

# bet365 Group Limited

## REPORT AND FINANCIAL STATEMENTS

31 March 2013



Company Registration No 04241161

# bet365 Group Limited

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# bet365 Group Limited

## DIRECTORS AND ADVISORS

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### DIRECTORS

D Coates CBE

JF Coates

P Coates

WW Roseff

### SECRETARY

SJ Adlington

### REGISTERED OFFICE

Hillside

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5SH

### AUDITORS

Baker Tilly UK Audit LLP

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

# bet365 Group Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of bet365 Group Limited for the 53 week period ended 31 March 2013

### PRINCIPAL ACTIVITIES

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

### RESULTS AND DIVIDENDS

The Group's profit before taxation for the period comprised of £179,239,000 (2012 £116,477,000) from its gambling operations and a loss of £30,917,000 (2012 £5,844,000) on the Football Club and Stoke City (Property) Limited, resulting in a combined Group profit of £148,322,000 (2012 £110,633,000) for the period.

The directors paid a total dividend of £15,000,000 during the period (2012 £40,000,000) which leaves a profit of £100,911,000 (2012 £47,628,000) to be retained.

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

The Group continued to experience significant growth during the period, with overall revenues from the Group's gambling activities increasing by 44%, and was pleased to secure top spot in eGaming Review's Annual Power 50 for the third consecutive year.

Overall, the Group's Sports and Gaming operating profit for the period rose to £176.8m (2012 £114.6m), despite the higher level of costs associated with operating in newly regulated markets during the period, including Spain, Denmark and Australia, in addition to the Group's continued high investment levels in the period.

Trading under its bet365 brand, the Group's Sports offerings continued to benefit from a number of product-enhancing developments and investment during the period. For example, user experience was further enhanced via improvements to its In-Play product, including 'Overview' and 'Multi View', enabling customers to see an overview of In-Play events, and to tailor their own In-Play view. These improvements helped support the Group's market leading In-Play product, leading to a 61% growth in amounts wagered on In-Play during the period.

The Group continued to invest heavily in 'Live Streaming' coverage during the period, with the number of events streamed now exceeding 40,000 in the period (2012 30,000), and live streaming of NBA being available via Mobile from November 2012. The 'Match Live' feature was also further enhanced to include more Sports throughout the period, including Rugby Union, Rugby League, Handball, Basketball, Tennis, Darts, Water Polo and Baseball.

The Mobile product also benefited from further enhancements. Mobile was released to Android (versions 2.1 and above) from July 2012, with subsequent releases for its regulated markets in Australia, Spain, and Denmark, followed by a version for the Blackberry in January 2013. Consequently, amounts wagered via Mobile channels increased by 150% during the period, with net revenues growing by some 158%.

The Group continued to offer attractive customer promotions, including, for the third consecutive year, a Kick-off Bonus at the start of the new Soccer Season. Other marketing initiatives included the introduction of TV advertisements which contained two sets of Live Odds, meanwhile in December 2012 bet365 launched its Facebook and Google+ pages.

# bet365 Group Limited

## DIRECTORS' REPORT

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The combination of all of these measures helped to generate significant increases in new customers, with the lifetime number of signups exceeding the 10 million mark during the period. Amounts wagered in the period reached nearly £20 billion, increasing by some 57% over the prior period. Active Sports users increased by over 50% in the period, and, with yields remaining broadly constant, net revenues saw a similar increase. Overall, Active Users exceeded 2 million in the period, with the number of signups and new depositors over 2.7 million and 1.3 million respectively during the period.

The Group continued to invest heavily in IT infrastructures and technology, to ensure it has both the flexibility and scalability to evolve with internal and external developments. Marketing expenditure again continued to increase in line with business growth, helping ensure the 'bet365' brand continues to be class-leading. Staff numbers grew by 20% during the period, ensuring the business is suitably resourced to manage business growth, with 2,596 employed at the period end within the Group's betting and gaming operations.

Hillside (Gibraltar) Limited's dedicated Gaming operation again performed strongly during the period, helped by the continued addition of new games from a wide network of suppliers. Mobile channels saw significant growth in particular, helped by the launch of Mobile Games for the iPhone in August 2012, followed by a new enhanced Mobile Casino product towards the end of the period. The bet365 iPhone App saw the addition of Casino and Games links in February 2013, with a Games Mobile platform being released on Android shortly afterwards.

Improvements to the popular 'Live Dealer' product were also made during the period, including the introduction of bet365 exclusive private area tables – allowing more tables to be available at peak hours and offering more choice to customers – and enabling blackjack customers to play more than one hand at once.

bet365's Poker Product also benefited from enhancements, including improvements made to its Premium Cash Ladder, which aids with customer retention and helps stimulate activity. Meanwhile, Bingo continued to grow, helped by new mini-games within the Bingo Site, and the introduction of 'push messages' to help with the targeting of promotional offers.

Overall Gaming net revenue for the period grew by some 35%, driven by strong casino performance, and at the same time maintaining player yields to broadly similar levels as that of the prior year. Poker continues to be a competitive market, but revenues showed encouraging growth at over 10%. Bingo net revenue increased by over 25% on the previous period, helped by the ongoing TV advertising campaigns and its sponsorship of Emmerdale.

The Group continues to adapt well to the changing regulatory framework in various countries as many markets revise their regulatory regimes to cater for the internet. The Group have taken licenses in Spain, Denmark and Australia and are further involved in processes in Germany and Greece. These processes are complex, however, the Group believes it is well placed to benefit long-term in countries that move towards sensible regulation. The Group has a market-leading position in Spain for its Sports product and believes this demonstrates its ability to successfully adapt to the changing environment.

The Group welcomes the proposed move in the UK to a Place of Consumption tax basis for online gambling. The change is essential to bet365 retaining its Sports business in the UK. It is crucial, however, to the success of the new regime that the tax rate is set at a sensible level so as to ensure that it captures a large percentage of the market.

The Group's share of Stoke City Football Club's losses rose significantly for the period to £30,917,000 (2012: £5,844,000). The Club maintained its Premier League status after further heavy investment in the playing squad and an increase in the annual wage bill to £59.4m (2012: £51.9m). The Group is committed following the new Premier League Broadcast deal and the introduction of financial fair play rules to reduce the Club's reliance on the Group and over the medium term to make it self-sufficient. The Club appointed a new team manager, Mark Hughes, post year end and look forward to working with him.

# bet365 Group Limited

## DIRECTORS' REPORT

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The Boards of bet365 Group, Hillside (Gibraltar) Limited, the Football Club and Stoke City (Property) Limited each budget their own cost bases and revenues, ensuring that any variances are analysed and explained, and were satisfied with both the results and achievements for the financial period. The Boards remain confident for continued improvements during the 2013/14 financial period.

### RISKS AND UNCERTAINTIES

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

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

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

### FUTURE DEVELOPMENTS

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

### FINANCIAL INSTRUMENTS

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

### HEDGING FOREIGN EXCHANGE TRANSACTIONS

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

### RESEARCH AND DEVELOPMENT

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

# bet365 Group Limited

## DIRECTORS' REPORT

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### MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of property at 31 March 2013 is not materially different from the net book value included in the financial statements, but they are unable to quantify this in the absence of a professional valuation, the costs of which are not considered justifiable in view of the Group's intention to retain ownership of its existing property for use in its business for the foreseeable future

### DIRECTORS

The following directors have held office since 26 March 2012

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 £1,527,120 (2012 £342,000), consisting of £1,155,000 to the bet365 Foundation, £350,000 to the Responsibility in Gambling Trust, and £22,120 to other charities. The Directors set up the bet365 Foundation, Charity Registration Number 1149110, during the period for the purposes of charitable giving

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

# bet365 Group Limited

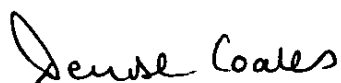
## DIRECTORS' REPORT

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### AUDITORS

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

By order of the board



**Denise Coates CBE**

Director

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

13 June 2013



# bet365 Group Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the group and parent company financial statements (the "financial statements") on pages 9 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### Respective responsibilities of directors and auditor

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

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2013 and of the group's profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

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

*Baker Tilly UK Audit LLP*

Anne Lakin (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Festival Way  
Stoke-on-Trent  
Staffordshire  
ST1 5BB

*17 June* 2013

**bet365 Group Limited**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**For the 53 week period ended 31 March 2013**

	Note	53 week period ended 31 March 2013			52 week period ended 25 March 2012
		Sports and gaming £000	Football Club and facilities £000	Total £000	£000
AMOUNTS WAGERED		19,481,689	-	19,481,689	12,383,497
TURNOVER	1	929,657	63,776	993,433	721,833
Direct costs		(175,210)	-	(175,210)	(130,056)
GROSS PROFIT		754,447	63,776	818,223	591,777
Administrative expenses		(577,637)	(95,412)	(673,049)	(484,652)
OPERATING PROFIT/(LOSS)		176,810	(31,636)	145,174	107,125
Profit on disposal of players' registrations		-	634	634	1,505
Interest receivable and similar income	2	2,429	87	2,516	2,005
Interest payable and similar charges	3	-	(2)	(2)	(2)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	1-5	179,239	(30,917)	148,322	110,633
Taxation	6			(30,792)	(23,005)
PROFIT FOR THE PERIOD	19			117,530	87,628

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

# bet365 Group Limited

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the 53 week period ended 31 March 2013

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	Group	
	53 week period ended 31 March 2013 £000	52 week period ended 25 March 2012 £000
Profit for the financial period	117,530	87,628
Exchange differences arising on retranslation of overseas undertakings	(1,619)	-
Total recognised gains for the period	<u>115,911</u>	<u>87,628</u>

**bet365 Group Limited**  
**CONSOLIDATED BALANCE SHEET**  
**At 31 March 2013**

	Note	31 March 2013		25 March 2012	
		£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Intangible assets	8		42,230		45,483
Tangible assets	9		110,904		123,502
			<u>153,134</u>		<u>168,985</u>
<b>CURRENT ASSETS</b>					
Stocks	11	436		589	
Debtors (amounts due after more than one year £2,765,000 (2012 £3,485,000))	12	80,966		57,877	
Cash at bank and in hand		432,352		258,634	
			<u>513,754</u>	<u>317,100</u>	
<b>CREDITORS</b> Amounts falling due within one year	13	(295,180)		(211,003)	
<b>NET CURRENT ASSETS</b>			<u>218,574</u>	<u>106,097</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>371,708</u>	<u>275,082</u>	
<b>CREDITORS</b> Amounts falling due after more than one year	14		(9,136)		(13,604)
<b>PROVISIONS FOR LIABILITIES</b>	15		(286)		(103)
<b>NET ASSETS</b>			<u>362,286</u>	<u>261,375</u>	
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		3		3
Share premium account	17		18,998		18,998
Revaluation reserve	18		15,876		15,876
Profit and loss reserve	19		327,409		226,498
<b>SHAREHOLDERS' FUNDS</b>			<u>362,286</u>	<u>261,375</u>	

The financial statements on pages 9 to 39 were approved by the board of directors and authorised for issue on *13 June* 2013 and are signed on its behalf by

*Denise Coates*

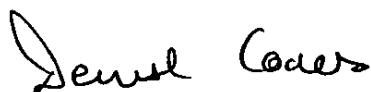
**Denise Coates CBE**  
 Director

Company Registration No 04241161

**bet365 Group Limited**  
**COMPANY BALANCE SHEET**  
**At 31 March 2013**

	Note	31 March 2013		25 March 2012	
		£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Tangible assets	9		13,773		13,293
Investments	10		10,000		10,000
			<u>23,773</u>		<u>23,293</u>
<b>CURRENT ASSETS</b>					
Debtors (amounts due after more than one year £77,671,000 (2012 £62,251,000))	12	77,671		62,265	
<b>CREDITORS</b> Amounts falling due within one year	13	(11)		(11)	
<b>NET CURRENT ASSETS</b>			<u>77,660</u>		<u>62,254</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>101,433</u>		<u>85,547</u>
<b>CREDITORS</b> Amounts falling due after more than one year	14		(75,495)		(58,734)
<b>PROVISIONS FOR LIABILITIES</b>	15		(148)		(132)
<b>NET ASSETS</b>			<u>25,790</u>		<u>26,681</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		3		3
Share premium account	17		18,998		18,998
Profit and loss reserve	19		6,789		7,680
<b>SHAREHOLDERS' FUNDS</b>			<u>25,790</u>		<u>26,681</u>

The financial statements on pages 9 to 39 were approved by the board of directors and authorised for issue on 13 June 2013 and are signed on its behalf by



**Denise Coates CBE**  
 Director

Company Registration No 04241161

**bet365 Group Limited**  
**CONSOLIDATED CASH FLOW STATEMENT**  
For the 53 week period ended 31 March 2013

	Note	53 week period ended 31 March 2013		52 week period ended 25 March 2012	
		£000	£000	£000	£000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	21		<b>253,701</b>		204,795
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Interest received		<b>2,961</b>		1,820	
Interest paid		(2)		(2)	
<b>NET CASH INFLOW FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			<b>2,959</b>		1,818
<b>TAXATION</b>			<b>(24,472)</b>		(23,464)
<b>CAPITAL EXPENDITURE</b>					
Purchase of intangible assets		<b>(24,428)</b>		(25,180)	
Sale of intangible assets		<b>1,218</b>		1,621	
Purchase of tangible fixed assets		<b>(20,993)</b>		(38,698)	
Sale of tangible fixed assets		<b>307</b>		129	
<b>NET CASH OUTFLOW FOR CAPITAL EXPENDITURE</b>			<b>(43,896)</b>		(62,128)
<b>DIVIDENDS PAID</b>	7		<b>(15,000)</b>		(40,000)
<b>CASH INFLOW BEFORE FINANCING</b>			<b>173,292</b>		81,021
<b>FINANCING</b>					
Loan repayments		<b>(43)</b>		(73)	
<b>NET CASH OUTFLOW FOR FINANCING</b>			<b>(43)</b>		(73)
<b>INCREASE IN CASH IN THE PERIOD</b>	23		<b>173,249</b>		80,948

# bet365 Group Limited

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the 53 week period ended 31 March 2013

	Note	Group		Company	
		53 week period ended 31 March 2013 £000	52 week period ended 25 March 2012 £000	53 week period ended 31 March 2013 £000	52 week period ended 25 March 2012 £000
PROFIT FOR THE FINANCIAL PERIOD		<b>117,530</b>	87,628	<b>14,109</b>	40,251
Dividends	7	<b>(15,000)</b>	(40,000)	<b>(15,000)</b>	(40,000)
		<b>102,530</b>	47,628	<b>(891)</b>	251
Exchange differences arising on retranslation of overseas undertakings		<b>(1,619)</b>	-	-	-
NET ADDITION TO/(REDUCTION IN) SHAREHOLDERS' FUNDS		<b>100,911</b>	47,628	<b>(891)</b>	251
Opening shareholders' funds		<b>261,375</b>	213,747	<b>26,681</b>	26,430
CLOSING SHAREHOLDERS' FUNDS		<b>362,286</b>	261,375	<b>25,790</b>	26,681



# bet365 Group Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

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

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

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

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

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

### BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of bet365 Group Limited and all of its subsidiary undertakings for the period. Subsidiaries acquired during the period are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as goodwill, less any provision made for goodwill impairment. All financial statements are made up to 31 March 2013 except for Stoke City Holdings Limited and Stoke City Football Club Limited which have a 31 May 2013 year end to align the financial year end with the commercial considerations of the individual entities. Detailed management accounts at 31 March 2013 have been used as a basis for the consolidation of these subsidiaries. Stoke City (Property) Limited's year end is 31 March 2013

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

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

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

### INTANGIBLE FIXED ASSETS

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

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

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

# bet365 Group Limited

## ACCOUNTING POLICIES

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### INTANGIBLE FIXED ASSETS (continued)

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

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

### TANGIBLE FIXED ASSETS

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

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

Freehold land and buildings	-	No depreciation charged
Leasehold land and buildings	-	No depreciation charged or over the life of the lease
Football stadium	-	No depreciation charged
Fixtures and fittings	-	4% - 20% per annum straight line
Computer equipment	-	33.3% per annum straight line
Plant and motor vehicles	-	4% - 33% per annum straight line

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

### REVALUATION OF FOOTBALL STADIUM

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

### INVESTMENTS

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

### SOFTWARE DEVELOPMENT

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

### STOCKS AND WORK IN PROGRESS

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

# bet365 Group Limited

## ACCOUNTING POLICIES

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### FOREIGN CURRENCIES

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

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

### DEFERRED TAXATION

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

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

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

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

### GRANTS

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

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

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

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

### DEFERRED INCOME

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

### LEASED ASSETS AND OBLIGATIONS

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

### RETIREMENT BENEFITS

The Group contributes to a number of schemes.

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

# bet365 Group Limited

## ACCOUNTING POLICIES

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### RETIREMENT BENEFITS (continued)

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

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

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

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

### AMOUNTS WAGERED

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

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

### DUTY COSTS

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

### TURNOVER

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

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

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

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

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

### CASH

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

**bet365 Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the 53 week period ended 31 March 2013

1 SEGMENTAL REPORT

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

Details for the current period of turnover and profit by class of business is given in the profit and loss account and comparative information for the 52 week period ended 25 March 2012 is shown below

	52 week period ended 25 March 2012		
	Sports and gaming £000	Football Club and facilities £000	Total £000
AMOUNTS WAGERED	12,383,497	-	12,383,497
TURNOVER	647,833	74,000	721,833
Direct costs	(130,056)	-	(130,056)
GROSS PROFIT	517,777	74,000	591,777
Administrative expenses	(403,223)	(81,429)	(484,652)
OPERATING PROFIT/(LOSS)	114,554	(7,429)	107,125
Profit on disposal of players' registrations	-	1,505	1,505
Interest receivable and similar income	1,923	82	2,005
Interest payable and similar charges	-	(2)	(2)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	116,477	(5,844)	110,633

2 INTEREST RECEIVABLE AND SIMILAR INCOME

	53 week period ended 31 March 2013 £000	52 week period ended 25 March 2012 £000
Bank interest	2,516	1,971
Other income	-	34
	2,516	2,005

**bet365 Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the 53 week period ended 31 March 2013

3	INTEREST PAYABLE AND SIMILAR CHARGES	53 week period ended 31 March 2013 £000	52 week period ended 25 March 2012 £000
	On bank loans	2	2
		<u>2</u>	<u>2</u>
4	PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	53 week period ended 31 March 2013 £000	52 week period ended 25 March 2012 £000
	Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)		
	Depreciation and amounts written off tangible fixed assets		
	Charge for the period – owned assets	32,958	29,144
	Amortisation of player registrations	21,026	16,782
	Impairment of players' registrations	6,071	-
	Amortisation of goodwill	-	1,174
	Loss/(profit) on sale of fixed assets – included in operating expenses	386	(58)
	Operating lease rentals		
	Plant and machinery	51	52
	Land and buildings	578	642
	Grants released	(54)	(54)
	Software development	16,854	13,619
		<u>16,854</u>	<u>13,619</u>

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2013

4	PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)	53 week period ended 31 March 2013 £000	52 week period ended 25 March 2012 £000
	Audit services		
	Statutory audit of parent and consolidation accounts	4	4
	Other services		
	Audit of subsidiaries where such services are provided by Baker Tilly associates	47	34
	Audit of subsidiaries where such services are provided by Baker Tilly UK Audit LLP	120	106
	Work performed by associates of Baker Tilly in respect of consolidation returns or legal legislative requirements	10	10
	Further assurance services	21	21
	Other non-audit services	140	60
	Tax services		
	Compliance services	31	29
	Advisory services	574	350
		<u>947</u>	<u>614</u>
	Comprising		
	Audit services	171	144
	Non-audit services	776	470
		<u>947</u>	<u>614</u>

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

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

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

**bet365 Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 53 week period ended 31 March 2013**

5	EMPLOYEES	<b>53 week period ended 31 March 2013 Number</b>	52 week period ended 25 March 2012 Number
	The average monthly number of persons (including directors) employed by the Group during the period was		
	Managers and supervisors	234	188
	Operations staff – internet gaming group	2,041	1,692
	Operations staff – football group	225	216
	Full time playing staff and scholars	64	55
		<b>2,564</b>	<b>2,151</b>

In addition to the above the group employed an average of 253 (2012 278) match-day staff during the period, incurring cost of £245,000 (2012 £280,000)

		<b>53 week period ended 31 March 2013 £000</b>	52 week period ended 25 March 2012 £000
	Staff costs for the above persons		
	Wages and salaries	154,577	124,180
	Social security costs	16,907	13,955
	Other pension costs	1,759	1,755
		<b>173,243</b>	<b>139,890</b>

**DIRECTORS' REMUNERATION**

		<b>53 week period ended 31 March 2013 £000</b>	52 week period ended 25 March 2012 £000
	Emoluments	9,515	9,622
	Pension fund contributions	-	180
		<b>9,515</b>	<b>9,802</b>

The pension payments in 2012 were made to the personal pension plans of the directors. No directors accrue benefits under the money purchase scheme.



**bet365 Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the 53 week period ended 31 March 2013

5 EMPLOYEES (continued)

		Highest paid director	
		53 week period ended 31 March 2013 £000	52 week period ended 25 March 2012 £000
Directors' emoluments disclosed include the following payments			
Emoluments		5,443	6,273
Pension fund contributions		-	90
		5,443	6,363

6	TAXATION	53 week period ended 31 March 2013		52 week period ended 25 March 2012	
		£000	£000	£000	£000
	Current tax				
	UK corporation tax on profits of the period	25,000		20,350	
	Overseas tax	9,526		5,175	
	Adjustments in respect of previous period	30		172	
	Total current tax		34,556		25,697
	Deferred tax				
	Origination and reversal of timing differences	(3,810)		(2,043)	
	Adjustments in respect of previous period	46		(649)	
	Total deferred tax		(3,764)		(2,692)
	Tax on profit on ordinary activities		30,792		23,005

**bet365 Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the 53 week period ended 31 March 2013

6 TAXATION (continued)

Factors affecting tax charge for the period	<b>53 week period ended 31 March 2013 £000</b>	52 week period ended 25 March 2012 £000
<p>The tax assessed for the period is lower (2012 lower) than the average standard rate of corporation tax in the UK 24% (2012 26%) The differences are explained below</p>		
Profit on ordinary activities before tax	<b>148,322</b>	110,633
Profit on ordinary activities multiplied by the average standard rate of corporation tax in the UK 24% (2012 26%)	<b>35,597</b>	28,765
<i>Effects of</i>		
Expenses not deductible for tax purposes	<b>2,194</b>	1,337
Fixed asset timing differences	<b>3,835</b>	2,516
Non taxable income	<b>(6)</b>	(53)
Other timing differences	<b>(352)</b>	89
Difference in tax rate of overseas subsidiary	<b>(13,336)</b>	(8,290)
Utilised tax losses	<b>(19)</b>	-
Adjustments in respect of previous period	<b>30</b>	172
Overprovision	<b>237</b>	168
Unutilised tax losses carried forward	<b>6,376</b>	993
Current tax charge for the period	<b>34,556</b>	25,697

**bet365 Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the 53 week period ended 31 March 2013

7	DIVIDENDS	<b>53 week period ended 31 March 2013 £000</b>	52 week period ended 25 March 2012 £000
	Ordinary and A Ordinary shares Dividends paid	<b>15,000</b>	40,000

On 27 December 2012 a dividend of £49.78 per share was paid to the shareholders. There were two dividends paid in the period ended 25 March 2012 of £49.78 per share and £82.97 per share.

On 25<sup>th</sup> April 2013 a dividend of £116.16 per share was paid by the company amounting to £35m in total.

**8 INTANGIBLE FIXED ASSETS**

	Goodwill – Sports and gaming £000	Goodwill – Football Club and facilities £000	Player registrations £000	Total £000
<b>GROUP</b>				
<i>Cost</i>				
At beginning of period	14,378	6,276	84,887	105,541
Additions	-	-	24,428	24,428
Disposals	-	-	(19,844)	(19,844)
At end of period	14,378	6,276	89,471	110,125
<i>Amortisation</i>				
At beginning of period	10,205	-	49,853	60,058
Amortisation	-	-	21,026	21,026
On disposals	-	-	(19,260)	(19,260)
Impairments	-	-	6,071	6,071
At end of period	10,205	-	57,690	67,895
<i>Net book value</i>				
<b>At 31 March 2013</b>	<b>4,173</b>	<b>6,276</b>	<b>31,781</b>	<b>42,230</b>
At 25 March 2012	4,173	6,276	35,034	45,483

**bet365 Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the 53 week period ended 31 March 2013

9 TANGIBLE FIXED ASSETS

	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
<b>GROUP</b>						
<i>Cost or valuation</i>						
At beginning of period						
- Cost	14,729	13,973	35	120,918	8,366	158,021
- Valuation	-	-	34,000	-	-	34,000
Additions	1,126	679	556	15,736	2,896	20,993
Disposals	-	(459)	-	(843)	(557)	(1,859)
Reclassification	7	-	-	(7)	-	-
Exchange adjustment	-	-	-	161	5	166
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period						
- Cost	15,862	14,193	591	135,965	10,710	177,321
- Valuation	-	-	34,000	-	-	34,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>						
At beginning of period	2	331	-	64,798	3,388	68,519
Charged in the period	343	75	-	30,619	1,921	32,958
On disposals	-	(20)	-	(810)	(336)	(1,166)
Exchange adjustment	-	-	-	103	3	106
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	345	386	-	94,710	4,976	100,417
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>						
<b>At 31 March 2013</b>	<b>15,517</b>	<b>13,807</b>	<b>34,591</b>	<b>41,255</b>	<b>5,734</b>	<b>110,904</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 25 March 2012	14,727	13,642	34,035	56,120	4,978	123,502
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**bet365 Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the 53 week period ended 31 March 2013

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9 TANGIBLE FIXED ASSETS (continued)

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

On an historical cost basis this would have been included at

	Football Stadium	
	2013	2012
	£000	£000
Cost	<b>18,680</b>	18,124
Aggregate depreciation	-	-

The net book value of leasehold land and buildings comprises

	31 March	25 March
	2013	2012
	£000	£000
Long leasehold	<b>13,548</b>	13,293
Short leasehold	<b>259</b>	349
	<b>13,807</b>	13,642

Depreciation in respect of short leasehold properties in the period was £75,000 (2012 £75,000)

Long leasehold properties with a cost of £13,548,000 (2012 £13,293,000) have not been depreciated in the period.

**bet365 Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the 53 week period ended 31 March 2013

9 TANGIBLE FIXED ASSETS (continued)

	Freehold land and buildings £000	Leasehold land and buildings £000	Total £000
<b>COMPANY</b>			
<i>Cost</i>			
At beginning of period	-	13,293	13,293
Additions	225	678	903
Disposals	-	(423)	(423)
	225	13,548	13,773
<i>Net book value</i>			
<b>At 31 March 2013</b>	<b>225</b>	<b>13,548</b>	<b>13,773</b>
	-	13,293	13,293
At 25 March 2012	-	13,293	13,293

The net book value of leasehold land and buildings comprises

	<b>31 March 2013 £000</b>	25 March 2012 £000
Long leasehold	<b>13,548</b>	13,293
	<b>13,548</b>	13,293

10 FIXED ASSET INVESTMENTS

**COMPANY**

*Cost and net book value*

At beginning and end of period

Shares in  
group  
undertakings  
£000

**10,000**

**bet365 Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the 53 week period ended 31 March 2013

10 FIXED ASSET INVESTMENTS (continued)

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

<i>Subsidiary undertaking</i>	<i>Country of registration</i>	<i>Principal activity</i>	<i>Percentage of ordinary shares held</i>	
			<i>Group</i>	<i>Company</i>
Hillside (New Media Holdings) Limited	UK	Holding company	100%	100%
Hillside (New Media) Limited	UK	Provision of Internet, mobile and telephone sports betting, and software development	100%	-
bet365 International NV	Netherlands Antilles	Dormant	100%	-
Hillside (Gibraltar) Limited	Gibraltar	Provision of online casino, poker room, bingo and games	100%	-
Hillside (Gibraltar Holdings) Limited	Gibraltar	Dormant	100%	-
Hillside (Gibraltar New Media) Limited	Gibraltar	Dormant	100%	-
Hillside (Leisure) Limited	UK	Dormant	100%	-
Hillside (Australia New Media) Pty Limited	Australia	Provision of Internet, mobile and telephone sports betting	100%	-
Hillside (Spain New Media) Plc	UK	Provision of internet, mobile and telephone sports betting	100%	-
Hillside Espana Leisure, S A	Spain	Provision of on-line casino, poker, bingo and games	100%	-
Hillside (New Ventures) Limited	UK	Dormant	100%	-
Hillside (Alderney) Limited	Alderney	Dormant	100%	-
Hillside (Malta Holdings) Limited	Malta	Dormant	100%	0.1%
Hillside (Malta) Limited	Malta	Dormant	100%	0.1%
Stoke City Holdings Limited	UK	Holding company	100%	100%
Stoke City Football Club Limited	UK	Football Club	94.9%	-
Stoke City (Property) Limited	UK	Provision of stadium and training ground facilities	100%	-

**bet365 Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the 53 week period ended 31 March 2013

10 FIXED ASSET INVESTMENTS (continued)

On 31 May 2012 the shares held by Hillside (Gibraltar Holdings) Limited in Hillside Espana Leisure, S A were transferred to Hillside (New Media Holdings) Limited

On 1 June 2012 the shares held by Hillside (Gibraltar Holdings) Limited in Hillside (Australia New Media) Pty Limited were transferred to Hillside (New Media Holdings) Limited

On 30 October 2012 a new subsidiary company was incorporated, Hillside (New Ventures) Limited being a 100% subsidiary of Hillside (New Media Holdings) Limited

11 STOCKS

	Group		Company	
	31 March 2013 £000	25 March 2012 £000	31 March 2013 £000	25 March 2012 £000
Finished goods	436	589	-	-

12 DEBTORS

	Group		Company	
	31 March 2013 £000	25 March 2012 £000	31 March 2013 £000	25 March 2012 £000
<i>Due within one year</i>				
Trade debtors	2,991	5,190	-	-
Corporation tax	-	-	-	14
Other debtors	55,955	29,666	-	-
Prepayments and accrued income	12,870	16,915	-	-
Deferred tax asset (see note 15)	6,385	2,621	-	-
	<b>78,201</b>	<b>54,392</b>	<b>-</b>	<b>14</b>
<i>Due after more than one year</i>				
Amounts owed by group undertakings	-	-	76,318	60,898
Other debtors	2,765	3,485	1,353	1,353
	<b>2,765</b>	<b>3,485</b>	<b>77,671</b>	<b>62,251</b>
	<b>80,966</b>	<b>57,877</b>	<b>77,671</b>	<b>62,265</b>



**bet365 Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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13 CREDITORS Amounts falling due within one year

	Group		Company	
	31 March 2013 £000	25 March 2012 £000	31 March 2013 £000	25 March 2012 £000
Bank loans	-	43	-	-
Trade creditors	118,485	89,860	-	-
Corporation tax	22,749	12,665	-	-
Other taxation and social security costs	12,866	6,700	-	-
Other creditors	41,972	29,751	11	11
Accruals and deferred income	99,108	71,984	-	-
	<u>295,180</u>	<u>211,003</u>	<u>11</u>	<u>11</u>

Included in trade creditors is an amount of £94,202,000 (2012 £59,501,000) in respect of amounts due to customers. This is offset by an amount equivalent to these funds in cash at bank

14 CREDITORS Amounts falling due after more than one year

	Group		Company	
	31 March 2013 £000	25 March 2012 £000	31 March 2013 £000	25 March 2012 £000
Trade creditors	4,315	7,334	-	-
Amounts owed to group undertakings	-	-	75,495	58,734
Accruals and deferred income	4,821	6,270	-	-
	<u>9,136</u>	<u>13,604</u>	<u>75,495</u>	<u>58,734</u>

ANALYSIS OF DEBT MATURITY

	Group		Company	
	31 March 2013 £000	25 March 2012 £000	31 March 2013 £000	25 March 2012 £000
Amounts payable				
In one year or less	-	43	-	-
	<u>-</u>	<u>43</u>	<u>-</u>	<u>-</u>

**Bank loans**

Included within creditors are bank loans of £nil (2012 £43,000). Interest was charged on the bank loan at 2% per annum above LIBOR.

The bank loans were secured by way of a fixed and floating charge over all the assets of Stoke City Football Club Limited and a legal charge over the Club's leasehold interest in Britannia Stadium and indoor facility, at the period end date these had not been released.

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

DEFERRED GRANTS

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

	Group		Company	
	31 March 2013 £000	25 March 2012 £000	31 March 2013 £000	25 March 2012 £000
At start of period	2,019	2,073	-	-
Grants released to the profit and loss account	(54)	(54)	-	-
At end of period	<u>1,965</u>	<u>2,019</u>	<u>-</u>	<u>-</u>

	Group		Company	
	31 March 2013 £000	25 March 2012 £000	31 March 2013 £000	25 March 2012 £000
Amounts to be released relating to periods ending				
In one year or less or on demand	54	54	-	-
In more than one year but not more than two years	54	54	-	-
In more than two years but not more than five years	162	162	-	-
In five years or more	1,695	1,749	-	-
	<u>1,965</u>	<u>2,019</u>	<u>-</u>	<u>-</u>

15 PROVISIONS FOR LIABILITIES

	Pension obligations £000
GROUP	
At start of period	103
Charge in the period	183
At end of period	<u>286</u>

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15 PROVISIONS FOR LIABILITIES (continued)

*Pension obligations*

Certain staff of the Group are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme ("FLLPLAS"), a defined benefit scheme. As the Group is one of a number of participating employers in the FLLPLAS, it is not possible to allocate any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed in the profit and loss account as they become payable. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. In addition a provision has been established for future enhanced contributions following instruction from the actuaries of the schemes. The expected contributions to the scheme for the next financial period are £26,000 (2012 £13,000)

GROUP	£000
DEFERRED TAXATION ASSET	
At beginning of period	(2,621)
Credit to the profit and loss account	(3,764)
	<hr/>
<b>At end of period</b>	<b>(6,385)</b>
	<hr/> <hr/>

The elements of the deferred tax asset are as follows

	Provided		Unprovided	
	31 March 2013 £000	25 March 2012 £000	31 March 2013 £000	25 March 2012 £000
Fixed asset timing differences	(5,066)	(1,640)	(128)	(128)
Other timing differences	(1,319)	(981)	(407)	(308)
Tax losses	-	-	(12,189)	(3,702)
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>(6,385)</b>	<b>(2,621)</b>	<b>(12,724)</b>	<b>(4,138)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In respect of the group there are unutilised tax losses available for future use of £12,189,000 (2012 £3,702,000) relating to Stoke City Football Club Limited and certain overseas subsidiaries. A deferred tax asset has not been reflected as the recovery of this asset cannot be assessed with reasonable certainty.

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

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15 PROVISIONS FOR LIABILITIES (continued)

COMPANY

DEFERRED TAX - LIABILITY	£000
At beginning of period	132
Charge to the profit and loss account	16
	<hr/>
At end of period	148
	<hr/> <hr/>

COMPANY	<b>31 March</b>	25 March
	<b>2013</b>	2012
	<b>£000</b>	£000
Fixed timing differences	<b>148</b>	132
	<hr/>	<hr/>

16 SHARE CAPITAL

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	-	-
Nil "C" ordinary shares of 1 pence each	-	-
	<hr/>	<hr/>
	<b>3</b>	<b>3</b>
	<hr/> <hr/>	<hr/> <hr/>

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

The "C" ordinary shares are not entitled to a dividend, or notice to attend an annual general meeting

*bet365 Group Limited Share Option Plan*

bet365 Group Limited's share option plan was adopted on 13 March 2003. Options granted under this scheme may be exercised, subject to certain restrictions, from 13 March 2006 up to ten years from grant for eligible employees. In March 2013 all employees waived all rights to participate in the scheme and no options were exercised.

Options at 25 March 2012	Options granted in period	Options lapsed in period	Options exercised in period	Options at 31 March 2013	Exercise price £	Market price at date of exercise £
2,160	-	(2,160)	-	-	7.88	N/A
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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17	SHARE PREMIUM ACCOUNT		Share premium account £000
	GROUP AND COMPANY		
	At beginning and end of period		18,998
			<u>          </u>
18	REVALUATION RESERVE		£000
	GROUP		
	At beginning and end of period		15,876
			<u>          </u>
19	PROFIT AND LOSS RESERVE	Group £000	Company £000
	At beginning of period	226,498	7,680
	Profit for the period	117,530	14,109
	Dividends (see note 7)	(15,000)	(15,000)
	Exchange differences on retranslation of foreign subsidiary undertakings	(1,619)	-
	<b>At end of period</b>	<u>327,409</u>	<u>6,789</u>
			<u>          </u>
20	MINORITY INTEREST	<b>31 March 2013 £000</b>	25 March 2012 £000
	Minority share of losses for the period	1,496	298
	Creation of provision against minority interest	(1,496)	(298)
		<u>          </u>	<u>          </u>
		<u>          </u>	<u>          </u>

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

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2013

21	RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES	53 week period ended 31 March 2013 £000	52 week period ended 25 March 2012 £000
	Operating profit	145,174	107,125
	Depreciation	32,958	29,144
	Amortisation and impairment of player registrations	27,097	16,782
	Amortisation of goodwill	-	1,174
	Loss/(profit) on sale of fixed assets	386	(58)
	Decrease in stock	153	85
	Increase in debtors	(19,437)	(21,425)
	Increase in creditors	67,187	71,982
	Increase/(decrease) in provisions	183	(14)
	<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>253,701</b>	<b>204,795</b>
22	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	53 week period ended 31 March 2013 £000	52 week period ended 25 March 2012 £000
	Increase in cash in the period	173,249	80,948
	Cash outflow from reduction in debt	43	73
		173,292	81,021
	Translation differences	469	-
	<b>MOVEMENT IN NET FUNDS IN THE PERIOD</b>	<b>173,761</b>	<b>81,021</b>
	Net funds at start of period	258,591	177,570
	<b>NET FUNDS AT END OF PERIOD</b>	<b>432,352</b>	<b>258,591</b>

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23	ANALYSIS OF NET FUNDS	At 25 March 2012 £000	Cash flow £000	Exchange movements £000	At 31 March 2013 £000
	Cash at bank and in hand	258,634	173,249	469	<b>432,352</b>
	Debt due within one year	(43)	43	-	-
	<b>Total</b>	<b>258,591</b>	<b>173,292</b>	<b>469</b>	<b>432,352</b>

24 COMMITMENTS

a)	Capital commitments	Group		Company	
		31 March 2013 £000	25 March 2012 £000	31 March 2013 £000	25 March 2012 £000
	Capital expenditure contracted for but not provided in the financial statements	<b>6,395</b>	-	<b>5,130</b>	-

b)	Commitments under operating leases	31 March 2013 £000	25 March 2012 £000
	At the period end the Group was committed to making the following payments during the next period under non-cancellable operating leases as follows		

Plant and machinery		
Expiring within one year	<b>59</b>	52
Land and buildings		
Expiring between two and five years	<b>44</b>	44
Expiring after five years	<b>601</b>	570
	<b>704</b>	666

c) Ground safety grants

Stoke City Football Club Limited has received grants from The Football Trust in respect of the development of the Britannia Stadium which at the period end are included in deferred grants of £1,965,000 (2012 £2,019,000)

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

# bet365 Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 53 week period ended 31 March 2013

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### 24 COMMITMENTS (continued)

#### d) Security

Barclays Bank plc holds a charge dated 18 December 2012 which provides cash cover against bank guarantees provided in relation to the Group's entry into certain regulated markets. This totalled €5 2m (Euros) at the period end date.

The Co-operative Bank has a first legal charge held over the leasehold interest in the Britannia Stadium and the Indoor Training Facility.

National Westminster Bank plc holds a charge dated 9 March 2012 over a credit bank account of the Group which at 31 March 2013 amounted to AUD\$200,000 (2012 AUD\$200,000).

The Royal Bank of Scotland plc held a charge dated 23 May 2008 over a credit bank account of the Group which at 31 March 2013 amounted to £nil (2012 £2,000,000).

#### e) Contingent liabilities

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

The directors do not consider it practicable to estimate the financial impact of this support on the Group.

The Group has issued two trade guarantees amounting to £343,000 (2012 £334,000).

### 25 PENSION COMMITMENTS

The Group operates a number of defined contribution pension schemes whose assets are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £1,759,000 (2012 £1,755,000). Contributions amounting to £369,000 (2012 £1,098,000) were payable to the scheme at the period end and are included in creditors. A provision amounting to £286,000 (2012 £103,000) is included in provisions (note 15).

### 26 RELATED PARTY TRANSACTIONS

In 2009 the Company made a loan of £1,500,000 to Mercer Street Securities Limited, a company in which Peter Coates has an interest. At the end of the period £1,353,000 (2012 £1,353,000) was outstanding to bet365 Group Limited. The loan is repayable on demand and is non-interest bearing. The directors established the transactions on an arm's length basis.

The subsidiary, Stoke City Football Club Limited, received loans from Stoke City Holdings Limited of £15,000,000 (2012 £7,000,000) during the period. At 31 March 2013, Stoke City Football Club Limited owed Stoke City Holdings Limited £39,376,000 (2012 £24,376,000).

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

Stoke City Football Club Limited was charged rent and facilities fees by Stoke City (Property) Limited of £4,426,000 (2012 £4,026,000). Stoke City Football Club Limited loaned £2,770,000 (2012 £5,240,000) to Stoke City (Property) Limited. The balance due from Stoke City (Property) Limited to Stoke City Football Club Limited at 31 March 2013 was £11,052,000 (2012 £10,169,000).



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26 RELATED PARTY TRANSACTIONS (continued)

During the period the Group made a loan of £nil (2012 £450,000) to ABM Catering Limited, a company with common directors. This loan has been fully repaid in the period. Interest was charged on the loan at 5% per annum.

At the period end £nil (2012 £450,000) was owed by ABM Catering Limited.

Stoke City (Property) Limited made purchases during the period of £240,000 (2012 £191,000) from ABM Catering Limited. The balance due to ABM Catering Limited at the period end was £21,000 (2012 £51,000).

Stoke City Football Club Limited received commission of £390,000 (2012 £nil) in the period covering the provision of the catering facilities at the football ground. The amount due at the period end was £36,000 (2012 £nil).

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

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

	<b>2013</b>	2012
	£	£
D Coates CBE	7,537,511	20,100,029
JF Coates	3,750,037	10,000,100
P Coates	1,162,512	3,100,032
WW Roseff	1,000,023	2,666,729
	<u>          </u>	<u>          </u>

During the period the Group donated £1,155,000 (2012 £nil) to the bet365 Foundation, a charity of which Denise Coates CBE, John Coates and Peter Coates are trustees.

At the period end the following balances are due to the directors:

	Loan received £000	Payments on behalf of directors £000	<b>2013</b> £'000	2012 £'000
D Coates CBE	2,160	1,657	503	-
JF Coates	100	3	97	-
			<u>        </u>	<u>        </u>
			<b>600</b>	-
			<u>        </u>	<u>        </u>

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

27 CONTROLLING INTEREST

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