

ALDERNEY eGAMBLING LIMITED

FINANCIAL STATEMENTS 2015

FOR INFORMATION PURPOSES

Alderney eGambling Limited

Directors' report and financial statements

For the year ended 31 December 2015

Contents

Corporate information.....	1
Directors' report	2
Independent Auditor's report.....	4
Statement of comprehensive income.....	6
Statement of financial position.....	7
Notes to the financial statements.....	8 - 12

Alderney eGambling Limited

Corporate information

Directors

Mr. F. Simonet
Miss S. O'Leary
Mr. M. Birmingham
Mr. R. McDowall
Mr. M. Smith
Mr. R. Harvey
Mr. R. Le Provost

Director (Chairman)
Director (Chief Executive) - appointed 13 August 2015
Director
Director - appointed 28 January 2015
Director - appointed 28 January 2015
Director - resigned 28 January 2015
Director - resigned 9 May 2015

Secretary

Mr S. Dent

Auditor

KPMG Channel Islands Limited
Chartered Accountants
Gategny Court,
Gategny Esplanade
St Peter Port,
Guernsey
GY1 1WR

Banker

National Westminster Bank
35 High Street
St Peter Port
Guernsey
GY1 4BE

Company registration number

1763

Registered office

Island Hall
Royal Connaught Square
Alderney
GY9 3AA

Alderney eGambling Limited

Directors' report

For the year ended 31 December 2015

The Directors' presents their report and financial statements for Alderney eGambling Limited (the Company) for the year ended 31 December 2015.

Incorporation

The Company was registered in Alderney, Channel Islands on 5 October 2009 under The Companies (Alderney) Law, 1994, registration number 1763.

Principal activities

The primary purpose of the Company is to promote the jurisdiction of Alderney as a regulated environment for companies engaged in the electronic provisions of gambling services and to encourage them to base themselves in and to submit themselves to the licensing regime operated by the Alderney Gambling Control Commission.

This promotion takes several forms including attendance at trade shows and conferences, contact with professional advisers and directly with operators wherever they may be based. A marketing group, named Team Alderney, has also been formed with relevant service providers from the telecommunications, legal and fiduciary sector within the Bailiwick who contribute to the expenses of participating in relevant in events in return for their attendance alongside the Company.

Going concern

The Directors' have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Financial results and dividends

The financial results of the Company for the year are set out in detail on pages 6 and 7 supported by the notes to the financial statements on pages 8 to 12 inclusive.

The Directors' do not propose the payment of an ordinary dividend (2014: nil).

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

Company law requires the Directors' to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and UK Accounting Standards, including Financial Reporting Standard Section 1A of 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing those 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 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.

Alderney eGambling Limited

Directors' report (continued)

For the year ended 31 December 2015

The Directors' are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with The Companies (Alderney) Law, 1994. 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.

Disclosure of information to auditors

The Directors' who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

Auditors

KPMG Channel Islands Limited were reappointed as auditor of the Company during the period. A resolution for the re-appointment of KPMG Channel Islands Limited as auditor of the Company will be proposed at a future Board meeting.

By order of the Board



Director



Director

Date: 22 March 2016

Independent auditor's report to the members of Alderney eGambling Limited

For the year ended 31 December 2015

We have audited the financial statements of Alderney eGambling Limited (the "Company") for the year ended 31 December 2015 which comprise the Statement of financial position, the Statement of comprehensive income and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the Company's members, as a body, in accordance with section 79 of the Companies (Alderney) Law, 1994. 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 Statement of Directors' Responsibilities set out on pages 2 and 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its return for the year then ended in accordance with United Kingdom Accounting Standards and are properly prepared in accordance with Companies (Alderney) Law, 1994.

Independent auditor's report to the members of Alderney eGambling Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Alderney) Law, 1994 requires us to report to you if, in our opinion:

- proper accounting records in accordance with section 74 have not been kept; or
- the balance sheet or the profit and loss account is not in agreement with the accounting records; or
- the director's report is inconsistent with the balance sheet or the profit and loss account; or
- we have failed to obtain all access, information and explanations necessary for the audit.

KPMG Channel Islands Limited

**KPMG Channel Islands Limited
Chartered Accountants
Glategny Court,
Glategny Esplanade
St Peter Port,
Guernsey
GY1 1WR**

23 March 2016

Alderney eGambling Limited

Statement of comprehensive income

For the year ended 31 December 2015

	Note	2015 £	2014 £
Income			
Income	2	473,572	381,302
Less: administrative expenses	2	<u>(468,944)</u>	<u>(364,587)</u>
Operating profit		4,628	16,715
Interest payable and similar expenses			
Bank charges		<u>(504)</u>	<u>(163)</u>
Profit on ordinary activities before taxation		4,124	16,552
Total comprehensive income for the year		<u>4,124</u>	<u>16,552</u>

All activities are derived from continuing activities

The Company has no components of "other comprehensive income".

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

Alderney eGambling Limited


Statement of financial position

As at 31 December 2015

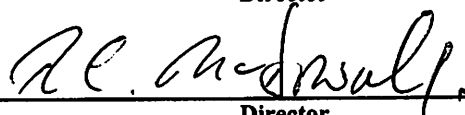
	Notes	2015 £	2014 £
Fixed assets			
Tangible fixed assets	5	<u>11,382</u>	<u>27,535</u>
Total fixed assets		<u>11,382</u>	<u>27,535</u>
Current assets			
Cash and cash equivalents		38,737	19,059
Debtors and prepayments	6	<u>74,795</u>	<u>43,972</u>
Total current assets		<u>113,532</u>	<u>63,031</u>
Current liabilities			
Accounts payable	7	43,775	6,884
Other creditors and accruals	7	<u>11,070</u>	<u>17,737</u>
Total current liabilities		<u>54,845</u>	<u>24,621</u>
Net assets		<u>70,069</u>	<u>65,945</u>
Capital and reserves:			
Shareholder's capital	8	1	1
Profit and loss reserves	9	<u>70,068</u>	<u>65,944</u>
Total shareholder's funds		<u>70,069</u>	<u>65,945</u>

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

The financial statements on pages 6 to 12 were approved by the Board of Directors on 22 March 2016 and are signed on their behalf by:



Director



Director

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2015

1 Accounting policies

Reporting entity

Alderney eGambling Limited is a limited liability company incorporated in Alderney, Registered Number 1763. The Registered Office is Island Hall, Royal Connaught Square, Alderney, GY9 3AA.

Basis of preparation

The Company's financial statements give a true and fair view, comply with the Companies (Alderney) Law, 1994 and were prepared in compliance with FRS 102 (Section 1A), the Financial Reporting Standard applicable to the UK and Republic of Ireland ("FRS 102"). The financial statements have been prepared on a historical cost basis.

The Company transitioned from previously extant UK GAAP to FRS 102 (Section 1A) as at 1 January 2014. An explanation of how transition to FRS 102 (Section 1A) has affected the reported financial position and financial performance is given in note 17.

The financial statements are prepared in sterling which is the functional currency of the Company. The Directors consider sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Stand	33% per annum
Computer equipment	33% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Income recognition

Income is recognised on an accruals basis.

Income from States of Alderney

The Company receives grant funding from the States of Alderney. Each year it provides the Company with funds in order to cover the expenditure incurred in running the Company.

Income from Team Alderney

The Company receives a contribution to its annual operating costs from members of Team Alderney.

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2015

Interest receivable

Interest receivable is recognised as interest accrues using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position, comprise cash at banks and in hand.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price, less attributable transaction costs. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses. 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.

Pensions

The Company operates a defined contribution scheme only which is available to staff on satisfactory completion of a probationary period.

Contributions to defined contribution schemes are recognised in the statement of comprehensive income in the period in which they become payable.

Expenses

Expenses, including administration and other expenses are accounted for on an accruals basis and are recognised in the statement of comprehensive income on the transaction date.

Taxation

The Company is liable to Guernsey company tax. The Company is taxed at the standard rate of income tax of 0% (2014: 0%).

2 Income and operating profit

The income and operating profit is derived wholly from continuing activities.

		2015	2014
		£	£
Income			
Income from the States of Alderney		379,822	261,302
Income from Team Alderney		93,750	120,000
		<u>473,572</u>	<u>381,302</u>
	Note	2015	2014
		£	£
Administrative expenses			
Salaries and wages	4	197,650	139,183
Accountancy and audit fees		10,035	4,350
Travel and entertainment		26,936	19,891
Team Alderney expenses		142,514	143,080
Conference costs		35,001	34,786
Advertising		12,148	5,436
Administrative costs		12,614	489
Website		1,740	1,755
Other expenditure		13,625	(903)
Depreciation		16,681	16,520
		<u>468,944</u>	<u>364,587</u>

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2015

3 Auditor's remuneration

The remuneration of the auditor's is further analysed as follows:

	2015	2014
	£	£
Audit		
Audit of financial statements	<u>4,035</u>	<u>3,850</u>

4 Staff costs

	2015	2014
	£	£
(a)		
Wages and salaries	177,407	126,252
Social security costs	3,380	6,845
Pension costs	6,863	6,086
	<u>187,650</u>	<u>139,183</u>

The remuneration figure includes an amount as compensation for loss of office.

The average monthly number of employees during the year was as follows:

	2015	2014
	No.	No.
Employees	<u>1</u>	<u>1</u>

	2015	2014
	£	£
(b)		
Non executive directors fees	<u>10,000</u>	<u>-</u>

5 Fixed assets

	Computer equipment	Stand	Total
	£	£	£
Cost or valuation			
As at 1 January 2015	3,157	55,518	58,675
Additions	528	-	528
As at 31 December 2015	<u>3,685</u>	<u>55,518</u>	<u>59,203</u>
Depreciation			
As at 1 January 2015	3,157	27,983	31,140
Charge for the year	161	16,520	16,681
As at 31 December 2015	<u>3,318</u>	<u>44,503</u>	<u>47,821</u>
Net book value			
As at 31 December 2015	<u>367</u>	<u>11,015</u>	<u>11,382</u>
Net book value			
As at 31 December 2014	<u>-</u>	<u>27,535</u>	<u>27,535</u>

6 Debtors: amounts falling due within one year

	2015	2014
	£	£
Trade debtors	-	15,000
Other debtors	4,562	8,361
Prepayments	70,233	20,611
	<u>74,795</u>	<u>43,972</u>

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2015

7 Creditors - amounts falling due within one year	2015	2014
	£	£
Trade creditors	43,775	6,884
Accruals	4,153	9,610
Social security and taxation	6,917	8,127
	<u>54,845</u>	<u>24,621</u>

8 Share Capital

There are 10,000 authorised ordinary shares of £1 each. One share of £1 (2014: one share) has been issued and fully paid as at 31 December 2015.

9 Reconciliation of movements in capital and reserves

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance as at 31 December 2014	1	65,944	65,945
Total comprehensive income	-	4,124	4,124
Balance as at 31 December 2015	<u>1</u>	<u>70,068</u>	<u>70,069</u>

10 Dividends paid and other appropriations

The directors of the Company do not propose to pay an ordinary dividend (2014: £nil).

11 Related party transactions

100% of the share capital is held by the States of Alderney and therefore they are the ultimate controlling party.

The States of Alderney is the ultimate Shareholder of the Company and each year it provides the Company with funds in order to cover the expenditure incurred in running the Company. During the year Alderney eGambling Limited received £379,822 (2014: £261,302) from the States of Alderney. There were no balances owing to or from the States of Alderney as at 31 December 2015.

During the course of the year, fees of £10,000 (2014: nil) were paid to a non-executive director.

12 Pension costs

The company operates a pension scheme on a defined contribution basis. The cost for the year is £6,863 (2014: £6,086) which includes the employers' contribution to the death in service scheme. The sum of £1,429 is included in the creditors figure in the balance sheet, being November and December 2015 contributions.

13 Tenancy agreement

On the 9 December 2015, the Company entered into a tenancy agreement for 24 Fulham Park Gardens, London SW6 4JX commencing on 15 January 2016. Annual rental will be £26,000. A deposit of £4,000 was paid on 10 December 2015 and this is included in debtors. In addition advance rentals of £6,500 are included in pre-payments. The lease expires on 14 January 2018.

	Total
	£
Amounts falling due within one year	26,000
Amounts falling due after one year	26,000

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2015

14 Transition to FRS 102 (Section 1A)

As stated in Note 1, these are the Company's first financial statement prepared in accordance with FRS 102. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of the opening FRS 102 (Section 1A) statement of financial position at 1 January 2014 (the Company's transition date).

The impact from the transition to FRS 102 (Section 1A) is as follows:

The Directors have undertaken an assessment of the impact of the adoption of FRS 102 and have concluded that there is no impact with regards to the recognition and measurement of assets, liabilities, income and expenses on adoption of FRS 102. Disclosure and presentation has been amended for to conform with the requirements of FRS 102.

15 Events after the reporting period

There are no events of note after the end of reporting period and up to the date of the signing of these financial statements that require further disclosure.