

ALDERNEY eGAMBLING LIMITED

FINANCIAL STATEMENTS 2020

FOR INFORMATION PURPOSES

Alderney eGambling Limited

Directors' report and financial statements

For the year ended 31 December 2020

Alderney eGambling Limited

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For the year ended 31 December 2020

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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

Director (Chief Executive)

Director (Chairman)

Director - appointed 13 February 2019

Director - appointed 23 January 2020

Director - resigned 23 January 2020

Secretary

Mr. S. Dent

Independent Auditor

Grant Thornton Limited
Chartered Accountants
Lefebvre House
Lefebvre Street
St Peter Port
Guernsey
GY1 3TF

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 2020

The Directors present their report and financial statements for Alderney eGambling Limited (the "Company") for the year ended 31 December 2020.

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.

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 (2019: 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 2020

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

Grant Thornton Limited was appointed as auditor of the Company during the period. A resolution for the re-appointment of Grant Thornton 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: 26/2/2021

26/2/2021

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

Opinion

We have audited the financial statements of Alderney eGambling Limited (the 'Company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), Section 1A "Small Entities".

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- are in accordance with FRS 102, Section 1A 'Small Entities'; 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 under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 2 and 3; the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with FRS 102, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting and regulatory frameworks (FRS 102 and The Companies (Alderney) Law 1994).
- We identified areas of the above laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management. We discussed the policies and procedures regarding compliance with laws and regulations with the Directors and management and corroborated our enquiries through review of board minutes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

Our audit procedures involved:

- evaluation of the design effectiveness and testing the operating effectiveness of controls that management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on material journals, including those with unusual account combinations and those posted at year end
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item; and
 - performing substantive testing procedures specifically designed to address the risk of overstatement of revenue and misstatement of expenses;
 - In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
 - These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the industry in which the client operates
 - understanding of the legal and regulatory requirements specific to the regulated entity.

We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud; and

- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the entity's operations, including the nature of its revenue sources, services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the applicable statutory provisions; and
 - the entity's control environment.

Use of our report

This report is made solely to the Company's members/shareholders, 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/shareholders those matters we are required to state 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/shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



**Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey**

Date: 03 March 2021

Alderney eGambling Limited

Statement of comprehensive income

For the year ended 31 December 2020

	Note	2020 £	2019 £
Income and operating profit			
Income	4	495,454	600,331
Less: administrative expenses	4	<u>(475,085)</u>	<u>(573,555)</u>
Operating profit		20,369	26,776
Interest payable and similar expenses			
Bank charges		(422)	(592)
Foreign exchange losses		<u>(2,405)</u>	<u>-</u>
Profit on ordinary activities before taxation		17,542	26,184
Total comprehensive income for the year		<u><u>17,542</u></u>	<u><u>26,184</u></u>

All activities are derived from continuing activities

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

The notes on pages 9 to 13 form an integral part of these financial statements.

Alderney eGambling Limited


Statement of financial position

As at 31 December 2020


	Notes	2020 £	2019 £
Non-current assets			
Tangible fixed assets	7	<u>2,030</u>	<u>993</u>
Total non-current assets		<u>2,030</u>	<u>993</u>
Current assets			
Cash and cash equivalents		252,459	200,790
Debtors and prepayments	8	<u>18,270</u>	<u>33,020</u>
Total current assets		<u>270,729</u>	<u>233,810</u>
Current liabilities			
Trade and other creditors	9	<u>86,828</u>	<u>66,414</u>
Total current liabilities		<u>86,828</u>	<u>66,414</u>
Net assets		<u>185,931</u>	<u>168,389</u>
Capital and reserves:			
Shareholder's capital	10	1	1
Profit and loss reserves	11	<u>185,930</u>	<u>168,388</u>
Total shareholder's funds		<u>185,931</u>	<u>168,389</u>

The notes on pages 9 to 13 form an integral part of these financial statements.

The financial statements on pages 7 to 13 were approved by the Board of Directors on 26 February 2021 and are signed on their behalf by:



Director



Director

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2020

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.

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 2020

3 Significant accounting policies (continued)

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.

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% (2019: 0%).

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2020

4 Income and operating profit

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

	Notes	2020 £	2019 £
Income			
Income from the States of Alderney		<u>495,454</u>	<u>600,331</u>
		<u>495,454</u>	<u>600,331</u>
Administrative expenses			
Staff costs	6	336,981	299,783
States of Alderney management fee	3	40,000	40,000
Rent, rates and utilities		-	14,308
Accountancy and audit fees		19,350	19,183
Travel and entertainment		2,810	15,402
Exhibition expenses (including ICE London)		54,164	51,239
Conference costs		-	76,978
Advertising		11,000	44,535
Administrative costs		4,694	6,023
Other expenditure		4,878	5,024
Depreciation		1,208	1,080
		<u>475,085</u>	<u>573,555</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:

	2020 £	2019 £
Audit		
Audit of financial statements	<u>4,950</u>	<u>4,780</u>

6 Staff costs

(a)	2020 £	2019 £
Wages and salaries	283,842	265,885
Social security costs	28,276	9,369
Pension costs	14,863	14,529
	<u>326,981</u>	<u>289,783</u>

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

	2020 No.	2019 No.
Employees	<u>2</u>	<u>2</u>

(b)	2020 £	2019 £
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 2020

7 Fixed assets	Computer equipment	Stand	Total
Cost or valuation	£	£	£
As at 1 January 2020	8,478	55,518	63,996
Additions	2,245	-	2,245
As at 31 December 2020	<u>10,723</u>	<u>55,518</u>	<u>66,241</u>
Depreciation			
As at 1 January 2020	7,485	55,518	63,003
Charge for the year	1,208	-	1,208
As at 31 December 2020	<u>8,693</u>	<u>55,518</u>	<u>64,211</u>
Net book value			
As at 31 December 2020	<u>2,030</u>	<u>-</u>	<u>2,030</u>
Net book value			
As at 31 December 2019	<u>993</u>	<u>-</u>	<u>993</u>
8 Debtors and prepayments		2020	2019
		£	£
Prepayments		<u>18,270</u>	<u>33,020</u>
		<u>18,270</u>	<u>33,020</u>
9 Trade and other creditors		2020	2019
		£	£
Trade creditors		96	846
Other creditors and accruals		<u>86,732</u>	<u>65,568</u>
		<u>86,828</u>	<u>66,414</u>

10 Share Capital

There are 10,000 authorised ordinary shares of £1 each. One share of £1 (2019: one share) has been issued and fully paid as at 31 December 2020.

11 Reconciliation of movements in capital and reserves

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance as at 31 December 2019	1	168,388	168,389
Total comprehensive income	-	17,542	17,542
Balance as at 31 December 2020	<u>1</u>	<u>185,930</u>	<u>185,931</u>

12 Dividends paid and other appropriations

The directors of the Company do not propose to pay an ordinary dividend (2019: £nil).

Alderney eGambling Limited

Notes to the financial statements

For the year ended 31 December 2020

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 £40,000 (2019: £40,000) was paid to the States of Alderney in management fees.

During the course of the year, fees of £10,000 (2019: £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 (2019: £14,529) which includes the employers' contribution to the death in service scheme. There were £21,299 contributions outstanding at 31 December 2020 (2019: Nil).

15 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 £126 (2019: £108) was owed at the year end.

16 Impact of the Covid 19 pandemic

Advertising, conference and travel/entertainment costs were significantly reduced in the year due to the impact of the Covid 19 pandemic. This resulted in the cancellation of numerous events and conferences around the world. Advertising and promotion expenses were also correspondingly reduced. It is expected that these costs will revert to previous levels once the pandemic is over and business activity returns to normal levels.

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.