TSE Global Limited

Annual Report and Accounts

Registered number 05741254

For the year ended 30 April 2016

Contents

Directors' report

The directors present their annual report together with the audited financial statements for the year ended 30 April 2016.

Principal activities and future developments

The principal activity of TSE Global Limited (the 'Company') in the current and prior year is to provide support services to other Betfair Group (the 'Group') undertakings. The directors do not expect this to change in 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 the 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.

The Company has met the requirements of Section 414B of the Companies Act 2006 to obtain the exemption provided from the presentation of a strategic report 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, taxation, competition, products, customers, people, reliance on third parties, IT disaster recovery, financial risk, employee retention, security of data and customer funds, 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:

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.

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.

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.

Directors' report (continued)

Dividends

During the year, the Company paid no dividends and the directors do not recommend the payment of a final dividend for the year ended 30 April 2016 (2015: £nil).

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:

Recep Ozcan
Kevin Smith
Paul Rushton

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

Disclosure of information to auditor

The directors who held 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

Paul Rushton
Director

Waterfront
Hammersmith Embankment
Chancellors Road
London
W6 9HP
30 November 2016

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) 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 its 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 2016 set out on pages 5 to 12. 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 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 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 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

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 £	2015 £
Turnover	2	**197,539**	40,146
Administrative expenses		**(117,211)**	(123,161)
Operating profit/(loss)		**80,328**	(83,015)
Interest receivable and similar income	4	-	71,098
Interest payable and similar charges	5	**(44,872)**	(2,465)
Profit/(loss) on ordinary activities before tax	3	**35,456**	(14,382)
Tax on profit/(loss) on ordinary activities	6	-	-
Profit/(loss) and total comprehensive income/(loss) for the financial year		**35,456**	(14,382)

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

The notes on pages 8 to12 form an integral part of these financial statements.

Balance sheet
As at 30 April 2016

		2016		2015	
	Note	£	£	£	£
Current assets					
Debtors	7	**409,442**		341,260	
Cash at bank and in hand		**1,805**		32,060	
		411,247		373,320	
Creditors: amounts falling due within one year	8	**(164,208)**		(161,737)	
Net current assets			**247,039**		211,583
Total assets less current liabilities			**247,039**		211,583
Net assets			**247,039**		211,583
Capital and reserves					
Called up share capital	9		**1,000**		1,000
Profit and loss account	10		**246,039**		210,583
Shareholders' funds	11		**247,039**		211,583

The notes on pages 8 to 12 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 30 November 2016 and were signed on its behalf by:

Paul Rushton
Director

Statement of changes in equity

For the year ended 30 April 2016

	Called up share capital £	Profit and loss account £
At 1 May 2014	**1,000**	**224,965**
Comprehensive loss for the year		
Loss for the year	-	(14,382)
At 30 April 2015	**1,000**	**210,583**
Comprehensive income for the year		
Profit for the year	-	35,456
At 30 April 2016	**1,000**	**246,039**

The notes on pages 8 to 12 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 13.

On transition, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101.

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'.

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

Notes (continued)

Turnover

Turnover represents income charged for support services to Group undertakings. 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 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.

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 expenses. Actual results may differ from those estimates.

2 Turnover

	2016	2015
	£	£
Turnover from Group undertakings for support services	**197,539**	40,146

3 Profit/(loss) on ordinary activities before tax

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 the audit of these financial statements was £5,000 (2015: £5,000).

None of the directors received remuneration for services to the Company during the year (2015: none). The Company had no employees during the current year and prior year.

4 Interest receivable and similar income

	2016	2015
	£	£
Net foreign exchange gain	-	71,098

5 Interest payable and similar charges

	2016	2015
	£	£
Intercompany interest payable	**2,544**	2,465
Net foreign exchange loss	**42,328**	-
	44,872	2,465

Notes (continued)

6 Tax on profit/(loss) on ordinary activities

Analysis of tax charge for the year

	2016	2015
	£	£
Total current tax	-	-

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	2015
	£	£
Profit/(loss) on ordinary activities before tax	**35,456**	(14,382)
Current UK tax at 20% (2015: 20.92%)	**7,091**	(3,009)
Effects of:		
Group relief (received)/surrendered for nil payment	**(7,091)**	3,009
Current tax	-	-

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.

7 Debtors

	2016	2015
	£	£
Amounts receivable from Group undertakings	**409,442**	341,260

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

8 Creditors: amounts falling due within one year

	2016	2015
	£	£
Accruals	**123**	195
Amounts payable to Group undertakings	**164,085**	161,542
	164,208	161,737

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

Notes (continued)

9 Called up share capital

	2016	2015
	£	£
Allotted, called up and fully paid		
1,000 Ordinary share of £1 each	**1,000**	1,000

10 Reserves

	Profit and loss account
	£
As at 1 May 2015	**210,583**
Profit for the financial year	**35,456**
As at 30 April 2016	**246,039**

11 Reconciliation of movements in shareholders' funds

	2016	2015
	£	£
Shareholders' funds as at 1 May	**211,583**	225,965
Profit/(loss) for the year	**35,456**	(14,382)
Shareholders' funds as at 30 April	**247,039**	211,583

12 Immediate and ultimate parent company

The immediate parent company is The Sporting Exchange 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

Notes (continued)

13 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.