

ALDERNEY eGAMBLING LIMITED

FINANCIAL STATEMENTS 2017

FOR INFORMATION PURPOSES

Alderney eGambling Limited

Directors' report and financial statements

For the year ended 31 December 2017

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Alderney eGambling Limited

Corporate information

Directors

Ms. 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 (Chairman)

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 2017

The Directors present their report and financial statements for Alderney eGambling Limited (the "Company") for the year ended 31 December 2017.

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 (2016: 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
- assess the Company's ability to continue as a going concern, disclosing, as applicable matters relating to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Alderney eGambling Limited

Directors' report (continued)

For the year ended 31 December 2017

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: 16/2/2018

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

For the year ended 31 December 2017

Our opinion is unmodified

We have audited the financial statements (the "Financial Statements") of Alderney eGambling Limited (the "Company"), which comprise the statement of comprehensive income, statement of financial position and notes, comprising significant accounting policies and other explanatory information.

In our opinion the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2017, and of the Company's financial performance for the year then ended;
- are prepared in accordance with Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- comply with the Companies (Alderney) Law, 1994

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 Company in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

We have nothing to report on 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.

We have nothing to report on the other information in the directors' report

The directors are responsible for the Directors' report. Our opinion on the Financial Statements does not cover that report and we do not express an audit opinion thereon or any form of assurance conclusion thereon.

Our responsibility is to read 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 information presented in the Directors' report.

We have nothing to report on other 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 comprehensive income and statement of financial position are not in agreement with accounting
- the director's report is inconsistent with the statement of comprehensive income and statement of financial position;
- we have failed to obtain all access, information and explanations necessary for the audit.

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

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 2 and 3, the Directors are responsible for: the preparation of the Financial Statements including 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body
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.

KPMG Channel Islands Limited

KPMG Channel Islands Limited
Chartered Accountants, Guernsey

Date: *20 February 2018*

Alderney eGambling Limited

Statement of comprehensive income

For the year ended 31 December 2017

	Note	2017 £	2016 £
Income			
Income	2	683,079	563,728
Less: administrative expenses	2	<u>(678,572)</u>	<u>(539,489)</u>
Operating profit		4,507	24,239
Interest payable and similar expenses			
Bank charges		<u>(406)</u>	<u>(369)</u>
Profit on ordinary activities before taxation		4,101	23,870
Total comprehensive income for the year		<u><u>4,101</u></u>	<u><u>23,870</u></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 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible fixed assets	5	1,556	1,419
Total fixed assets		<u>1,556</u>	<u>1,419</u>
Current assets			
Cash and cash equivalents		107,891	72,591
Debtors and prepayments	6	62,449	72,515
Total current assets		<u>170,340</u>	<u>145,106</u>
Current liabilities			
Trade creditors	7	569	41,568
Other creditors and accruals	7	73,287	11,018
Total current liabilities		<u>73,856</u>	<u>52,586</u>
Net assets		<u>98,040</u>	<u>93,939</u>
Capital and reserves:			
Shareholder's capital	8	1	1
Profit and loss reserves	9	98,039	93,938
Total shareholder's funds		<u>98,040</u>	<u>93,939</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 16/2/2018 and are signed on their behalf by:



Director



Director

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2017

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 ("AeGUKL") was incorporated in England and Wales on the 17 June 2016, Registered Number 10238457. The Registered Office was Devonshire House, 60 Goswell Road, London, EC1M 7AD. AeGUKL had an issued share capital of 100 ordinary shares of £1.00 each. Alderney eGambling Limited was the only subscriber. AeGUKL did not commence trading and had no assets. A notice to dissolve the AeGUKL was filed at Companies House on 5 December 2017. The company will be struck off the register and dissolved following the expiry of a 2 month period from 5 December 2017.

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.

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2017

Income from/expense to the 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. With effect from the 1 January 2017, the States of Alderney imposed a management fee of £40,000 per annum upon the Company, in respect of the provision of States of Alderney nominated directors and other services. This fee is payable on demand.

Income from Team Alderney

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

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% (2016: 0%).

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2017

2 Income and operating profit

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

	Note	2017	2016
Income		£	£
Income from the States of Alderney		615,579	473,728
Income from Team Alderney		67,500	90,000
		<u>683,079</u>	<u>563,728</u>
Administrative expenses		£	£
Salaries and wages	4	308,441	198,301
States of Alderney management fee	11	40,000	-
Rent, rates and utilities	13	26,934	25,852
Accountancy and audit fees		16,540	16,780
Travel and entertainment		12,147	19,925
Team Alderney expenses		128,891	159,269
Conference costs		60,497	53,816
Advertising		64,207	15,112
Administrative costs		8,009	10,156
Website		490	12,540
Other expenditure		11,354	16,014
Depreciation		1,062	11,724
		<u>678,572</u>	<u>539,489</u>

3 Auditor's remuneration

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

	2017	2016
Audit	£	£
Audit of financial statements	<u>4,540</u>	<u>4,780</u>

4 Staff costs

(a)	2017	2016
	£	£
Wages and salaries	291,186	183,709
Social security costs	3,881	3,341
Pension costs	13,374	11,251
	<u>308,441</u>	<u>198,301</u>

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

	2017	2016
Employees	No.	No.
	<u>3</u>	<u>3</u>
(b)	2017	2016
Non executive directors fees	£	£
	<u>10,000</u>	<u>10,000</u>

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2017

5 Fixed assets	Computer equipment	Stand	Total
Cost or valuation	£	£	£
As at 1 January 2017	5,446	55,518	60,964
Additions	1,199	-	1,199
As at 31 December 2017	<u>6,645</u>	<u>55,518</u>	<u>62,163</u>
Depreciation			
As at 1 January 2017	4,027	55,518	59,545
Charge for the year	1,062	-	1,062
As at 31 December 2017	<u>5,089</u>	<u>55,518</u>	<u>60,607</u>
Net book value			
As at 31 December 2017	<u>1,556</u>	<u>-</u>	<u>1,556</u>
Net book value			
As at 31 December 2016	<u>1,419</u>	<u>-</u>	<u>1,419</u>

6 Debtors and prepayments	2017	2016
	£	£
Other debtors	11,894	4,562
Prepayments	50,555	67,953
	<u>62,449</u>	<u>72,515</u>

7 Trade and other creditors	2017	2016
	£	£
Trade creditors	569	41,568
Accruals	73,287	11,018
	<u>73,856</u>	<u>52,586</u>

8 Share Capital

There are 10,000 authorised ordinary shares of £1 each. One share of £1 (2016: one share) has been issued and fully paid as at 31 December 2017.

9 Reconciliation of movements in capital and reserves

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance as at 31 December 2016	1	93,938	93,939
Total comprehensive income	-	4,101	4,101
Balance as at 31 December 2017	<u>1</u>	<u>98,039</u>	<u>98,040</u>

10 Dividends paid and other appropriations

The directors of the Company do not propose to pay an ordinary dividend (2016: £nil).

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2017

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, the Company received £615,579 (2016: £473,728) from the States of Alderney. With effect from the 1 January 2017, the States of Alderney imposed a management fee of £40,000 per annum upon the Company, in respect of the provision of States of Alderney nominated directors and other services. The Company has therefore paid a management fee of £40,000 (2016: Nil) and insurance fees of £2,036 (2016: £3,591) to the States of Alderney. There were no balances owing to or from the States of Alderney as at 31 December 2017.

During the course of the year, fees of £10,000 (2016: £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 £13,374 (2016: £11,251) which includes the employers' contribution to the death in service scheme. There were no contributions outstanding at 31 December 2017 (2016: Nil).

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 (2016: £1,000) are included in pre-payments. The original lease expired on 14 January 2018, and was renewed post period end for a period of six months on the same terms as the original lease.

Amounts falling due within one year

Total
£
1,000

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.