

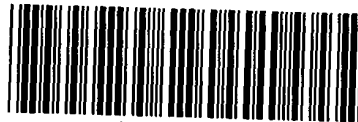
**Betfred Group Limited**

**Annual report and consolidated  
financial statements**

**Registered number 07717019**

**24 September 2017**

**TUESDAY**



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COMPANIES HOUSE

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## **Company information**

**Directors of the Company:**

F Done  
J Haddock (resigned 6<sup>th</sup> October 2016)  
N Barr (appointed 6<sup>th</sup> October 2016)  
M Stebbings (appointed 6<sup>th</sup> October 2016)

**Company Secretary:**

M R Hamilton

**Registered Office:**

The Spectrum  
56/58 Benson Road  
Birchwood  
Warrington  
WA3 7PQ

**Auditor:**

KPMG LLP  
1 St Peter's Square  
Manchester  
M2 3AE

## Strategic report

The directors present their annual strategic report and the audited financial statements for the period ended 24 September 2017.

### Principal activities

The principal activities of the Group continued to be trading as a bookmaker. The Group utilises a number of trade names including Betfred, Totepool and Tote. During the period the Group operated through Licensed Betting Offices ("LBOs"), including pool betting on racecourses, and internet operations.

The Company acts as an investment holding company.

### Performance of the Business

The loss for the period after taxation was £28.7m (2016: profit of £23.1m). The directors declared an interim dividend of £10.15m during the period (2016: £10.15m).

### Key performance indicators

The Group's key financial performance indicators carefully monitored by the senior management team are:

£'000	2017	2016
Amounts wagered	12,684,373	10,847,303
Turnover	634,474	578,695
Gross profit	498,110	455,851
Operating exceptional costs	(49,173)	(1,076)
EBITDA, before operating exceptional costs	83,347	80,884
Operating (loss)/profit	(13,392)	38,438

On an annualised gross basis, turnover for the period has significantly increased across the business as a result of the expansion of the retail estate, an increased number of online customers and the international expansion of the Totepool business. This demonstrates the Group's commitment and continued investment in both the UK retail estate, the online presence through betfred.com and totesport.com, and through Totepool betting on and off the racecourse.

The number of LBOs operating at 24 September 2017 was 1,666 (2016: 1,358). 322 shops were acquired from Ladbrokes Betting & Gaming Limited and Coral Racing Limited in October 2016 and whilst the Group has continued with its expansion plan, loss making shops are constantly reviewed and closed where the business feels necessary.

The Group's strategy for the forthcoming period is to continue to review the performance of its existing estate and online business, with a tight control of overheads and continued close management of the trading results. The Group will also continue with the international expansion of the Totepool business.

The Betfred Group has made contributions to horse racing of £11.7m during the period (2016: £12.3m).

## Strategic report (continued)

<b>Non-GAAP measure: Earnings before interest, tax, depreciation, impairment and amortisation (EBITDA)</b>		
	<b>Period ended 24 September 2017</b>	<b>Period ended 25 September 2016</b>
	<b>£000</b>	<b>£000</b>
Operating (loss)/profit	(13,392)	38,438
Add back: depreciation of tangible fixed assets	26,568	24,038
Add back: amortisation of intangible fixed assets	20,998	17,332
Add back: exceptional items	49,173	1,076
<b>EBITDA before exceptional items</b>	<b>83,347</b>	<b>80,884</b>

### Principal risks and uncertainties

Management routinely monitor the risks that the business faces in its day-to-day operations and appropriate actions are taken to mitigate these risks. The following risks are considered pertinent to the business:

#### *General economic risk*

As with any other bookmaker the business is susceptible to the risk of an economic downturn, adversely affecting disposable income. Management monitors the situation closely.

#### *Competitor risk*

Betting and gaming businesses face competition in the main from other bookmakers, betting exchanges and other interactive gaming providers. Management considers the commercial drivers of all the betting markets with its pricing in the light of this competition.

#### *Bookmaking risk*

The risk of incurring large losses on bets due to incorrect pricing is mitigated by the upper limits in place on bets, through the monitoring of customers' betting patterns and the use of the latest information services available.

#### *Regulatory risk*

The regulatory, legislative and fiscal environment in which the Group operates can change at short notice, leading to additional costs of compliance. Management monitor this risk closely to ensure that developments are known and managed at the earliest opportunity.

#### *Liquidity and interest rate risk*

In order to maintain liquidity and to ensure that sufficient funds are available for expansion of the business and other future developments, the Group draws on a mixture of debt finance and retained earnings. The Group has entered into interest rate swaps to reduce exposure to fluctuating interest rates.

#### *Currency risk*

Although primarily a sterling cash business the Group is exposed, to a limited extent, to the financial risks resulting from movements in foreign currency exchange rates. Whilst transactions in foreign currencies are not considered to be at a significant level currently, the board would consider foreign exchange loss mitigation tools if necessary. It has not been considered necessary to date.

## Strategic report (continued)

### *Cyber risk*

Due to the Group having an online presence the risk of cyber-attack and the associated effects on reputation, data loss, earnings and information technology infrastructure is higher. The directors seek to manage this risk by having dedicated I.T. risk personnel who are charged with specifically preventing and minimising any such losses.

### *Legislative risk*

The gaming industry is particularly susceptible to legislative changes specifically in regard to taxation laws and rates, planning permission on new and existing stores, licensing regulations and changes in general government attitudes towards gaming.

The retail betting industry is currently awaiting the outcome of a consultation over the staking levels of the FOBT's (Fixed Odds Betting Terminals). In the review, the government has set out four options: a reduction of the maximum bet to £50, £30, £20 or £2. Whatever the outcome, there is a risk that income will be reduced due to the reduction in maximum stake from its current level.

### *Fraud risk*

The Group is particularly susceptible to potentially fraudulent activity from customers including money laundering due to the high levels of cash transacting across the business. The Group has established policies and procedures in place with specific personnel focussed on detecting and deterring this sort of activity. Following the appointment of the Chief Compliance Officer and a Money Laundering Reporting Officer in 2016, the Group has expanded the Compliance Team and continues to be focussed on improving compliance. Despite these policies and procedures, which the Group continually strives to improve, the Group is always susceptible to this risk which could lead to future liabilities.

By order of the board



M Hamilton  
Company Secretary

Date: 23/02/18

The Spectrum  
56-58 Benson Road  
Birchwood  
Warrington  
Cheshire  
WA3 7PQ

## Directors' report

The directors present their directors' report and the audited financial statements for the period ended 24 September 2017.

### Directors

The following directors served during the period:

F Done  
J Haddock (resigned 6<sup>th</sup> October 2016)  
N Bart (appointed 6<sup>th</sup> October 2016)  
M Stebbings (appointed 6<sup>th</sup> October 2016)

### Political and charitable donations

During the period the Group made charitable donations of £129,000 (2016: £276,000) to various recipients including local charities serving the communities in which the Group operates and to gambling related charities.

The Group made no political donations during the period (2016: £nil).

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that 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 with that of other employees.

### Employee involvement

The Group places considerable value on the involvement of its employees. The Group has practices to keep employees informed on matters relevant to them as employees through regular meetings. Employee representatives are consulted on a wide range of matters affecting their interests.

### Land and buildings

In the opinion of the directors the current open market value of the Group's interests in land and buildings exceeds the book value and therefore no impairment has been identified.

### Disclosure of information to auditor

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 Group's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

### Going concern

The Group is in a net current liabilities position of £19,139,000 at 24 September 2017 (2016: £48,344,000). The directors have considered the future profitability of the Group and its ability to continue as a going concern, and have prepared profit and cash flow forecasts into the future sensitised for reasonably possible changes in trading performance. Based on these projections, the directors are satisfied that, for the foreseeable future, the Group can meet its projected working capital requirements and service its debt financing. Consequently, the financial statements have been prepared on a going concern basis.

**Directors' report (continued)**

**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.

By order of the board



**M Hamilton**  
*Company Secretary*

Date: 23/02/18

**The Spectrum**  
**56-58 Benson Road**  
**Birchwood**  
**Warrington**  
**Cheshire**  
**WA3 7PQ**



## **Statement of the 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 group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

1 St Peter's Square  
Manchester  
M2 3AE  
United Kingdom

## **Independent auditor's report to the members of Betfred Group Limited**

### **Opinion**

We have audited the financial statements of Betfred Group Limited for the period ended 24<sup>th</sup> September 2017 which comprise the Consolidated profit and loss account and other comprehensive income, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 24<sup>th</sup> September 2017 and of the group's loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year are consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Independent auditor's report to the members of Betfred Group Limited (continued)**

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



Stuart Burdass (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
One St Peter's Square  
Manchester  
M2 3AE

Date: 23/02/18

**Consolidated profit and loss account and other comprehensive income**  
*for the period ended 24 September 2017*

	Note	2017 £000	2016 £000
<b>Amounts wagered</b>		<b>12,684,373</b>	<b>10,847,303</b>
<b>Turnover</b>	3	<b>634,474</b>	<b>578,695</b>
Betting duty		(46,110)	(46,005)
Machine gaming duty		(79,185)	(66,563)
Statutory betting levy		(11,069)	(10,276)
<b>Gross profit</b>		<b>498,110</b>	<b>455,851</b>
Administrative expenses – before goodwill amortisation		(442,661)	(400,835)
Administrative expenses – goodwill & licence amortisation		(20,998)	(17,332)
Exceptional costs	8	(49,173)	(1,076)
Other operating income	4	1,330	1,830
<b>Operating (loss)/profit</b>	4-8	<b>(13,392)</b>	<b>38,438</b>
Income from investment		-	1,200
Interest receivable and similar income	9	1,459	604
Interest payable and similar expenses	10	(6,147)	(7,851)
<b>(Loss)/profit before taxation</b>		<b>(18,080)</b>	<b>32,391</b>
Tax on (loss)/profit	11	(10,602)	(9,313)
<b>(Loss)/profit after taxation</b>		<b>(28,682)</b>	<b>23,078</b>
<b>Other comprehensive income</b>			
Re-measurement of the net defined benefit liability		2,933	(4,217)
Tax on other comprehensive income		(499)	717
<b>Total comprehensive income for the financial period</b>		<b>(26,248)</b>	<b>19,578</b>

The notes on pages 16 to 41 form an integral part of these financial statements.

**Consolidated balance sheet**  
**at 24 September 2017**

	Note	2017 £000	2017 £000	2016 £000	2016 £000
<b>Fixed assets</b>					
Intangible assets	12	159,219		167,630	
Tangible fixed assets	13	76,453		65,916	
Investments	14	1,650		1,650	
			<b>237,322</b>		<b>235,196</b>
<b>Current assets</b>					
Stock		18		15	
Debtors (including £22.9m (2016:£3.8m) due beyond one year)	15	55,667		33,884	
Cash at bank and in hand		60,172		43,000	
		<b>115,857</b>		<b>76,899</b>	
<b>Creditors: amounts falling due within one year</b>	16	<b>(134,996)</b>		<b>(125,243)</b>	
<b>Net current liabilities</b>			<b>(19,139)</b>		<b>(48,344)</b>
<b>Total assets less current liabilities</b>			<b>218,183</b>		<b>186,852</b>
<b>Creditors: amounts falling due after one year</b>	17		<b>(134,395)</b>		<b>(72,767)</b>
<b>Provision for liabilities and charges</b>	21		<b>(24,849)</b>		<b>(15,341)</b>
<b>Pension liability and similar obligations</b>	22		-		<b>(3,406)</b>
<b>Net assets</b>			<b>58,939</b>		<b>95,338</b>
<b>Called up share capital</b>	23		<b>19</b>		<b>19</b>
<b>Profit and loss account</b>			<b>58,920</b>		<b>65,571</b>
<b>Merger relief reserve</b>			-		<b>29,748</b>
<b>Shareholder's funds</b>			<b>58,939</b>		<b>95,338</b>

The notes on pages 16 to 41 form an integral part of these financial statements.

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

*N Barr*

N Barr  
Director

Date: 23/02/18  
Company number: 07717019

**Company balance sheet**  
*at 24 September 2017*

	<i>Note</i>	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
<b>Fixed assets</b>			
Investments	14	113,015	113,015
<b>Total assets less current liabilities</b>		<u>113,015</u>	<u>113,015</u>
<b>Shareholder's funds</b>			
Called up share capital	23	19	19
Profit and loss account		-	-
Merger relief reserve		112,996	112,996
<b>Shareholder's funds</b>		<u>113,015</u>	<u>113,015</u>

The notes on pages 16 to 41 form an integral part of these financial statements.

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

*N Barr*

N Barr  
 Director

Date: 23/02/18

Company registered number: 07717019

**Consolidated statement of changes in equity**  
*for the period ended 24 September 2017*

**Group**

	Called up share capital	Profit & Loss account	Merger relief reserve	Total Shareholder Equity
	£000	£000	£000	£000
Balance at 27 September 2015	19	56,143	29,748	85,910
<b>Total comprehensive income for the period</b>				
Profit for the period	-	23,078	-	23,078
Other comprehensive income	-	(3,500)	-	(3,500)
<b>Total comprehensive income for the period</b>	-	19,578	-	19,578
<b>Transactions with owners, recorded directly in equity</b>				
Dividends	-	(10,150)	-	(10,150)
<b>Balance at 25 September 2016</b>	<b>19</b>	<b>65,571</b>	<b>29,748</b>	<b>95,338</b>

	Called up share capital	Profit & Loss account	Merger relief reserve	Total Shareholder Equity
	£000	£000	£000	£000
Balance at 25 September 2016	19	65,571	29,748	95,338
<b>Total comprehensive income for the period</b>				
Loss for the period	-	(28,682)	-	(28,682)
Other comprehensive income	-	2,434	-	2,434
<b>Total comprehensive income for the period</b>	-	(26,248)	-	(26,248)
<b>Transactions with owners, recorded directly in equity</b>				
Dividends	-	(10,151)	-	(10,151)
<b>Utilisation of merger relief reserve</b>	-	29,748	(29,748)	-
<b>Balance at 24 September 2017</b>	<b>19</b>	<b>58,920</b>	<b>-</b>	<b>58,939</b>

The notes on pages 16 to 41 form an integral part of these financial statements.

**Company statement of changes in equity**  
*for the period ended 24 September 2017*

**Company**

	Called up share capital	Profit & Loss account	Merger relief reserve	Total Shareholder Equity
	£000	£000	£000	£000
Balance at 27 September 2015	19	-	112,996	113,015
Total comprehensive income for the period				
Profit for the period	-	10,150	-	10,150
Total comprehensive income for the period	-	10,150	-	10,150
Transactions with owners, recorded directly in equity				
Dividends	-	(10,150)	-	(10,150)
Balance at 25 September 2016	19	-	112,996	113,015

	Called up share capital	Profit & Loss account	Merger relief reserve	Total Shareholder Equity
	£000	£000	£000	£000
Balance at 25 September 2016	19	-	112,996	113,015
Total comprehensive income for the period				
Profit for the period	-	10,151	-	10,151
Total comprehensive income for the period	-	10,151	-	10,151
Transactions with owners, recorded directly in equity				
Dividends	-	(10,151)	-	(10,151)
Balance at 24 September 2017	19	-	112,996	113,015

The notes on pages 16 to 41 form an integral part of these financial statements.



**Consolidated cash flow statement**  
*for the period ended 24 September 2017*

	<i>Note</i>	2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
Profit/(loss) for the period		(28,682)	23,078
Adjustments for:			
Depreciation, amortisation and impairment		91,669	41,370
Interest receivable and similar income		(1,459)	(604)
Interest payable and similar expenses		6,147	7,851
Investment income		-	(1,200)
Loss/(profit) on sale of intangibles and tangible fixed assets		116	(402)
Change in value of other financial liabilities		(767)	(204)
Taxation		10,602	9,313
		<hr/> 77,626	<hr/> 79,202
Increase in trade and other debtors		(12,891)	(1,630)
Increase in stocks		(3)	-
Increase in trade and other creditors		22,051	191
Increase/(decrease) in provisions		4,942	(715)
		<hr/> 91,725	<hr/> 77,048
Contributions to defined benefit scheme		(540)	(540)
Tax paid		(10,439)	(7,645)
		<hr/> 80,746	<hr/> 68,863
<b>Net cash from operating activities</b>		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		89	1,083
Interest received		1,459	333
Dividends received		-	1,200
Loans issued		(17,282)	-
Acquisition of a business	2	(55,300)	-
Acquisition of tangible fixed assets		(22,123)	(13,986)
		<hr/> (93,157)	<hr/> (11,370)
<b>Net cash from investing activities</b>		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(124,725)	(39,227)
New borrowings		175,000	-
Loan issue costs		(2,529)	-
Payment of finance lease liabilities		(3,029)	(2,400)
Interest paid		(4,983)	(4,904)
Dividends paid		(10,151)	(10,150)
		<hr/> 29,583	<hr/> (56,681)
<b>Net cash from financing activities</b>		<hr/>	<hr/>
Net increase in cash and cash equivalents		17,172	812
Cash and cash equivalents at start of period		43,000	42,188
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>		<hr/> 60,172	<hr/> 43,000

The notes on pages 16 to 41 form an integral part of these financial statements.

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

Betfred Group Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 07717019 and the registered address is The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

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

#### **1.2 Measurement convention**

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the profit or loss.

#### **1.3 Going concern**

The Group is in a net current liabilities position of £19,139,000 at 24 September 2017 (2016: £48,344,000). The directors have considered the future profitability of the Group and its ability to continue as a going concern, and have prepared profit and cash flow forecasts into the future sensitised for reasonably possible changes in trading performance. The Group has also prepared various models taking into account the potential impact of any changes to FOBT's (as discussed in the Strategic Report). Based on these projections, the directors are satisfied that, for the foreseeable future and at least 12 months from the date of signing of these accounts, the Group can meet its projected working capital requirements and service its debt financing. Consequently, the financial statements have been prepared on a going concern basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 24 September 2017. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

#### 1.5 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

#### 1.6 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) 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
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity 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 entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

**Notes (continued)**

**1 Accounting policies (continued)**

**1.7 Basic financial instruments**

*Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

*Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

*Investments in preference and ordinary shares*

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

**1.8 Other financial instruments**

*Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

*Derivative financial instruments and hedging*

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.9 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

When parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.15 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	-	2% per annum
Leasehold buildings	-	period of the lease
Plant, machinery and computer equipment	-	33.3% per annum
Fixtures & Fittings	-	10% per annum
Motor Vehicles	-	25% per annum
Office Equipment	-	15% per annum
Alterations to premises	-	4% per annum

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### 1.10 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.11 Intangible assets, goodwill and negative goodwill**

##### **Goodwill**

Goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its useful economic life.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - up to 10 years

##### **Research and development**

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

##### **Other intangible assets**

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Intangible assets are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods, as follows:

Pool betting licence - 7 years

##### **Impairment of fixed assets and goodwill**

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. The carrying value of intangible assets is also reviewed for impairment at the end of the first full period after acquisition.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless they arise on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.12 Employee benefits**

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

##### *Termination benefits*

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

#### **1.13 Provisions**

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.14 Turnover

The fair value of revenue is total amounts wagered less amounts payable to winning customers. Amounts wagered comprises gross stakes in respect of individual bets placed on betting products in the period.

Retail turnover represents the amounts wagered by customers in respect of individual bets placed at Licensed Betting Offices (LBOs), less the amounts paid to winning customers.

Turnover on pool betting represents the amounts wagered, less pay-outs to customers in relation to pool betting from the Group's high-street shops through off-course electronic terminals. EPOS terminals in other major national high-street bookmakers, racecourse outlets on course at UK racecourses and from stakes transmitted into UK pools from UK and international betting partners.

In the internet business, turnover represents the amounts wagered, less pay-outs on sportsbook betting and online gaming. Turnover in respect of progressive jackpot is recognised over the period of the jackpot payments.

For open betting positions, the Company takes credit for the stakes it receives and provides for the estimated pay-out based on the average percentage by sport.

#### 1.15 Expenses

##### Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.



## Notes (continued)

### 1 Accounting policies (continued)

#### 1.16 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes (continued)

### 2 Acquisitions and disposal of businesses

#### Acquisitions in the current period

On 1<sup>st</sup> October 2016, the Group acquired 322 LBOs from Ladbrokes Betting & Gaming Limited and Coral Racing Limited, increasing the total number of LBOs to 1,666 at 24 September 2017. The new shops contributed revenue of £67,642,000 and net profit of £1,273,000 for the year.

#### Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Recognised values on acquisition £000
Acquiree's net assets at the acquisition date:	
Tangible fixed assets	16,109
Intangible assets – licences	22,520
Intangible assets – favourable leases	487
Creditors – unfavourable leases	(3,978)
Provisions for liabilities and charges – onerous lease provision	(1,205)
Deferred tax liability	(3,913)
Net identifiable assets and liabilities	30,420
Total consideration	55,900
Goodwill on acquisition	24,580

The expected useful life of goodwill stemming from this acquisition is 10 years.

On 30 April 2017, the Group acquired all of the ordinary shares of Bluegrass Limited for £150. The company owns and lets commercial investment property, mainly to Done Brothers (Cash Betting) Limited, another Group subsidiary undertaking. The business contributed revenue of £nil and net profit of £75,000 to the Group's revenue and net profit for the year.

#### Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Recognised values on acquisition £000
Acquiree's net assets at the acquisition date:	
Tangible fixed assets	4,635
Trade and other debtors	281
Cash at bank and in hand	35
Trade and other creditors	(7,750)
Net identifiable assets and liabilities	(2,799)
Consideration paid	-
Goodwill on acquisition	2,799

The expected useful life of goodwill stemming from this acquisition is 10 years.

The Company considered whether any fair value adjustments were necessary and there were no differences noted.

## Notes (continued)

### 2 Acquisitions and disposal of businesses (continued)

On 27<sup>th</sup> July 2017, the Group acquired 3 LBOs from Stanley International Betting Limited. The total consideration was £300,000 which comprised tangible fixed assets, intangible assets (licences) and goodwill. The expected useful life of goodwill stemming from this acquisition is 10 years.

### 3 Turnover

All activities relate to betting operations. Further disclosure of the results by type of event has not been disclosed as the Directors consider this would be prejudicial to the business.

Turnover split by geographical market is not disclosed as the directors feel it would be prejudicial to the interests of the company.

### 4 Other operating income

	2017 £000	2016 £000
Rental income	1,255	1,041
Other	191	387
Net (loss)/gain on disposal of tangible fixed assets	(116)	402
	<u>1,330</u>	<u>1,830</u>

### 5 Expenses and auditor's remuneration

*Included in profit/loss are the following:*

	2017 £000	2016 £000
<i>Impairment:</i>		
<i>Impairment loss on goodwill</i>	37,839	-
<i>Impairment loss on tangible fixed assets</i>	7,120	962
<i>Reversal of impairment loss recognised on tangible fixed assets</i>	(1,053)	(514)
<i>Auditor's remuneration:</i>		
Audit of these financial statements	23	10
Audit of subsidiary financial statements pursuant to legislation	349	220
Audit related assurance services	-	5
Research and development expensed as incurred	-	995
	<u>-</u>	<u>-</u>

**Notes (continued)**

**6 Staff numbers and costs**

The average number of persons employed by the Group, on a full time equivalent basis, during the period:

	2017 Number	2016 Number
Office, management and sales	7,097	6,124
	<hr/>	<hr/>
	2017 £000	2016 £000
Employee costs		
Wages and salaries	158,897	141,565
Social security costs	10,121	9,223
Pension costs	1,830	1,470
	<hr/>	<hr/>
	170,848	152,258
	<hr/>	<hr/>

The Company did not have any direct employees in the current or prior period.

**7 Directors' remuneration**

The directors' aggregate emoluments in respect of qualifying services were:-

	2017 £000	2016 £000
Aggregate emoluments	703	915
Company contributions to money purchase pension schemes	51	38
	<hr/>	<hr/>
	754	953
	<hr/>	<hr/>

The aggregate emoluments of the highest paid director were £257,000 (2016: £495,000) and company pension contributions of £nil (2016: £38,000) were made to a money purchase scheme on their behalf.

The number of directors who accrued benefits under company pension schemes was as follows:

	2017 No.	2016 No.
Money purchase scheme	2	1
	<hr/>	<hr/>

## Notes (continued)

### 8 Exceptional items

	2017 £000	2016 £000
<i>Pre operating profit</i>		
Impairment of goodwill	37,839	-
Impairment of tangible fixed assets	6,263	-
Movement in onerous lease provision	5,071	-
Redundancy costs	-	602
Other	-	474
	<u>49,173</u>	<u>1,076</u>

In the current period the Group impaired goodwill by £37,839,000 and tangible fixed assets by £6,263,000, in respect of the digital business.

There are other fixed assets impaired which are not deemed exceptional.

During the period, the directors also increased the onerous lease provision in relation to the newly acquired shops, resulting in a charge of £5,071,000 (2016: £nil).

During the prior period there was £602,000 in respect of redundancy costs and a further £474,000 resulting from the tribunal settlement in relation to the closure of the Betfred call centre.

### 9 Interest receivable and similar income

	2017 £000	2016 £000
Bank interest receivable	420	269
Other interest receivable	1,039	64
Net interest costs on pensions	-	271
	<u>1,459</u>	<u>604</u>

### 10 Interest payable and similar expenses

	2017 £000	2016 £000
Interest payable on bank loans and overdrafts	4,983	4,574
Amortisation of loan issue costs	475	2,500
Net interest payment on pension liabilities	67	-
Other interest	252	330
Unwinding of discounted provision	370	447
	<u>6,147</u>	<u>7,851</u>

## Notes (continued)

### 11 Taxation

#### Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2017 £000	2017 £000	2016 £000	2016 £000
<i>Current tax</i>				
Current tax on income for the period		10,647		11,266
Adjustments in respect of prior periods		40		(780)
<b>Total current tax</b>		<b>10,687</b>		<b>10,486</b>
<i>Deferred tax (see note 20)</i>				
Origination and reversal of timing differences	270		(2,625)	
Change in tax rate	-		57	
Adjustments in respect of prior periods	144		678	
<b>Total deferred tax</b>		<b>414</b>		<b>(1,890)</b>
<b>Total tax</b>		<b>11,101</b>		<b>8,596</b>

	2017 £000	2017 £000	2017 £000	2016 £000	2016 £000	2016 £000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	10,687	(85)	10,602	10,486	(1,173)	9,313
Recognised in other comprehensive income	-	499	499	-	(717)	(717)
<b>Total tax</b>	<b>10,687</b>	<b>414</b>	<b>11,101</b>	<b>10,486</b>	<b>(1,890)</b>	<b>8,596</b>

#### Reconciliation of effective tax rate

	2017 £000	2016 £000
(Loss)/profit for the period	(28,682)	23,078
<b>Total tax expense</b>	<b>10,602</b>	<b>9,313</b>
(Loss)/profit excluding taxation	(18,080)	32,391
Tax using the UK corporation tax rate of 19.5% (2016: 20%)	(3,526)	6,478
Effect of tax rates in foreign jurisdictions	2,613	487
Reduction in tax rate on deferred tax balances	-	57
Non-deductible expenses	8,892	2,625
Tax exempt revenues	(97)	(232)
Deferred tax not recognised	2,536	-
Over provided in prior periods	184	(102)
<b>Total tax expense included in profit or loss</b>	<b>10,602</b>	<b>9,313</b>

## Notes (continued)

### 11 Taxation (continued)

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 24 September 2017 has been calculated based on these rates.

### 12 Intangible assets

Group	Goodwill	Licences	Favourable leases	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 25 September 2016	332,619	35,000	-	367,619
Acquisitions through business combinations	27,447	22,588	487	50,522
Disposals	(899)	-	-	(899)
<b>At 24 September 2017</b>	<b>359,167</b>	<b>57,588</b>	<b>487</b>	<b>417,242</b>
<b>Amortisation and impairment</b>				
At 25 September 2016	174,156	25,833	-	199,989
Disposals	(803)	-	-	(803)
Charge for the period	14,155	6,689	154	20,998
Impairment	37,839	-	-	37,839
<b>At 24 September 2017</b>	<b>225,347</b>	<b>32,522</b>	<b>154</b>	<b>258,023</b>
<b>Net book value</b>				
At 25 September 2016	158,463	9,167	-	167,630
<b>At 24 September 2017</b>	<b>133,820</b>	<b>25,066</b>	<b>333</b>	<b>159,219</b>

#### Company

The Company owns no intangible assets.

**Notes (continued)**

**13 Tangible fixed assets**

Group	Property £000	Alterations to Premises £000	Plant Machinery & Equipment £000	Fixtures & Fittings £000	Total £000
<b>Cost</b>					
At 25 September 2016	14,584	54,340	120,162	48,723	237,809
Acquisitions through business combinations	4,635	-	-	16,273	20,908
Other acquisitions	210	3,205	18,142	1,560	23,117
Transfers to stock	-	-	(549)	-	(549)
Disposals	-	(444)	(475)	(491)	(1,410)
<b>At 24 September 2017</b>	<b>19,429</b>	<b>57,101</b>	<b>137,280</b>	<b>66,065</b>	<b>279,875</b>
<b>Depreciation and impairment</b>					
At 25 September 2016	4,162	40,238	87,457	40,036	171,893
Impairment	-	573	6,306	241	7,120
Reversal of impairment	-	(650)	(8)	(395)	(1,053)
Charge for the period	609	4,371	17,637	4,147	26,764
Disposals	-	(433)	(385)	(484)	(1,302)
<b>At 24 September 2017</b>	<b>4,771</b>	<b>44,099</b>	<b>111,007</b>	<b>43,545</b>	<b>203,422</b>
<b>Net book value</b>					
At 25 September 2016	10,422	14,102	32,705	8,687	65,916
<b>At 24 September 2017</b>	<b>14,658</b>	<b>13,002</b>	<b>26,273</b>	<b>22,520</b>	<b>76,453</b>

The net book value of equipment includes an amount of £2,879,000 (2016: £4,322,000) in respect of assets held under finance leases. Depreciation on these assets in the current period was £2,205,000 (2016: £2,558,000).

The net book value of properties comprises:

	2017 £000	2016 £000
Freeholds	13,245	8,877
Long leaseholds (over 50 years)	476	583
Short leaseholds (under 50 years)	378	161
Other expenditure related to buildings	559	801
<b>Total property</b>	<b>14,658</b>	<b>10,422</b>

Contracted, but not accrued, capital commitments at 24 September 2017 were £nil (2016: £nil).

Fixed and floating charges are held over the assets of the Company, and the wider Group by the Group's bankers (see note 25).

**Company**

The Company has no tangible fixed assets.



## Notes (continued)

### 14 Fixed asset investments

#### Group

The investment of £1,650,000 (2016: £1,650,000) held on the Group balance sheet represents £1,566,000 (2016: £1,566,000) in relation to an investment in Sports Information Services (Holdings) Limited (SIS) (formerly Satellite Information Services (Holdings) Limited), in which the Group has a 5.99% holding, and £84,000 (2016: £84,000) in relation to Greyhound TV Limited, in which the Group has a 16.67% holding. A dividend of £nil was received in the period ended 24 September 2017 (2016: £1,200,000), in relation to the SIS investment.

#### Company

Shares in  
group  
undertakings  
£000

#### Cost and net book value

At beginning and end of the period

113,015

The trading companies in which the Company held an interest at the period end are as follows:

	Aggregate of capital and reserves	Profit/(loss) for the year	Registered office address	Class of shares held	Ownership 2016	Ownership 2017
	£000	£000			%	%
<i>Principal subsidiary undertakings</i>						
Lightcatch Limited	58,207	(57,908)	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Done Brothers (Cash Betting) Limited	29,016	13,873	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Tote (Successor Company) Limited	75,414	5,089	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Tote Bookmakers Limited	64,873	12,114	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Tote Digital Limited	-	-	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Tote Direct Limited	43,434	2,415	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Toto Credit Limited	(6,634)	1,744	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Totepool Alderney Limited	734	499	Century House, 12 Victoria Street, Alderney, Channel Islands, GY9 3UF	Ordinary	100	100
Petfre (Gibraltar) Limited	(40,959)	(28,649)	5/2 Waterport Place, Gibraltar	Ordinary	100	100
Bluegrass Limited	(2,724)	270	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100

**Notes (continued)**

**14 Fixed asset investments (continued)**

The company also holds the following investments in dormant companies.

	Registered office address	Class of shares held	Ownership 2016	Ownership 2017
			%	%
Tote Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Tote Investors Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Tote Computer Services Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Tote Course Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Toto Europools Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Tote UK International Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Totepool Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Totesport Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Demmy the Bookmaker Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Hanley Racing Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Giftcircle Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
A&R Racing Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
The Chase Retail Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Betfred Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Done Management Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100

**Notes (continued)**

**15 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	3,176	5,609	-	-
Loans receivable	22,944	5,662	-	-
Other debtors	5,101	4,872	-	-
Prepayments and accrued income	20,622	12,378	-	-
Deferred tax asset (note 20)	3,824	5,079	-	-
Corporation tax asset	-	284	-	-
	<u>55,667</u>	<u>33,884</u>	<u>-</u>	<u>-</u>

Amounts included within loans receivable of £22,944,000 (2016: £3,804,000) are not expected to be recovered in one year.

Loans receivable includes £6,612,000 (2016: £3,804,000) due from Moneta Communications Holdings Limited which bears interest at 3.25% plus LIBOR per annum; £14,256,000 (2016: £1,858,000) due from Great Leighs Estates Limited which bears interest at 3.25% plus LIBOR per annum; and £2,076,000 (2016: £nil) due from Sharp Gaming Limited which bears interest at 5.00% per annum.

**16 Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts (note 18)	14,236	26,069	-	-
Trade creditors	14,957	11,471	-	-
Customer accounts	17,785	10,222	-	-
Amounts owed to group undertakings	-	-	-	-
Obligations under finance leases (note 18)	824	2,715	-	-
Corporation tax liability	5,297	5,215	-	-
Taxation and social security costs	34,185	27,149	-	-
Unfavourable leases	908	-	-	-
Other creditors	13,554	11,865	-	-
Other financial liability (note 19)	157	924	-	-
Accruals and deferred income	33,093	29,613	-	-
	<u>134,996</u>	<u>125,243</u>	<u>-</u>	<u>-</u>

**17 Creditors: amounts falling after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts (note 18)	130,460	70,338	-	-
Obligations under finance leases (note 18)	448	407	-	-
Unfavourable leases	1,703	-	-	-
Other creditors	102	98	-	-
Accruals and deferred income	1,682	1,924	-	-
	<u>134,395</u>	<u>72,767</u>	<u>-</u>	<u>-</u>

## Notes (continued)

### 18 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
<b>Creditors falling due more than one year</b>				
Secured bank loans	132,000	70,338	-	-
Finance lease liabilities	448	407	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total borrowings</b>	<b>132,448</b>	<b>70,745</b>	<b>-</b>	<b>-</b>
Less unamortised issue costs	(1,540)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total borrowings less unamortised issue costs</b>	<b>130,908</b>	<b>70,745</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Creditors falling due within less than one year</b>				
Secured bank loans	14,750	26,069	-	-
Finance lease liabilities	824	2,715	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total borrowings</b>	<b>15,574</b>	<b>28,784</b>	<b>-</b>	<b>-</b>
Less unamortised issue costs	(514)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total borrowings less unamortised issue costs</b>	<b>15,060</b>	<b>28,784</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>	<hr/>

All bank borrowings are secured by mortgage debentures and first legal charges over various properties and assets. There is a right of offset incorporated in all legal mortgages, life policies and mortgage debentures.

#### Bank loans

On 17 October 2016, the Group refinanced its existing loan facilities resulting in an extinguishment of the previous facility. £93,921,000 was repaid early and the principal amount of the new facility was £175,000,000. £29,000,000 of this was repaid during the year and the remaining balance is £146,000,000.

£2,529,000 of deferred finance costs relating to the new loan were capitalised and are being amortised over the life of the loan (5 years).

The bank loan of £146,000,000 (2016: £93,921,000) bears interest at LIBOR plus a margin, varying between 1.75% and 3.00% per annum. The loan is due for repayment at various dates up to 16 October 2021.

A separate bank loan of £750,000 (2016: £2,486,000) bears interest at 4.15% per annum and is due for repayment in July 2018.

Lightcatch Limited, a subsidiary of the Company, has entered into interest rate swap arrangements covering £49.0m (2016: £62.4m) of its previous bank loan facility whereby it pays a fixed rate of 1.7175% on this portion of its borrowings. The arrangements expire on 20 December 2017 and reduce in line with loan repayments over the term of the loan. For the fair value of this arrangement see note 19.

#### Finance lease and hire purchase contracts

Finance lease and hire purchase contracts are repayable by instalments. Usual contract terms are 3-5 years.

## Notes (continued)

### 18 Interest-bearing loans and borrowings (continued)

#### Terms and debt repayment schedule

Group	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2017 £000	2016 £000
Bank Loan 1	£	2-3.75% plus LIBOR	2017	-	-	93,921
Bank Loan 2	£	4.15%	2018	750	750	2,486
Bank Loan 3	£	1.75-3% plus LIBOR	2021	146,000	146,000	-
Finance lease liabilities	£	4.15%	2020	1,272	1,272	3,122
					<u>148,022</u>	<u>99,529</u>

Bank loan 1 was repaid early in October 2016 as part of the Group refinancing its existing loan facilities.

### 19 Other financial liabilities

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Amounts falling due within one year				
Financial liabilities designated as fair value through profit or loss	157	924	-	-
	<u>157</u>	<u>924</u>	<u>-</u>	<u>-</u>

### 20 Deferred tax asset

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2017 £000	Assets 2016 £000	Liabilities 2017 £000	Liabilities 2016 £000	Net 2017 £000	Net 2016 £000
Accelerated capital allowances	3,797	3,885	-	-	3,797	3,885
Arising on business combinations	-	-	(4,548)	(1,558)	(4,548)	(1,558)
Employee benefits	-	579	-	-	-	579
Unused tax losses	-	402	-	-	-	402
Other	27	213	-	-	27	213
Net tax assets/(liabilities)	<u>3,824</u>	<u>5,079</u>	<u>(4,548)</u>	<u>1,558</u>	<u>(724)</u>	<u>3,521</u>

A deferred tax asset of £2,536,000 (2016: £nil) in respect of depreciation in excess of capital allowances of £1,346,000 and tax losses of £1,190,000 has not been recognised as it is not expected to reverse in the foreseeable future.

#### Company

The Company has no deferred tax.

**Notes (continued)**

**21 Provisions for liabilities and charges**

**Group**

	Deferred tax £000	Dilapidation provision £000	Onerous lease provision £000	Total £000
Balance at 25 September 2016	1,558	1,960	11,823	15,341
Provisions made during the period	3,913	905	8,966	13,784
Provisions used during the period	(923)	(244)	(3,479)	(4,646)
Unwinding of discounted amount	-	-	370	370
<b>Balance at 24 September 2017</b>	<b>4,548</b>	<b>2,621</b>	<b>17,680</b>	<b>24,849</b>

Property related provisions are expected to unwind over the next 3 to 5 years, and include:

- An onerous lease provision of £17,680,000 (2016: £11,823,000) in relation to loss making outlets within the group shop portfolio. An associated impairment loss has been recorded in relation to assets dedicated to these contracts.
- £2,621,000 (2016: £1,960,000) in relation to dilapidation costs associated with the Group's retail estate.

**Company**

The Company has no provisions.

**22 Employee benefits**

The Group, operates a funded pension scheme, the Horserace Totalisator Board (1968) Pension Scheme. The scheme provides benefits based on final pensionable pay for all qualifying staff and as a result of its participation in that scheme, Tote (Successor Company) Limited is an associate employer.

Assets are held, separately from those of Tote (Successor Company) Limited, in trustee-administered funds. The trustees to the pension scheme include representatives from both past and present employees.

There is no investment by the funds in the businesses of the Group, headed by Betfred Group Limited, the Company or any of its subsidiary or associated undertakings.

Due to Tote (Successor Company) Limited being an associate employer the actuaries are unable to identify and separate the Company's share of the underlying assets and liabilities and are therefore accounted for as a defined contribution pension scheme within the financial statements of the Group.

Contributions to the scheme are charged to the Group's profit and loss account so as to spread the cost of pensions over employees' working lives with the Group. These contributions are determined by professionally qualified actuaries on the basis of regular funding reviews using the projected unit method and, for 2017, amounted to £540,000 (2016: £540,000).

The information disclosed below is in respect of the whole of the plans for which the participating companies have been allocated a share of cost under an agreed group policy throughout the periods shown.

**Horserace Totalisator Board (1968) Pension Scheme**

The information disclosed below is in respect of the Horserace Totalisator Board (1968) Pension Scheme for which Tote Bookmakers Limited is an associate employer. The latest actuarial review of the scheme was at 31 March 2015. This valuation has been updated to 24 September 2017 by a qualified actuary, independent of the scheme's sponsoring employer.

**Notes (continued)**

**22 Employee Benefits (continued)**

*Net pension (liability)/asset*

	2017 £000	2016 £000
Defined benefit obligation	(106,351)	(115,927)
Plan assets	107,998	112,521
	<hr/>	<hr/>
Surplus/(deficit) in plan	1,647	(3,406)
Unrecognised surplus	(1,647)	-
	<hr/>	<hr/>
Net pension liability	-	(3,406)
	<hr/>	<hr/>

*Movements in present value of defined benefit obligation*

	2017 £000	2016 £000
At 25 September 2016	115,927	89,672
Interest expense	2,438	3,235
Re-measurement; actuarial (gains)/losses	(7,539)	27,057
Benefits paid & expenses	(4,475)	(4,037)
	<hr/>	<hr/>
At 24 September 2017	106,351	115,927
	<hr/>	<hr/>

*Movements in fair value of plan assets*

	2017 £000	2016 £000
At 25 September 2016	112,521	96,761
Interest income	2,371	3,506
Actuarial (losses)/gains	(2,959)	15,751
Contributions by employer	540	540
Benefits paid	(4,475)	(4,037)
	<hr/>	<hr/>
At 24 September 2017	107,998	112,521
	<hr/>	<hr/>

If there had been no limit on the expected return of scheme assets due to the surplus not being recoverable, the expected return on scheme assets would have been £4,580,000. £1,647,000 of expected returns are not disclosed in the profit and loss account due to the surplus not being recognised. Therefore, the net re-measurement profit for the current period recognised in other comprehensive income is £2,933,000.

*Expense recognised in the profit and loss account*

	2017 £000	2016 £000
Expenses	-	-
Net interest payable/(receivable) on net defined benefit liability	67	271
	<hr/>	<hr/>
Total expense recognised in profit or loss	67	271
	<hr/>	<hr/>

## Notes (continued)

### 22 Employee Benefits (continued)

The fair value of the scheme assets and the return on those assets were as follows:

	24 September 2017 Fair value £000	25 September 2016 Fair value £000
Equities	-	11,364
Government debt	22,201	17,835
Corporate bonds	8,081	12,463
Cash	206	507
Absolute Return Funds	18,523	20,622
Insurance Policies	45,490	49,730
Direct Lending/Real Estate Debt	13,497	-
	<hr/> 107,998	<hr/> 112,521
	<hr/>	<hr/>
Actual return on plan assets	(568)	19,257
	<hr/>	<hr/>

None of the fair value of the assets include any of the Group's own financial instruments or property, or any other assets used by the Group.

The long-term expected rate of return on cash is determined by reference to bank base rates at the balance sheet dates. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long-term expected return on the pensioner buy in insurance policy is determined by reference to UK long dated government yields at the balance sheet date. The long term expected rate of return on various classes of growth assets are each based on UK long dated government yields with an allowance for out-performance.

Principal actuarial assumptions (expressed as weighted averages) at the period end were as follows:

%	24 September 2017	25 September 2016
Discount rate	2.60	2.15
Inflation (CPI)	2.20	1.95
Inflation (RPI)	3.20	2.95
Future salary increases	n/a	n/a
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.20	1.95
Allowance for pension in payment increases of CPI or 5% p.a. if less	2.20	1.95
Allowance for pension in payment increases of CPI or 3% p.a. if less	2.20	1.95
Allowance for pension in payment increases of CPI or 2.5% p.a. if less	2.20	1.95
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.20	2.95
Allowance for pension in payment increases of RPI or 3% p.a. if less	3.00	2.95
Allowance for pension in payment increases of RPI or 2.5% p.a. if less	2.50	2.50
	<hr/>	<hr/>

The last full actuarial valuation was performed on 31 March 2015, and has been updated to 24 September 2017.

In valuing the liabilities of the pension fund at 24 September 2017, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 60-year old to live for a number of years as follows:

- Male retiring at age 60 in 2017: 26.7 years
- Female retiring at age 60 in 2017: 28.6 years
- Male retiring at age 60 in 2037: 28.3 years
- Female retiring at age 60 in 2037: 30.3 years



**Notes (continued)**

**23 Capital and reserves**

**Called up share capital**

	2017 £	2016 £
195,200 Ordinary shares of £0.10 each	19,520	19,520

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**24 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Less than one year	46,102	37,529	-	-
Between one and five years	126,085	114,903	-	-
More than five years	43,789	42,421	-	-
	<u>215,976</u>	<u>194,855</u>	<u>-</u>	<u>-</u>

During the year £45,923,000 (2016: £35,763,000) was recognised as an expense in the profit and loss account in respect of operating leases.

**25 Contingencies and commitments**

The Company is an obligor to a wider group banking arrangement and, as such, has entered into a cross guarantee in respect of the borrowings of the Betfred group of companies, headed by Betfred Group Limited. In addition the Company's assets are secured by a number of fixed and floating charges held by the financing parties of the banking arrangement. At 24 September 2017 the Group's potential exposure under the unlimited cross-guarantee arrangement was £87,508,000 (2016: £30,922,000).

Given the Company's nature of business, the company is susceptible to fraudulent customer activity and potential attempts of money laundering which sometimes can give rise to future liabilities either by way of repayment of net winnings or by fines from regulatory authorities. There are no individually material cases of this nature which the company is dealing with at the date of these financial statements and the directors do not believe there is a probable risk of payment of material liabilities. Nevertheless, there always remains the risk of potential future liability given the Company's nature of business.

## Notes (continued)

### 26 Related parties

#### Group

##### Loans

Moneta Communications Holdings Limited in which Mr F Done or members of his close family have a controlling or beneficial interest have received loans from Betfred Group Limited as follows:

	2017 £000	2016 £000
<i>Unsecured Loans (amounts owed to the group):</i>		
Balances outstanding at 25 September 2016	3,803	2,860
Amounts advanced in the period	2,809	943
	<hr/>	<hr/>
Balances outstanding at 24 September 2017	6,612	3,803
	<hr/>	<hr/>

The maximum amount receivable during the period was £6,612,000 (2016: £3,803,000). The maximum available under the terms of the facility is £6,700,000. These transactions were made on normal commercial terms with interest being charged at 3.25% plus LIBOR per annum.

Amounts advanced by Betfred Group Limited to Tote Media Limited, owned by the Done family, at the end of the period was £14,256,000 (2016: £1,858,000). The maximum available under the terms of the facility is £16,000,000. These transactions were made on normal commercial terms with interest being charged at 3.25% plus LIBOR per annum.

Amounts advanced by Betfred Group Limited to Sharp Gaming Limited, in which Mr F Done has a controlling or beneficial interest, at the end of the period was £2,076,000 (2016: £nil). The maximum available under the terms of the facility is £7,000,000. These transactions were made on normal commercial terms with interest being charged at 5.00% per annum.

##### Transactions with key management personnel

Total compensation of key management personnel in the period amounted to £1,802,000 (2016: £2,012,000).

##### Administrative expenses

Excluding the rental costs referred to below, total expenses of £39,345,000 (2016: £37,777,000) were incurred in respect of entities in which Mr F Done or close family members have a controlling or beneficial interest. Included within this amount is £31,468,000 (2016: £31,069,000) paid to Sports Information Services (Holdings) Limited (formerly Satellite Information Services (Holdings) Limited) for TV streaming in the Group's LBOs. The Group has a 5.99% holding in Sports Information Services (Holdings) Limited (formerly Satellite Information Services (Holdings) Limited). Expenses were incurred on normal commercial terms.

##### Rental costs

Rental costs include £2,852,000 (2016: £2,618,000) in respect of entities in which Mr F Done, or close family members, have a controlling or beneficial interest. No amounts were outstanding at the period end (2016: £nil). Rents were made on normal commercial terms.

##### Investment income

Investment income during the period of £nil (2016: £1,200,000) was received from Sports Information Services (Holdings) Limited (formerly Satellite Information Services (Holdings) Limited) which is considered to be a related party as Mr F Done is a director of that company.

#### Company

There were no related party transactions in the Company.

### 27 Ultimate parent company

The directors consider the Company to be under the control of the Done family.

**Notes (continued)**

**28 Accounting estimates and judgements**

*Key sources of estimation uncertainty*

The group is party to a number of leases on properties that are no longer required for trading. Judgement is applied in determining whether leases are onerous. Whilst every effort is made to profitably sub-let these properties, it is not always possible to do so. Where a lease is onerous to the Group, a provision is established for the difference between amounts contractually payable to the landlord and amounts contractually receivable from the tenant (if any). In addition, provisions exist for the expected future dilapidation cost on leasehold properties and the expected future costs of removing asbestos from leasehold properties. The Directors consider that their estimates are appropriate.

A level of judgement is also applied in determining the fair value of assets and liabilities on business combinations which means the values involve a degree of estimation.