Company Registration No. 99191

WHG (International) Limited

Report and Financial Statements

Period ended 27 December 2016

WHG (International) Limited

Report and financial statements for the period ended 27 December 2016

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Report and financial statements for the period ended 27 December 2016

Officers and professional advisers

Directors

Mr J Reutter
Mr C Nieboer
Mr G Williams

Secretaries

Mr M Henrich
Ms D Nash (Assistant Secretary)

Registered Office

6/1 Waterport Place
Gibraltar

Auditor

Deloitte Limited
Merchant House
22/24 John Mackintosh Square
Gibraltar

WHG (International) Limited

Directors' report

The directors present their annual report and financial statements for the year ended 27 December 2016.

Principal activity

The principal activity of the Company is the operation of internet gaming sites. The Company's ultimate parent is William Hill PLC, which together with other subsidiaries of that company forms the William Hill Group of companies ("the Group").

Review of business developments and future activities

The state of the Company's affairs and trading results for the financial period are shown in the attached financial statements.

The Company was incorporated on 23 July 2007 and started trading on 22 August 2007, when it purchased customer and gaming data from another Group company, William Hill Online NV, for a market value consideration of £25,771.

For the period from 22 August 2007 to 8 December 2008, the Company traded under the name of William Hill (Gibraltar) Limited. On 8 December 2008, it changed its name by Special Resolution to WHG (International) Limited.

On 30 December 2008, the Group completed a transaction with Playtech Limited ("Playtech") to form William Hill Online, a joint venture between the Group and Playtech. Through this transaction, the Company acquired certain assets, businesses and contracts from Playtech, in return for which Playtech received a 29% equity interest in the Company. This transaction combined two highly complementary businesses to create one of the leading European online betting and gaming businesses. The Group's existing interactive business (which the Company is part of) brought a strong brand, sports betting expertise and an established UK customer base and profit stream. The Playtech acquired assets brought online marketing and customer retention expertise, an extensive affiliate network designed to direct customers to the Group's websites and an established European customer base and profit stream.

On 26 February 2013, the business of WHG (Trading) Limited, which previously encompassed William Hill Online's UK business was transferred to the Company.

On 15 April 2013, the Group completed the acquisition of Playtech's 29% stake in the William Online joint venture.

During the period ended 27 December 2016, the Company paid dividends of £70,000,000 (2015: £79,200,000).

Trading performance

Gross profit movements reflected a number of factors including the impact of new games and products, such as in-play betting on sporting events and mobile developments. Costs were reviewed on a regular basis and were strictly controlled. On 1st December 2014, the UK government imposed a Point of Consumption Tax (POCT) on gambling profits accrued from customers resident in the UK which has added a substantial cost base to the entity.

Key performance indicators

The key performance indicators (KPIs) used by the directors in monitoring performance against strategy mainly relates to earnings growth including its constituent parts. The main constituent parts are:

- Total revenue;
- Gross profit percentage, which represents gross profit as a percentage of revenue; and
- Operating profit percentage, which represents operating profit as a percentage of revenue.

Targets for KPIs are set on an annual basis as part of the Group's operational objectives for the coming year having regard to historic achievements, expected new developments and the Group's strategy.

Directors' report (continued)

Review of business developments and future activities (continued)

The KPIs for the current period are shown below:

	Period ended 27 December 2016 £'000	Period ended 29 December 2015 £'000
Total revenue	516,052	542,405
Gross profit percentage	79%	78%
Operating profit percentage	15%	16%

Risk and uncertainties

The directors are seeking to build an increasingly profitable business by exploiting the Company's strengths and, at the same time, carefully managing the risks to the Company. Such risks include:

- the potential impact of legislative changes in the UK and Europe on the Company's scope and conduct of operations and ability to accept bets;
- the potential impact of changes to the UK and European fiscal environment following the UK vote to stay in the EU.
- the risk that contractual, operational or financial failures of key suppliers could cause significant damage to the business;
- the ability of the Group to manage its gaming risk;
- the potential threat represented by competitors based in the UK and overseas;
- the risk that key technology or information systems could fail;
- the loss of key personnel;
- the risk of a prolonged economic recession or other geo-political events that may result in a reduction of gaming activity;
- the risk that intermediaries such as banks refuse to accept credit and debit card transactions connected with gambling; and
- the risk resulting from any inability of the Group to service its debt obligations.

The directors routinely monitor all the above risks and appropriate actions are taken to mitigate the risks or their potential adverse consequences.

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the only financial risks the directors consider relevant to this Company are credit risk and liquidity risk. These risks are mitigated by the nature of the debtor balances owed, with these primarily due from other Group companies who are able to repay these if required.

Going concern

The directors have prepared the financial statements on a going concern basis consistent with their view formed after making appropriate enquiries as outlined in note 2.

WHG (International) Limited

Directors' report (continued)

Directors

The present membership of the Board of Directors is set out on page 1.

The directors who served throughout the period and subsequently, except as noted are:

Mr J Reutter
Mr C Nieboer (appointed 14 January 2016)
Mr G Williams (appointed 4 January 2017)
Mr J Davies (resigned 10 January 2017)

The directors who held office at 27 December 2016 had no interests in the shares of the Company.

Directors' remuneration

The remuneration for each director's service during the period is shown below:

	Basic salary £	Benefits in kind £	Bonuses £	Pension £	Total 2016 £	Total 2015 £
Mr J Reutter	195,000	-	-	29,340	224,340	252,267
Mr C Nieboer	192,858	21,900	30,000	14,423	259,181	-
Mr G Williams	97,500	-	75,000	-	172,500	-
Mr J Davies	232,508	6,600	52,500	29,700	321,308	170,918
At 27 December 2016	717,866	28,500	157,500	73,463	977,329	432,185

Auditor

Each of the directors in office at the date when this report was approved confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Deloitte Limited, who was re-appointed auditor during the period, has expressed their willingness to continue in office as auditor. A resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board:

Mr C Nieboer
Director
5 April 2017

Statement of directors responsibilities

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss for that period and which comply with the Gibraltar Companies Act 2014.

Under that law the directors have elected to prepare the financial statements in accordance with applicable law in Gibraltar and International Financial Reporting Standards as adopted by the European Union. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and 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.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of WHG (International) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of WHG (International) Limited (the Company), which comprise the balance sheet as at 27 December 2016, and the income statement, statement of changes in equity and statement of cash flows for the 12 month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 27 December 2016 and of its profit and cash flows for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2014.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), 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.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with applicable law in Gibraltar and International Financial Reporting Standards as adopted by the European Union, 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report to the members of WHG (International) Limited - continued

Auditor's Responsibilities for the Audit of the Financial Statements - continued

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on other matter prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Directors' Report has been prepared in accordance with the requirements of the Companies Act 2014.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the matter where the Companies Act 2014 requires us to report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

This report is made solely to the Company's members, as a body, in accordance with section 257 of the Companies Act 2014. 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.

**Daniel Delgado (Statutory Auditor)
For and on behalf of Deloitte Limited
Chartered Accountants and Statutory Auditor
Merchant House
22/24 John Mackintosh Square
Gibraltar**

5 April 2017

WHG (International) Limited

Income statement
Period ended 27 December 2016

	Notes	Period ended 27 December 2016 £'000	Period ended 29 December 2015 £'000
	3		
Revenue		516,052	542,405
Cost of sales		(110,788)	(120,782)
Gross profit		405,264	421,623
Other operating expenses		(329,127)	(333,172)
Operating profit	4	76,137	88,451
Investment income	3,6	260	399
Income from subsidiaries	3	-	250
Profit on ordinary activities before taxation		76,397	89,100
Tax credit/(charge)	7	2,590	(8,901)
Profit for the period and total recognised income and expenses		78,987	80,199

The notes on pages 12 to 27 form part of these financial statements.

WHG (International) Limited

Statement of changes in equity
Period ended 27 December 2016

	Called up share capital £'000	Capital reserve [1] £'000	Hedging reserve [2] £'000	Retained earnings £'000	Total £'000
As at 30 December 2015	3	21,062	66	11,515	32,646
Hedging			(66)		(66)
Dividends paid (note 8)	-	-	-	(70,000)	(70,000)
Share award reserve	-	-	-	789	789
Profit for period and total recognised income and expense	-	-	-	78,987	78,987
At 27 December 2016	3	21,062	-	21,291	42,356

	Called up share capital £'000	Capital reserve [1] £'000	Hedging reserve [2] £'000	Retained earnings £'000	Total £'000
As at 31 December 2014	3	21,062	(163)	9,824	30,726
Hedging	-	-	229	-	229
Dividends paid (note 8)	-	-	-	(79,200)	(79,200)
Share award reserve	-	-	-	692	692
Profit for period and total recognised income and expense	-	-	-	80,199	80,199
At 29 December 2015	3	21,062	66	11,515	32,646

1. The capital reserve arose from the transfer of various assets from William Hill Organization Limited and its subsidiaries to the Company in accordance with the framework agreement establishing William Hill Online and a transfer of assets in 2011 related to the Telephony business.
2. The hedging reserve arose due to the fair value assigned to various foreign exchange SWAPs, which the Company has open at the period end.

The notes on pages 12 to 27 form part of these financial statements.

WHG (International) Limited

Balance sheet
As at 27 December 2016

	Notes	27 December 2016 £'000	29 December 2015 £'000
Non-current assets			
Intangible assets	9	71,952	74,402
Property and equipment	10	1,593	1,572
Investments	11	579	579
Deferred taxation	14,15	4,829	3,279
		78,953	79,832
Current assets			
Trade and other receivables	12	101,416	60,206
Cash and cash equivalents		99,848	121,207
		201,264	181,413
Total assets		280,217	261,245
Current liabilities			
Trade and other payables	13	(224,388)	(210,181)
Current tax liabilities		(13,473)	(18,418)
		(237,861)	(228,599)
Net assets		42,356	32,646
Equity			
Called up share capital	18	3	3
Capital reserve		21,062	21,062
Hedging reserve		-	66
Retained earnings		21,291	11,515
Total equity		42,356	32,646

The financial statements of WHG (International) Limited, registered number 99191, were approved by the Board of Directors on 5 April 2017.

Signed on behalf of the Board of Directors

Mr C Nieboer
Director

Mr J Reutter
Director

The notes on pages 12 to 27 form part of these financial statements.

WHG (International) Limited

Cash flow statement
Period ended 27 December 2016

	Period ended 27 December 2016 £'000	Period ended 29 December 2015 £'000
Operating profit	76,137	88,451
Adjust for:		
Amortisation	35,893	33,126
Depreciation	228	221
Share award amortisation	789	699
Operating cash flows before movements in working capital	113,047	122,497
Increase in receivables	(41,276)	(17,423)
Increase in payables	14,207	42,154
Tax paid	(3,905)	(4,701)
Net cash from operating activities	82,073	142,527
Investing activities		
Investment	-	(151)
Purchase of property, motor vehicles and equipment	(249)	(33)
Purchase of intangibles	(33,443)	(37,051)
Interest received	260	399
Net cash used in investment activities	(33,432)	(36,836)
Financing activities		
Dividend paid	(70,000)	(79,200)
Dividend received	-	250
Net cash used in financing activities	(70,000)	(78,950)
Net (decrease)/increase in cash and cash equivalents	(21,359)	26,741
Cash and cash equivalents at the start of the period	121,207	94,466
Cash and cash equivalents at the end of the period	99,848	121,207

The notes on pages 12 to 27 form part of these financial statements.

Notes to the financial statements
27 December 2016

1. General information

WHG (International) Limited is a company incorporated in Gibraltar under the Gibraltar Companies Act 2014. The address of the registered office is 6/1 Waterport Place, Gibraltar.

These financial statements are presented in Pounds Sterling which has been chosen as the Company's functional and presentation currency. Foreign operations are included in accordance with the policies set out below.

2. Accounting policies

The significant accounting policies of the Company are as follows:

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and therefore these financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis as modified by the valuation of financial assets and liabilities. The principal accounting policies adopted are set out below.

The Company has taken advantage of the exemption conferred by section 285 of the Companies Act 2014 from the requirement to prepare group accounts.

During the period, the Company adopted all new and revised IFRS and International Accounting Standards (IAS), which are relevant and applicable to the operations.

At the date of authorisation of the financial statements, some standards were issued but not yet effective. The directors expect that the adoption of these standards in future periods will not have a material effect on the financial statements of the Company.

Revenue recognition

Revenue represents the net customer losses receivable in respect of bets placed on the internet sports book, casino, bingo sites and the rake earned from bets placed on the poker and skill sites.

Revenue is measured at the fair value of the consideration received or receivable from customers and represents amounts receivable for goods and services that the Company is in business to provide, net of discounts, VAT and other sales related taxes.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

2. Accounting policies (continued)

Share-based payments

Equity-settled share-based payments to employees are measured at fair value of the equity instrument at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis, over the vesting period, based on the ultimate parent company's estimate of equity instruments that will eventually vest with a corresponding increase in the equity.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Intangible assets

Intangible assets include computer software and systems, customer lists and data and brand value. Computer software and systems, customer lists and data are being amortised over their useful life, which has been established at two, three or five years depending on the asset characteristics.

Brand values that are purchased as part of a business cannot be measured reliably and are therefore subsumed within purchased goodwill. The directors consider that the Company's brands have an indefinite life due to the fact that the Group has long been a significant operator and incurs considerable expenditure in maintaining its brand awareness.

At each balance sheet date, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows, which are based on the budgeted figures for the following year and subsequently an annual growth rate of 2.6% (2015: 2.6%), are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

2. Accounting policies (continued)

Internally generated intangible assets – computer software and systems

Expenditure on initial investigation and design of computer software and systems is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Company's development of computer systems is recognised only if all of the following conditions are met:

- An asset is created that can be identified (such as software and new processes);
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives, generally two, three or five years. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Property and equipment

Property and equipment are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	-	50 years
Fixtures, fittings and equipment	-	at variable rates between 3 and 10 years
Motor vehicles	-	4 years

Investments

Investments are shown at cost less provision for impairment.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits held by the Company with an original maturity of three months or less. The carrying value of these approximates their fair value.

Trade receivables

Trade receivables do not carry any interest and are stated at their fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

Derivative financial instruments and hedge accounting

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including cross currency swaps. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. All derivatives are carried as assets if the fair value is positive, otherwise derivatives are carried as liabilities.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

2. Accounting policies (continued)

Financial instruments (continued)

Trade payables

Trade payables are not interest-bearing and are stated at their fair value.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Going concern

Whilst current economic conditions create uncertainty over the demand for the Company's products, the directors have reviewed forecasts and projections, taking account of reasonably possible changes in trading performance, and expect that the Company will remain profitable and cash generative and have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Company's financial statements.

Estimating useful lives of assets

The useful lives of the Company's assets with definite life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Company's assets. In addition, the estimation of the useful lives is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for the period is disclosed in notes 9 and 10.

Impairment of intangible assets with indefinite lives

Determining whether intangible assets with indefinite lives are impaired requires an estimation of the value in use of the cash-generating units to which those intangible assets has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Note 9 provides information on the assumptions used in these financial statements. Actual outcomes could vary.

3. Revenue

An analysis of the Company's revenue is as follows:

	Period ended 27 December 2016 £'000	Period ended 29 December 2015 £'000
Rendering of services and revenue as disclosed in the income statement	516,052	542,405
Investment income	260	399
Dividend income from subsidiaries	-	250
Total revenue as defined in IAS 18	516,312	543,054

4. Operating profit

Operating profit is stated after charging the following:

	Period ended 27 December 2016 £'000	Period ended 29 December 2015 £'000
Amortisation	35,893	33,126
Depreciation	228	221
Fees payable to the Company's auditor:		
Audit fees	144	117
Other fees	-	44
Staff costs (note 5)	27,774	19,262
Share award amortisation	789	699

The auditor received fees for non-audit work during the period. Deloitte provided tax and other corporate financial services during the period.

Certain employees of the Company are entitled to participate in share-based payment schemes settled by equity in William Hill PLC. The schemes provide conditional awards that are dependent on various conditions and performance metrics of William Hill PLC. Details of the scheme can be found in the financial statements of William Hill PLC.

5. Staff costs

	Period ended 27 December 2016 £'000	Period ended 29 December 2015 £'000
Total remuneration (including directors' remuneration) was:		
Wages and salaries	24,674	16,627
Social security costs	803	650
Share-based remuneration	799	699
Pensions costs	930	776
Private health care	568	510
	27,774	19,262

	Period ended 27 December 2016	Period ended 29 December 2015
Average number of persons employed during the period:		
E-gaming operations	189	176
Marketing (customer service, planning and affiliates)	32	32
Administration	49	40
Information technology	140	114
Telebetting	17	21
	427	383

6. Investment income

	Period ended 27 December 2016 £'000	Period ended 29 December 2015 £'000
Third party interest receivable	260	399

7. Tax on profit on ordinary activities

	Period ended 27 December 2016 £'000	Period ended 29 December 2015 £'000
Corporation tax:		
Current tax charge	(1,040)	10,421
Deferred tax (note 15)	(1,550)	(1,520)
Tax (credit)/charge	(2,590)	8,901

Reconciliation to current tax charge:

	Period ended 27 December 2016 £'000	Period ended 29 December 2015 £'000
Profit before tax	76,397	89,100
Tax at 10%	7,640	8,910
Capital allowances in excess of depreciation	1,568	1,522
Permanent differences	56	10
Prior year overprovision of tax	(10,304)	(21)
Current tax (credit)/ charge	(1,040)	10,421

8. Dividends paid

	Period ended 27 December 2016 £'000	Period ended 29 December 2015 £'000
Interim dividend paid of £24,849.13 per share (2015: £28,115.02)	70,000	79,200

9. Intangible assets

	Trademarks, customer lists and data £'000	Brand value £'000	Computer software £'000	Total £'000
Cost:				
At 30 December 2015	102	6,027	172,109	178,238
Additions	-	-	33,443	33,443
At 27 December 2016	102	6,027	205,552	211,681
Amortisation:				
At 30 December 2015	102	2	103,732	103,836
Charge for the period	-	-	35,893	35,893
At 27 December 2016	102	2	139,625	139,729
Net book value:				
At 27 December 2016	-	6,025	65,927	71,952
At 30 December 2015	-	6,025	68,377	74,402

	Trademarks, customer lists and data £'000	Brand value £'000	Computer software £'000	Total £'000
Cost:				
At 31 December 2014	102	6,027	135,058	141,187
Additions	-	-	37,051	37,051
At 29 December 2015	102	6,027	172,109	178,238
Amortisation:				
At 31 December 2014	102	2	70,606	70,710
Charge for the period	-	-	33,126	33,126
At 29 December 2015	102	2	103,732	103,836
Net book value:				
At 29 December 2015	-	6,025	68,377	74,402
At 30 December 2014	-	6,025	64,452	70,477

9. Intangible assets (continued)

Trademarks, customer lists and customer data were purchased from a fellow subsidiary, previously owned by William Hill Online NV, when the Company commenced trading. Brand value was also transferred from a fellow subsidiary on the creation of William Hill Online. The brand value represents the defined benefit and advantage of the reputation and connection of the business. The amount transferred from William Hill Organization Limited represents the non-UK element of the brand value. This value was derived from an independent valuation.

As stated in note 2, the Company performs an annual impairment review for intangible assets with indefinite lives, by comparing the carrying amount of these assets with their recoverable amount.

Testing is carried out by allocating the carrying value of these assets to groups of cash generating units (CGUs). The recoverable amounts of the CGUs are determined by value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The Company prepares cash flow forecasts derived from the following periods' budgets to EBIT for each CGU. The budgets used have been approved by management. These cash flows are then extrapolated by a growth rate. The discount rate applied in 2016 to the future cash flows of the CGU was 8.1 % (2015: 9.1%) and cash flows beyond the budget period are extrapolated using a 2.6% (2015: 2.6%) growth rate. An additional scenario for impairment purposes which strips out the impact on cash flows of unregulated revenues was considered. In this additional scenario, the Group has concluded that there would be no impairment of goodwill in the online segment, including under the two sensitivity scenarios set out below:

- a 20% fall in projected profit (with all other assumptions remaining constant);
- a 1% increase in the discount rate.

10. Property and equipment

	Land & buildings £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
Cost:				
At 29 December 2015	183	2,649	31	2,863
Additions	-	219	30	249
At 27 December 2016	183	2,868	61	3,112
Depreciation:				
At December 2015	123	1,137	31	1,291
Charge for the period	12	206	10	228
At 27 December 2016	135	1,343	41	1,519
Net book value:				
At 27 December 2016	48	1,525	20	1,593
At 29 December 2015	60	1,512	-	1,572

10. Property and equipment (continued)

	Land & buildings £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
Cost:				
At 31 December 2014	183	2,616	31	2,830
Additions	-	33	-	33
At 29 December 2015	183	2,649	31	2,863
Depreciation:				
At 31 December 2014	112	932	26	1,070
Charge for the period	11	205	5	221
At 29 December 2015	123	1,137	31	1,291
Net book value:				
At 29 December 2015	60	1,512	-	1,572
At 30 December 2014	71	1,684	5	1,760

11. Investments

	Investment in subsidiaries £'000
At 31 December 2014, 29 December 2015 and 27 December 2016 – cost	579

On 27 August 2007, the Company acquired 100% of the share capital of William Hill (Malta) Limited for cash consideration of £95,681. William Hill (Malta) Limited maintains a Maltese gaming licence.

On 30 December 2008, the Group completed a transaction with Playtech Limited ("Playtech") to form William Hill Online, a joint venture between the Group and Playtech. Through this transaction, the Company acquired certain assets, businesses and contracts from Playtech, in return for which Playtech received a 29% equity interest in the Company through its subsidiary, Genuity Services Limited. The assets acquired included the ownership of the share capital of Cellpoint Investments Limited – 1,000 £1 ordinary shares.

On 4 September 2009, the Company exercised an option to buy 100% of the share capital of Ad-gency Limited. The Company capitalised £208,391 which was the full amount paid for the option as the exercise price was £nil. Ad-gency Limited is a company registered in Israel and the company's principal activity is online marketing.

On 1 November 2011, the Company acquired 100% of the share capital of WHG IP Licencing Limited for cash consideration of £2,000 on incorporation. WHG IP Licencing Limited is a holding company.

11. Investments (continued)

On 7 November 2011, the Company acquired 99.994% of the share capital of WHG Spain PLC for cash consideration of £119,994 on incorporation. WHG Spain PLC is the trading company and licence holder for the Spanish market.

On 18 November 2011, the Company acquired 100% of the share capital of WHG Services (Philippines) Limited for cash consideration of £1,000 at the date of incorporation. WHG Services (Philippines) Limited is the applicant of a Philippine gaming support and services licence.

On 29 April 2014, the Company formed a partnership with WHG IP Licensing Limited and gave the right to use the total IP such as William Hill Domain name, the William Hill Trade Marks and the Self-Generated IP. The Company agreed to a capital and profit share of 99.999%.

On 6 January 2015, the Company acquired 10% of the share capital of EEyaa (Gibraltar) Limited for cash consideration of £150,858. EEyaa (Gibraltar) Limited is a tote-wagering business.

In the directors' opinion the total value of the Company's investments in its subsidiaries is not less than the amounts at which they are stated in the balance sheet. The principal subsidiaries, their countries of incorporation, ownership of their share capital and the nature of their trade are listed below:

Directly owned	**Country of incorporation**	**Proportion of all classes of issued share capital owned by the Company**	**Nature of trade**
William Hill (Malta) Limited	Malta	100%	Gaming services
Cellpoint Investments Limited	Cyprus	100%	Holding company and advisory services
Ad-gency Limited	Israel	100%	Marketing
WHP IP Licencing Limited	Gibraltar	100%	Trademark ownership
WHG Spain PLC	Gibraltar	99.994%	Trading company and licence holder for the Spanish market
WHG Services (Philippines) Limited	Gibraltar	100%	Holder of a Philippines gaming support and services licence
EEyaa (Gibraltar) Limited	Gibraltar	10%	Tote-wagering business
Indirectly owned			
WHG Bulgaria Services Limited	Bulgaria	100%	Customer advisory services
Interest in partnership			
WHG IP Partnership	Gibraltar	99.999% interest in partnership	Management of the IP rights of William Hill online

12. Trade and other receivables

	27 December 2016 £'000	29 December 2015 £'000
Prepayments and accrued income	6,926	6,065
Other debtors	6,529	2,759
Trade derivatives	-	66
Amounts owed by Group undertakings (note 20)	87,961	51,316
	101,416	60,206

13. Trade and other payables

	27 December 2016 £'000	29 December 2015 £'000
Trade creditors	69,261	64,658
Accruals	53,454	52,949
Other creditors	39,300	36,067
Amounts payable to Group undertakings (note 20)	62,373	56,507
	224,388	210,181

14. Non-current assets and liabilities

	27 December 2016 £'000	29 December 2015 £'000
Deferred tax asset	4,829	3,279

15. Deferred taxation

	27 December 2016		29 December 2015	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Accelerated capital allowances	4,829	-	3,279	-
Deferred tax asset (note 14)	4,829	-	3,279	-
Total	4,829	-	3,279	-
Movement in the period				
At 29 December 2015/30 December 2014	3,279		1,759	
Amount credited to profit and loss account	1,550		1,520	
At 27 December 2016/30 December 2015	4,829		3,279	

16. Financial risk management

Credit risk

The Company's principle financial assets are cash and cash equivalents. The maximum exposure at 27 December 2016 was £99,848,000 (29 December 2015: £121,207,000) made up of the cash and cash equivalents on the balance sheet. The Company operates under the Group policy of not holding material amounts with a single counterparty.

Liquidity risk

Liquidity risk is managed by short-term cash flow forecasts and the Company's policy is to ensure that there are sufficient borrowing facilities to meet funding requirements. At 27 December 2016, all the liabilities of the Company are current, and there are no liabilities that are due in more than one year.

Interest rate risk

Interest rate risk arises from cash deposit balances at a variable rate based on the 3 month LIBOR in existence at the period end date plus 100 basis points. Based on the current level of cash deposit balances, a 100 basis points change in interest rates would have the following impact on the Company financial statements:

	Increase of 100 basis points £'000	Decrease of 100 basis points £'000
Increase/(decrease) in profit	337	(260)

Currency risk

The Company's objective when managing currency risk is to ensure that changes in exchange rates would not have a material impact on the Company.

WHG (International) Limited

Notes to the financial statements
27 December 2016

17. Financial instruments

The carrying value of the Company's financial instruments (together with non-financial instruments for reconciling purposes) is analysed as follows:

At 27 December 2016	Cash and receivables £'000	Derivatives £'000	Liabilities measured at amortised cost £'000	Non financial instruments £'000	27 December 2016 Total £'000
Assets					
Other non-current assets	-	-	-	73,545	73,545
Investments	-	-	-	579	579
Deferred taxation	-	-	-	4,829	4,829
Trade and other receivables	-	-	-	101,416	101,416
Cash and cash equivalents	99,848	-	-	-	99,848
Total assets	99,848	-	-	180,369	280,217
Liabilities					
Trade and other payables	-	-	(224,388)	-	(224,388)
Current tax liabilities	-	-	-	(13,473)	(13,473)
Total liabilities	-	-	(224,388)	(13,473)	237,861
Totals	99,848	-	(224,388)	166,896	42,356

At 29 December 2015	Cash and receivables £'000	Derivatives £'000	Liabilities measured at amortised cost £'000	Non financial instruments £'000	29 December 2015 Total £'000
Assets					
Other non-current assets	-	-	-	75,974	75,974
Investments	-	-	-	579	579
Deferred taxation	-	-	-	3,279	3,279
Trade and other receivables	51,316	66	-	8,824	60,206
Cash and cash equivalents	121,207	-	-	-	121,207
Total assets	172,523	66	-	88,656	261,245
Liabilities					
Trade and other payables	-	-	(210,181)	-	(210,181)
Current tax liabilities	-	-	-	(18,418)	(18,418)
Total liabilities	-	-	(210,181)	(18,418)	(228,599)
Totals	172,523	66	(210,181)	70,238	32,646

The directors believe that due to the nature of the Company's non-derivative financial instruments, the carrying value equates to the fair value.

18. Called up share capital

	27 December 2016 £'000	29 December 2015 £'000
Authorised share capital:		
2,000 'A' Ordinary shares of £1 each	2	2
1,000 'B' Ordinary shares of £1 each	1	1
	3	3

	27 December 2016 £'000	29 December 2015 £'000
Issued, allotted, called up and fully paid:		
2,000 'A' Ordinary shares of £1 each	2	2
817 'B' Ordinary shares of £1 each	1	1
	3	3

The initial share capital allotted on incorporation at 23 July 2007 consisted of 2,000 Ordinary 'A' shares of £1 each. In 2008, the Company allotted 817 Ordinary 'B' shares with a nominal value of £817 to Genuity Services Limited, a subsidiary of Playtech Limited on the creation of William Hill Online. On 15 April 2013, the shares were purchased by the Company's other shareholder, William Hill Organization Limited.

19. Ultimate parent company

At the balance sheet date, the Company's ultimate parent company and controlling party was William Hill PLC, a company incorporated in Great Britain. The Company's immediate parent company and controlling entity is William Hill Organization Limited, a company incorporated in Great Britain.

The parent company of the largest and smallest groups for which group accounts are prepared of which this Company is a member is William Hill PLC, a company incorporated in Great Britain.

Copies of the financial statements of William Hill PLC and William Hill Organisation Limited are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

20. Related party transactions

During the course of the period, the Company entered into transactions with related parties as set out below:

27 December 2016		Transactions in period £'000	Amounts owed by/ (amounts owed to) related parties £'000
Service charges	William Hill Organization Limited	14,013	(1,375)
Brand charges	William Hill Organization Limited	24,215	(1,573)
Telephone Brand charges	William Hill Organization Limited	108	(5)
Management charge	William Hill (Malta) Limited	-	-
Statutory expenses recharge	William Hill (Malta) Limited	31	(31)
Other balances due to	Other William Hill PLC Group companies	-	(59,389)
Other balances due from	Other William Hill PLC Group companies	-	87,961

29 December 2015		Transactions in period £'000	Amounts owed by/ (amounts owed to) related parties £'000
Service charges	William Hill Organization Limited	13,689	(1,234)
Brand charges	William Hill Organization Limited	39,209	(3,881)
Telephone Brand charges	William Hill Organization Limited	123	(25)
Management charge	William Hill (Malta) Limited	-	-
Statutory expenses recharge	William Hill (Malta) Limited	39	(39)
Other balances due to	Other William Hill PLC Group companies	-	(51,328)
Other balances due from	Other William Hill PLC Group companies	-	51,316

The companies are considered to be related parties by virtue of common ultimate parent and controlling party, William Hill PLC.

21. Guarantees

In the course of its business, the Company has granted a guarantee security deposit to the Italian Regulator and another to the Spanish Regulator, both held with Barclays Bank PLC. The Company also has a credit card security deposit held with Royal Bank of Scotland.