle money laundering and terrorism financing across all territories.

bet365 Group Limited

STRATEGIC REPORT

FINANCIAL REVIEW OF THE BUSINESS

Overall revenues and operating profit increased year-on-year by 7% to £3,063.7m (2018: £2,857.3m) and 15% to £758.3m (2018: £660.3m), respectively.

Amounts wagered on Sports increased by 23%, whilst the number of active customers also rose by 23%. In-Play represented 79% of Sports revenue in the period. Mobile Sports continued the trend seen in previous years and delivered revenue growth of 18%, consolidating its position as the most popular medium for Sports Betting.

Sports and Gaming turnover and operating profit increased year-on-year by 10%, to £2,981.6m (2018: £2,718.6m), and 12%, to £767.1m (2018: £682.2m), respectively, augmented by an additional week of trading activity, a good 2018 FIFA World Cup and reduced direct costs as a result of a non-recurring charge in the prior period.

At the end of the financial period 4,646 staff (2018: 4,030) were employed within the Group's Sports, Gaming and associated support operations representing a significant year-on-year increase. The increase in Sports and Gaming wages and salaries segment was offset by a decrease in the football club staff costs, as noted below. This resulted in total staff costs for the Group decreasing to £711.2m in the period (2018: £744.8m).

In addition to the previously noted increase in the donation to the Denise Coates Foundation, administrative costs in the Sports and Gaming segment of the Group increased in line with Directors' expectations, in part driven by increased marketing content.

Moving to the Balance Sheet where the directors note the £120m year-on-year increase in Fixed Assets which was, primarily, attributed to three events including; a \$50m investment in NASDAQ listed Empire Resorts, Inc., increased player registrations and the purchase of a new office building to support the Group's additional infrastructure and technology requirements.

The directors also note that, during the period, the Group's Creditors (Amounts falling due within one year) increased by c.£252m, primarily reflecting increased customer balances and the timing of employee remuneration.

With cash at bank and in hand increasing in the period to £2,564.0m (2018: £1,806.3m), such funds being held for future trading purposes, the directors of the Group are pleased with the strength of the financial position reported and are confident that the balance sheet will continue to strengthen, due to the cash generative nature of the Group.

FOOTBALL CLUB AND FACILITIES

Following relegation from the Premier League, Stoke City Football Club ("the Club") competed in the English Football League Championship in season 2018/19. The Club and its related facilities management company incurred a loss in the period of £8.7m (2018: £21.8m loss before taxation) on a turnover of £82.0m (2018: £138.6m). The reduction in turnover was principally due to a fall in central distributions/TV income following relegation. In recognition of this reduced turnover there was a decrease in staff costs.

A more detailed overview of activities will be presented within the Report and Accounts relating to these companies which will cover the financial year to 31 May 2019.

bet365 Group Limited


STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of material risks and uncertainties to the Group, which are also 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 market's legal and regulatory environment.
4. Technology risk – The vast 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.

By order of the board



Denise Coates CBE
Director

10th December 2019

bet365 Group Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of bet365 Group Limited for the 53-week period ended 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Group are, the provision of Internet, Mobile and Telephone Sports Betting along with Online Casino, Games, Bingo and Poker. 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.

RESULTS AND DIVIDENDS

The Group's profit was £800.1m (2018: £682.4m) from its gambling operations and a loss of £8.7m (2018: loss of £21.8m) on the Football Club and Stoke City (Property) Limited, resulting in a combined Group profit before taxation for the period of £791.4m (2018: £660.6m).

The directors paid a total dividend of £92.5m during the period (2018: £90.0m).

FUTURE DEVELOPMENTS

The changing worldwide gambling and leisure industries are likely to present opportunities for enhancing the Group's presence worldwide.

The Group will continue to invest in IT infrastructure and technology around the world to ensure it has both the flexibility and scalability to evolve with internal and external developments.

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.

BREXIT

Whilst the manner of the UK's exit from the European Union ("EU") remains unclear, the Group as part of the strategic and contingency planning to ensure EU market access, is to further increase its operational presence in Malta whilst also maintaining a footprint in Gibraltar.

The enhancement of the Group's Maltese operational hub, expanding on the existing resource and infrastructure, alongside the relocation of certain functionality, allows the Group to maintain both operational effectiveness and assist with on-going regulatory and licensing strategies.

BRANCHES

The Group has unincorporated branches in Gibraltar.

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 the 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.

The Group holds highly liquid investments in listed equities and unlisted investments for future use within the trade of the business. The Group does not hedge these investments as they consider the diversity in the investment portfolio is appropriate to cover any individual equity price risk with the overall portfolio expected to return positive returns to the Group.

FOREIGN EXCHANGE TRANSACTIONS

The Group accepts bets in different currencies and as a result manages currency exposure by, where possible, the matching of assets and liabilities in those different currencies.

bet365 Group Limited

DIRECTORS' REPORT

DIRECTORS

The following directors have held office since 26 March 2018, unless otherwise noted:

D Coates CBE
JF Coates
P Coates
WW Roseff

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 £86.3m (2018: £76.4m), donating £85.0m (2018: £75.0m) to the Denise Coates Foundation. The Denise Coates Foundation is a registered charity created for the purposes of charitable giving.

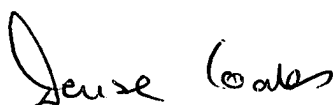
STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

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

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By order of the board



Denise Coates CBE
Director

10th December 2019

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

Opinion

We have audited the financial statements of bet365 Group Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 March 2019 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF bet365 GROUP LIMITED
(continued)**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state 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.

RSM UK Audit LLP

ANNE LAKIN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

12 December 2019

bet365 Group Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 53 week period ended 31 March 2019

	Note	53 week period ended 31 March 2019			52 week period ended 25 March 2018
		Sports and gaming £000	Football Club and facilities £000	Total £000	£000
AMOUNTS WAGERED		64,486,235	-	64,486,235	52,559,570
TURNOVER	2	2,981,606	82,045	3,063,651	2,857,259
Direct costs		(359,781)	-	(359,781)	(406,409)
GROSS PROFIT		2,621,825	82,045	2,703,870	2,450,850
Administrative expenses		(1,854,685)	(90,922)	(1,945,607)	(1,790,504)
OPERATING PROFIT/(LOSS)		767,140	(8,877)	758,263	660,346
Fair value gains/(losses) on investments		21,354	-	21,354	(7,473)
Interest receivable and similar income	6	11,859	160	12,019	7,764
Interest payable and similar expenses	7	(211)	(1)	(212)	-
PROFIT/(LOSS) BEFORE TAXATION	2-8	800,142	(8,718)	791,424	660,637
Taxation	9			(106,471)	(78,155)
PROFIT FOR THE FINANCIAL PERIOD				684,953	582,482
OTHER COMPREHENSIVE INCOME					
Currency translation differences arising on consolidation				(2,641)	5,162
Revaluation of land and buildings				(793)	-
Deferred tax on revaluation				135	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				681,654	587,644

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

Profit for the period and total comprehensive income is all attributable to the owners of the parent in 2019 and 2018.


bet365 Group Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Note	31 March 2019		25 March 2018	
		£000	£000	£000	£000
FIXED ASSETS					
Intangible assets	11		115,340		63,916
Tangible assets	12		202,006		152,970
Fixed asset investments	13		19,198		-
			<u>336,544</u>		<u>216,886</u>
CURRENT ASSETS					
Stock	14		293		525
Debtors	15		201,289		268,590
Investments	16		517,410		498,902
Cash at bank and in hand			2,563,952		1,806,309
			<u>3,282,944</u>		<u>2,574,326</u>
CREDITORS: Amounts falling due within one year	17		<u>(1,141,151)</u>		<u>(889,211)</u>
NET CURRENT ASSETS			<u>2,141,793</u>		<u>1,685,115</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,478,337</u>		<u>1,902,001</u>
CREDITORS: Amounts falling due after more than one year	18		(7,770)		(20,732)
PROVISION FOR LIABILITIES	19		(246)		(102)
NET ASSETS			<u>2,470,321</u>		<u>1,881,167</u>
CAPITAL AND RESERVES					
Called up share capital	20		3		3
Share premium account			18,998		18,998
Revaluation reserve			10,756		11,414
Profit and loss account			2,440,564		1,850,752
			<u>2,470,321</u>		<u>1,881,167</u>
CAPITAL AND RESERVES					
Attributable to owners of the parent			2,470,321		1,881,167
Attributable to non-controlling interests	21		-		-
TOTAL EQUITY			<u>2,470,321</u>		<u>1,881,167</u>

The financial statements on pages 12 to 48 were approved by the board of directors and authorised for issue on 10th December 2019 and are signed on its behalf by:



Denise Coates CBE
Director

Company Registration No. 04241161

bet365 Group Limited

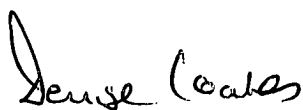
COMPANY STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Note	31 March 2019		25 March 2018	
		£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	12		74,825		44,803
Investments	13		10,000		10,000
			<u>84,825</u>		<u>54,803</u>
CURRENT ASSETS					
Debtors	15	854,961		510,830	
Investments	16	517,410		498,902	
Cash at bank and in hand		1,355,854		1,001,772	
		<u>2,728,225</u>		<u>2,011,504</u>	
CREDITORS: Amounts falling due within one year	17	(532,728)		(292,539)	
NET CURRENT ASSETS			<u>2,195,497</u>		<u>1,718,965</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,280,322</u>		<u>1,773,768</u>
CREDITORS: Amounts falling due after more than one year	18		(4,770)		(7,282)
PROVISIONS FOR LIABILITIES	19		(696)		-
NET ASSETS			<u>2,274,856</u>		<u>1,766,486</u>
CAPITAL AND RESERVES					
Called up share capital	20		3		3
Share premium account			18,998		18,998
Profit and loss account			2,255,855		1,747,485
TOTAL EQUITY			<u>2,274,856</u>		<u>1,766,486</u>

The Company's profit for the period and total comprehensive income for the period is £600,870,000 (2018: £560,791,000).

The financial statements on pages 12 to 48 were approved by the board of directors and authorised for issue on 10th December 2019 and are signed on its behalf by:



Denise Coates CBE
Director

Company Registration No. 04241161

bet365 Group Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
At 31 March 2019

	Note	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Total £000	Controlling interests £000	Non- controlling interests £000 (see note 21)	Total £000
BALANCE AT 26 MARCH 2017		3	18,998	11,414	1,353,108	1,383,523	1,383,523	-	1,383,523
Profit for the period		-	-	-	582,482	582,482	582,482	-	582,482
Other comprehensive income, net of tax:									
Currency translation differences on overseas subsidiaries		-	-	-	5,162	5,162	5,162	-	5,162
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	-	587,644	587,644	587,644	-	587,644
Transactions with owners in their capacity as owners:									
Dividends	10	-	-	-	(90,000)	(90,000)	(90,000)	-	(90,000)
TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS		-	-	-	(90,000)	(90,000)	(90,000)	-	(90,000)
BALANCE AT 25 MARCH 2018		3	18,998	11,414	1,850,752	1,881,167	1,881,167	-	1,881,167
Profit for the period		-	-	-	684,953	684,953	684,953	-	684,953
Other comprehensive income, net of tax:									
Currency translation differences on overseas subsidiaries		-	-	-	(2,641)	(2,641)	(2,641)	-	(2,641)
Revaluation of land and buildings		-	-	(658)	-	(658)	(658)	-	(658)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	(658)	682,312	681,654	681,654	-	681,654
Transactions with owners in their capacity as owners:									
Dividends	10	-	-	-	(92,500)	(92,500)	(92,500)	-	(92,500)
TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS		-	-	-	(92,500)	(92,500)	(92,500)	-	(92,500)
BALANCE AT 31 MARCH 2019		3	18,998	10,756	2,440,564	2,470,321	2,470,321	-	2,470,321

bet365 Group Limited
COMPANY STATEMENT OF CHANGES IN EQUITY
At 31 March 2019

	Note	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
BALANCE AT 26 MARCH 2017		3	18,998	1,276,694	1,295,695
Profit for the period		-	-	560,791	560,791
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	560,791	560,791
Transactions with owners in their capacity as owners:					
Dividends	10	-	-	(90,000)	(90,000)
TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS		-	-	(90,000)	(90,000)
BALANCE AT 25 MARCH 2018		3	18,998	1,747,485	1,766,486
Profit for the period		-	-	600,870	600,870
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	600,870	600,870
Transactions with owners in their capacity as owners:					
Dividends	10	-	-	(92,500)	(92,500)
TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS		-	-	(92,500)	(92,500)
BALANCE AT 31 MARCH 2019		3	18,998	2,255,855	2,274,856

bet365 Group Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

For the 53 week period ended 31 March 2019

	Note	53 week period ended 31 March 2019 £000	52 week period ended 31 March 2018 £000
OPERATING ACTIVITIES			
Cash generated from operations	22	997,841	1,015,358
Interest received		12,019	4,917
Interest paid		(1)	-
Income taxes paid		(86,308)	(66,627)
NET CASH FROM OPERATING ACTIVITIES		923,551	953,648
INVESTING ACTIVITIES			
Purchase of intangible assets		(77,572)	(65,197)
Proceeds on disposal of intangible assets		27,112	28,421
Purchase of tangible fixed assets		(79,971)	(46,406)
Proceeds on disposal of tangible fixed assets		6,844	2,126
Purchase of fixed asset investments		(16,294)	-
Net purchases of current asset investments		(50,760)	(283,782)
NET CASH USED IN INVESTING ACTIVITIES		(190,641)	(364,838)
FINANCING ACTIVITIES			
Dividends paid	10	(92,500)	(90,000)
NET CASH USED IN FINANCING ACTIVITIES		(92,500)	(90,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		640,410	498,810
CASH AND CASH EQUIVALENTS AT START OF PERIOD		2,037,125	1,540,306
Effect of foreign exchange rate changes		(301)	(1,991)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		2,677,234	2,037,125
Relating to			
Cash equivalents held within current asset investments	23	35,800	86,502
Bank balances and short term deposits included in cash at bank and in hand	23	2,563,952	1,806,309
Short-term deposits included in debtors amounts falling due within one year	23	77,482	144,314
		2,677,234	2,037,125

bet365 Group Limited

ACCOUNTING POLICIES

GENERAL INFORMATION

bet365 Group Limited ('the Company') is a private company limited by shares and is registered, domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is bet365 House, Media Way, Stoke-on-Trent, Staffordshire, ST1 5SZ.

The Group consists of bet365 Group Limited and all of its subsidiaries.

The Company's and the Group's principal activities and nature of its operations are included in the Directors' Report.

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006 including the provisions of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 and under the historical cost convention, modified to include the revaluation of certain freehold properties and certain financial instruments at fair value.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

GOING CONCERN

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.

REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' - Carrying amounts of financial instruments held at amortised cost or cost.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

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 purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 March 2019 or 30 March 2019 dependent on local filing requirements, except for Stoke City Holdings Limited and Stoke City Football Club Limited, which have a 31 May 2019 year end and Hillside (Bulgaria) EOOD which has a 31 December 2018 year end to align the financial year end with the commercial and legislative considerations of the individual entities. Detailed management accounts at 31 March 2019 have been used as a basis for the consolidation of these subsidiaries.

bet365 Group Limited

ACCOUNTING POLICIES

BASIS OF CONSOLIDATION (continued)

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.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income.

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The consolidated financial statements are presented in sterling which is also the functional currency of the Group and Company.

INTANGIBLE FIXED ASSETS

Goodwill

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:

- Goodwill is being amortised over 10 years as no reliable estimate can be made of its useful economic life. The directors consider the useful economic life to significantly exceed 10 years due to the strength of the bet365 brand and Stoke City Football Club.
- 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. No amounts are included for the registrations attributable to players developed within the Club.

Other intangible assets

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Other intangibles	-	over the period in which the licence is used
Purchased computer software	-	33.3% per annum straight line

bet365 Group Limited

ACCOUNTING POLICIES

INTANGIBLE FIXED ASSETS (continued)

Amortisation is revised prospectively for any significant change in useful life or residual value.

Amortisation is charged when the asset is brought into use by the business.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

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 long leasehold land	-	No depreciation charged
Freehold buildings	-	2% per annum straight line
Long leasehold buildings	-	1 - 20% per annum straight line
Football stadium	-	2% per annum straight line
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

Residual values are calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Land and buildings are accounted for separately even when acquired together.

ASSETS UNDER CONSTRUCTION

Properties in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

IMPAIRMENTS OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group and Company estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Any impairment loss recognised for goodwill is not reversed for fixed assets other than goodwill, and recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

REVALUATION OF FOOTBALL STADIUM

The football stadium is revalued in accordance with FRS 102 Section 17 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. An external revaluation is obtained every 3 years unless deemed to be required sooner with interim valuations performed by management where no external valuation is obtained.

This calculation allows for the time depreciation of the Stadium, excluding the land element, of 50 years.

bet365 Group Limited

ACCOUNTING POLICIES

REVALUATION OF FOOTBALL STADIUM (continued)

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in profit or loss.

FIXED AND CURRENT ASSET INVESTMENTS

Group

Trade investments are classified as financial instruments and accounted for at fair value through profit and loss, in accordance with the accounting policy set out on pages 24 and 25.

Trade investments are recorded as current asset investments where they are highly liquid and where they can be realised within 12 months.

Company

In the separate accounts of the Company interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for indications of impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

SIGNING ON FEES

The directors consider that signing on fees represent a normal part of the employment cost of the player and as such should be charged to profit or loss 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 profit or loss in the period in which it is incurred as it is considered by the directors to be revenue in nature.

STOCK

Stock held by the football club is valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in, first out cost basis.

At each reporting date, the Group assesses whether stock is impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

FOREIGN CURRENCIES

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

bet365 Group Limited

ACCOUNTING POLICIES

FOREIGN CURRENCIES (continued)

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the period. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries and branches that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

For non-depreciable assets measured using the revaluation model, deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 future events, matches or seasons.

LEASED ASSETS AND OBLIGATIONS

Group and Company leases that do not give rights approximating to ownership are "operating leases" and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

bet365 Group Limited

ACCOUNTING POLICIES

EMPLOYEE BENEFITS AND COSTS

The entitlement to compensated absences for Stoke City Football Club Limited ends at 30 June annually. The cost of any unused entitlement is recognised in the period in which the employee's services are received. All other group entities have a compensated absence period in line with the accounting period.

In the event of payments made in respect of termination benefits, these are recognised in the income statement when there is an obligation at the reporting date as a result of a past event that will or has resulted in the transfer of economic benefits and that obligation can be estimated reliably. The costs incurred in the period were £1,212,000 (2018: £13,722,000) and are included in wages and salaries and social security costs of the Company and Group.

RETIREMENT BENEFITS

The Group contributes to a number of schemes.

There are two defined contribution (money purchase) pension schemes whose assets are held separately from those of the Group in an independently administered fund. The amount charged to profit or loss 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.

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 profit or loss 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 or loss in the period in which they become payable.

AMOUNTS WAGERED

Amounts wagered represents the gross takings staked by customers in respect of individual bets placed in the period on the Internet, Mobile and Telephone Sports Betting operations, net winnings on gaming activity for Online Casino, operations (including 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 AND OTHER TAX LEVIES

Duty and other overseas levies are charged in the financial statements of the Group based on the prevailing duty and levy rates applicable to local legislative requirements of the country where bets are placed.

TURNOVER

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 recognised at the fair value of the consideration received.

bet365 Group Limited

ACCOUNTING POLICIES

TURNOVER (continued)

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 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 Online Poker, 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, FA Premier League receipts, English Football 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 and English Football 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 and English Football League guidelines on income recognition. Performance related awards have not been recognised until achieved by the Club, as the income cannot be assessed with certainty.

OTHER INCOME

Interest income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement cash and cash equivalents at the end of the period relate to bank balances and short term deposits included in cash at bank and in hand, and short term deposits included in debtors falling due within one year.

FINANCIAL INSTRUMENTS

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors

Trade, group and other debtors (including accrued income) which are receivable within one year are initially measured at the transaction price. Trade, group and other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors and group debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade and group debtors over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Total debtors for the Group are stated net of a provision of £1.6m (2018: £1.6m) and for the Company £86.9m (2018: £76.8m).

bet365 Group Limited

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS (continued)

Trade investments

Trade investments are equity investments over which the Group has no significant influence, joint control or control and are initially measured at transaction price. Transaction price includes transaction costs, except where trade investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

Trade investments in non-convertible and non-puttable preference shares or non-puttable ordinary shares are measured at fair value through profit or loss.

The fair value of trade investments quoted on a recognised stock exchange is the quoted bid price. The fair value of unlisted trade investments is valued at the single market price as advised by the investment manager.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. Fair value gains and losses are recognised in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade and other creditors

Trade and other creditors (including accruals) payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

DIVIDENDS

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

RESERVES

Reserves for the Group and Company represent the following:

Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

Revaluation reserve for the Football Stadium

The cumulative revaluation gains and losses on the Football Stadium and associated deferred tax that have been recognised in profit or loss have been subsequently transferred to this reserve as permitted by FRS 102 paragraph 17.15E.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Critical areas of judgement

The Group values its Football Stadium on a depreciated replacement cost basis. This takes into account the split of the land value and buildings. It estimates the cost of rebuilding the Football Stadium at a set rate per capacity and the cost of buying the land at the valuation date. An external qualified independent surveyor has performed a valuation of the Football Stadium in the prior year and the directors have reassessed and adjusted the valuation as necessary applying the same methodology in the current year.

The Group regularly reviews and assesses the carrying value of its investments, intangible assets and debtors by monitoring profitability, cash flows and transactional activities in the relevant sectors, if there were any indication that the recoverability of such items had been materially impacted the Group would recognise any such changes in the financial statements as necessary.

The directors in assessing the disclosure of key managements compensation disclosure consider the directors of the Group and all senior staff in the Group and their roles in planning, directing and controlling the Group to ensure the disclosure is complete.

Duty, other overseas taxes and levy accruals are calculated and recorded in the financial statements of the Group, based on the prevailing or prospective rate relevant to the jurisdictional requirements of the country under which the bets were placed. The directors are continually monitoring and appraising events in all countries in which the Group operates.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

2 TURNOVER

A geographical analysis of turnover 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 25 March 2018 is shown below:

	52 week period ended 25 March 2018		
	Sports and gaming £000	Football Club and facilities £000	Total £000
AMOUNTS WAGERED	52,559,570	-	52,559,570
TURNOVER	2,718,618	138,641	2,857,259
Direct costs	(406,409)	-	(406,409)
GROSS PROFIT	2,312,209	138,641	2,450,850
Administrative expenses	(1,630,007)	(160,497)	(1,790,504)
OPERATING PROFIT/(LOSS)	682,202	(21,856)	660,346
Fair value losses on investment	(7,473)	-	(7,473)
Interest receivable and similar income	7,712	52	7,764
PROFIT/(LOSS) BEFORE TAXATION	682,441	(21,804)	660,637

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

3 EMPLOYEES

The average monthly number of persons (including directors) employed by the Group and Company during the period was:

	GROUP		COMPANY	
	53 week period ended 31 March 2019	52 week period ended 25 March 2018	53 week period ended 31 March 2019	52 week period ended 25 March 2018
	Number	Number	Number	Number
Managers and supervisors	477	398	4	4
Operations and service support staff – betting and gaming group	3,912	3,522	-	-
Operations staff – football group	251	247	-	-
Full time playing staff and scholars	68	69	-	-
	4,708	4,236	4	4

In addition to the above the Group employed an average of 248 (2018: 247) match-day staff during the period.

	GROUP		COMPANY	
	53 week period ended 31 March 2019	52 week period ended 25 March 2018	53 week period ended 31 March 2019	52 week period ended 25 March 2018
	£000	£000	£000	£000
Staff costs for the above persons:				
Wages and salaries	624,514	648,068	372,879	326,639
Social security costs	78,313	90,081	51,976	45,074
Other pension costs	8,389	6,693	-	5
	711,216	744,842	424,855	371,718

DIRECTORS' REMUNERATION

	53 week period ended 31 March 2019	52 week period ended 25 March 2018
	£000	£000
Emoluments	373,029	321,588
Company contributions to money purchase pension schemes	-	5
Compensation for loss of office	-	12,005
	373,029	333,598

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

3 EMPLOYEES (continued)

No directors were accruing benefits under the money purchase pension scheme (2018: one).

	Highest paid director	
	53 week period ended 31 March 2019 £000	52 week period ended 25 March 2018 £000
Emoluments	<u>276,585</u>	<u>220,004</u>

4 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The total compensation of the directors and managers who are considered to be the key management personnel of the Group was £428,431,000 (2018: £448,572,000).

5 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 £8,389,000 (2018: £6,693,000). Contributions amounting to £67,000 (2018: £665,000) were payable to the scheme at the period end and are included in other creditors. In respect of the multi-employer defined benefit scheme, a provision amounting to £246,000 (2018: £102,000) is included in provisions (note 19).

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	53 week period ended 31 March 2019 £000	52 week period ended 25 March 2018 £000
Bank interest	6,050	4,149
Dividend income from current asset investments	5,969	3,615
	<u>12,019</u>	<u>7,764</u>

7 INTEREST PAYABLE AND SIMILAR EXPENSES

	53 week period ended 31 March 2019 £000	52 week period ended 25 March 2018 £000
On bank loans and overdrafts	1	-
Unwinding of discount on certain amounts payable due after more than one year	211	-
	<u>212</u>	<u>-</u>

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

8 PROFIT/(LOSS) BEFORE TAXATION

	53 week period ended 31 March 2019 £000	52 week period ended 25 March 2018 £000
Profit/(loss) before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Charge for the period – owned assets	23,521	20,840
Amortisation of player registrations	25,420	27,546
Amortisation of goodwill	135	135
Amortisation of other intangibles	2,250	-
Impairment of players' registrations	1,324	29,368
Amortisation of other intangible fixed assets	4,163	6,560
Reversal of impairment of tangible fixed assets	-	(410)
Profit on sale of fixed assets	(914)	(866)
Profit on disposal of players' registrations	(18,284)	(22,425)
Profit on disposal of purchased computer software	-	(320)
Operating lease rentals		
Other	12,808	10,257
Software development	44,885	33,602
Exchange losses	33,810	17,279
Fair value (gains)/losses on current asset investment	(18,450)	7,473
Fair value gains on fixed asset investment	(2,904)	-

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

8 PROFIT/(LOSS) BEFORE TAXATION (continued)

	53 week period ended 31 March 2019 £000	52 week period ended 25 March 2018 £000
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
Audit services:		
Statutory audit of parent and consolidation accounts	22	19
Other services:		
Audit of subsidiaries where such services are provided by RSM associates	169	134
Audit of subsidiaries where such services are provided by RSM UK Audit LLP	369	308
Tax services:		
Compliance services	70	71
Advisory services	179	138
Further assurance services	34	24
All other non-audit services	20	20
	863	714
Comprising:		
Audit services	560	461
Non-audit services	303	253
	863	714

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 disclosure of auditor's remuneration in respect of non-audit services provided to the Company, since this is included in the consolidation.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

9	TAXATION	53 week period ended 31 March 2019 £000	52 week period ended 25 March 2018 £000
	Current tax:		
	UK corporation tax on profits of the period	42,979	26,831
	Overseas tax	55,127	51,444
	Adjustments in respect of previous period	6,988	(1,022)
	Total current tax	105,094	77,253
	Deferred tax:		
	Origination and reversal of timing differences	572	(1,401)
	Adjustments in respect of previous period	805	2,303
	Total deferred tax	1,377	902
	Tax on profit	106,471	78,155
	Factors affecting tax charge for the period:	53 week period ended 31 March 2019 £000	52 week period ended 25 March 2018 £000
	The tax assessed for the period is lower (2018: lower) than the average standard rate of corporation tax in the UK 19% (2018: 19%). The differences are explained below:		
	Profit before tax	791,424	660,637
	Profit before tax multiplied by the average standard rate of corporation tax in the UK 19% (2018: 19%)	150,371	125,521
	<i>Effects of:</i>		
	Expenses not deductible for tax purposes	1,598	447
	Non taxable income	(2,275)	(517)
	Difference in tax rate of overseas subsidiaries	(48,618)	(45,973)
	Difference in tax rate	(268)	(247)
	Utilised tax losses	(1,365)	(113)
	Adjustments in respect of previous period	7,793	1,282
	Adjustments relating to property sales	(765)	-
	Tax losses not previously recognised	-	(2,245)
	Total tax charge	106,471	78,155

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

10 DIVIDENDS

	53 week period ended 31 March 2019 £000	52 week period ended 25 March 2018 £000
Ordinary and A Ordinary shares:		
Dividends paid	92,500	90,000

During the period 2 equal tranches (2018: 2 tranches) of dividends of £153.49 (2018: £149.35) per share were paid by the Company amounting to £92.5m (2018: £90m) in total.

11 INTANGIBLE FIXED ASSETS

	Goodwill – Sports and gaming £000	Goodwill – Football Club and facilities £000	Other intangibles £000	Player registrations £000	Purchased computer software £000	Total £000
GROUP						
<i>Cost</i>						
At beginning of period	14,378	7,635	-	168,677	30,908	221,598
Additions	-	-	22,392	69,398	1,754	93,544
Disposals	-	-	-	(23,730)	-	(23,730)
At end of period	14,378	7,635	22,392	214,345	32,662	291,412
<i>Amortisation and impairment</i>						
At beginning of period	14,378	6,823	-	112,224	24,257	157,682
Charge for the period	-	135	2,250	25,420	4,163	31,968
Disposals	-	-	-	(14,902)	-	(14,902)
Impairment	-	-	-	1,324	-	1,324
At end of period	14,378	6,958	2,250	124,066	28,420	176,072
<i>Carrying value</i>						
At 31 March 2019	-	677	20,142	90,279	4,242	115,340
At 25 March 2018	-	812	-	56,453	6,651	63,916

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

11 INTANGIBLE FIXED ASSETS (continued)

The amortisation of goodwill, player registrations and software in the period and impairment losses are recognised in administration expenses.

An impairment of certain registrations listed to the football club has been made at the period end date due to this seasons performance.

Subsequent to the period end, the Group has acquired and committed to acquire player registrations at an initial cost of £7,368,021. The Group has also disposed of player registrations, with initial proceeds on these being £1,000,000 and whose net book value at the period end was £108,000.

12 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	15,365	56,175	8,852	-	165,738	21,232	267,362
- Valuation	-	-	-	41,702	-	-	41,702
Revaluation	-	-	-	(793)	-	-	(793)
Transfers	(6,616)	6,616	-	-	-	-	-
Additions	349	34,701	-	222	41,393	3,306	79,971
Disposals	-	-	(8,224)	-	(3,362)	(2,486)	(14,072)
Translation differences	(82)	(34)	-	-	(534)	(3)	(653)
	9,016	97,458	628	41,131	203,235	22,049	373,517
At end of period							
- Cost	9,016	97,458	628	-	203,235	22,049	332,386
- Valuation	-	-	-	41,131	-	-	41,131
	9,016	97,458	628	41,131	203,235	22,049	373,517
<i>Depreciation and impairment</i>							
At beginning of period	-	3,619	4,587	-	136,844	11,044	156,094
Charged in the period	-	1,148	38	-	18,455	3,880	23,521
On disposals	-	-	(4,176)	-	(2,072)	(1,898)	(8,146)
Translation differences	-	-	-	-	41	1	42
At end of period	-	4,767	449	-	153,268	13,027	171,511
<i>Carrying amount</i>							
At 31 March 2019	9,016	92,691	179	41,131	49,967	9,022	202,006
At 25 March 2018	15,365	52,556	4,265	41,702	28,894	10,188	152,970

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

12 TANGIBLE FIXED ASSETS (continued)

Included in the Football Stadium is land with a carrying amount of £4,450,000 (2018: £4,450,000).

In March 2018 the football stadium was revalued by GVA Grimley Limited, Chartered Surveyors. The Chartered Surveyors used 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. The directors have used the same methodology in the current year to give rise to a market value of the bet365 Stadium, for accounting purposes, of £42,031,653 inclusive of certain plant and machinery. The valuation excluding this plant totalled £41,131,653.

On an historical cost basis the football stadium would have been included at:

	31 March 2019 £000	25 March 2018 £000
Cost of Football Stadium	28,002	27,780
Aggregate depreciation	-	-

The net book value of leasehold land and buildings comprises:

	31 March 2019 £000	25 March 2018 £000
Long leasehold	-	4,054
Short leasehold	179	211
	179	4,265

Depreciation in respect of long leasehold properties in the period was £8,000 (2018: £32,000) and short leasehold properties in the period was £30,000 (2018: £29,000).

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

12 TANGIBLE FIXED ASSETS (continued)

COMPANY	Assets under construction £000	Freehold land and buildings £000	Leasehold land and buildings £000	Total £000
<i>Cost</i>				
At beginning of period	6,617	34,705	8,224	49,546
Additions	2,021	32,925	-	34,946
Disposals	-	(320)	(8,224)	(8,544)
Transfer	(8,638)	8,638	-	-
At end of period	-	75,948	-	75,948
<i>Depreciation</i>				
At beginning of period	-	575	4,168	4,743
Charge for the period	-	548	8	556
Disposals	-	-	(4,176)	(4,176)
At end of period	-	1,123	-	1,123
<i>Carrying amount</i>				
At 31 March 2019	-	74,825	-	74,825
At 25 March 2018	6,617	34,130	4,056	44,803

Freehold property rented to another group entity

At 31 March 2019 the carrying amount of Freehold property held by the Company and rented to other entities in the Group which the Company has elected to measure using the cost model was £74,825,000 (2018: £34,130,000).

CAPITAL COMMITMENTS

At the period end the Group and Company had the following capital commitments:

	Group		Company	
	31 March 2019 £000	25 March 2018 £000	31 March 2019 £000	25 March 2018 £000
Capital expenditure contracted for but not provided in the financial statements	55,120	21,339	-	553

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

13	FIXED ASSET INVESTMENTS	Shares in listed investments £000
	GROUP	
	<i>Valuation</i>	
	Additions	16,294
	Valuation changes	2,904
	Carrying amount at 31 March 2019	19,198

In November 2018 the Group entered into a long-term commercial arrangement with Resorts World Catskills, which included consideration of \$50m for equity shares in NASDAQ listed Empire Resorts Inc. ("Empire") and right to access certain assets payable in 2 tranches. The first tranche was payable on completion of the initial contract; the second was conditional on certain factors including Empire maintaining its listing on NASDAQ. The value of the equity shares has been recognised as an investment and the remaining consideration as an intangible asset. Post year end, the majority shareholder of Empire, proposed to and subsequently acquired all the equity of Empire owned by other shareholders releasing the group from its obligation to pay the additional consideration. Therefore no further payments were required by the Group resulting in the investment and intangible asset held reducing to \$nil and \$19m respectively.

The fair values of the listed investments are based on quoted market prices for the equity shares using the current mid price.

	Shares in group undertakings £000
COMPANY	
<i>Cost and carrying amount</i>	
At beginning and end of period	10,000

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 and address</i>	<i>Nature of business</i>	<i>Proportion of nominal value</i>	
			<i>Group</i>	<i>Company</i>
Hillside (New Media Holdings) Limited	UK - see note A	Holding Company	100%	100%
Hillside (New Media Midco) Limited	UK - see note A	Limited Partner in partnerships and limited partnerships providing Online Sports Betting	100%	-
Hillside (Shared Services) Limited	UK - see note A	Provision of Administration Support Services	100%	-
Hillside (Shared Services 2018) Limited	UK - see note A	Provision of Administration Support Services	100%	100%
Hillside (Trader Services) Limited	UK - see note A	Provision of Trader Support services	100%	100%
Hillside (Media Services) Limited	UK - see note A	Provision of Media Services	100%	100%

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

13 FIXED ASSET INVESTMENTS (continued)

<i>Subsidiary undertaking</i>	<i>Country of registration and address</i>	<i>Nature of business</i>	<i>Proportion of nominal value</i>	
			<i>Group</i>	<i>Company</i>
Hillside (Technology) Limited	UK – see note A	Provision of Software and Technology Support Services	100%	100%
Hillside (Spain New Media) Plc	UK – see note A	Ceased on 22 May 2018 Holding Company from 23 May 2018	100%	-
Hillside (Sports) GP Limited	Gibraltar – see note B	General partner in limited partnerships providing Online Betting	100%	-
Hillside (Gibraltar) Limited	Gibraltar – see note B	Provision of Online Casino, Poker, Bingo and Games	100%	-
Hillside (Gaming) GP Limited	Gibraltar – see note B	General partner in limited partnerships providing Online Gaming	100%	-
Hillside (New Media Holdings Malta) Limited	Malta – see note C	Holding Company	100%	-
Hillside (New Media Malta) Plc	Malta – see note C	Provision of Internet, Mobile and Telephone sports betting along with Online Casino, Games, Bingo and Poker	100%	-
Hillside (Technology Malta) Limited	Malta – see note C	Provision of Technology Support Services	100%	-
Hillside (New Media Malta Property) Limited	Malta – see note C	Property Holding Company	100%	-
Hillside (Marketing Malta) Limited	Malta – see note C	Provision of Marketing Support Services	100%	-
Hillside (Shared Services Malta) Limited	Malta – see note C	Provision of Administration Support Services	100%	-
Lucky Stream Limited	Malta – see note C	Provision of Internet, Mobile and Telephone sports betting	100%	-
Hillside (Australia New Media) Pty Limited	Australia – see note D	Provision of Internet, Mobile and Telephone sports betting	100%	-
Hillside Espana Leisure, S.A.	Spain – see note E	Provision of Online Casino, Poker, Bingo and Games	100%	-
Hillside (Bulgaria) EOOD	Bulgaria – see note F	Provision of Software Development services	100%	-
Hillside (New Media Cyprus) Limited	Cyprus – see note G	Provision of Internet, Mobile and Telephone sports betting	100%	-
Stoke City Holdings Limited	UK – see note H	Holding Company	100%	100%
Stoke City Football Club Limited	UK – see note H	Football Club	98.1%	-

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

13 FIXED ASSET INVESTMENTS (continued)

<i>Subsidiary undertaking</i>	<i>Country of registration and address</i>	<i>Nature of business</i>	<i>Proportion of nominal value</i>	
			<i>Group</i>	<i>Company</i>
Stoke City (Property) Limited	UK – see note H	Provision of Stadium and Training Ground Facilities	100%	-
bet365 International NV	Netherlands Antilles – see note I	Holding Company	100%	-
Hillside (Gibraltar Holdings) Limited	Gibraltar – see note B	Dormant	100%	-
Hillside (Gibraltar New Media) Limited	Gibraltar – see note B	Dormant	100%	-
Hillside (Leisure) Limited	UK – see note A	Dormant	100%	-
Hillside (Alderney) Limited	Alderney – see note J	Dormant	100%	-
Hillside (New Media Holdings US) Inc	USA – see note K	Holding Company	100%	-

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

<i>Undertaking</i>	<i>Country of registration and address</i>	<i>Principal activity</i>	<i>Percentage of control</i>	
			<i>Group</i>	<i>Company</i>
Hillside (International Sports) LP	Gibraltar – see note B	Provision of Internet, Mobile and Telephone sports betting	100%	-
Hillside (Sports) LP	Gibraltar – see note B	Provision of Internet, Mobile and Telephone sports betting	100%	-
Hillside (UK Sports) LP	Gibraltar – see note B	Provision of Internet, Mobile and Telephone sports betting	100%	-
Hillside (International Gaming) LP	Gibraltar – see note B	Provision of Online Casino, Poker, Bingo and Games	100%	-
Hillside (Gaming) LP	Gibraltar – see note B	Provision of Online Casino, Poker, Bingo and Games	100%	-
Hillside (Gaming) ENC	Malta – see note C	Provision of Online Casino, Poker, Bingo and Games	100%	-
Hillside (Sports) ENC	Malta – see note C	Provision of Internet, Mobile and Telephone sports betting	100%	-
Hillside (New York) LLC	USA – see note K	Provision of Internet, Mobile and Telephone Sports Betting	100%	-

bet365 Group Limited

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For the 53 week period ended 31 March 2019

13 FIXED ASSET INVESTMENTS (continued)

<i>Undertaking</i>	<i>Country of registration and address</i>	<i>Principal activity</i>	<i>Percentage of control</i>	
			<i>Group</i>	<i>Company</i>
Hillside (New Jersey) LLC	USA – see note K	Provision of Internet, Mobile and Telephone sports betting along with Online Casino, Games, Bingo and Poker	100%	-
Hillside (US New Media) LLC	USA – see note K	Holding Company	100%	-
Hillside (Technology US) LLC	USA – see note K	Provision of Technology Support Services	100%	-

Note A: bet365 House, Media Way, Stoke-on-Trent, ST1 5SZ, United Kingdom

Note B: Unit 1.1, 1st Floor Waterport Place, 2 Europort Avenue, Gibraltar

Note C: Office 1/2373, Level G, Quantam House 75, Abate Rigord Street, Ta'Xbiex, XBX 1120, Malta

Note D: Level 4, 90 Arthur Street, North Sydney, NSW 2060, Australia

Note E: 20, Calle Conde de Aranda, Madrid, Spain

Note F: 1463 Sofia City, Sofia District (capital city) Municipality Stolichna, Triaditza Region 82, Patriarch Evtimii Boulevard, Bulgaria

Note G: Omrania Centre, 313 28th October Ave, Limassol, 3105, Cyprus

Note H: bet365 Stadium, Stanley Matthews Way, Stoke-on-Trent, ST4 4EG, United Kingdom

Note I: New Haven Centre, Emancipatie Boulevard 31, Post Box 6052, Curacao, Netherland Antilles

Note J: Century House, 12 Victoria Street, Alderney, GY9 3UF

Note K: National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904.

Subsequent to the period end the Group have established the following new group entities:

Hillside (Sports) MP Limited
Hillside (Gaming) MP Limited
Hillside (UK Sports) ENC
Hillside (International Sports) ENC
Hillside (UK Gaming) ENC
Hillside (International Gaming) ENC
Hillside (Indiana) LLC
Hillside (Shared Services US) LLC
Hillside (Infrastructure Ireland) Limited

bet365 Group Limited

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For the 53 week period ended 31 March 2019

14	STOCK	Group		Company	
		31 March 2019 £000	25 March 2018 £000	31 March 2019 £000	25 March 2018 £000
	Finished goods	293	525	-	-
15	DEBTORS	Group		Company	
		31 March 2019 £000	25 March 2018 £000	31 March 2019 £000	25 March 2018 £000
	<i>Amounts falling due within one year:</i>				
	Trade debtors	12,722	11,966	-	-
	Amounts owed by Group undertakings	-	-	848,171	506,136
	Other debtors	54,559	34,987	5,354	2,777
	Cash equivalents	77,482	144,314	-	-
	Prepayments and accrued income	27,857	40,735	83	82
	Deferred tax asset (see note 19)	27,316	28,558	-	472
		199,936	260,560	853,608	509,467
	<i>Amounts falling due after more than one year:</i>				
	Trade debtors	-	6,667	-	-
	Other debtors	1,353	1,363	1,353	1,363
		201,289	268,590	854,961	510,830

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

16 CURRENT ASSET INVESTMENTS

	Group		Company	
	31 March 2019 £000	25 March 2018 £000	31 March 2019 £000	25 March 2018 £000
Listed investment	281,891	244,540	281,891	244,540
Unlisted investment:				
- Cash and Bonds	188,901	213,525	188,901	213,525
- Trade investments	46,618	40,837	46,618	40,837
	517,410	498,902	517,410	498,902

The fair values of the listed investments are based on quoted market prices for the equity shares using the current mid price. The fair value of trade investments are valued at the single market price as advised by the investment manager. The historical cost of the listed investments is £275,404,000 (2018: £248,212,000) and unlisted investments £240,856,000 (2018: £259,122,000). The Group and Company holds a diverse portfolio of investments to help reduce and mitigate any risks arising from changes in market conditions. The investments held are highly liquid and held for the future use within the trade of the business.

17 CREDITORS: Amounts falling due within one year

	Group		Company	
	31 March 2019 £000	25 March 2018 £000	31 March 2019 £000	25 March 2018 £000
Trade creditors	336,394	261,217	-	-
Corporation tax	41,318	22,532	2,750	-
Other taxation and social security costs	7,581	13,746	2,376	2,339
Other creditors	261,629	219,008	170,077	60,816
Accruals and deferred income	494,229	372,708	357,525	229,384
	1,141,151	889,211	532,728	292,539

Included in trade creditors is an amount of £285,526,000 (2018: £199,433,000) in respect of amounts due to customers. This is offset by an amount, held in segregated accounts, equivalent to these funds in cash at bank and cash equivalents.

Included within other creditors is an obligation to acquire shares in a listed entity at a future date. The corresponding entry has been included in investments. A discount rate of 5.25% has been applied to the creditor. The directors consider that this rate is appropriate as it is consistent with the rate of interest charged by the Group on loans to other Group undertakings.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

18 CREDITORS: Amounts falling due after more than one year

	Group		Company	
	31 March	25 March	31 March	25 March
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade creditors	3,000	13,450	-	-
Accruals and deferred income	4,770	7,282	4,770	7,282
	<u>7,770</u>	<u>20,732</u>	<u>4,770</u>	<u>7,282</u>

19 PROVISION FOR LIABILITIES

	Pension obligations £000
GROUP	
At start of period	102
Charge in the period	144
At end of period	<u>246</u>

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 £31,000 (2018: £26,000).

GROUP

DEFERRED TAXATION ASSET	£000
At beginning of period	28,558
Charge to the profit and loss account	(1,377)
Credit to other comprehensive income	135
At end of period	<u>27,316</u>

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

19 PROVISION FOR LIABILITIES (continued)

The elements of the deferred tax asset are as follows:

	Provided		Unprovided	
	31 March 2019 £000	25 March 2018 £000	31 March 2019 £000	25 March 2018 £000
Fixed asset timing differences	3,482	4,600	26	32
Other timing differences	3,497	4,030	68	402
Tax losses	23,325	21,653	870	25
Capital gains and losses	(2,988)	(1,725)	-	-
	<u>27,316</u>	<u>28,558</u>	<u>964</u>	<u>459</u>

In respect of the Group there are unutilised tax losses available for future use of £870,000 (2018: £25,000) relating to certain overseas subsidiaries.

A deferred tax asset has not been reflected as the recovery of this asset cannot be assessed with reasonable certainty.

COMPANY

DEFERRED TAXATION	£000
At beginning of period – asset	(472)
Charge to the profit and loss account	1,168
	<u>696</u>
At end of period – liability	

	Provided		Unprovided	
	31 March 2019 £000	25 March 2018 £000	31 March 2019 £000	25 March 2018 £000
Fixed timing differences - liability	1,240	1,044	-	-
Other timing differences - asset	(859)	(1,238)	-	332
Capital gains/(losses)	315	(278)	-	-
	<u>696</u>	<u>(472)</u>	<u>-</u>	<u>332</u>
Liability/(asset) at end of period				

bet365 Group Limited

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For the 53 week period ended 31 March 2019

20	SHARE CAPITAL	31 March 2019 £000	25 March 2018 £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	-	-
		<u>3</u>	<u>3</u>

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

Ordinary share rights

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

21	NON-CONTROLLING INTEREST	31 March 2019 £000	25 March 2018 £000
	Non-controlling share of loss for the period	(166)	(380)
	Additional provision against non-controlling interest	166	380
		<u>-</u>	<u>-</u>

The directors have made a provision against the non-controlling 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 non-controlling interests.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

22 RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

	53 week period ended 31 March 2019 £000	52 week period ended 25 March 2018 £000
Profit after tax	684,953	582,482
Depreciation of tangible fixed assets	23,521	20,840
Impairment of intangible fixed assets	1,324	29,368
Impairment of tangible fixed assets	-	(410)
Amortisation of player registrations	25,420	27,546
Amortisation of goodwill	135	135
Amortisation of other intangible fixed assets	6,413	6,560
Profit on sale of fixed assets	(917)	(866)
Profit on disposal of player registrations	(18,284)	(22,425)
Fair value loss/(gain) on investments	(21,354)	7,473
Interest receivable	(12,019)	(7,764)
Interest payable	212	-
Taxation	106,471	78,155
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	795,875	721,094
Decrease in stock	232	80
Increase in debtors	(8,700)	(26,430)
Increase in creditors	210,290	320,640
Decrease in provisions	144	(26)
CASH GENERATED FROM OPERATIONS	997,841	1,015,358

23 CASH AND CASH EQUIVALENTS

	Note	31 March 2019 £000	25 March 2018 £000
Cash equivalents held within current asset investments	16	35,800	86,502
Cash at bank and in hand		2,563,952	1,806,309
Short-term deposits included in "debtors" amounts falling due within one year	15	77,482	144,314
Total cash and cash equivalents		2,677,234	2,037,125

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

24 COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases of the Group are as follows:

	53 week period ended 31 March 2019 £000	52 week period ended 25 March 2018 £000
Land and buildings:		
Amounts due within one year	5,274	5,887
Amounts due between two and five years	5,762	3,862
Amounts due in more than five years	32	57
	<u>11,068</u>	<u>9,806</u>

25 COMMITMENTS

a) 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 €28.8m (Euros) (2018: €22.3m) at the period end date, a further guarantee of AUD \$746,000 (2018: \$601,000) is also in place at the period end.

b) Contingent liabilities

bet365 Group Limited has 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.

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 £3.0m (2018: £3.2m).

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2019

26 RELATED PARTY TRANSACTIONS

Transactions between the Group and members of the Group which are not wholly owned are disclosed below:

	2019				2018			
	Sales and other income	Purchases and other charges	Loans (paid)/ received	Net amount owed to/ (from) the company	Sales and other income	Purchases and other charges	Loans (paid)/ received	Net amount owed to/ (from) the company
	£000	£000	£000	£000	£000	£000	£000	£000
Subsidiary undertakings	1,813	(4,011)	(38,600)	-	7,679	(4,038)	(13,606)	-

In addition, the following transactions took place during the period with companies that are associated with the bet365 Group Limited group:

	2019			2018		
	Sales and other income	Purchases and other charges	Net amount owed from the company	Sales and other income	Purchases and other charges	Net amount owed to the company
	£000	£000	£000	£000	£000	£000
Other related parties (common control)	493	(1,378)	(326)	523	(1,914)	(258)

During the period the Group donated £85,000,000 (2018: £75,000,000) to the Denise Coates 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 material to disclose in the period.

During the period, dividends of £82,941,000 (2018: £80,702,000) were paid to the directors of the Company.

GROUP AND COMPANY

At the period end Denise Coates CBE was due monies from the Group of £92,965,000 (2018: £60,135,000) and John Coates was due monies from the Group of £171,000 (2018: £696,000). During the period the maximum debtor balance owed by Denise Coates CBE was £nil (2018: £nil) and John Coates £nil (2018: £nil).

During the year the Group made purchases from a partnership in which one of the directors is a partner, of £870,107 (2018: £117,164). No amounts were owed to this entity at the year end (2018: £nil).

27 CONTROLLING INTEREST

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