The Sporting Exchange Limited

Annual Report and Accounts

Registered number 03770548

For the year ended 30 April 2016

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Strategic report

The strategic report is prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Principal activity and future developments

The principal activity of The Sporting Exchange Limited (the 'Company') is the provision of support services to other companies in the Betfair Group Limited (the 'Betfair Group' or 'Group'). The directors believe these activities will continue for the foreseeable future.

During the year the Company's ultimate parent Betfair Group plc (now Betfair Group Limited) merged with Paddy Power plc to form Paddy Power Betfair plc ('PPB', together with its subsidiaries, the 'PPB Group'). Paddy Power Betfair plc is now the ultimate parent of the Company.

Review of business

The Company is part of the Betfair Group which reported a consolidated turnover from continuing operations of £563.9m (2015: £476.5m), profit before tax of £89.0m (2015: £101.2m) and has consolidated net assets of £91.2m (2015: £49.4m). On 2 February 2016, the Group completed an all share merger with Paddy Power plc (the 'Merger') resulting in Paddy Power plc shareholders owning 52% and Betfair Group plc shareholders owning 48% of Paddy Power Betfair plc. The results of the Group and further details of the Merger are discussed in detail in the financial statements of Betfair Group Limited.

During the year the Company generated £17.6m (2015: £17.6m) of other operating income from the sale of intellectual property to Group undertakings. Other income of £5.1m (2015: £5.6m) arose from waiver of loans due to a Group undertaking and no income (2015: £149.0m) was generated from dividends received from subsidiary holdings and other investments. During the year the Employee Benefit Trust did not purchase any shares (2015: £5.2m) in the Group and sold shares with a weighted average value totalling £3.7m (2015: £7.1m). The directors were satisfied with the performance of the Company during the year and further details of the consolidated performance of the Company and its subsidiary holdings are provided below.

Key performance indicators (KPIs)

The directors believe the KPIs of the Company and its associated subsidiaries are turnover and profit before tax. The Company generated no turnover for the year ended 30 April 2016 (2015: £nil). The Company's subsidiary holdings (directly and indirectly) generated external revenue of £563.9m (2015: £476.5m) from the provision of online gaming services. The Company and associated subsidiaries generated profit on ordinary activities before taxation of £89.0m (2015: £101.2m) which is reasonable based on the directors' expectations.

The average number of employees of the Company's associated subsidiaries has increased to 2,088 (2015: 1,901) as a result of investment in product and technology teams, alongside additional operational staff to serve the growing customer base. The Company itself had no employees in either the current or prior year.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The key business risks and uncertainties affecting the Group are considered to relate to online gambling regulation, taxation, competition, products, customers, people, reliance on third parties, IT disaster recovery, financial risk, employee retention, security of data and customer funds and technology infrastructure and systems and the Merger. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 2 to 3 of the Group's Annual Report and Accounts 2016 which does not form part of this report. A copy of the Group's Annual Report and Accounts 2016 can be obtained from the following address:

Strategic report (continued)

Principal risks and uncertainties (continued)

The Company Secretary
Paddy Power Betfair plc
Waterfront
Hammersmith Embankment
Chancellors Road
London
W6 9HP

Risks are formally reviewed by the PPB Board and appropriate processes are put in place to mitigate them. It is possible that the overall effect of such events would result in adverse implications for the Company.

Financial risk management

The Group, which applies to the Company where applicable, continues to have a prudent treasury management policy in place.

The Group's operations expose it to a variety of other financial risks, including interest rate and foreign exchange movements. Management continues to monitor closely the Group's financial risks and mitigate its exposure where appropriate.

The strategic report is approved by the Board and signed on its behalf by:

Alexander Gersh
Director

Waterfront
Hammersmith Embankment
Chancellors Road
London
W6 9HP

30 November 2016

Directors' report

Dividends

During the year, the Company did not pay any dividends to its parent company, Betfair Group Limited (2015: £148.0m). The directors do not recommend the payment of a final dividend for the year ended 30 April 2016.

Political contributions

The Company made no political contributions during the year (2015: £nil).

Directors

The directors who held office during the year, and up to the date of this report, are as follows:

Breon Corcoran
Alexander Gersh
Edward Traynor (appointed 20 October 2016)

All directors benefited from qualifying third-party indemnity provisions in place during the financial year and at the date of this report.

Employees

Applications for employment by disabled persons are always fully and fairly considered, bearing in mind the aptitude and ability of the applicant concerned. In the event of members of staff becoming disabled, every effort will be made to ensure that their employment within the Group continues. The Group will ensure that appropriate adjustments to accommodate a disability will be discussed and appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Management recognises that employees are key to both the present and future success of the Group and places considerable value on the involvement of its employees. In order to maximise the potential of every employee, management support the fundamental belief that there must be considerable investment in training and development, a supportive and progressive working environment and employee contribution and involvement in business matters.

Management has continued its practice of keeping employees informed on matters affecting them and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

Disclosure of information to auditor

The directors holding office at the date of approval of these accounts confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board

Alexander Gersh
Director

Waterfront
Hammersmith Embankment
Chancellors Road
London
W6 9HP

30 November 2016

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG

Independent auditor's report to the members of The Sporting Exchange Limited

We have audited the financial statements of The Sporting Exchange Limited for the year ended 30 April 2016 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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 explained more fully in the directors' responsibilities statement set out on page 4, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

G Buschor

Gemma Buschor (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

30 November 2016

Profit and loss account and other comprehensive income
For the year ended 30 April 2016

	Note	**2016** **£'000**	2015 £'000
Administrative expenses		**(7)**	(15)
Other operating income	4	**17,600**	17,600
Operating profit		**17,593**	17,585
Other income	5	**5,105**	154,575
Interest receivable and similar income	6	**3,878**	4,134
Interest payable and similar charges	7	**(459)**	(600)
Profit on ordinary activities before tax		**26,117**	175,694
Tax on profit on ordinary activities	8	**(816)**	1,186
Profit and total comprehensive income for the financial year		**25,301**	176,880

All activities relate to continuing operations in the current and prior year.

The notes on pages 9 to 17 form an integral part of these financial statements.

Balance sheet
As at 30 April 2016

	Note	2016 £'000	2016 £'000	(Restated) 2015 £'000	(Restated) 2015 £'000
Assets					
Investments	9		**68,215**		71,866
Debtors	10	**285,991**		281,385	
Cash at bank and in hand		**21**		2,024	
		286,012		283,409	
Creditors: amounts falling due within one year	11	**(47,284)**		(51,175)	
Net current assets			**238,728**		232,234
Total assets less current liabilities			**306,943**		304,100
Creditors: amounts falling due after more than one year	12		**(224,400)**		(242,000)
Net assets			**82,543**		62,100
Capital and reserves					
Called up share capital	13		**104**		104
Share premium account	14		**1,447**		1,447
Profit and loss account	15		**80,992**		60,549
Shareholders' funds	16		**82,543**		62,100

The notes on pages 9 to 17 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 30 November 2016 and were signed on its behalf by:

Alexander Gersh
Director

Statement of changes in equity
For the year ended 30 April 2016

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000
At 1 May 2014	**104**	**1,447**	**35,447**
Comprehensive income for the year			
Profit for the year	-	-	176,880
Transactions with owners, recorded directly in equity			
Sale of parent shares by EBT	-	-	(3,778)
Dividends paid	-	-	(148,000)
Total transactions with owners	**-**	**-**	**(151,778)**
At 30 April 2015	**104**	**1,447**	**60,549**
Comprehensive income for the year			
Profit for the year	-	-	25,301
Transactions with owners, recorded directly in equity			
Sale of parent shares by EBT	-	-	(4,858)
Total transactions with owners	**-**	**-**	**(4,858)**
At 30 April 2016	**104**	**1,447**	**80,992**

The notes on pages 9 to 17 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules in accordance with applicable UK accounting standards, including FRS 101 'Reduced Disclosure Framework' (FRS 101'), and comply with the requirements of the United Kingdom Companies Act 2006. The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

FRS 101 is mandatory for accounting periods beginning on or after 1 January 2015 and these financial statements reflect the first-time adoption of this standard. Explanation of the impact of transition to FRS 101 has been provided in note 18.

On transition, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. IFRS 1 grants certain first-time adoption exemptions from the full requirements of the reporting standard. The Company has taken advantage of the following exemptions in these financial statements:

- The carrying amount of the Company's cost of investment in subsidiaries and associates is their deemed cost at transition date.

The Company's previous ultimate parent undertaking, Betfair Group Limited, includes the Company in its consolidated financial statements up to 30 April 2016. Subsequently, the Company will be included in the consolidated financial statements of its new ultimate parent undertaking, Paddy Power Betfair plc.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosure:

- Cash flow statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the reclassification of items in the financial statements; and,
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Betfair Group include the equivalent disclosures, the Company has also taken advantage of the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instrument Disclosures'.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes (continued)

1 Accounting policies (continued)

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements have been prepared on a going concern basis in view of the fact that the ultimate parent company, Paddy Power Betfair plc, has formally indicated that it will provide sufficient funding to the Company, to enable it to meet its liabilities as they fall due, for at least twelve months from the date of approval of these financial statements. The directors have no reason to believe that the parent company will not be in a position to provide the support referred to above and, accordingly, they have prepared the financial statements on the going concern basis.

Financial instruments

Classification of financial instruments issued by the Group

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- They include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these consolidated financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Basic financial instruments comprise investments in equity securities, trade and other receivables, including cash and cash equivalents and trade and other payables.

Basic financial instruments are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Investments

Fixed asset investments are stated at cost less any provision for impairment.

Other operating income

Other operating income comprises income recognised from licensing of intellectual property.

Tax

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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for tax and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by IAS 12 'Income Taxes'.

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Judgements and estimates

The preparation of financial statements in conformity with IAS 1 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, the reported amounts of revenues and expense. Actual results may differ from those estimates.

Parent shares held by Employee Benefit Trust (EBT)

The Company administers the Betfair Group EBT. The Company does not recognise a share-based payment in its financial statements since, as an intermediate parent, it is neither the receiving nor settling entity in respect of share-based payments. Gains and losses from managing the operations of the EBT are recognised in the profit and loss account when incurred.

2 Auditor's remuneration

Audit fees have been borne by a fellow group undertaking in the current and prior year. The audit fee payable to the Company's auditor in respect of these financial statements was £7,500 (2015: £7,500).

3 Directors' remuneration

No directors received remuneration for services to the Company during the year (2015: £nil). The Company had no employees during the current year or prior year.

4 Other operating income

	2016	2015
	£'000	£'000
Release of deferred income from the sale of intellectual property (note 12)	**17,600**	17,600

5 Other income

	2016	2015
	£'000	£'000
Waive of loan balance due to Group undertaking	**5,105**	5,583
Dividend income	-	148,992
	5,105	154,575

During the year ended 30 April 2016, a loan totalling £5.1m (2015: £5.6m), which was due to another entity within the Betfair Group, was waived as a result of the exercise of employee share options satisfied from the Employee Benefit Trust.

During the year ended 30 April 2016 the Company did not receive any dividend income from its subsidiary undertaking, TSE Holdings Limited (2015: £148.0), or from its fixed asset investment in Betfair Group Limited (2015: £1.0m).

Notes (continued)

6 *Interest receivable and similar income*

	2016 £'000	2015 £'000
Bank interest receivable	**3**	8
Interest receivable from Group undertakings	**3,875**	4,126
	3,878	4,134

7 *Interest payable and similar charges*

	2016 £'000	2015 £'000
Interest payable to Group undertakings	**459**	600

8 Tax on loss on ordinary activities

Analysis of tax credit for the year

	2016 £'000	2015 £'000
UK corporation tax – current year	**683**	54
UK corporation tax – prior year	**133**	(1,240)
Current tax	**816**	(1,186)

The tax for the year is different from the standard rate of corporation tax in the UK of 20% (2015: 20.92%). The differences are explained below:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	**26,117**	175,694
Current tax at 20% (2015: 20.92%)	**5,223**	36,755
Effects of:		
Income not taxable	**(4,540)**	(36,701)
Adjustments in respect of previous periods	**133**	(1,240)
Current tax	**816**	(1,186)

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. Any UK deferred tax assets and liabilities at 30 April 2016 have been calculated at 19.92%.

The UK corporation tax rate was further reduced to 17% (effective from 1 April 2020) as part of the Finance Bill 2016. This received Royal Assent on 15 September 2016. This will reduce the Company's future current tax charge accordingly.

Notes (continued)

9 Fixed asset investments

	Share in Group undertakings £'000	Other investments £'000	Total £'000
Cost			
At 1 May 2015 (restated)	70,666	1,200	71,866
Sale of shares	(3,651)	-	(3,651)
Purchase of shares	-	-	-
At 30 April 2016	**67,015**	**1,200**	**68,215**

During the year, the Employee Benefit Trust did not purchase any shares (2015: £5.2m) in the parent company Betfair Group Limited, and sold shares with a weighted average value totalling £3.7m (2015: £7.1m) to employees of the Betfair Group on the exercise of share options.

The related undertakings in which the Company has a direct interest at the year-end are as follows:

	Country of incorporation	Principal activity	Classification	Ordinary shares held % Co	Ordinary shares held % Group
Betfair Limited	England and Wales	Support services	Subsidiary	100	100
Betfair General Betting Limited	England and Wales	Non-trading	Subsidiary	100	100
TSE Holdings Limited	England and Wales	Holding company	Subsidiary	100	100
TSE Development Limited	England and Wales	Intellectual property licensor	Subsidiary	100	100
TSE (International) Limited	England and Wales	Non trading	Subsidiary	100	100
The Sporting Exchange (Clients) Limited	England and Wales	Trust operator	Subsidiary	100	100
Flutter.com LLC	USA	Non-trading	Subsidiary	100	100
TSE (Clients) Pty Limited	Australia	Non-trading	Subsidiary	100	100
TSE Global Limited	England and Wales	Support services	Subsidiary	100	100
London Multi-Asset Exchange (Holdings) Limited*	England and Wales	Holding company	Subsidiary	99.79	99.79
LMAX Limited	England and Wales	Trading	Associate	31.35	31.35

Notes (continued)

9 Fixed asset investments (continued)

The related undertakings in which the company has an indirect interest at the year-end are as follows:

	Country of incorporation	Principal activity	Classification	Ordinary shares held % Co	Group
Timeform Limited	England and Wales	Publisher	Subsidiary	-	100
Portway Press Limited	England and Wales	Non-trading	Subsidiary	-	100
Insightmarket Limited	England and Wales	Non-trading	Subsidiary	-	100
Winslow One Limited	England and Wales	Holding company	Subsidiary	-	100
Winslow Two	England and Wales	Holding company	Subsidiary	-	100
Winslow Three Limited	Cayman Islands	Holding company	Subsidiary	-	100
Winslow Four	Cayman Islands	Holding company	Subsidiary	-	100
Betfair International Plc	Malta	Online sports betting and gaming	Subsidiary	-	100
Betfair Italia S.R.L.	Italy	Online sports betting and gaming	Subsidiary	-	100
TSE (Gibraltar) LP	Gibraltar	Online sports betting	Subsidiary	-	100
TSE US Holdings LLC	USA	Holding company	Subsidiary	-	100
TSE US LLC	USA	R&D activities	Subsidiary	-	100
ODS Holding LLC	USA	Holding company	Subsidiary	-	100
The Rebate Company LLC	USA	Online gaming	Subsidiary	-	100
ODS Technologies LP	USA	Online gaming	Subsidiary	-	100
Betfair US LLC	USA	Marketing activities	Subsidiary	-	100
Trackside Live Productions, LLC	USA	Online gaming	Subsidiary	-	100
ODS Properties, Inc.	USA	Property holding company	Subsidiary	-	100
The Itech Resource Group LLC	USA	Non-trading	Subsidiary	-	100
HRTV, LLC	USA	Online gaming	Subsidiary		
HRTV Holdco LLC	USA	Holding company	Subsidiary	-	100
Betfair Interactive US LLC	USA	Online gaming	Subsidiary	-	100
Betfair Holding (Malta) Limited	Malta	Holding company	Subsidiary	-	100
Betfair Games Limited	Malta	Online gaming	Subsidiary	-	100
Betfair Entertainment Limited	Malta	Online gaming	Subsidiary	-	100
Batfair Casino Limited	Malta	Online gaming	Subsidiary	-	100
Betfair Counterparty Services Limited	Malta	Online sports betting	Subsidiary	-	100
United Channel Media Limited (previously Betfair Marketing Limited)	Malta	Marketing activities	Subsidiary	-	100
Betfair Poker Holdings Limited	Malta	Holding company	Subsidiary	-	100
Polco Limited	Malta	Online sports betting	Subsidiary	-	100
TSE Services Limited	Gibraltar	Support services	Subsidiary	-	100
TSE Development Romania S.R.L.	Romania	R&D activities	Subsidiary	-	100
TSE Data Processing Limited	Ireland	Data centre and support services	Subsidiary	-	100
TSED Unipessoal LDA	Portugal	R&D activities	Subsidiary	-	100
Tradefair Spreads Limited*	England and Wales	Spread betting services	Subsidiary	-	99.79

* Minority interest of 0.21% exists in relation to London Multi Asset Exchange (Holdings) Limited and Tradefair Spreads Limited. The value of this interest is immaterial.

Notes (continued)

10 Debtors

	2016 £'000	(Restated) 2015 £'000
Amounts receivable from Group undertakings	**285,435**	280,013
Corporation tax	**556**	1,372
	285,991	281,385

Amounts receivable from Group undertakings are unsecured, interest bearing and repayable on demand.

11 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Other creditors	**-**	179
Accruals and deferred income	**17,600**	17,611
Amounts payable to Group undertakings	**29,684**	33,385
	47,284	51,175

Amounts payable to Group undertakings are unsecured, interest bearing and repayable on demand.

12 Creditors: amounts falling due after more than one year

	2016 £'000	2015 £'000
Deferred income	**224,400**	242,000

Maturity of deferred income

	2016 £'000	2015 £'000
Matures in second to fifth years inclusive	**70,400**	70,400
Matures in more than five years	**154,000**	171,600
	224,400	242,000

The deferred income represents the element of the consideration from the sale of an exclusive licence of the Company's intellectual property to TSE Development Limited in the year ended 30 April 2005.

Notes (continued)

13 Called up share capital

	2016 £'000	2015 £'000
Authorised		
200,000,000 ordinary shares of 0.1p each (2015: 200,000,000)	**200**	200
Allotted, called up and fully paid		
104,136,304 ordinary shares of 0.1p each (2015: 104,136,304)	**104**	104

14 Share premium account

	£'000
At 1 May 2015 and at 30 April 2016	**1,447**

15 Profit and loss account

	£'000
At 1 May 2015	60,549
Comprehensive income for the financial year	25,301
Sale of parent shares by EBT	(4,858)
At 30 April 2016	**80,992**

16 Reconciliation of movements in shareholders' funds

	2016 £'000	2015 £'000
Shareholders' funds as at 1 May	**62,100**	36,998
Comprehensive income for the financial year	**25,301**	176,880
Sale of parent shares by EBT	**(4,858)**	(3,778)
Dividends paid	**-**	(148,000)
Shareholders' funds as at 30 April	**82,543**	62,100

During the year ended 30 April 2016, the Company did not pay any dividends to its parent company, Betfair Group Limited (2015: £148.0m).

Notes (continued)

17 Immediate and ultimate parent company

The immediate parent company is Betfair Group Limited, a company incorporated in England and Wales.

Paddy Power Betfair plc is the ultimate parent company and is incorporated in the Republic of Ireland. Copies of the Group's Annual Report and accounts can be obtained from:

Paddy Power Betfair plc
Power Tower
Belfield Office Park
Beech Hill Road
Clonskeagh
Dublin 4

18 First time adoption of FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 April 2016 and the comparative information presented in these financial statements for the year ended 30 April 2015.

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position and financial performance is set out below.

Reconciliation of equity

On transition there was no change to the absolute value of equity, or the underlying constituents, and accordingly a reconciliation has not been provided.

Reconciliation of profit and loss account

There was no change to the profit and loss account for the year ended 30 April 2015 as a result of the transition and accordingly a reconciliation has not been provided.

Notes on transition to FRS 101

FRS 101 prohibits the classification of loans as equity instruments. On transition the loan receivable from the Company's subsidiary undertaking was consequently reclassified from fixed asset investments to other debtors. The loan was transitioned at carrying value and the reclassification therefore has a nil impact on equity and the profit for the year.