

**ALDERNEY eGAMBLING LIMITED**

**FINANCIAL STATEMENTS 2016**

**FOR INFORMATION PURPOSES**

# **Alderney eGambling Limited**

## **Directors' report and financial statements**

**For the year ended 31 December 2016**

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## **Alderney eGambling Limited**

### **Corporate information**

#### **Directors**

Miss S. O'Leary  
Mr A. Barnes  
Mr. M. Birmingham  
Mr. M. Smith  
Mr. R. McDowall  
Mr. F. Simonet

Director (Chief Executive)  
Director - appointed 5 April 2017  
Director  
Director  
Director - resigned 1 January 2017  
Director - resigned 1 January 2017

#### **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 2016**

The Directors present their report and financial statements for Alderney eGambling Limited (the "Company") for the year ended 31 December 2016.

#### **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 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 (2015: 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 elected to prepare the financial statements in accordance with applicable law and UK Accounting Standards, including Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("Section 1A of 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 2016

### Statement of Directors' responsibilities in respect of the Directors' report and the financial statements (continued)

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.

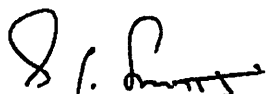
### Disclosure of information to auditors

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.

### Independent 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  
On behalf of Alderney eGambling Limited



\_\_\_\_\_  
Director  
On behalf of Alderney eGambling Limited

Date: 17 MAY 2017

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

### **For the year ended 31 December 2016**

We have audited the financial statements of Alderney eGambling Limited (the "Company") for the year ended 31 December 2016 which comprise the Statement of comprehensive income, the Statement of financial position 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 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 2016 and of its return for the year then ended 31 December 2016;
- are 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 statement of profit and loss and balance sheet are not in agreement with the accounting records; or
- the director's report is inconsistent with the statement of profit and loss and balance sheet; 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, Guernsey

Date: 22 May 2017

## Alderney eGambling Limited

### Statement of comprehensive income

For the year ended 31 December 2016

	Note	2016 £	2015 £
<b>Income</b>			
Income	2	563,728	473,572
Less: administrative expenses	2	<u>(539,489)</u>	<u>(468,944)</u>
<b>Operating profit</b>		24,239	4,628
<b>Interest payable and similar expenses</b>			
Bank charges		<u>(369)</u>	<u>(504)</u>
<b>Profit on ordinary activities before taxation</b>		23,870	4,124
<b>Total comprehensive income for the year</b>		<u>23,870</u>	<u>4,124</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 2016

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Tangible fixed assets	5	1,419	11,382
<b>Total fixed assets</b>		<u>1,419</u>	<u>11,382</u>
<b>Current assets</b>			
Cash and cash equivalents		72,591	38,737
Debtors and prepayments	6	72,515	74,795
<b>Total current assets</b>		<u>145,106</u>	<u>113,532</u>
<b>Current liabilities</b>			
Trade creditors	7	41,568	43,775
Other creditors and accruals	7	11,018	11,070
<b>Total current liabilities</b>		<u>52,586</u>	<u>54,845</u>
<b>Net assets</b>		<u>93,939</u>	<u>70,069</u>
<b>Capital and reserves:</b>			
Shareholder's capital	8	1	1
Profit and loss reserves	9	93,938	70,068
<b>Total shareholder's funds</b>		<u>93,939</u>	<u>70,069</u>

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

The financial statements on pages 6 to 7 were approved by the Board of Directors on 17 May 2017 and are signed on their behalf by:



Director



Director

# **Alderney eGambling Limited**

## **Notes to the financial statements**

**For the year ended 31 December 2016**

### **1 General information**

#### **Reporting entity**

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

#### **UK Subsidiary**

Alderney eGambling (UK) Limited ("AcGUKL") was incorporated in England and Wales on the 17 June 2016, Registered Number 10238457. The Registered Office is Devonshire House, 60 Goswell Road, London, EC1M 7AD. AcGUKL has an issued share capital of 100 ordinary shares of £1.00 each. Alderney eGambling Limited is the only subscriber. AcGUKL has not yet commenced trading, has no assets and is currently dormant.

#### **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 Section 1A of the Financial Reporting Standard FRS 102, 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 financial statements are prepared in sterling which is the functional and presentation currency of 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.

#### **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 2016

### 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% (2015: 0%).

## 2 Income and operating profit

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

	Note	2016	2015
		£	£
Income			
Income from the States of Alderney		473,728	379,822
Income from Team Alderney		90,000	93,750
		<u>563,728</u>	<u>473,572</u>
Administrative expenses		£	£
Salaries and wages	4	198,301	197,650
Rent, rates and utilities	13	25,852	-
Accountancy and audit fees		16,780	10,035
Travel and entertainment		19,925	26,936
Team Alderney expenses		159,269	142,514
Conference costs		53,816	35,001
Advertising		15,112	12,148
Administrative costs		10,156	12,614
Website		12,540	1,740
Other expenditure		16,014	13,625
Depreciation		11,724	16,681
		<u>539,489</u>	<u>468,944</u>

# Alderney eGambling Limited

## Notes to the financial statements

For the year ended 31 December 2016

### 3 Auditor's remuneration

The remuneration of auditors is recorded under administrative expenses within accountancy and audit. The remuneration of the auditor's is further analysed as follows:

	2016	2015
	£	£
Audit		
Audit of financial statements	<u>4,780</u>	<u>4,035</u>

### 4 Staff costs

	2016	2015
(a)	£	£
Wages and salaries	183,709	177,407
Social security costs	3,341	3,380
Pension costs	11,251	6,863
	<u>198,301</u>	<u>187,650</u>

The 2015 remuneration figure includes an amount as compensation for loss of office.

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

	2016	2015
	No.	No.
Employees	<u>3</u>	<u>1</u>

(b)  
Non executive directors fees

	2016	2015
	£	£
Non executive directors fees	<u>10,000</u>	<u>10,000</u>

### 5 Fixed assets

	Computer equipment	Stand	Total
	£	£	£
Cost or valuation			
As at 1 January 2016	3,685	55,518	59,203
Additions	1,761	-	1,761
As at 31 December 2016	<u>5,446</u>	<u>55,518</u>	<u>60,964</u>
Depreciation			
As at 1 January 2016	3,318	44,503	47,821
Charge for the year	709	11,015	11,724
As at 31 December 2016	<u>4,027</u>	<u>55,518</u>	<u>59,545</u>
Net book value			
As at 31 December 2016	<u>1,419</u>	<u>-</u>	<u>1,419</u>
Net book value			
As at 31 December 2015	<u>367</u>	<u>11,015</u>	<u>11,382</u>

### 6 Debtors and prepayments

	2016	2015
	£	£
Other debtors	4,562	4,562
Prepayments	67,953	70,233
	<u>72,515</u>	<u>74,795</u>

# Alderney eGambling Limited

## Notes to the financial statements

For the year ended 31 December 2016

<b>7 Trade and other creditors</b>	<b>2016</b>	<b>2015</b>
	£	£
Trade creditors	41,568	43,775
Accruals	11,018	4,153
Social security and taxation	-	6,917
	<u>52,586</u>	<u>54,845</u>

### 8 Share Capital

There are 10,000 authorised ordinary shares of £1 each. One share of £1 (2015: one share) has been issued and fully paid as at 31 December 2016.

### 9 Reconciliation of movements in capital and reserves

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance as at 31 December 2015	1	70,068	70,069
Total comprehensive income	-	23,870	23,870
Balance as at 31 December 2016	<u>1</u>	<u>93,938</u>	<u>93,939</u>

### 10 Dividends paid and other appropriations

The directors of the Company do not propose to pay an ordinary dividend (2015: £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 £473,728 (2015: £379,822) from the States of Alderney. There were no balances owing to or from the States of Alderney as at 31 December 2016.

During the course of the year, fees of £10,000 (2015: £10,000) 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 £11,251 (2015: £6,863) which includes the employers' contribution to the death in service scheme. There were no contributions outstanding at 31 December 2016 (2015: £1,429).

### 13 Tenancy agreement

On the 9 December 2015, the Company entered into a tenancy agreement for 24 Fulham Park Gardens, London SW6 4JX which commenced on 15 January 2016. Annual rental is £26,000. A deposit of £4,000 was paid on 10 December 2015 and this is included in debtors. In addition, advance rentals of £1,000 (2015: £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	1,000

## **Alderney eGambling Limited**

### **Notes to the financial statements**

#### **For the year ended 31 December 2016**

**14 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.