

ALDERNEY eGAMBLING LIMITED

FINANCIAL STATEMENTS 2019

FOR INFORMATION PURPOSES

Alderney eGambling Limited

Directors' report and financial statements

For the year ended 31 December 2019

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Alderney eGambling Limited

Corporate information

Directors

Ms. S. O'Leary
Mr. M. Smith
Mr. J. Dent
Mr. C. Harris
Mr. M. Dean
Mr. M. Birmingham

Director (Chief Executive)
Director (Chairman)
Director - appointed 13 February 2019
Director - appointed 23 January 2020
Director - resigned 23 January 2020 (appointed 13 February 2019)
Director - resigned 16 January 2019

Secretary

Mr. S. Dent

Independent Auditor

KPMG Channel Islands Limited
Chartered Accountants
Glategny Court
Glategny 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 2019

The Directors present their report and financial statements for Alderney eGambling Limited (the "Company") for the year ended 31 December 2019.

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 (2018: nil).

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

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law 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 2019

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 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 Company and to prevent and detect fraud and other irregularities.

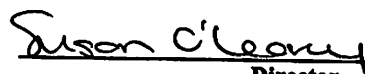
Disclosure of information to auditors

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


Independent Auditor

KPMG Channel Islands Limited was 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: 2 March 2020

Independent Auditor's Report to the Member of Alderney eGambling Limited

Our opinion is unmodified

We have audited the financial statements (the "Financial Statements") of Alderney eGambling Limited (the "Company"), which comprise the Statement of financial position as at 31 December 2019 and the Statement of comprehensive income for the year then ended, 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 state of the Company's affairs as at 31 December 2019 and of its profit or loss for the year then ended;
- are prepared in accordance with United Kingdom accounting standards, including Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- are properly prepared in accordance with 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 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 statement of comprehensive income or statement of financial position; or
- we have failed to obtain all access, information and explanations necessary for the audit.

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

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 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.

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.

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

This report is made solely to the Company's member, 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 member 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 member 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: ⁵~~7~~ March 2020

Alderney eGambling Limited

Statement of comprehensive income

For the year ended 31 December 2019

	Note	2019 £	2018 £
Income and operating profit			
Income	4	600,331	553,500
Less: administrative expenses	4	<u>(573,555)</u>	<u>(509,046)</u>
Operating profit		26,776	44,454
Interest payable and similar expenses			
Bank charges		<u>(592)</u>	<u>(289)</u>
Profit on ordinary activities before taxation		26,184	44,165
Total comprehensive income for the year		<u>26,184</u>	<u>44,165</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

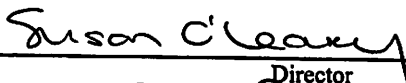
Statement of financial position

As at 31 December 2019


	Notes	2019 £	2018 £
Non-current assets			
Tangible fixed assets	7	993	2,073
Total non-current assets		<u>993</u>	<u>2,073</u>
Current assets			
Cash and cash equivalents		200,790	142,126
Debtors and prepayments	8	33,020	76,433
Total current assets		<u>233,810</u>	<u>218,559</u>
Current liabilities			
Trade and other creditors	9	66,414	78,427
Total current liabilities		<u>66,414</u>	<u>78,427</u>
Net assets		<u>168,389</u>	<u>142,205</u>
Capital and reserves:			
Shareholder's capital	10	1	1
Profit and loss reserves	11	168,388	142,204
Total shareholder's funds		<u>168,389</u>	<u>142,205</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 2 March 2020 and are signed on their behalf by:



Director



Director

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2019

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 AeGUKL was filed at Companies House on 5 December 2017. AeGUKL was struck off the register and dissolved following the expiry of a 2 month period on 20 February 2018.

2 Basis of preparation

The Company's financial statements give a true and fair view, comply with the Companies (Alderney) Law, 1994 and are prepared in compliance with Section 1A of the Financial Reporting Standard FRS 102, The Financial Reporting Standard applicable in 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.

Under the provision of Section 1A FRS102, the Company is not required to prepare a cashflow statement and statement of changes in equity.

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.

3 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these 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.

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2019

Income recognition

Income is recognised on an accruals basis.

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

In prior years, the Company received a contribution to its annual operating costs from members of Team Alderney. This contribution was used to support the cost to the Company exhibiting at events such as ICE London. Team Alderney were allocated space on the Company stand at these events. Following a review of the Team Alderney membership structure in 2019, it was decided not to continue with the fee based Team Alderney membership.

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% (2018: 0%).

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2019

4 Income and operating profit

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

	Notes	2019	2018
Income		£	£
Income from the States of Alderney		600,331	516,000
Income from Team Alderney		-	37,500
		<u>600,331</u>	<u>553,500</u>
Administrative expenses		£	£
Staff costs	6	299,783	242,013
States of Alderney management fee	13	40,000	40,000
Rent, rates and utilities	15	14,308	27,311
Accountancy and audit fees		19,183	18,150
Travel and entertainment		15,402	11,575
Exhibition expenses (including ICE London)		51,239	72,644
Conference costs		76,978	45,953
Advertising		44,535	36,247
Administrative costs		6,023	6,976
Other expenditure		5,024	6,861
Depreciation		1,080	1,316
		<u>573,555</u>	<u>509,046</u>

5 Auditor's remuneration

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

		2019	2018
Audit		£	£
Audit of financial statements		4,780	4,750
		<u>4,780</u>	<u>4,750</u>
6 Staff costs		2019	2018
(a)		£	£
Wages and salaries		275,885	224,552
Social security costs		9,369	4,003
Pension costs		14,529	13,458
		<u>299,783</u>	<u>242,013</u>

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

		2019	2018
		No.	No.
Employees		2	2
		<u>2</u>	<u>2</u>
		2019	2018
(b)		£	£
Non executive directors fees		10,000	10,000
		<u>10,000</u>	<u>10,000</u>

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2019

7 Fixed assets	Computer equipment	Stand	Total
Cost or valuation	£	£	£
As at 1 January 2019	8,478	55,518	63,996
Additions	-	-	-
As at 31 December 2019	<u>8,478</u>	<u>55,518</u>	<u>63,996</u>
Depreciation			
As at 1 January 2019	6,405	55,518	61,923
Charge for the year	1,080	-	1,080
As at 31 December 2019	<u>7,485</u>	<u>55,518</u>	<u>63,003</u>
Net book value			
As at 31 December 2019	<u>993</u>	<u>-</u>	<u>993</u>
Net book value			
As at 31 December 2018	<u>2,073</u>	<u>-</u>	<u>2,073</u>
8 Debtors and prepayments		2019	2018
		£	£
Other debtors		-	4,000
Prepayments		33,020	72,433
		<u>33,020</u>	<u>76,433</u>
9 Trade and other creditors		2019	2018
		£	£
Trade creditors		846	11,273
Accruals		65,568	67,154
		<u>66,414</u>	<u>78,427</u>

10 Share Capital

There are 10,000 authorised ordinary shares of £1 each. One share of £1 (2018: one share) has been issued and fully paid as at 31 December 2019.

11 Reconciliation of movements in capital and reserves

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance as at 31 December 2018	1	142,204	142,205
Total comprehensive income	-	26,184	26,184
Balance as at 31 December 2019	<u>1</u>	<u>168,388</u>	<u>168,389</u>

12 Dividends paid and other appropriations

The directors of the Company do not propose to pay an ordinary dividend (2018: £nil).

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2019

13 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 course of the year, fees of £10,000 (2018: £10,000) were paid to a non-executive director.

14 Pension costs

The Company operates a pension scheme on a defined contribution basis. The cost for the year is £14,529 (2018: £13,458) which includes the employers' contribution to the death in service scheme. There were no contributions outstanding at 31 December 2019 (2018: Nil).

15 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 was £26,000. The lease expired on 14 July 2019.

	2019	2018
	£	£
Amounts falling due within one year	-	13,000

16 Credit card facility

The Company employs the use of a NatWest credit card facility for £20,000. Any use of this facility is paid off in full on a monthly basis. The sum of £108 (2018: £1322) was owed at the year end.

17 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.