TSE Global Limited

Directors' report and financial statements

Registered number 05741254

For the year ended 30 April 2013

Contents

Directors' report

The directors present their annual report together with the audited financial statements for the year ended 30 April 2013

Principal activities and future developments

The principal activity of the Company in the prior year was to provide support services to other Group undertakings

Review of the business

The Company has met the requirements of Section 417 of the Companies Act 2006 to obtain the exemption provided from the presentation of an enhanced business review on the basis of its size

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, products, customers, people, infrastructure and systems and financial risk Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 28-29 of the Group's annual report which does not form part of this report

Risks are formally reviewed by the 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 effects on the Company

The key business risks affecting the Group are set out below

Legal and Regulatory Risks

We continue to monitor closely UK laws and regulatory developments to ensure that we are well equipped to assess any impact on our business

Regulatory uncertainty continues to be a major risk for the business given our conservative approach, and whilst we remain confident that this approach offers long-term benefits, there is added risk of short-term volatility

IT Security

As an online business, the integrity and operational robustness of the Group's IT systems are critical for ongoing performance It is essential to ensure that appropriate protections are in place to detect any intrusion, as well as preventative measures such that all systems are safeguarded against hackers, email viruses, distributed denial of service ('DDoS') attacks and other forms of cyber crime

Any failure in these measures could significantly impact the Group's reputation and financial performance As part of its systems infrastructure, the Group regularly reviews its system security using internal and external audit procedures to verify its continued effectiveness

Directors' report (continued)

Financial Risk Management

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 where appropriate, enter into hedging arrangements to mitigate its exposures

Dividends

The directors do not recommend the payment of a dividend (2012 £nil)

Charitable donations

The Company made no charitable donations during the year (2012 £nil)

Political contributions

The Company made no political contributions during the year (2012 £nil)

Directors

The directors who held office during, and subsequent to, the year were as follows

Martin Cruddace (resigned 8 July 2013)
Stephen Morana (resigned 3 December 2012)
Mark Brooker (appointed 9 November 2012, resigned 8 April 2013)
Justin Hubble (appointed 8 April 2013)
Ross Lane (appointed 8 July 2013)
Nick Cassidy (appointed 8 July 2013)

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

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

On behalf of the Board

Ross Lane
Director

Waterfront
Hammersmith Embankment
Chancellors Road
London
W6 9HP
3 October 2013

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

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 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)

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 their profit or loss for that period In preparing the company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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 its 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 TSE Global Limited

We have audited the financial statements of TSE Global Limited for the year ended 30 April 2013 set out on pages 5 to 11 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 2013 and of its loss 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 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

Michael Harper

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

3 October 2013

Profit and loss account

For the year ended 30 April 2013

	Note	2013 £	2012 £
Turnover	2	**748,364**	1,133,096
Administrative expenses	3	**(780,299)**	(1,036,021)
Operating (loss)/profit		**(31,935)**	97,075
Other income	4	**-**	315,920
Interest receivable and similar income	5	**-**	2,620
Interest payable and similar charges	6	**(2,841)**	-
(Loss)/profit on ordinary activities before tax	3	**(34,776)**	415,615
Tax on (loss)/profit on ordinary activities	7	**-**	-
(Loss)/profit for the financial year	12	**(34,776)**	415,615

All activities relates to continuing operations in the current and prior year

There were no recognised gains or losses other than the profit for the current year and accordingly a statement of total recognised gains and losses has not been presented

The notes on pages 7 to11 form an integral part of these financial statements

Balance sheet
As at 30 April 2013

		2013		2012	
	Note	£	£	£	£
Current assets					
Debtors	8	**456,470**		672,837	
Cash at bank and in hand		**12,727**		-	
		469,197		672,837	
Creditors: amounts falling due within one year	9	**(279,227)**		(448,091)	
Net current assets			**189,970**		224,746
Total assets less current liabilities			**189,970**		224,746
Net assets			**189,970**		224,746
Capital and reserves					
Called up share capital	10		**1,000**		1,000
Profit and loss account	11		**188,970**		223,746
Shareholders' Funds	12		**189,970**		224,746

The notes on pages 7 to 11 form an integral part of these financial statements

The financial statements were approved by the board of directors on 3 October 2013 and were signed on its behalf by

Ross Lane
Director

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 and comply with the requirements of the United Kingdom companies Act 2006

The financial statements have been prepared on a going concern basis as the ultimate parent company, Betfair Group 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 a going concern basis

Turnover

Turnover represents income charged for support services to group undertakings and joint ventures Turnover is recognised as services are provided

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 FRS 19 'Deferred tax'

Related party transactions

As the Company is a wholly owned subsidiary of Betfair Group plc, the Company has taken advantage of the exemption contained in FRS 8 'Related party transactions' and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Betfair Group plc, within which this Company is included, can be obtained from the address given in note 13

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 FRSs 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 expenses Actual results may differ from those estimates

Notes (continued)

1 Accounting policies (continued)

Cash flow statement

The Company has taken advantage of the provisions of FRS 1 'Cash flow statements' not to prepare a cash flow statement on the grounds that the cash flows are included within the published consolidated accounts of Betfair Group plc, the ultimate parent company

2 Turnover

	2013	2012
	£	£
Turnover from group undertakings for support services	**748,364**	1,133,096

3 (Loss)/profit on ordinary activities before tax

Audit fees have been borne by a fellow group undertaking in the current and prior period The audit fee payable to the company's auditor in respect of the audit of these financial statements was £5,000 (2012 £7,500)

No directors received remuneration for services to the Company during the year (2012 £nil) The Company had no employees during the current year and prior year

4 Other Income

	2013	2012
	£	£
Gain on write-off of amounts payable to Group undertakings	-	315,920

In the prior year, the Company recognised a gain on write-off of an intercompany liability balance due to the closure of a fellow Group entity

Notes (continued)

5 Interest receivable and similar income

	2013 £'000	2012 £'000
Foreign exchange gain (net)	-	2,620

6 Interest payable and similar charges

	2013 £'000	2012 £'000
Foreign exchange loss (net)	2,841	-

7 Tax on profit on ordinary activities

Analysis of tax charge for the year

	2013 £	2012 £
Total current tax	-	-

The tax for the year is different from the standard rate of corporation tax in the UK of 23 9% (2012 25 8%) The differences are explained below

	2013 £	2012 £
(Loss)/profit on ordinary activities before tax	(34,776)	415,615
Current UK tax at 23 9% (2012 25 8%)	(8,311)	107,229
Effects of		
Income not chargeable for tax purposes	-	(81,507)
Group relief surrendered/(received) for nil payment	8,311	(25,722)
Current tax charge / (credit)	-	-

With effect from 1 April 2013, the UK Statutory rate of Corporation tax was reduced to 23% This will result in a blended standard statutory rate of 23 9% in the year ended 30 April 2013, and has been incorporated into the effective tax rate calculation

The 2013 Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by 2015 A reduction in the rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012, and further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013

This will reduce the company's future current tax charge accordingly

Notes (continued)

8 Debtors

	2013 £	2012 £
Other debtors	**2,843**	-
Amounts receivable from group undertakings	**453,627**	672,837
	456,470	672,837

Amounts receivable from group undertakings are unsecured, interest free and payable on demand

9 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade Creditors	**39,228**	15,928
VAT liability	**-**	40,978
Accruals	**83,282**	27,379
Amounts payable to group undertakings	**156,717**	363,806
	279,227	448,091

Amounts payable to group undertakings are unsecured, interest free and payable on demand

10 Called up share capital

	2013 £	2012 £
Allotted, called up and fully paid		
1,000 Ordinary share of £1 each	**1,000**	1,000

11 Reserves

	Profit and loss account £
As at 1 May 2012	223,746
Loss for the financial year	(34,776)
As at 30 April 2013	**188,970**

Notes (continued)

12 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Shareholders' funds/(deficit) as at 1 May 2012	224,746	(190,869)
(Loss)/profit for the year	(34,776)	415,615
Shareholders' funds as at 30 April 2013	**189,970**	**224,746**

13 Immediate and ultimate parent company

The immediate parent company is The Sporting Exchange Limited, a company incorporated in England and Wales

Betfair Group plc, a company incorporated in England and Wales, is the ultimate parent company of the Group Copies of the financial statements of Betfair Group plc can be obtained from

Companies House
Crown Way
Maindy
Cardiff
CF14 3UZ