

# **The Sporting Exchange Limited**

Annual Report and Accounts

Registered number 03770548

For the period ended 31 December 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 as an investment and intermediary holding company in the Paddy Power Betfair group (comprising Paddy Power Betfair plc and its subsidiaries) (the 'PPB Group' or 'Group') (previously the Betfair Group). The Directors believe these activities will continue for the foreseeable future.

The Company changed its accounting reference date from 30 April to 31 December so as to be coterminous with the year end of its ultimate parent company. Accordingly, the current financial statements are prepared for 8 months from 1 May 2016 to 31 December 2016 ('period') and as a result, the comparative figures ('30 April 2016') in the Profit and loss account and other comprehensive income and the related notes are not directly comparable, as these were prepared for a 12-month period ('year').

### Review of business

The Company is part of the PPB Group (previously the Betfair Group) which reported a consolidated turnover from continuing operations for the period of £1,500.8m (30 April 2016: £563.9m), profit before tax of £11.9m (30 April 2016: £89.0m) and has consolidated net assets of £4,316.6m (30 April 2016: £91.2m). On 2 February 2016 the Company's previous ultimate parent, Betfair Group plc, 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 ('PPB'). The results of the Group and further details of the Merger are discussed in detail in the Paddy Power Betfair plc Annual Report & Accounts 2016.

During the period the Company generated £11.7m (30 April 2016: £17.6m) of other operating income from the sale of intellectual property to Group undertakings. Other income of £5.1m arose from waiver of loans due to a Group undertaking during the year ended 30 April 2016. The Company previously administered the Betshare Trust, an Employee Benefit Trust ('EBT'), prior to it being wound up. During the period and prior year the EBT did not purchase any shares in the Group. During the year ended 30 April 2016 the EBT sold shares with a weighted average value totalling £3.7m. The Directors were satisfied with the performance of the Company during the period 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 period ended 31 December 2016 (30 April 2016: £nil). The Company's subsidiary holdings (directly and indirectly) generated external revenue for the period of £403.9m (30 April 2016: £563.9m) from the provision of online gaming services. The Company and associated subsidiaries generated profit before taxation for the period of £74.4m (30 April 2016: £89.0m) which is reasonable based on the Directors' expectations.

The average number of employees of the Company's associated subsidiaries has increased to 2,165 (30 April 2016: 2,088) 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 period 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.

## Strategic Report (continued)

### 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 regulation, licensing and regulatory compliance, data management and cyber security, technology infrastructure, systems stability and availability, business continuity planning and disaster recovery, financial exposure and financial reporting, competition and brand, reliance on third parties and key supplier relationships, health and safety and key employees recruitment and retention. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 56 to 59 of the Paddy Power Betfair plc Annual Report & Accounts 2016 which does not form part of this report. A copy of the Paddy Power Betfair plc Annual Report & Accounts 2016 can be found on its website, [www.paddypowerbetfair.com/investor-relations](http://www.paddypowerbetfair.com/investor-relations), and can be obtained from the following address:

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

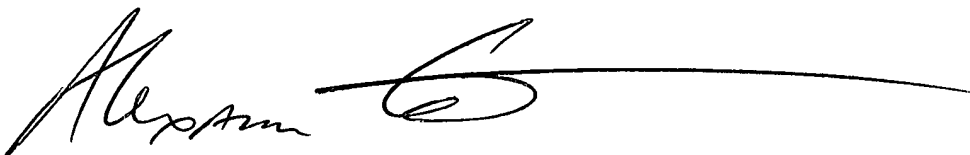
Risks are formally reviewed by the PPB Board and appropriate processes are put in place to mitigate them. It is possible that the overall effect of such events would result in adverse implications for the Company.

### 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*

**Registered office**  
Waterfront  
Hammersmith Embankment  
Chancellors Road  
London  
W6 9HP

| September 2017

## Directors' Report

The Directors present their Annual Report and the audited Financial Statements for the period ended 31 December 2016.

### Future developments

Details of the Company's business activities are set out in the Strategic Report.

### Dividends

The Company did not pay any dividends to its parent company, Betfair Group Limited, during the period or prior year. The Directors do not recommend the payment of a final dividend for the period ended 31 December 2016.

### Political contributions

The Company made no political contributions during the period (30 April 2016: £nil).

### Directors

The Directors who held office during the period, 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 period and at the date of this report.

### Company Secretary

Pritti Patel

### Employees

The responsibility for formulating, implementing and ensuring adherence to employment policies and relevant legislation falls under the remit of our Human Resources function. The Group fully supports the principle of equal opportunity for all employees and opposes all forms of discrimination and has policies to ensure it meets its legal obligations. It is also Group policy to give full and fair consideration to the recruitment of disabled persons, and to provide such persons with the same training, career development and promotion opportunities as other employees. In the event of employees becoming disabled, every effort is made to ensure that their employment within the Group continues and that appropriate training is provided. The Group believes in open and continuous communications as an important part of the employee engagement process. The Group has an intranet and various internal communication channels for informing employees about financial results, business development and other news concerning the Group and its people. Our Code of Ethics applies to all employees across the Group.

### Disclosure of information to auditor

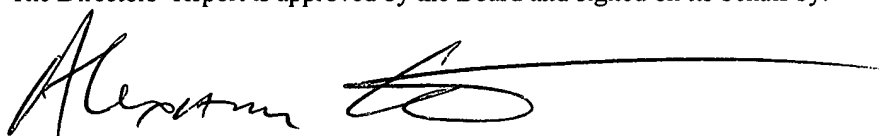
Each of the Directors who held office at the date of approval of the Directors' Report confirms that:

- so far as they are aware, there is no relevant audit information of which the external auditor is unaware; and
- that they have taken all steps that they ought to have taken as a Director to make them aware of any relevant audit information and to establish that the external auditor is aware of that information.

### Auditor

Pursuant to section 485 of the Companies Act 2006, the auditor, KPMG LLP, will be reappointed and will continue in office.

The Directors' Report is approved by the Board and signed on its behalf by:



Alexander Gersh  
Director

**Registered office**  
Waterfront  
Hammersmith Embankment  
Chancellors Road  
London, W6 9HP  
| September 2017

## **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 period. 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.



## **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 period ended 31 December 2016 set out on pages 6 to 16. 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](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on Financial Statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the period 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 the Directors' Report for the financial period is consistent with the Financial Statements.

Based solely on the work required to be undertaken in the course of the audit of the Financial Statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

### **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.

*Michael Harper*

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

**1** September 2017

**Profit and loss account and other comprehensive income**  
**For the period ended 31 December 2016**

	Note	December 2016 £'000	April 2016 £'000
Administrative expenses		(14)	(7)
Other operating income	4	11,733	17,600
<b>Operating profit</b>		<b>11,719</b>	<b>17,593</b>
Other income	5	-	5,105
Interest receivable and similar income	6	2,538	3,878
Interest payable and similar charges	7	(212)	(459)
<b>Profit before tax</b>		<b>14,045</b>	<b>26,117</b>
Tax on profit	8	-	(816)
<b>Profit and total comprehensive income for the financial period/year</b>		<b>14,045</b>	<b>25,301</b>

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

The notes on pages 9 to 16 form an integral part of these Financial Statements.

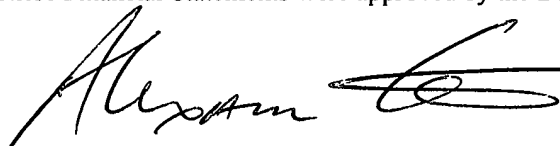


**Balance sheet**  
**As at 31 December 2016**

	Note	31 December 2016 £'000	30 April 2016 £'000
<b>Assets</b>			
Investments	9	68,215	68,215
Debtors	10	288,529	285,991
Cash at bank and in hand		5	21
		<u>288,534</u>	<u>286,012</u>
Creditors: amounts falling due within one year	11	(47,486)	(47,284)
<b>Net current assets</b>		<u>241,048</u>	<u>238,728</u>
<b>Total assets less current liabilities</b>		<u>309,263</u>	<u>306,943</u>
Creditors: amounts falling due after more than one year	12	(212,667)	(224,400)
<b>Net assets</b>		<u>96,596</u>	<u>82,543</u>
<b>Capital and reserves</b>			
Called up share capital	13	104	104
Share premium account	14	1,447	1,447
Profit and loss account	15	95,045	80,992
<b>Shareholders' funds</b>	16	<u>96,596</u>	<u>82,543</u>

The notes on pages 9 to 16 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board on 1 September 2017 and were signed on its behalf by:



**Alexander Gersh**  
Director

**Statement of changes in equity**  
For the period ended 31 December 2016

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 May 2015</b>	<b>104</b>	<b>1,447</b>	<b>60,549</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	-	25,301
<b>Transactions with owners, recorded directly in equity</b>			
Sale of parent shares by EBT	-	-	(4,858)
<b>Total transactions with owners</b>	-	-	<b>(4,858)</b>
<b>At 30 April 2016</b>	<b>104</b>	<b>1,447</b>	<b>80,992</b>
<b>Comprehensive income for the period</b>			
Profit for the period	-	-	14,045
<b>Transactions with owners, recorded directly in equity</b>			
Capital contribution	-	-	8
<b>Total transactions with owners</b>	-	-	<b>8</b>
<b>At 31 December 2016</b>	<b>104</b>	<b>1,447</b>	<b>95,045</b>

The notes on pages 9 to 16 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.

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 the PPB 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.

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.

## Notes (continued)

### 1 Accounting policies (continued)

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 period 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'.

#### 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 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 previously administered the Betshare Trust, an EBT, prior to it being wound up. 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.

The EBT was wound up in the period ended 31 December 2016.

### 2 Auditor's remuneration

Audit fees have been borne by a fellow Group undertaking in the current period and prior year. The audit fee payable to the Company's auditor in respect of these Financial Statements was £7,500 (30 April 2016: £7,500).

### 3 Directors' remuneration

No Directors received remuneration for services to the Company during the period (30 April 2016: £nil). The Company had no employees during the current period or prior year.

### 4 Other operating income

	December 2016 £'000	April 2016 £'000
Release of deferred income from the sale of intellectual property (note 12)	11,733	17,600

### 5 Other income

	December 2016 £'000	April 2016 £'000
Waive of loan balance due to Group undertaking	-	5,105

During the year ended 30 April 2016, a loan totalling £5.1m, which was due to another entity within the Group, was waived as a result of the exercise of employee share options satisfied from the EBT.

## Notes (continued)

### 6 Interest receivable and similar income

	December 2016 £'000	April 2016 £'000
Bank interest receivable		
Interest receivable from Group undertakings	2,537	
	<u>2,538</u>	<u>3,878</u>

### 7 Interest payable and similar charges

	December 2016 £'000	April 2016 £'000
Interest payable to Group undertakings	212	459
	<u></u>	<u></u>

### 8 Tax on profit

Analysis of tax charge for the period/year

	December 2016 £'000	April 2016 £'000
UK corporation tax – current period	-	683
UK corporation tax – prior year	-	133
Current tax	<u>-</u>	<u>816</u>

The tax for the period is different from the standard rate of corporation tax in the UK of 20% (30 April 2016: 20%). The differences are explained below:

	December 2016 £'000	April 2016 £'000
Profit before tax	14,045	26,117
Current tax at 20% (30 April 2016: 20%)	<u>2,809</u>	<u>5,223</u>
Effects of:		
Income not taxable	(2,345)	(4,540)
Adjustments in respect of previous periods	-	133
Group relief received for nil consideration	(464)	-
Current tax	<u>-</u>	<u>816</u>

## Notes (continued)

### 8 Tax on profit (continued)

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%.

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.

### 9 Fixed asset investments

	Share in Group undertakings £'000	Other investments £'000	Total £'000
<b>Cost</b>			
<b>At 1 May 2016 and 31 December 2016</b>	<b>67,015</b>	<b>1,200</b>	<b>68,215</b>

During the prior year, the EBT did not purchase any shares in the then parent company, Betfair Group Limited (previously Betfair Group plc), and sold shares with a weighted average value totalling £3.7m to employees of the Group on the exercise of share options. No options were bought or sold by the EBT in the current period.

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

	Country of incorporation and registered address	Principal activity	Classification	Ordinary shares held % Co Group	
Betfair Limited	England and Wales <sup>1</sup>	Support services	Subsidiary	100	100
Betfair General Betting Limited	England and Wales <sup>1</sup>	Non-trading	Subsidiary	100	100
TSE Holdings Limited	England and Wales <sup>1</sup>	Holding company	Subsidiary	100	100
TSE Development Limited	England and Wales <sup>1</sup>	Intellectual property licensor	Subsidiary	100	100
TSE (International) Limited	England and Wales <sup>1</sup>	Non trading	Subsidiary	100	100
The Sporting Exchange (Clients) Limited	England and Wales <sup>1</sup>	Trust operator	Subsidiary	100	100
Flutter.com LLC	USA <sup>11</sup>	Non-trading	Subsidiary	100	100
TSE (Clients) Pty Limited	Australia <sup>12</sup>	Non-trading	Subsidiary	100	100
TSE Global Limited	England and Wales <sup>1</sup>	Support services	Subsidiary	100	100
London Multi-Asset Exchange (Holdings) Limited*	England and Wales <sup>1</sup>	Holding company	Subsidiary	99.79	99.79
LMAX Limited	England and Wales <sup>1</sup>	Trading	Associate	31.35	31.35

## Notes (continued)

### 10 Fixed asset investments (continued)

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

	Country of incorporation	Principal activity	Classification	Ordinary shares held % Co Group
Timeform Limited	England and Wales <sup>1</sup>	Publisher	Subsidiary	- 100
Portway Press Limited	England and Wales <sup>1</sup>	Non-trading	Subsidiary	- 100
Insightmarket Limited	England and Wales <sup>1</sup>	Non-trading	Subsidiary	- 100
Winslow One Limited	England and Wales <sup>1</sup>	Holding company	Subsidiary	- 100
Winslow Two	England and Wales <sup>1</sup>	Holding company	Subsidiary	- 100
Winslow Three Limited	Cayman Islands <sup>2</sup>	Holding company	Subsidiary	- 100
Winslow Four	Cayman Islands <sup>2</sup>	Holding company	Subsidiary	- 100
Betfair International Plc	Malta <sup>3</sup>	Online sports betting and gaming	Subsidiary	- 100
Betfair Italia S.R.L.	Italy	Online sports betting and gaming	Subsidiary	- 100
TSE Malta LP (previously TSE (Gibraltar) LP)	Gibraltar <sup>4</sup>	Online sports betting	Subsidiary	- 100
TSE US LLC	USA <sup>5</sup>	R&D activities	Subsidiary	- 100
ODS Holding LLC	USA <sup>5</sup>	Holding company	Subsidiary	- 100
The Rebate Company LLC	USA <sup>5</sup>	Online gaming	Subsidiary	- 100
ODS Technologies LP	USA <sup>5</sup>	Online gaming	Subsidiary	- 100
Betfair US LLC	USA <sup>5</sup>	Marketing activities	Subsidiary	- 100
Trackside Live Productions, LLC	USA <sup>5</sup>	Online gaming	Subsidiary	- 100
ODS Properties, Inc.	USA <sup>5</sup>	Property holding company	Subsidiary	- 100
The Itech Resource Group LLC	USA <sup>5</sup>	Non-trading	Subsidiary	- 100
HRTV, LLC	USA <sup>5</sup>	Online gaming	Subsidiary	- 100
HRTV Holdco LLC	USA <sup>5</sup>	Holding company	Subsidiary	- 100
Betfair Interactive US LLC	USA <sup>7</sup>	Online gaming	Subsidiary	- 100
TSE Services Limited	Gibraltar <sup>4</sup>	Support services	Subsidiary	- 100
TSE Development Romania S.R.L.	Romania <sup>8</sup>	R&D activities	Subsidiary	- 100
TSE Data Processing Limited	Ireland <sup>9</sup>	Data centre and support services	Subsidiary	- 100
TSED Unipessoal LDA	Portugal <sup>10</sup>	R&D activities	Subsidiary	- 100
Tradefair Spreads Limited*	England and Wales <sup>1</sup>	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.

<sup>1</sup> The registered address of these related undertakings is: Waterfront, Hammersmith Embankment, Chancellors Road, London, W6 9HP.

<sup>2</sup> The registered address of these related undertakings is: 89 Nexus Way, Camana Bay, Grand Cayman. KY1-9007.

<sup>3</sup> The registered address of these related undertakings is: Triq il-Kappillan Mifsud, Santa Venera, SVR1851, Malta.

<sup>4</sup> The registered address of these related undertakings is: 57/63 Line Wall Road, Gibraltar.

<sup>5</sup> The registered address of these related undertakings is: 6701 Centre Drive West, Suite 800, Los Angeles, CA 90045.

<sup>6</sup> The registered address of these related undertakings is: Palazzo Cova, Via Carducci 36, 20123, Milan, Italy.

<sup>7</sup> The registered address of these related undertakings is: Suite 2650, 535 Washington Blvd, Jersey City, New Jersey, 07310, USA.

<sup>8</sup> The registered address of these related undertakings is: Cladirea The Office, B-dul 21 Decembrie 1989, Nr.77, Corp A, Etaj 4, Cluj-Napoca, 400604, Romania.

<sup>9</sup> The registered address of these related undertakings is: Bellfield Office Park, Beech Hill Road, Clonskeagh, Dublin 4, D04V972, Ireland.

<sup>10</sup> The registered address of these related undertakings is: Avenida de Camilo 96, 4300-096 Porto, Portugal.

<sup>11</sup> The registered address of these related undertakings is: Corporation Service Company, 2711 Centreville Road, Suite 400, in the City of Wilmington, County of New Castle, Delaware 19808.

<sup>12</sup> The registered address of these related undertakings is: Addisons, Level 12, 60 Carrington Street, NSW 2000, Australia.



## Notes (continued)

### 11 Debtors

	December 2016 £'000	April 2016 £'000
Amounts receivable from Group undertakings	287,972	285,435
Corporation tax	557	556
	<u>288,529</u>	<u>285,991</u>

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

### 12 Creditors: amounts falling due within one year

	December 2016 £'000	April 2016 £'000
Accruals and deferred income	17,600	17,600
Amounts payable to Group undertakings	29,886	29,684
	<u>47,486</u>	<u>47,284</u>

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

### 13 Creditors: amounts falling due after more than one year

	December 2016 £'000	April 2016 £'000
Deferred income	212,667	224,400
	<u>212,667</u>	<u>224,400</u>
<b>Maturity of deferred income</b>		
	December 2016 £'000	April 2016 £'000
Matures in second to fifth years inclusive	70,400	70,400
Matures in more than five years	142,267	154,000
	<u>212,667</u>	<u>224,400</u>

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)

### 14 Called up share capital

	December 2016 £'000	April 2016 £'000
<b>Authorised</b>		
200,000,000 ordinary shares of 0.1p each (30 April 2016: 200,000,000)	200	200
<b>Allotted, called up and fully paid</b>		
104,136,304 ordinary shares of 0.1p each (30 April 2016: 104,136,304)	104	104

### 15 Share premium account

	£'000
At 1 May 2016 and at 31 December 2016	1,447

### 16 Profit and loss account

	£'000
At 1 May 2016	80,992
Comprehensive income for the financial period	14,045
Capital contribution	8
At 31 December 2016	95,045

### 17 Reconciliation of movements in shareholders' funds

	December 2016 £'000	April 2016 £'000
Shareholders' funds as at 1 May	82,543	62,100
Comprehensive income for the financial period	14,045	25,301
Sale of parent shares by EBT	-	(4,858)
Capital contribution	8	-
Shareholders' funds as at 31 December 2016 and 30 April 2016	96,596	82,543

### 18 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 found at [www.paddypowerbetfair.com/investor-relations](http://www.paddypowerbetfair.com/investor-relations), and can be obtained from:

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