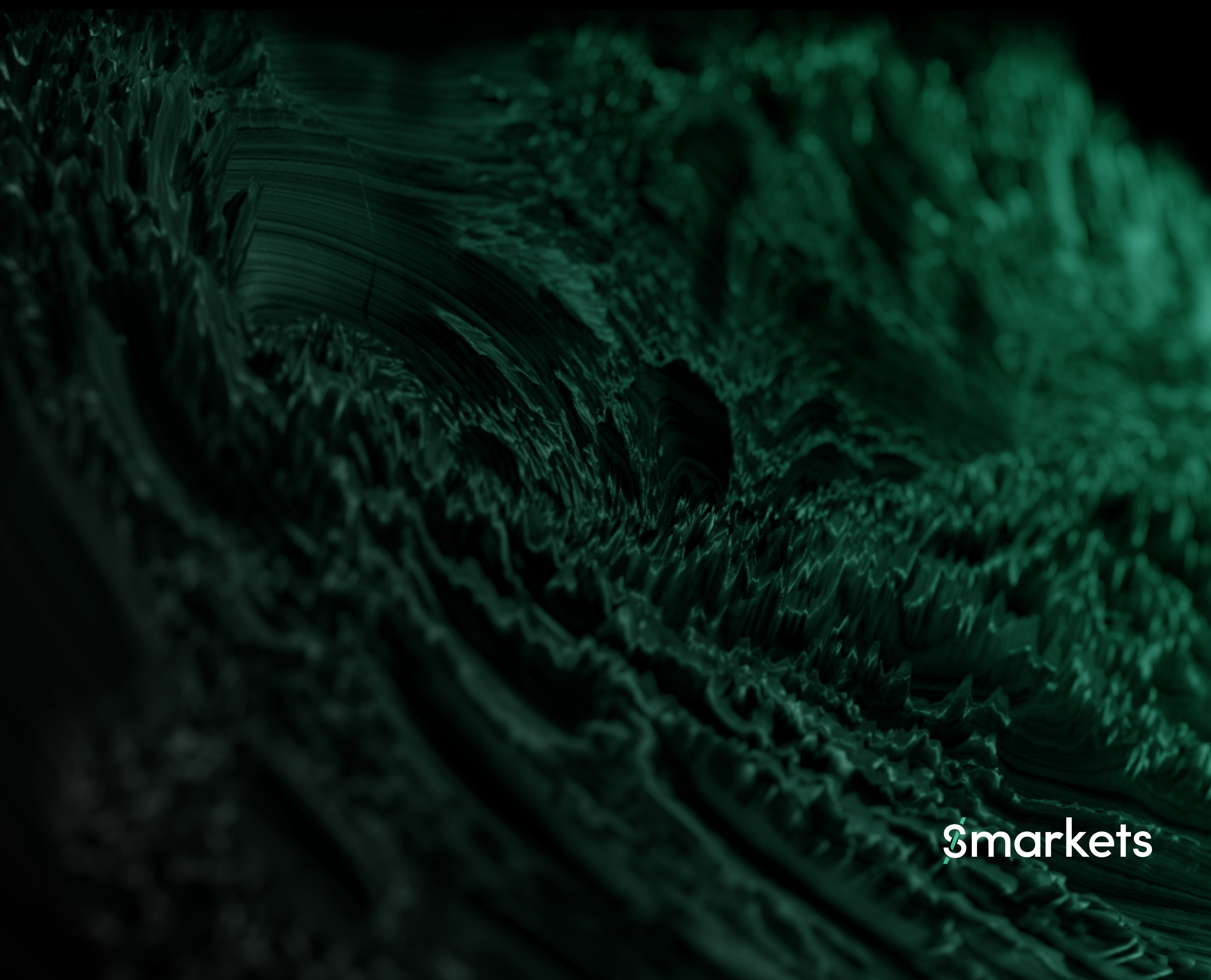
2018

Annual Report



Smarkets

About Smarkets

Smarkets operates a world-leading exchange platform for trading on sports, politics and current affairs events. Our software operates like a financial exchange while our focus on price and technology means that we often have the best odds in the world.

Our mission is to make trading events fairer and we believe that betting should be priced like a commodity, because it is one.

Founded in 2008, Smarkets is an innovator in the industry, pioneering the use of financial technology in betting. Our state-of-the-art platform is capable of processing thousands of bets per second and has allowed us to maintain our industry-leading commission rates.

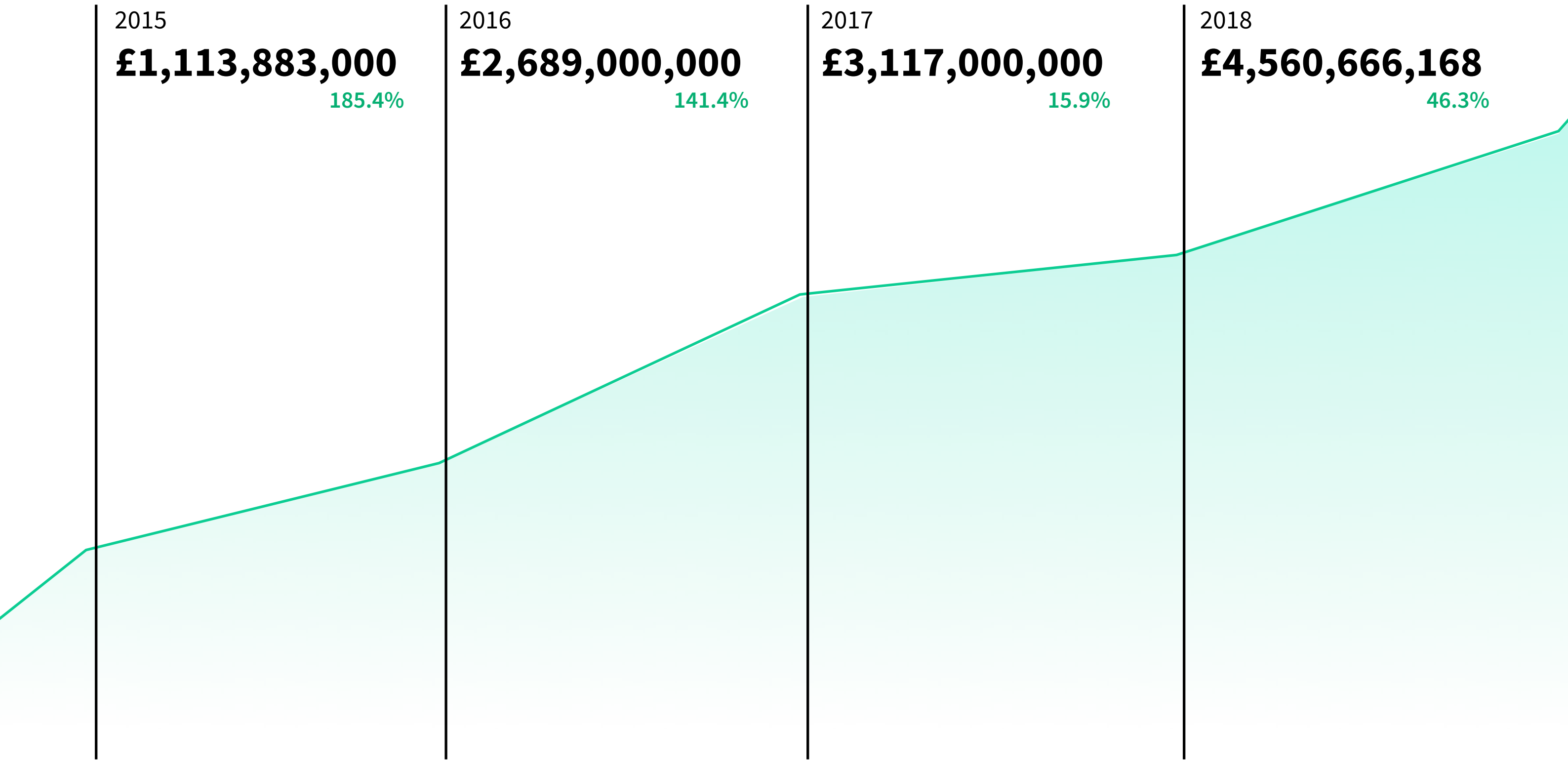
Our platform is powered by sophisticated proprietary technology that has been built in-house by world class engineers and this enables us to run a leaner and more efficient business than any of our competitors.

As an organisation, Smarkets is driving innovation in the workplace and currently employs over 120 empowered individuals in a dynamic structure across our offices in London, Los Angeles and Malta.

2018

Key Metrics

Traded Volume



Sign-ups

2017 **51,203**

2018 **69,298**

Increase 2017/18
35.3% ↑

Average Monthly Users

2017 **25,309**

2018 **29,199**

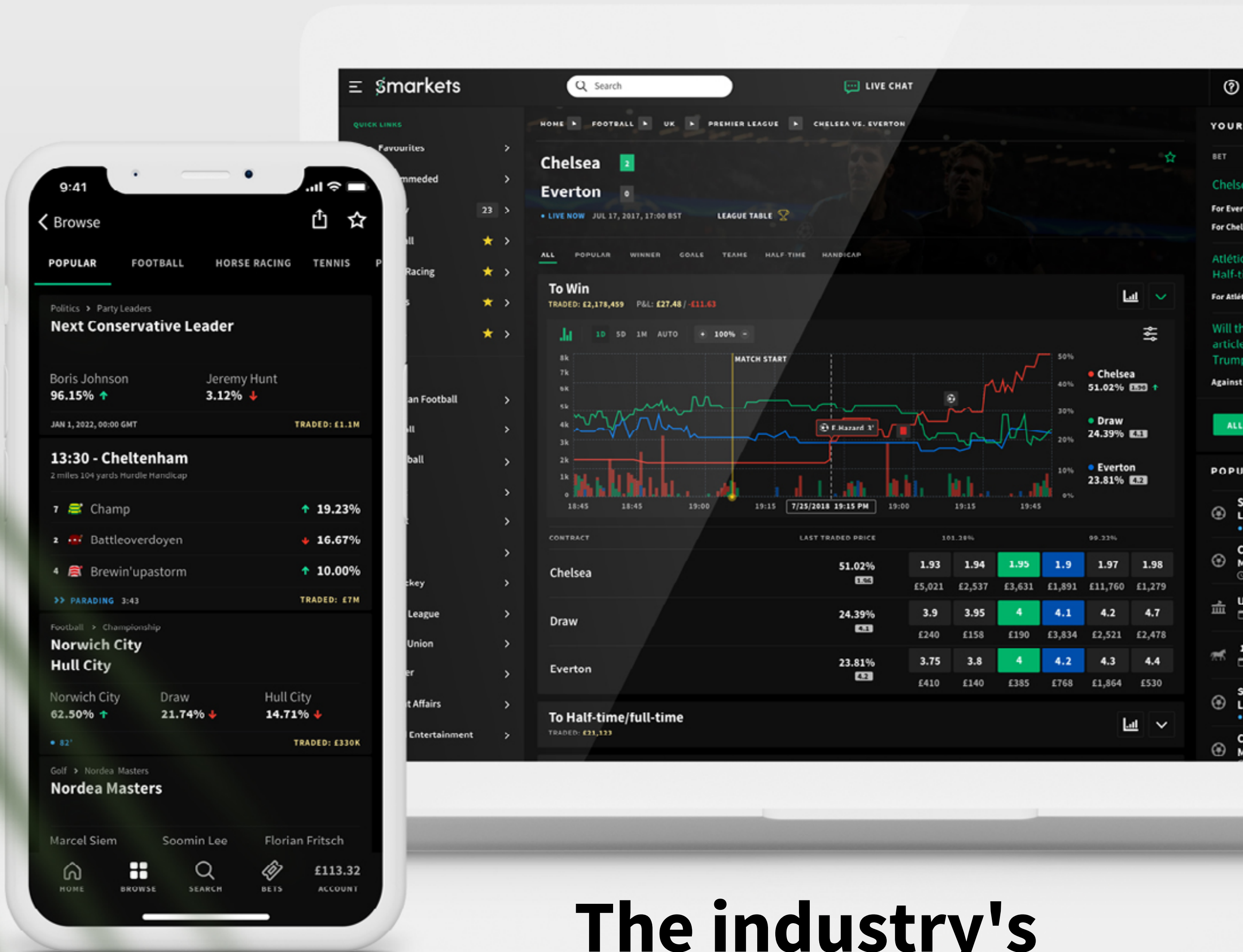
Increase 2017/18
15.4% ↑

No betting app is rated higher

In 2018, we re-launched our mobile app, built in-house by our team of talented developers who ensure that it is at the forefront of innovation in the industry, with regular updates that improve performance and usability.

In fact, no betting app is rated higher on iOS (4.8★) and Android (4.6★).

> *"The thing I love about Smarkets is the fact that they approach their UI in a different way to everyone else. The app has always been easy to use but these guys are constantly making the UX better with each release of the app. Well done and anyone thinking of using Smarkets should do so."*
>
> **wpmb80,**
> 27 November 2018 (Apple App Store)



The industry's best charts

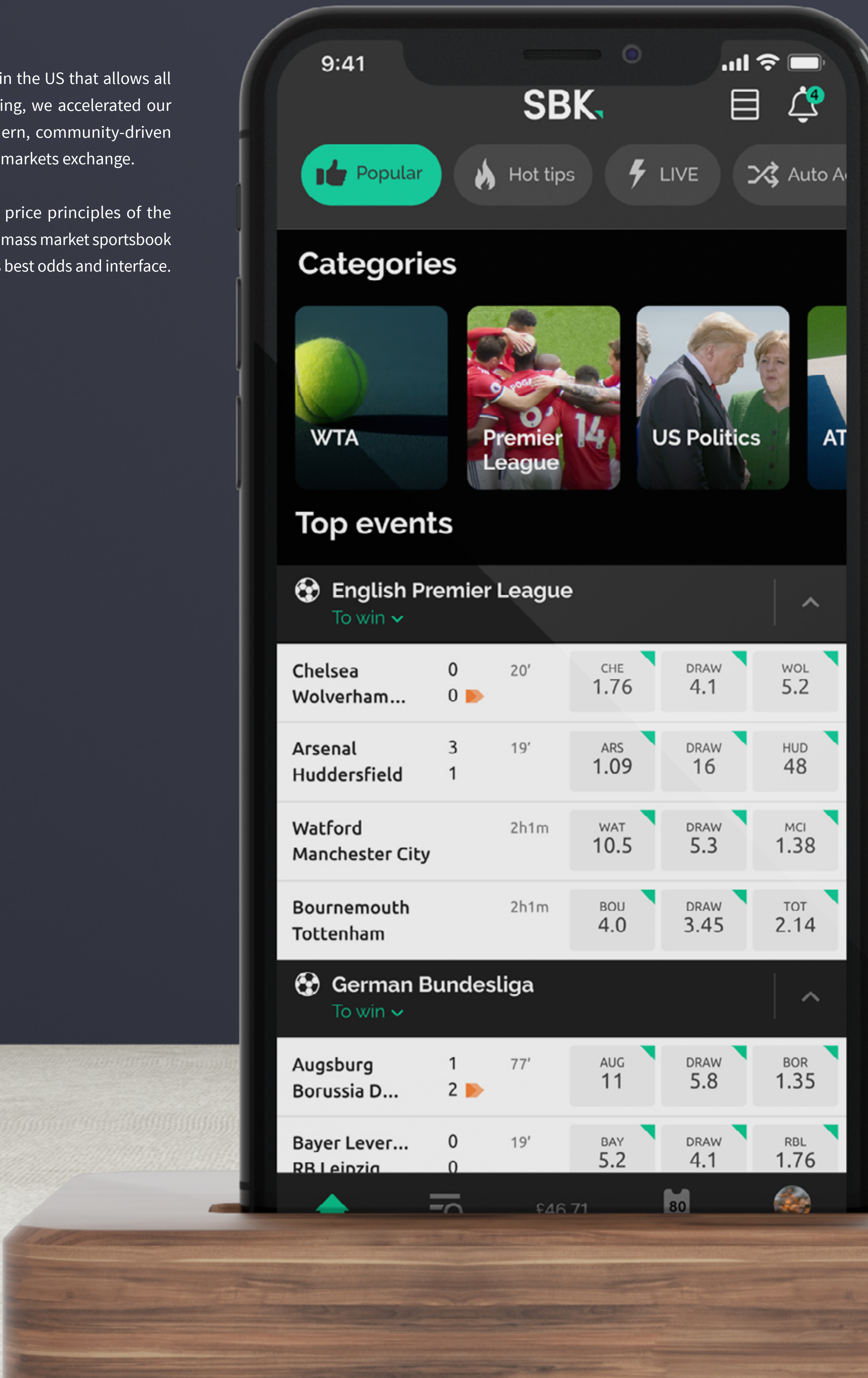
At the end of 2017, we added live price charts to Smarkets for the first time and then, in September 2018, we launched version 2 of what we believe are comfortably the best charts in betting.

This feature gives users the ability to track price trends and history with ease, and further reinforces our identity as a company fusing sports betting, prediction markets, and financial technology into a sleek exchange.

Introducing SBK

Following a landmark ruling in the US that allows all states to legalise sports betting, we accelerated our development of SBK, a modern, community-driven sportsbook powered by the Smarkets exchange.

With the same product and price principles of the exchange, SBK will disrupt the mass market sportsbook space by providing the world's best odds and interface.

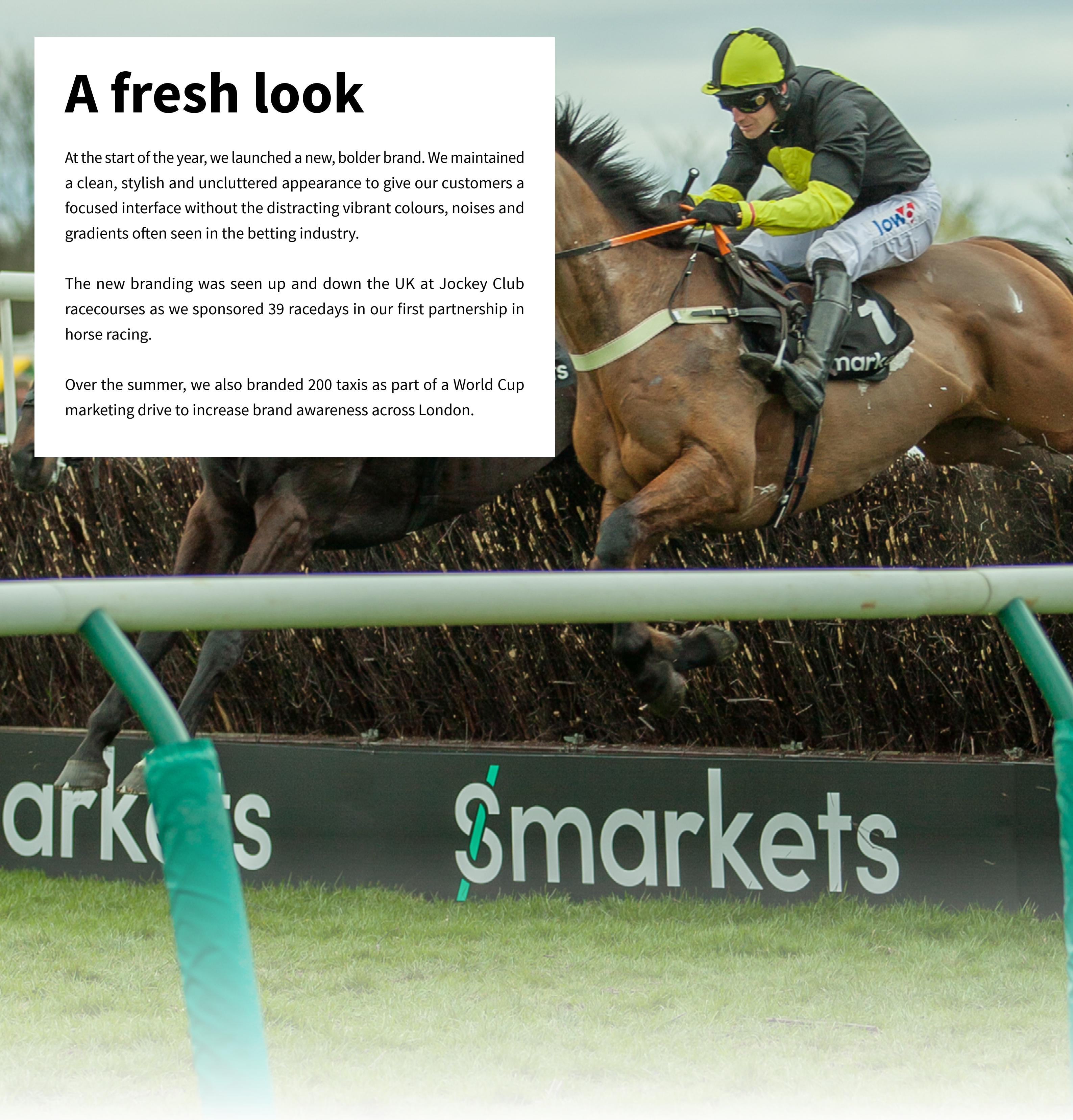


A fresh look

At the start of the year, we launched a new, bolder brand. We maintained a clean, stylish and uncluttered appearance to give our customers a focused interface without the distracting vibrant colours, noises and gradients often seen in the betting industry.

The new branding was seen up and down the UK at Jockey Club racecourses as we sponsored 39 racedays in our first partnership in horse racing.

Over the summer, we also branded 200 taxis as part of a World Cup marketing drive to increase brand awareness across London.



Partnerships

2018 saw us agree on a commercial partnership with leading odds comparison website Oddschecker, meaning our fantastic prices were easy to compare against bookmakers and other exchanges. We also worked with well-known football stats website Squawka to increase our digital and social reach before, during and after the World Cup.

Squawka

oddschecker

Record volumes on big events

2018 was a bumper year for big events, especially in sport. As in previous years, spring horse racing (Cheltenham Festival and Grand National) saw tens of thousands of users flock to the site, while the World Cup in Russia had overall trading volume of £415m.

FIFA World Cup 2018

Total tournament volume

£415 million

Top 3 traded matches

19.6 MILLION

SWE	0
ENG	2

18.6 MILLION

FRA	4
CRO	2

14.9 MILLION

CRO	2
ENG	1

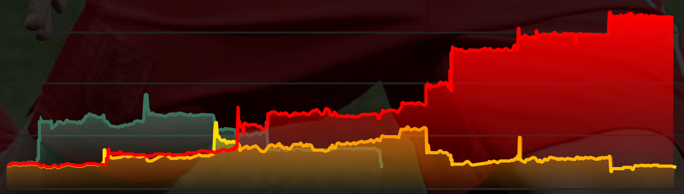
Golden Boot

Winner

Harry Kane ⚽⚽⚽⚽⚽⚽

Starting price: 5.1%
(19.5)

Lowest price: 4.35%
(23)



Cristiano Ronaldo ⚽⚽⚽⚽

Highest price: 54.4%
(1.84)

Romelu Lukaku ⚽⚽⚽⚽

Highest price: 33.6%
(2.98)

Cheltenham Festival

Total traded volume

138 million

Grand National

Total traded volume

£57 million

Top-class recognition

Smarkets was recognised twice by the **Financial Times** in 2018, first by finishing 11th overall and as the top fintech company in the FT 1000 list of Europe's fastest-growing companies and then being named as one of the **FT Future 100** - a list compiled with renowned law firm Mishcon de Reya of fast-growing UK companies that are "making an impact on their industry, or wider society".

Press & Politics

2018 was another strong year for Smarkets in the press, with elite publications like the Wall Street Journal, Bloomberg, BBC, Sky News, AFP, and Forbes writing on a variety of topics, including the company's progress, our radical approach to transparent salaries, and our political market prices.

In fact, our politics offering received plenty of coverage in a variety of outlets, while we also sponsored and were featured on the Polling Politics podcast.

FT FINANCIAL TIMES

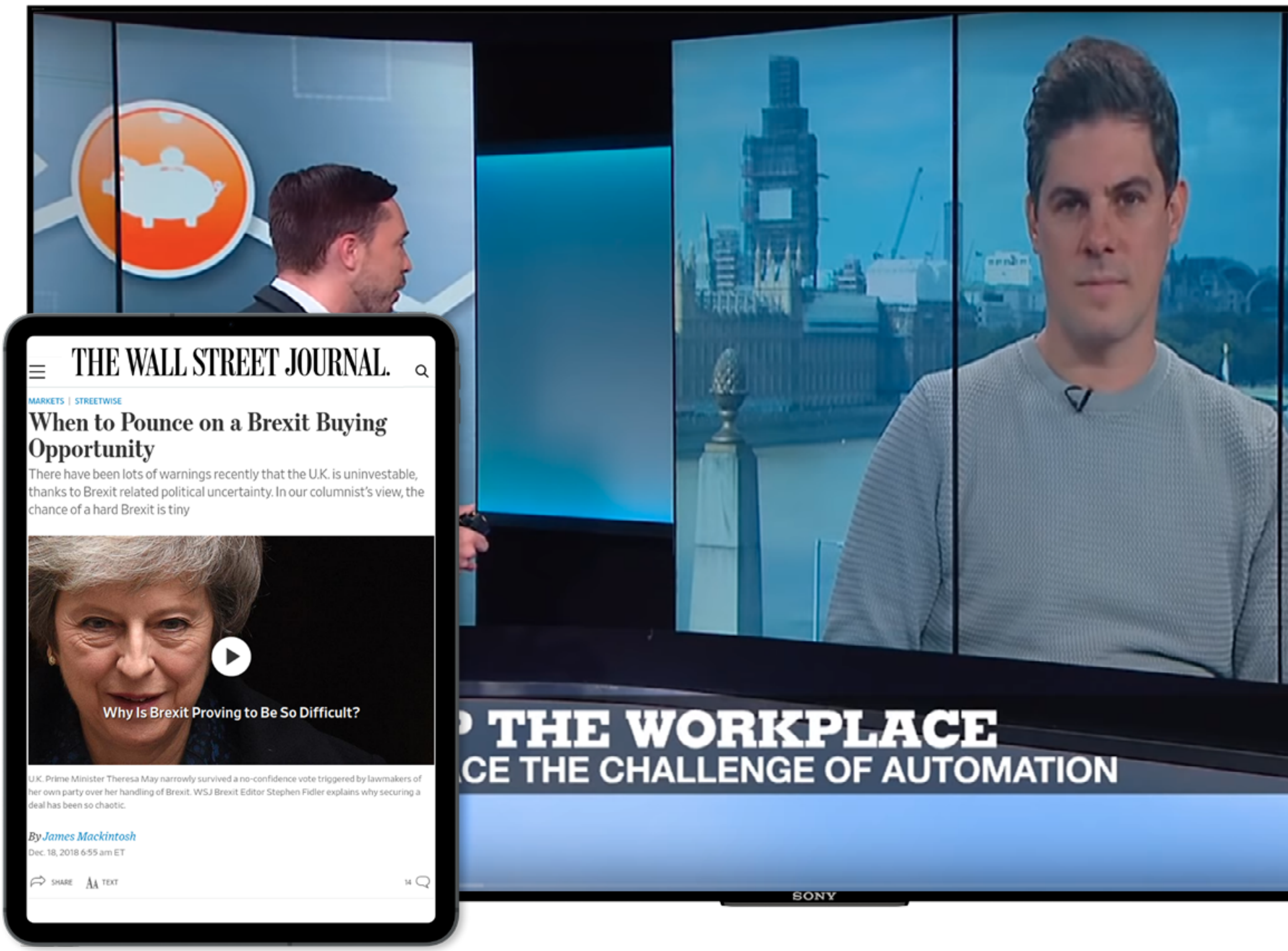
Evening Standard.

THE WALL STREET JOURNAL.

BBC NEWS

Bloomberg

The Telegraph



Contents

"After a record-breaking 12 months where we achieved record KPIs, the business is in the best shape it's ever been in. 2019 is such an exciting year for Smarkets as we continue taking strides towards our vision of upending the industry by offering bets as close to fair value as possible. Following the release of the Smarkets app there is now no higher-rated betting app in the world, and this year the aim is to scale our success with SBK, and gain ground in the £2.6bn UK sportsbook market and $18bn US market."

Jason R. Trost
Chief Executive Officer

Chief Executive Officer's Review

2018 proved to be another award-winning and record-breaking year for Smarkets as we grew the business across an array of key exchange metrics. Total annual trading volume hit a new high going up by 46% on the 2017 figure and has grown over 300% over the last three years, sign-ups increased by 35% year on year, average monthly active users went up by 15% to hit a record number as we claimed more and more of the UK exchange market. We also achieved more press mentions than ever before with an 84% increase on the previous 12 months. Ending the year with over £4.5bn in annual trading volume and several hundred media mentions is amazing place for the company to be.

As part of the major investment in market share and users, we adopted a new commission structure and new strategy for our exchange liquidity provider, Hanson Applied Sciences Limited. As expected, revenues decreased and costs increased during this campaign period resulting in a loss, when the previous two years had seen us post fantastic profits. We've now completed the changes and look forward to a recovery in profitability.

We engaged in our first racing partnership with a year-long sponsorship of The Jockey Club, covering 39 race days and over 260 races, and a first content partnership with renowned football-stats platform Squawka. We took up our position on the grid of price-comparison site Oddschecker for the first time, and premiered our maiden advertising campaign on London's iconic taxis, as well as two successful customer-acquisition drives around the World Cup and Premier League. We also significantly developed our political betting markets, contributing to the company's mainstream media coverage.

We onboarded several new API users, a key part of our roadmap, and successfully introduced the first alterations to our commission structure in several years: selectively offering 0% commission to some customers, and introducing our Pro Tier, received far more favourably than the equivalent moves by competitors, and designed to protect revenue going forward. These changes will allow us to further tweak the structure to find the right balance in the trading ecosystem.

On the product side, we launched our updated native mobile app in March for both Android and iOS and, I'm proud to say, it is the highest rated betting app in the world. We continually work to improve it, averaging an astonishing three releases per month. We also drastically enhanced our live charts, which remain unique to Smarkets. Our new sportsbook SBK - the fruit of the Los Angeles office's labour - is in beta, and that decision is looking increasingly timely following the repeal of PASPA[1] in May, opening up the $18bn US market. SBK will also allow us to push our internationalisation into other territories in Europe, and begin to tackle the very large online casual sportsbook market in the UK, worth around £2.6bn annually.

We certainly learned from 2017 and made significant improvements to our stability, experiencing no major downtime in the last year, setting us apart from the competition. We have restructured some aspects of the business to further improve organisational efficiency, and are set to implement the stock-market-grade FIX protocol to massively increase capacity and allow us to onboard more API users and external market makers, an important addition for our exchange ecosystem. We also further developed Hanson throughout the year, and it has cemented itself as, in our opinion, the largest sports market maker in the world.

In 2018, our growth was once again recognised by Deloitte in their Fast 50 list, and also by the Financial Times whose FT 1000 ranking of European businesses designated Smarkets as the Fastest Growing Fintech Company.

I'm incredibly excited about 2019, and I want to thank everyone for their contribution and commitment to getting the company into such a great position during the last year. Smarkets is now in the best shape it has ever been in and we can push ahead with expanding our activities, focusing on the more profit-generating areas of our business, and more efficiently monetising our growing trading volume, as well as taking the company out into the huge sportsbook sector and new international markets.

Jason R. Trost
Chief Executive Officer

1 - Professional and Amateur Sports Protection Act of 1992 (Public Law 102-559)

Group Strategic Report

How we operate and who we are

Smarkets Limited (the "Company") and its subsidiaries (together "Smarkets" or the "Group") own and operate an online betting exchange which enables traders to set prices and bet against other traders, rather than against a bookmaker, on sporting and other events. Unlike bookmakers, an exchange offers buy and sell prices that continually change during the events themselves up until their conclusion. The platform is state of the art being secure, transparent, highly responsive and efficient, and with rapid access to deep resources of market data.

Online betting on sports, politics, and current affairs continues to be a popular and rapidly growing activity in the UK and around the world, and the market for exchange services is competitive. As a result, and in order to attract users, the Group has to offer a market differentiable experience, and provide a reliable and robust service.

To meet these challenges, Smarkets has developed a website and mobile applications with an innovative underlying betting engine, which are continually refined and evolving. In particular, the software engineering team at Smarkets works to find faster ways of handling the large volumes of customer, market and transaction data and making it accessible to the community. Smarkets has also developed a sportsbook-like product with a modern and social interface aimed at recreational users in the UK and internationally.

Technology

Smarkets develops technology in order to provide scalable, reliable and highly available systems. The betting exchange platform operates like a financial exchange and is straightforward to use. In 2018, we began implementing FIX Protocol on our backend - widely used in the financial world - as the underlying message format on the Smarkets API. Once complete, this will help us increase direct market access and connectivity to third-party users. In parallel, we keep enabling users trading on anything from sporting events to political elections in a matter of seconds and with clearly defined potential trading outcomes.

We continued to mature our infrastructure through container orchestration for high availability and performance, using Kubernetes, an open-source tool. Our strong focus on a number of security projects to find in house solutions to solve security challenges and threats. Our transaction monitoring also evolved through sophisticated machine learning techniques capable of identifying problem gambling, money laundering and chargeback abuse. Finally, we were able to quote more markets than ever thanks to our modelling and performance abilities. This focus on the product and user experience means that the Smarkets platform is fast and efficient, capable of processing a transaction in milliseconds and coping with thousands of transactions per second.

Business model

Smarkets generates revenue from most customers by levying a transaction fee, or commission, which is paid on net winnings on individual markets. Thanks to our technology, we are able to offer customers what is still an industry-low flat commission rate of 2%. This represents exceptional value to our customers and, in turn, attracts more users and liquidity to our exchange. For institutional customers that are connecting to the exchange through our API, we have an alternative model to generate revenue. Some of those customers contribute to the ecosystem by seeding markets and pay 20% commission on their lifetime profits, others, with no obligation to market make, go onto our Pro Tier where 1% commission is charged on winnings or losses per each individual bet that settles.

The Group, through its 100% owned subsidiary, Hanson Applied Sciences Limited, also provides liquidity on the exchange by entering into algorithmic trades on the market to enhance the user experience and for profit-making purposes. The positions arising from these activities are closely risk managed. As we grow, our aim is to offer better prices and further enhance the liquidity of existing and new markets.

Whilst Smarkets has a diverse customer base by channel and by nature, a significant proportion of our revenue is currently derived from institutional traders or market professionals. Our product also appeals to sports fans and recreational punters. The overall customer base is expanded through a number of delivery channels including, notably, our affiliate network and a marketing agency.

In 2018, we increased our marketing activity around key events such as the World Cup. Irrespective of the delivery channel, the exchange product continues to attract new users to the platform by offering unparalleled value.

Market context

Remote gambling (online) is the largest industry sector in the UK and grew by 2.9% to £5.6 billion gross gambling yield (up 13.7% year-on-year) including strong growth in the exchange sector. Betting exchanges grew by 21% up from £283m to £343m according to the latest UK Gambling Commission Industry Statistics, October 2017 - September 2018. The continued growth in the remote sector demonstrates increased appetite in online and digital platforms, which presents an opportunity for technology companies like Smarkets to acquire market share through technological innovation. Our proprietary technology platform allows us to deliver faster solutions than our competitors and offer an enhanced customer experience as a result.

The Group, through its subsidiary Smarkets (Malta) Limited, holds licences to operate in the UK, Malta and Ireland and over 96% of turnover was generated from these markets in 2018. The principal competition in these jurisdictions, and particularly the UK, is provided by the exchange-leading competitor Betfair, as well as other smaller exchange operators such as Betdaq and Matchbook.

Looking forward to 2019, we intend to improve the profit-generating areas of the business and scale our success with both the exchange and SBK (a 'true-price' sports betting app) by entering the £2.6bn sportsbook market with the latter. We also intend to secure licenses in new territories, including the exciting nascent US market valued at $17.5bn. Market share is expected to rise as a result of these initiatives.

Financial review

An overview of the 2018 performance is as follows:

As £000 unless otherwise stated

	2018	2017	2016	**Increase 2017/18**
Average monthly active traders	**29,199**	25,309	24,958	**15.4%**
Trading volume (bets placed)	**4,561,000**	3,117,000	2,689,000	**46.3%**
Revenue	**11,942**	20,589	24,861	**(42.0)%**
Cost of sales	**(4,642)**	(3,388)	(3,079)	
Gross profit	**7,300**	17,201	21,764	**(57.6)%**
Administrative expenses	**(16,173)**	(10,622)	(8,084)	
Other income and expense	**(61)**	10	(72)	
Business Profit before tax[2]	**(8,934)**	6,589	13,608	**(235.6)%**
Customer desposits held	**28,785**	16,829	17,485	**71.0%**

2 - Management monitors performance using a measure of pre-tax profit referred to as Business profit before tax which excludes the effect of share-based payment transactions from Administrative expenses. Business profit may be reconciled to Profit before tax as follows:

Year ended 31 Decemeber (As £000)

	2018	2017	2016
(Loss)/profit before tax	**(9,016)**	6,489	10,378
Share based payments	**82**	100	3,230
	(8,934)	6,589	13,608

Customer activity: We saw a strong rise in trading volume of 46.3%, due to a busy sporting calendar and successfully capitalising on the matched betting market via 0% promotions with high volume partners. The promotion has been a substantial marketing investment to drive up our user retention, resulting in a rise of 15.4% in our average monthly active users.

Our monthly active user numbers were aided by unprecedented take-up of our Cheltenham, World Cup and Premier League offers, leading to a 35.5% increase in sign-ups for the period.

Increased presence via our sponsorship of the Jockey Club, partnerships with major online football stats brand Squawka, above-the-line campaigns on taxis, billboards and radio, and our launch on Oddschecker are all notable contributors to our sign-up increases. As reaffirmation of our acquisition success, Oddschecker went on to announce our World Cup 'Choose Your Team' offer as the best performing in the industry for the tournament.

Looking forward, the launch of SBK in 2019 and the continuation of legislation progress in the U.S. present our next major growth opportunities for new demographics and new markets respectively.

Revenues: Despite the increased trading volume, the substantial marketing investment, particularly via 0% promotions with high-volume partners for much of the year, resulted in a fall in commission revenues to £7,357,000 from £9,231,000 in 2017, a decrease of 20.3%. Further, reduced spreads on quoted prices were offered, which increased volume but compressed margins. This effect, together with adverse outcomes from larger events during the year, including the Cheltenham Festival and the FIFA World Cup, significantly impacted net revenue from betting activity which fell to £5,495,000 from £11,694,000 in 2017. As a result, total revenue fell from £20,589,000 in 2017 to £11,942,000 in 2018.

Costs: Total costs of the Group comprise Cost of sales, which includes betting taxes, payment service provider costs for customer deposits, and costs of new customer incentive schemes such as bonuses, and Administrative Expenses, which largely comprise employee and office related costs.

Cost of sales rose 37% from £3,388,000 in 2017 to £4,642,000 roughly in line with the increase in trading volumes. However, Administrative expenses, excluding share-based transactions, rose to £16,173,000 from £10,622,000 in 2017. This increase was largely due to an increase in average headcount from 88 to 113 which included expansion of the office in Los Angeles, new in 2017, as well as increased costs to support the operation of the exchange, and on advertising and marketing associated with the substantial marketing investment to drive user acquisition around key sporting events such as the FIFA World Cup.

Profitability: Management monitors a measure of net profit referred to as Business profit and loss before taxation that excludes the effect of share-based payments. As a result of the factors noted above, the Group made a Business loss for 2018 of £8.93million as compared to a profit of £6.59million for 2017.

The loss after taxation, inclusive of the effect of share-based payments, was £9.20million compared to a profit of £8.51million in 2017.

Balance sheet: Total assets of the Group at year-end were £46.5million as compared to £42.6million at the previous year-end. Included in these balances are segregated short-term bank accounts which hold the monies deposited by customers to allow them to make bets which rose to £28.8million from £16.8million at the previous year-end largely as a result of the increased customer trading volumes. Other assets fell largely as a result of the losses made.

Shareholders' Equity at 31 December 2018 was £9.28million as compared to £18.38million at the previous year end, with the decrease largely arising from the loss for the period.

Despite the losses, the capital position has remained strong and been able to absorb the possibility of any future series of unexpectedly adverse betting outcomes as happened in 2018. Further, the various advertising and marketing campaigns having concluded, and the commission offers having reduced, the Group is now in a position to leverage the resulting higher user numbers as a basis for returning to profitability. Management forecast that the Group will return to profitability in 2019 and, in fact, results are significantly improved.

Given this, management believe that the level of cumulative capital is such that the Group will be able to fully finance its operations with adequate contingency available for unexpected events for the foreseeable future.

Risks

The Company maintains a register of risks that may impact operations or future activities and results. Key risks identified include:
Technology: Smarkets is primarily a technology company, with all bets taking place digitally. This exposes the business to the risk of technological failure for whatever reason. To mitigate this, the group invests in its technical workforce and the robustness of its technology and delivery mechanisms, including disaster recovery.

Regulatory: License requirements and other regulatory changes can affect the ability of the Group to conduct business in particular jurisdictions or by limiting activities. Further, regulation imposed on Group companies or customers can increase compliance and regulatory maintenance costs, and thus impact profits. To mitigate these risks, the Group monitors key markets for regulatory changes, and works with regulators in a pro-active fashion to facilitate adherence to new requirements as they evolve.

Event risk: The Group derives part of its revenues from the outcomes of sporting events, with some outcomes being more favourable than others. As such, poor results can negatively impact profits over a reporting period. The level of exposure to events is actively monitored and managed on a real time basis throughout the day by risk managers who adjust parameters and hedge positions when it is considered prudent so to do. Competition: The online betting market has many providers and the Smarkets customer base and plans for growth are at risk from competitors attracting existing customers and from not being able to attract new customers.

Taxation: Governments may change their approach to the taxation of businesses either generally or with regards to betting markets specifically, and such changes in individual jurisdictions could have a material impact on the cash-flow and profitability of the Group.

People: Although management prioritises staff incentives, the working environment, and a progressive, autonomous company culture, there remains a risk that Smarkets may not be able to continue to attract or retain key employees should circumstances change or attitudes to the Group or betting industry change.

Geopolitical: Smarkets is exposed to developments in the European Union ("EU") as predominantly all of the customer base and most of the workforce are based in countries that are members of the EU. It remains unknown what the wider regulatory and legal consequences of the UK leaving the EU will be and whilst the risk to Smarkets is mitigated to an extent by the holding of licences both in the UK and elsewhere in the EU (including Malta and Ireland), there remains a risk that the activities of Smarkets might be affected under such circumstances.

Reliance on third parties: Smarkets is reliant on certain third-party services, such as those provided by financial institutions, banking and payment suppliers to provide its services. Any withdrawal of such services can have an impact on the Group's ability to operate efficiently.

Financial risks: The Group is exposed to credit risk, liquidity risk, market risk (including open betting position risk), foreign currency risk and interest rate risk arising from its day to day operations. These are discussed further in note 20 to the financial statements.

Responsible Gambling

Smarkets is committed to ensuring that we maintain and develop a platform that encourages responsible betting activities. Thus, we have invested and continue to invest in technological innovations to facilitate us in this effort. In particular, we have fully established:

- A specialist KYC ('Know Your Customer') team responsible for verifying the age and identity of customers, including their nationality and country of residence, as well as reviewing links to anyone identified as having a problem with their gambling.

- Various machine learning based programmes that review customer behaviour and identify issues such as irresponsible gambling, and other suspicious activity such as credit card fraud. These use models such as gradient boosted decision trees to flag suspicious or unusual behaviour.

- Customer driven deposit and loss limits with "cooling-off" periods that have to be observed before they can be increased.

- "Time-out" options for customers to take a short break from their gambling and reassess their choices, as well as self-exclusion tools for customers who would like their account closed for a minimum of six months or over a longer period.

- Responsible gambling training for all customer-facing staff.

- Information sources directing employees and customers to organisations that can help people work through their concerns.

People

Recruitment and retention: Recruiting, developing, and retaining talented and motivated technical and non-technical employees are management priorities. It is essential in a competitive market that we continue to recruit engineers, researchers, mathematicians, quantitative analysts and other specialists to help us to continue to evolve and add fresh perspectives to our innovations. Currently, over 60% of staff is technical, with 75% of employees being from top universities. Last year saw us move all our recruiting efforts in house to supercharge growth and streamline costs.

Diversity: We pride ourselves on a workforce with representation from over 30 nationalities who have made Smarkets their home. Our hiring efforts are aimed at capturing the brightest talent from around the world, irrespective of gender, age, disability, ethnicity, nationality, sexual orientation, and religion or other beliefs.

Culture: At Smarkets, we value openness, innovation and accountability. Trust remains a driving force because we believe humans work better, are more motivated and more efficient when given autonomy whilst bringing their true identities to work every day. The open culture makes everyone more involved in the Company, giving them a clearer path towards what they are working on and ensuring people are committed and challenged. In 2018, the company broke the 100-person barrier, and this saw us insert some more structure into the company to ensure lines of communications between our three offices remained efficient and employees saw opportunities for advancement.

Jason R. Trost
Chief Executive Officer

26 June 2019

Group Directors' Report

The Board of Directors (the "Directors") present their report and the audited financial statements for the year ended 31 December 2018.

The Group Directors' Report should be read in conjunction with the other sections of this Annual Report including the Group Strategic Report on page 12 in which the principal activities of the Group and those factors likely to affect its future development, together with a description of its financial position are described. The following also form part of this report:

- The information relating to financial instruments, as provided in the notes to the financial statements.
- The related party transactions as set out in the notes to the financial statements.
- An indication of likely future developments in the business and details of significant events which have occurred since 31 December 2018.

Directors

The Directors who held office throughout the year and the preceding year were as follows:

- Jason R. Trost *Chief Executive Officer and Company Secretary*
- Robert Simon Dighero
- Randeep Singh Wilkhu *Resigned 13 June 2018*
- Vicente Vento *Appointed 13 June 2018*

Share capital

During the year ended 31 December 2018, 3,978 Ordinary shares (2017 – 19,156 Ordinary shares) were issued as a result of the exercising of share options. There were no changes to the authorised share capital of the Company during the period.

On 19 January 2017, an offer was made by the Directors to the holders of all Ordinary shares in the Company to buy back those shares at a price of £19.95 per share subject to the aggregate purchase consideration not exceeding £10,000,000. Acceptances of this offer were received from holders of 358,132 Ordinary shares which were bought back for a total consideration of £7,144,340. The shares acquired were cancelled by the Company.

Dividends

The directors do not recommend the payment of a dividend.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Research and development

In developing the online betting exchange platform discussed in the Group Strategic Report on page 12, the Group has continually to refine and develop the underlying software and infrastructure that supports its operation. In particular, the Company's technical development team has to continually work to find innovative ways of handling the increasingly large volumes of customer, market and transaction data and making it accessible via its website to the user community.

Subsequent events

No matters arose in the period from the balance sheet up to the date of approval of this Group Directors' Report that merit further disclosure.

Annual Report and Accounts

The Directors are aware of their responsibilities in respect of the Annual Report. The Directors consider that the Annual Report taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

The Statement of Directors' Responsibilities appears on page 18.

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the Directors considered the going concern status for a period in excess of 12 months from the date of signing this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Group 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board,

Jason R. Trost
Director

Commodity Quay,
St. Katharine Docks
London
E1W 1AZ
26 June 2019

Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

The Directors are responsible for preparing the Strategic Report, Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs as adopted by the EU") and applicable law, and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law ("UK Generally Accepted Accounting Practice"), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable, relevant and reliable;

- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;

- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. 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 group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Smarkets Limited

Opinion

We have audited the financial statements of Smarkets Limited ("the Company") for the year ended 31 December 2018 which comprise the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet and Company Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors, such as related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the Company or to cease their operations, and as they have concluded that the group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the Company will continue in operation.

Group Strategic Report and Group Directors' Report

The Directors are responsible for the Group Strategic Report and the Group Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon. Our responsibility is to read the Group Strategic Report and the Group 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 Group Strategic Report and the Group Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 18, the Directors are responsible for: the preparation of the financial statements and for 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 group and parent 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 group or the parent 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 our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Chrissy Douka
(Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

26 June 2019

Consolidated Income Statement and Consolidated Statement of Comprehensive Income

for the year ended 31 December 2018

As £000 unless otherwise stated

	Note	2018	2017
Revenue	2	**11,942**	**20,589**
Cost of sales		**(4,642)**	**(3,388)**
Gross profit		**7,300**	**17,201**
Other operating income	3	**143**	**228**
Administrative expenses		**(16,255)**	**(10,722)**
Operating profit	4	**(8,812)**	**6,707**
Financial income	7	**46**	**6**
Financial expenses	7	**(250)**	**(224)**
Net financial income		**(204)**	**(218)**
(Loss)/Profit before tax		**(9,016)**	**6,489**
Taxation	8	**(183)**	**2,017**
Profit for the year		**(9,199)**	**8,506**
Other comprehensive income for the year, net of income tax		**-**	**-**
Total comprehensive income for the year		**(9,199)**	**8,506**

All income and expenditure related to continuing operations of the Company.

The notes on pages 24 to 60 form an integral part of these financial statements.

Consolidated Balance Sheet

as at 31 December 2018

As £000 unless otherwise stated

	Note	2018	(Restated)* 2017
Non-current assets			
Property, plant and equipment	9	**4,196**	**5,407**
Intangible assets	10	**40**	**42**
		4,956	**5,449**
Current assets			
Tax receivable		**2,887**	**2,585**
Other financial assets	12	**70**	**120**
Trade and other receivables	13	**1,628**	**1,600**
Cash and cash equivalents	14	**36,980**	**34,383**
		41,565	**38,688**
Total assets		**46,521**	**44,137**
Non-current liabilities	15	**(3,568)**	**(4,079)**
Current liabilities			
Trade and other payables (in relation to customers: £28,785, 2017 - £16,829)	16	**(31,845)**	**(18,957)**
Income and Corporation taxes payable		**(1,719)**	**(2,717)**
Other financial liabilities	12	**(109)**	**(8)**
		(33,673)	**(21,682)**
Total liabilities		**(37,241)**	**(25,761)**
Net assets		**9,280**	**18,376**
Equity attributable to equity holders of the Parent			
Share capital	19	**13**	**13**
Capital redemption reserve		**2**	**2**
Share premium		**3,772**	**3,758**
Retained earnings		**5,493**	**14,603**
Total equity		**9,280**	**18,376**

The notes on pages 24 to 60 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 June 2019 and were signed on its behalf by:

Jason R. Trost
Director
Company registered number: 06475845

Consolidated Statement of Changes in Equity

As £000 unless otherwise stated

	Share capital	Capital redemption	Share premium	Retained earnings	Total equity
Balance at 1 January 2017	15	-	3,737	11,658	15,410
Restatement for tax reclaimable (note 21)	-	-	-	1,523	1,523
Restated balance at 1 January 2017	15	-	3,737	13,181	16,933
Total comprehensive income for the year					
Profit for the year	-	-	-	8,506	8,506
Exchange movements				(4)	(4)
Total comprehensive income for the period	-	-	-	8,502	8,502
Total transactions with owners of the Company					
Share buy-back (note 19)	(2)	2	-	(7,180)	(7,180)
Issue of shares (note 19)	-		21	-	21
Share based payment transactions (note 18)	-	-	-	100	100
Total transactions with owners of the Company	(2)	2	3,758	(7,080)	(7,059)
Restated balance at 31 December 2017	**13**	**2**	**3,758**	**14,603**	**18,376**
Balance at 1 January 2018	13	2	3,758	14,603	18,376
Total comprehensive income for the year					
Loss for the year	-	-	-	(9,199)	(9,199)
Exchange movements	-	-	-	7	7
Total comprehensive income for the period	-	-	-	(9,192)	(9,192)
Total transactions with owners of the Company					
Share buy-back (note 19)	-	-	14	-	14
Share based payment transactions (note 18)	-	-	-	82	82
Total transactions with owners of the Company	-	-	14	82	96
Balance at 31 December 2018	**13**	**2**	**3,772**	**5,493**	**9,280**

The notes on pages 24 to 60 form an integral part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2018

As £000 unless otherwise stated

	Note	2018	2017
Cash flows from operating activities			
(Loss)/Profit for the year		**(9,199)**	**8,506**
Adjustments for:			
Depreciation and amortisation	9, 10	**955**	**837**
Granting of share options		**82**	**100**
Net financial expense		**204**	**218**
Effect of foreign exchange movements		**35**	**(73)**
Taxation	8	**183**	**(2,017)**
		(7,740)	**7,571**
Increase in trade and other receivables		**(28)**	**(373)**
Decrease/(Increase) in other financial assets		**50**	**(113)**
Increase/(decrease) in trade and other payables		**12,888**	**(688)**
Increase/(decrease) in other financial liabilities		**101**	**(3)**
		5,271	**6,394**
Tax paid		**(1,484)**	**(461)**
Net cash from operating activities		**3,787**	**5,933**
Cash flows from investing activities			
Interest received		**46**	**6**
Acquisition of property, plant and equipment	9	**(488)**	**(1,717)**
Acquisition of intangible assets	10	**-**	**(34)**
Net cash from investing activities		**(402)**	**(1,745)**
Cash flows from financing activities			
Share buy-back	19	**-**	**(7,180)**
Proceeds from the issue of share capital	19	**14**	**21**
Additions to non-current lease liabilities, net of repayments, etc		**(527)**	**573**
Interest paid		**(250)**	**(224)**
Net cash from financing activities		**(763)**	**(6,810)**
Net increase in cash and cash equivalents		**2,622**	**(2,622)**
Cash and cash equivalents at 1 January on behalf of customers: £28,785, 2017 - £16,829)		**34,383**	**36,916**
Effect of foreign exchange movements		**(25)**	**89**
Cash and cash equivalents at 31 December	14	**36,980**	**34,383**

The notes on pages 24 to 60 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

(forming part of the financial statements)

1. Accounting policies

Smarkets Limited (the "Company" or the "Parent") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 06475845 and the registered address is Commodity Quay, 7th floor, St. Katharine Docks, London, E1W 1AZ.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The Group consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company has elected to prepare its Parent company financial statements in accordance with FRS 101; these are presented on pages 42 to 60.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group consolidated financial statements.

The preparation of financial statements in conformity with Adopted IFRSs requires management to exercise its judgement in the process of applying the Company's accounting policies. However, the Directors have not had to make any judgements resulting in a material financial impact on the financial statements as a result of the application of these accounting policies.

1.1 Change in accounting policshey

The Company adopted IFRS 9 Financial Instruments in these financial statements and adopted IFRS 15 Revenue from Contract with Customers and IFRS 16 Leases in the prior year financial statements.

No amendments arising from the implementation of this Standard have affected the Company's previously published financial position.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis except that derivative financial instrument assets and liabilities are stated at their fair value.

1.3 Going concern

As discussed further in note 20, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Group Strategic Report on pages 12 to 15. In addition, note 20.5 includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

1.4 Prior year adjustment

As discussed further in note 21, comparative figures have been restated to reflect tax amounts reclaimable on dividends received from a subsidiary company. This restatement has no impact on the profit before taxation for the years ended 31 December 2018 and 2017 nor the cash position of the Group at 31 December 2018 and 2017.

1.5 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.6 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations are translated to the Group's presentational currency, Pound Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest as appropriate.

1.7 Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

a. they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

b. where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.8 Non-derivative financial instruments

The Group adopted IFRS 9 Financial Instruments ("IFRS 9") on 1 January 2018. This standard sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items and replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS39"). The transition options have had no impact on these financial statements and, as a result, there is no adjustment to equity on the initial application of IFRS 9.

IFRS 9 prescribes three principal classification categories for financial assets, these being measurement at Amortised cost, Fair value through other comprehensive income ("FVOCI") and Fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model on which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of Held to maturity, Loans and receivables and Available for sale. IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. Further, the effect of adopting IFRS 9 had no impact on the carrying amount at which the financial assets and liabilities were previously stated.

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets (other than trade receivables without a significant financing component) and financial liabilities are initially measured at fair value plus, for an item not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

– Policy applicable from 1 January 2018

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

On initial recognition, a financial asset is classified as being measured at either Amortised cost, FVOCI – debt investment, FVOCI – equity investment or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and management does not designate that it should be measured at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For financial assets meeting these criteria which includes trade receivables and cash and cash equivalents, subsequent measurement of the amortised cost uses the effective interest method reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is measured at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated by management as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities, which includes trade and other payables, are subsequently measured at amortised cost using the effective interest method, and interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Classification and subsequent measurement

– Policy applicable prior to 1 January 2018

The Company classified its financial assets as loans and receivables. Subsequent to initial recognition, these assets were measured at amortised cost using the effective interest method, less any impairment losses.

Financial liabilities were classified as measured at amortised cost or FVTPL. A financial liability was classified as at FVTPL if it was classified as held-for-trading, it was a derivative or it was designated as such on initial recognition. Financial liabilities at FVTPL were measured at fair value and net gains and losses, including any interest expense, were recognised in profit or loss. Other financial liabilities, which included trade and other payables and non-current liabilities, were subsequently measured at amortised cost using the effective interest method, and interest expense and foreign exchange gains and losses were recognised in profit or loss. Any gain or loss on derecognition was also recognised in profit or loss.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends to either settle them on a net basis or to realise the asset and settle the liability simultaneously.

Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of tax effects, are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12 Income taxes.

1.9 Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

1.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets are recognised and measured as described in note 1.11.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold property	Life of the lease
Leasehold improvements	10 years or the remaining life of the lease, if shorter
Computer equipment	5 years
Fixtures and fittings, including office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.11 Intangible assets

Expenditure on internally generated software, goodwill and other intangibles is recognised in the income statement as an expense as incurred.

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible assets.

The estimated useful lives are as follows:

- Other intangibles *3 years*

Amortisation methods, useful lives and residual values are reviewed at each balance sheet date.

1.12 Leases

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantively all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At the commencement of the lease term, the Group recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. Any initial direct costs of the lessee are added to the amount recognised as an asset. The asset so recognised is depreciated on the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.13 Impairment excluding deferred tax assets

Financial assets (including receivables)

– Policy applicable from 1 January 2018

The Company recognises loss allowances for Expected Credit Losses (“ECLs”) on financial assets at amortised cost.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. In the case of interest free financial assets, such as trade receivables, ECLs are not discounted. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs - these are ECLs that result from possible default events within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

- lifetime ECLs - these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances for trade receivables without a significant financing component and contract assets at an amount equal to lifetime ECLs. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, and considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss and OCI.

Financial assets (including receivables)

– Policy applicable prior to 1 January 2018

Financial assets not carried at fair value through profit or loss were assessed at each reporting date to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event had occurred after the initial recognition of the asset, and that the loss event had had a negative effect on the estimated future cash flows of that asset that could be estimated reliably.

The Company considered evidence of impairment for receivables at an individual asset level. An impairment loss in respect of a financial asset measured at amortised cost was calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continued to be recognised through the unwinding of the discount. When a subsequent event caused the amount of impairment loss to decrease, the decrease in impairment loss was reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.14 Employee benefits

Defined contribution pension plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Group receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Group's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

1.15 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation arising from a past event that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.16 Revenue

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company has applied the five-step model set out in IFRS 15 Revenue from Contracts with Customers in order to determine the revenues to be recognised, the five steps being: Identify the contract, Identify the performance obligations in the contract, Determine the transaction price, Allocate the transaction price to the performance obligations in the contract, and Recognise the revenue when the entity satisfies the performance obligation.

Commission revenue

Revenue from the Group's online betting exchange arises from the commission earned on betting transactions on individual sporting and other events entered into by customers of the exchange. The obligation of the exchange is to facilitate and settle these bets to the respective customer accounts once the outcome of the sporting or other event is known and hence the amount of the winning and losing customer bets is determinable. The commission, calculated on the amount of the winning customer bets, is recognised on this settlement date.

Net gaming revenue

Revenue from betting activities on individual sporting and other events comprises income from remote gaming transactions i.e. bets entered into on sporting and other events made with counterparties, these being either online betting exchanges or other gaming transaction providers. This income comprises the aggregate amount due in respect of winning bets shown after deduction of the amounts lost on losing bets and any commissions incurred. This revenue is recognised once the outcome of the sporting or other event is known and hence the amount of the winning and losing bets is determinable.

The value of open betting positions is recognised in revenue based on the best estimate of the amount that will be required to settle the position at the balance sheet date. The transactions are accounted for as derivatives at fair value in accordance with note 1.8 above with the change in value being recognised in revenue.

Customer bonuses granted

Bonuses granted to customers of the exchange are recognised as a liability when the customer fulfils the criteria to qualify for the bonus offered and the cost is accounted for as an offset to revenue.

1.17 Other operating income

Other operating income comprises predominantly credit card commissions and inactive account fees.

Credit card commissions are recognised on completion of a deposit transaction by a customer made using a credit card.

Inactive account fees are charged in arrears at a fixed amount each month following 12 months of account inactivity, in accordance with the terms and conditions of account usage.

1.18 Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.19 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.20 IFRS not yet applied

The following new standards and interpretations have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRIC 23 Uncertainty over Income Tax Treatments (effective date 1 January 2019).
- Amendments to References to the Conceptual Framework in IFRS Standards (effective date 1 January 2020
- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective date 1 January 2019).

2. Revenue

As £000 unless otherwise stated

	2018	2017
Commission earned from betting activity on sporting and other events	**7,357**	9,231
Net revenue from betting activity on sporting and other events	**5,495**	11,694
Customer bonuses granted	**(910)**	(336)
Total revenue	**11,942**	20,589

3. Other operating income

As £000 unless otherwise stated

	2018	2017
Credit card commission income	**1**	97
Inactive account fees	**142**	130
Other	**-**	1
Total Other operating income	**143**	228

4. Expenses and auditor's remuneration

Included in profit are the following:

As £000 unless otherwise stated

	2018	2017
Employment costs (note 5)	**8,356**	5,426
Of which: Employer contributions to defined contribution pension plans	**96**	75
Foreign exchange losses	**77**	39
Depreciation of property, plant and equipment (note 9)	**953**	836
Amortisation of intangible fixed assets (note 10)	**2**	1
Auditors' remuneration:		
For audit of these financial statements	**72**	71
For taxation compliance services	**10**	8
For other services	**56**	19

Amounts receivable by the Group's auditors in respect of the audit of financial statements of subsidiaries of the Company amounted to £22,000 for the year ended 31 December 2018 (2017 - £15,000).

5. Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Software engineers	**62**	48
Business operations	**40**	32
Management and Administration	**10**	8
	112	88

The aggregate employment costs of these persons were as follows:

	As £000 unless otherwise stated	
	2018	2017
Wages and salaries	**7,338**	4,660
Share based payments (note 17)	**82**	100
Social security costs	**830**	581
Pension contributions	**96**	75
Other	**10**	10
	8,356	5,426

6. Directors' Remuneration

The compensation of Jason R. Trost, the Chief Executive Officer of the Company, was as follows:

	As £000 unless otherwise stated	
	2018	**2017**
Salary and bonuses	**164**	171
Social security costs	**12**	11
Medical insurance	**3**	2
Other	**1**	12
	180	196

Neither of the other Directors received any compensation from the Company for their services to the Group or the Company for the year ended 31 December 2018 (2017 - £Nil).

7. Financial income and expense

	2018	2017
Financial income recognised in profit or loss		
Interest income on financial assets	**46**	6
Total financial income	**46**	6
Finance expense recognised in profit and loss		
Interest expense on lease liabilities	**(226)**	(224)
Interest expense on other liabilities	**(24)**	-
Total financial expense	**(250)**	(224)

8. Taxation

Recognised in the income statement

As £000 unless otherwise stated

	2018	2017
Current tx (expense).credit		
Current year	**(183)**	2,017
Current tax expense	**(183)**	2,017
Deferred tax expense		
Accelerated capital allowances	**29**	(6)
Short term temporary differences	**18**	106
Tax value of loss carry-forwards and other deductions	**(47)**	(100)
Deferred tax expense (note 17)	**-**	-
Total tax (credit)/expense recognised in income statement	**(183)**	2,017
Total tax recognised in other comprehensive income	**-**	-
Total tax recognised directly in equity (i.e. not in comprehensive income)	**-**	-

8. Taxation

Reconciliation of effective tax rate

As £000 unless otherwise stated

	2018	2017
(Loss)/profit for the year	**(9,199)**	8,506
Total tax expense/ (credit)	**183**	(2,017)
Profit before taxation	**(9,016)**	6,489
Tax using the average UK corporation tax rate of 19.00% (2017 – 19.25%)	**(1,713)**	1,249
Effect of tax rates in foreign jurisdictions	**36**	1,782
Research and development tax credit	**-**	(632)
Tax reclaimable on dividends received	**(1,019)**	(5,268)
Tax losses not recognised	**2,612**	894
Deferred tax rate adjustments	**350**	154
Non-deductible expenses	**102**	49
Effect of IFRS16 Leases	**(175)**	(150)
Prior year adjustments	**(9)**	(90)
Other	**(1)**	(5)
Total tax (credit)/expense	**183**	(2,017)

UK Corporation Tax was charged at 20% from 1 April 2015 until 31 March 2017. Reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

Maltese income taxes are initially levied on Maltese tax resident companies at 35% of taxable income (2017 – 35%). However, if the post-tax retained earnings are paid out by way of dividend then the value of the dividend to the recipient is greater due to an entitlement to reclaim six sevenths of the income taxes originally paid on the grossed-up amount of the dividend. Tax reclaimable on dividends received represents this proportion of Maltese income taxes reclaimable on dividends from subsidiary companies.

9. Property, plant and equipment

As £000 unless otherwise stated

	Leasehold property	Leasehold improvements	Computer equipment	Fixtures and fittings	Total
Cost					
Balance at 1 January 2017	4,324	592	147	158	5,221
Additions	1,469	79	96	73	1,717
Foreign exchange movements	(10)	-	-	(1)	(11)
Balance at 31 December 2017	5,783	671	243	230	6,927
Balance at 1 January 2018	5,783	671	243	230	6,927
Additions	310	17	63	58	448
Foreign exchange movements	15	-	2	1	18
Balance at 31 December 2018	6,108	688	308	289	7,393
Depreciation and impairment					
Balance at 1 January 2017	(547)	(61)	(44)	(33)	(685)
Depreciation charge for the year	(685)	(66)	(46)	(39)	(836)
Foreign exchange movements	1	-	-	-	1
Balance at 31 December 2017	(1,231)	(127)	(90)	(72)	(1,520)
Balance at 1 January 2018	(1,231)	(127)	(90)	(72)	(1,520)
Depreciation charge for the year	(756)	(71)	(68)	(58)	(953)
Foreign exchange movements	(3)	-	-	(1)	(4)
Balance at 31 December 2018	(1,990)	(198)	(158)	(131)	(2,477)
Net book value					
At 1 January 2017	3,777	531	103	125	4,536
At 31 December 2017	4,552	544	153	158	5,407
At 31 December 2018	**4,118**	**490**	**150**	**158**	**4,916**

10. Intangible assets

As £000 unless otherwise stated

	Other intangibles	Total
Cost		
Balance at 1 January 2017	37	37
Additions	34	34
Balance at 31 December 2017	71	71
Balance at 1 January 2018	71	71
Additions	-	-
Balance at 31 December 2018	71	71
Amortisation and impairment		
Balance at 1 January 2017	(28)	(28)
Amortisation for the year	(1)	(1)
Balance at 31 December 2017	(29)	(29)
Balance at 1 January 2018	(29)	(29)
Amortisation for the year	(2)	(2)
Balance at 31 December 2018	(31)	(31)
Net book value		
At 1 January 2017	9	9
At 31 December 2017	42	42
At 31 December 2018	**40**	**40**

The additions to Other Intangibles in the year ended 31 December 2017 comprised the application for a Danish gaming licence. The amortisation charge is recognised in the Administrative expenses line in the Income Statement.

11. Investments in Subsidiaries

The Group has the following investments in subsidiaries:

	Principal place of business	Country of incorporation	Registered number	Class of shares held	Ownership 2018	Ownership 2017
Hanson Applied Sciences Limited	Malta	United Kingdom	08509475	Ordinary Shares	**100%**	100%
Smarkets (Malta) Limited	Malta	Malta	C 44795	Ordinary Shares	**100%**	100%
Smarkets Holdings (Malta) Limited	Malta	Malta	C 72638	Ordinary Shares	**100%**	100%
Smarkets Inc.	United States	United States	6269386	Ordinary Stock	**100%**	100%
Smarkets (Clients) Limited	United Kingdom	United Kingdom	11184989	Ordinary Shares	**100%**	0%

The registered offices of the investments held at 31 December 2018 is as follows:

- Hanson Applied Sciences Limited and Smarkets (Clients) Limited - Commodity Quay, St. Katharine Docks, London, E1W 1AZ, United Kingdom.
- Smarkets (Malta) Limited and Smarkets Holdings (Malta) Limited - The Hedge, Triq Ir-Rampa ta', San Giljan, St Julians, STJ 1062, Malta.
- Smarkets Inc. - 527 W. 7th St., Los Angeles, CA 90014, United States

The activities of Smarkets (Malta) Limited are operated under a B2C Type 3 remote gaming licence granted by the Malta Gaming Authority, as well as licences granted by the UK Gambling Commission and the Irish Office of the Revenue Commissioners.

On 3 January 2017, Smarkets Inc., a subsidiary company newly incorporated under the laws of Delaware in the United States, commenced trading. The company operates from an office in Los Angeles, California. On 2 February 2018, Smarkets (Clients) Limited, a subsidiary company, was newly incorporated in the United Kingdom. The company had not commenced operations by 31 December 2018 and was exempt from audit for the year.

12. Other financial assets and liabilities

As £000 unless otherwise stated

	2018	2017
Current asset		
Fair value of open betting positions	**70**	120
	70	120
Current liability		
Fair value of open betting positions	**(109)**	(8)
	(109)	(8)

Open betting position asset and liabilities are derivative positions which are valued at fair value in the balance sheet. The fair valuation methodology is discussed in note 20. The loss for the year ended 31 December 2018 on other financial assets and liabilities was £150,000 (2017 – profit of £116,000).

13. Trade and other receivables

As £000 unless otherwise stated

	2018	2017
Balances with other betting businesses	**973**	385
Rent deposits	**59**	560
Prepayments	**422**	496
Other debtors	**174**	159
Total trade and other receivables due within 1 year	**1,628**	1,600

At 31 December 2018, there were no receivables that were past due nor considered to be impaired (2017 - £Nil).

14. Cash and cash equivalents

As £000 unless otherwise stated

	2018	2017
Cash at bank	**36,980**	34,383
Total cash and cash equivalents	**36,980**	34,383

Cash and cash equivalents comprised short-term interest-bearing bank deposits and includes £28,785,000 (2017 - £16,829,000) of assets held in separate bank accounts on behalf of customers and which represent the amounts that those customers have deposited in order to transact on the Group's betting exchange.

15. Non-current liabilities

As £000 unless otherwise stated

	2018	2017
Lease liabilities	**3,568**	4,079
Total non-current liabilities	**3,568**	4,079

On 4 September 2015, the Company entered into a 10-year lease, with a tenant exercisable break clause after 7 years, for the 7th floor of Commodity Quay, St. Katharine Docks, London, E1W 1AZ. The lease commenced on 25 September 2015 with an annual rental of £580,000, but with the first nine months being rent free.

On 5 February 2016, Smarkets (Malta) Limited entered into a 5-year lease, with a tenant exercisable break clause after 1 year, for office space on Level 7, The Hedge, Triq Ir-Rampa ta', San Giljan, St Julians, STJ 1062, Malta. The lease commenced on 15 February 2016 with an annual rental of €35,400 increasing by 3% on an annual basis.

On 16 September 2016, Hanson Applied Science Limited entered into a 5-year lease, with a tenant exercisable break clause after 2 years, for office space on Level 1, The Hedge, Triq Ir-Rampa ta', San Giljan, St Julians, STJ 1062, Malta. The lease commenced on 1 February 2017 with an annual rental of €27,260.

On 13 January 2017, the Company entered into a 5-year lease, terminatable by the tenant with 6 months' notice, for part of the 1st floor of Commodity Quay, St. Katharine Docks, London, E1W 1AZ. The lease commenced on 2 February 2017 with an annual rental of £282,948, which is subject to annual review.

On 1 August 2018, Smarkets (Malta) Limited entered into a 7-year and 2-month lease, with a tenant exercisable break clause after 1 year, for office space on Level 2, The Hedge, Triq Ir-Rampa ta', San Giljan, St Julians, STJ 1062, Malta. The lease commenced on 1 August 2018 with an annual rental of €43,800 increasing by 3% on an annual basis.

Maturity analysis

As £000 unless otherwise stated

	2018	2017
Contractual undiscounted cash flows		
Less than one year	**1,107**	886
One to five years	**3,319**	3,506
More than five years	**957**	1,425
Total undiscounted lease liabilities at 31 December	**5,383**	5,817
Lease liabilities included in the Statement of Financial Position at 31 December		
Current	**1,107**	886
Non-current	**3,568**	4,079
	4,675	4,965

The borrowing rate implicit in the leases is 4.75%.

16. Trade and other payables

As £000 unless otherwise stated

	2018	2017
Customer account liabilities	**28,785**	16,829
Betting, indirect and payroll taxation liabilities	**842**	101
Other betting related trade payables	**159**	232
Accounts payable and accrued expenses	**892**	882
Lease liabilities	**1107**	886
Other creditors	**60**	27
Total trade and other payables due within 1 year	**31,845**	18,957

The customer account liabilities are matched by assets held in separate bank accounts as discussed in note 14

17. Deferred tax assets and liabilities

Deferred tax assets and liabilities were attributable to the following:

As £000 unless otherwise stated

	2018	2017
Tax effected temporary timing differences		
Property, plant and equipment	**20**	49
Short term temporary differences	**(20)**	(2)
Tax value of loss carry-forwards	**-**	(47)
Net deferred tax	**-**	-
Movement recognised in income		
Property, plant and equipment	29	(6)
Short term temporary differences	18	106
Tax value of loss carry-forwards utilised	(47)	(100)

Unused tax losses in the Company for which no deferred tax asset was recognised amounted to £16,195,000 at 31 December 2018 (2017 – £7,760,000) and in the Group £19,272,000 (2017 - £7,760,000).

18. Employee benefits

18.1 Defined contribution pension plan

From 1 April 2016, the Company has operated a defined contribution pension plan for the benefit of qualifying UK based employees. Up until 5 April 2018, the Company made contributions to the plan of up to 1% of salary with employees also contributing 1%. From 6 April 2018, the Company has made contributions of 2% of salary with employees contributing 3% in accordance with relevant legislation. The total expense relating to this plan for the year ended 31 December 2018 was £96,000 (2017 - £75,000). The total unpaid balance to the scheme is included in creditors and at 31 December 2018 was £32,000 (2017 - £14,000).

The Group does not operate any other pension plans for employees.

18.2 Share-based payments

The Company operated an employee share-based incentive scheme granting options to eligible employees of the Group during the two years ended 31 December 2018.

The options grant the holder the right to acquire Ordinary shares in the Company and vest over a four-year period commencing from the employee's employment start date. The first 25% of the number of options granted vest after 1 year of service, and the remainder vest in equal monthly tranches over the following three years of service. If the employee leaves the employment of the Company during this period, then all unvested options are forfeited.

Options granted in the year ended 31 December 2018 have an exercise price of £19.95 (2017 - £19.95 and years up to 2016 - £1.00). During the year ended 31 December 2018, holders exercised 3,978 options (2017 – 19,156 options) and paid £13,889 (2017 - £20,634) to receive 3,978 Ordinary shares (2017 – 19,156 Ordinary shares). The options issued under this scheme to UK resident employees have been issued under the Enterprise Management Initiative ('EMI') arrangements as the Company has met and continues to meet the qualifying criteria. These EMI arrangements provide tax advantages to the option holders.

The weighted average share price at the date of exercise of share options exercised during the year was £15.72 (2017 - £19.95).

The number of share options in issue was as follows:

	number of options	
	2018	2017
Outstanding at the beginning of the year	**61,375**	70,750
Exercised during the year	**(3,978)**	(19,156)
Granted during the year	**32,000**	17,250
Lapsed during the year	**(3,772)**	(7,469)
Outstanding at the end of the year	**85,625**	61,375
Exercisable at the end of the year	**49,892**	41,748

Valuation methodology

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) as determined using a Black-Scholes model. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the relevant vesting period based upon provision of service by the employees and an estimate of the number of share options that will eventually vest. The inputs into the Black-Scholes for the share option plans for the share options issued in the years ending 31 December 2018 and 2017 were as follows:

	2018	**2017**
Weighted average share price at grant date	£15.72	£19.95
Weighted average option exercise prices	£19.95	£19.95
Expected volatility	12%	13%
Expected option life	10 years	10 years
Weighted average contractual life of outstanding share options	7.0 years	7.0 years
Risk-free interest rate	1.5%	1.5%
Expected dividend yield	0.0%	0.0%
Fair-value of options granted in the year	£1.81	£5.09

Volatility for the options issued in both 2018 and 2017 was determined by reference to movements in the share prices of the FTSE 350 index for the previous 12 months adjusted for the increased risk of a private company. The total expense recognised for the year and the total liabilities recognised at the end of the year arising from share-based payments were £82,000 for the year ended 31 December 2018 (2017 - £100,000).

19. Capital and reserves

Movements in share capital for the year ending 31 December 2017 were as follows:

Fully paid shares	Series A Preference shares of £0.005 each 2018	2017	Deferred shares of £0.005 each 2018	2017	Ordinary shares of £0.005 each 2018	2017
In issue at 1 January	**751,468**	755,489	**124,144**	124,144	**1,730,707**	2,065,662
Conversion to Ordinary shares		(4,021)	**-**	-	**-**	4,021
Share buy-back	**-**	-	**-**	-	**-**	(358,132)
Exercise of share options	**-**	-	**-**	-	**3,978**	19,156
In issue at 31 December	**751,468**	751,468	**124,144**	124,144	**1,734,685**	1,730,707

Share capital outstanding at 31 December 2018, was as follows:

As £ unless otherwise stated

Fully paid shares	2018	2017
Allotted, called up and fully paid		
Ordinary shares of £0.005 each	**8,673**	8,653
Deferred shares of £0.005 each	**621**	621
Series A Preference shares of £0.005 each	**3,757**	3,757
Shares classified as shareholders' funds	**13,051**	13,031

During the year ended 31 December 2018, the Company issued 3,978 shares in respect of share options exercised in the year (2017 – 19,156 shares).

Share buy-back

On 19 January 2017, an offer was made by the Directors to the holders of all Ordinary shares in the Company to buy back those shares at a price of £19.95 per share subject to the aggregate purchase consideration not exceeding £10,000,000. Acceptances of this offer were received from holders of 358,132 Ordinary shares which were bought back for a total consideration of £7,144,340. The shares acquired were cancelled by the Company.

In connection with this transaction, a holder of Series A Preference shares elected to convert 4,021 of these shares to Ordinary shares so as to accept the share buy-back offer.

Classes of share

The Ordinary shares and the Series A Preference Shares each constitute a separate class of shareholders of Ordinary shares in the Company and, except as set out below, rank pari passu in all respects. All such shares confer equal rights to dividend payments and equal rights to vote at meetings of the Company on a show of hands, each holder of such shares having one vote. On a poll, each holder shall have one vote for each such share held.

The Deferred shares confer no rights to vote or any right to receive dividends.

The Series A Preference Shares are automatically converted into Ordinary shares immediately upon the occurrence of a qualifying IPO otherwise they may be converted at the option of the holder at the issue price of the shares held. They are not redeemable for cash.

In the event of liquidation, dissolution or winding up of the Company, the deferred shareholders will receive £1 for the entire issue and the remaining proceeds shall be distributed among the holders of the Ordinary and Series A Preference Shares pro rata to the number of shares held plus any arrears of dividend, provided that the amount of the distribution per share exceeds £15.54. Below this threshold amount, holders of the Series A Preference shares will receive an amount of up to £3.108 per share and then the deferred shareholders will receive £1 for the entire issue. Any remaining proceeds, if any, will then be distributed among the holders of the Ordinary and Series A Preference Shares pro rata to the number of shares held plus any arrears of dividend.

Dividends

No dividends were paid during the year or the preceding year. No dividends have been proposed by the Directors.

20. Financial instruments

20.1 Fair values of financial instruments

Financial assets and liabilities of the Group comprise trade and other receivables, cash and cash equivalents and other betting related financial assets and liabilities including open betting transactions, assets held on trust for customers and amounts owing to customers.

The fair values of all financial assets and financial liabilities together with their carrying amounts shown in the balance sheet are as follows:

As £000 unless otherwise stated

	Carrying amount 2018	**Fair value 2018**	Carrying amount 2017	Fair value 2017
Trade and other receivables (note 13)	**1,040**	**1,040**	1,104	1,104
Cash and cash equivalents (note 14)	**36,980**	**36,980**	34,383	34,383
Other financial assets (note 12)				
Open betting transactions	**70**	**70**	120	120
Total financial assets	**38,090**	**38,090**	35,607	35,607
Trade and other payables (note 16)	**(30,685)**	**(30,685)**	(18,647)	(18,647)
Other financial liabilities (note 12)				
Open betting transactions	**(109)**	**(109)**	(8)	(8)
Non-current liabilities (note 15)	**(3,568)**	**(3,491)**	(4,079)	(3,808)
Total financial liabilities	**(34,362)**	**(34,285)**	(22,734)	(22,463)
Net financial assets	**3,728**	**3,805**	12,873	13,144

The carrying value of open betting transactions equates to fair value as such transactions are accounted for as derivatives. Non-current liabilities comprise lease liabilities (note 15) for which fair value has been calculated using a discounted cashflow model. For all other financial assets and liabilities, carrying value approximates to fair value because of their short-term nature.

Open betting asset and liability transactions are derivative positions which are valued at fair value in the balance sheet. These fair values are calculated based upon the latest open market prices on the relevant underlying sporting or other events available at the close of business at the valuation date. As such, the valuation method used falls into Level 2 of the standard financial instruments fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

20.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The financial instrument Credit risk of the Group arises principally from the Group's receivables from other betting businesses. Customers of the Group are required to deposit monies with the Group sufficient to cover any exposure arising from betting transactions that they then proceed to undertake and, as such, no credit risk arises from such activities.

The exposure to credit risk of other betting businesses comprises deposits made with such businesses so that the Group can undertake betting transactions. These funds may be withdrawn at will to the extent that the amount exceeds the exposure created by open betting transactions entered into with the particular counterparty. As most betting activity occurs on the day of the event to which the transaction relates, the amount of outstanding transactions at the end of any trading day tends to be small.

The credit risk arising from deposits with other betting businesses is best represented by their balance sheet carrying value which at 31 December 2018 amounted to £972,000 (2016 - £385,000).

No impairment losses have been recognised against such assets.

20.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, to the extent practicable, that there will always be sufficient liquid resources to meet any liabilities or other contractual obligations as they fall due.

The betting transactions of the Group are to a very large extent of a short-term nature, much of it occurring on the day of the sporting or other event to which the transactions relate. As such, the Group is well able to monitor its potential liquidity risks and take action accordingly if those risks become exacerbated by stressed conditions.

Further, as customers of the Group are required to deposit monies with the Group sufficient to cover any exposure arising from betting transactions that they then proceed to undertake, and these customer assets are held in segregated cash accounts, the risk of failing to meet the obligations arising on the customer transactions is minimised.

With the exception of long-term finance lease liabilities (note 15), the Group has no outstanding borrowings, nor financial liabilities for which the contractual maturity extends beyond one year.

20.4 Market risk

Market risk is the risk that changes in market prices, such as betting prices, foreign exchange rates, and interest rates, will affect the Group's income or the value of its holdings of financial instruments.

Betting position risk

The Group monitors its price risks to open events on an ongoing basis. Open betting positions on individual events tend to remain limited until the day of the sporting or other event concerned but can then expand rapidly, in the immediate period before the event takes place. When positions arise that exceed the risk appetite of the Risk Manager, hedging transactions are undertaken with other betting businesses to mitigate the exposure.

Management of the Group actively discusses the extent of risk to be taken and also monitors the performance of the risk taking and hedging activities on a daily basis.

Interest rate risk

The Group has no borrowings and no term cash deposits and, as such, has only a very limited exposure to interest rate risk.

Foreign currency risk

The Group is exposed to foreign currency risk primarily from:
Commissions earned from betting transaction activity where the customer has a settlement currency other than GBP.

Expenses incurred in operations in jurisdictions in which the local currency is not GBP. In particular, the Group incurs expenses in EUR in connection with the operation of the betting exchange in Malta.

Assets deposited by customers are retained in the currencies in which they were deposited so mitigating the outstanding liabilities to the customers. All betting risk is monitored, and settlements are calculated, in GBP.

At 31 December 2018, the Group's exposure to foreign currency risk was as follows. This is based on the carrying amount for monetary financial instruments.

A 10% percent weakening of GBP against all other currencies at 31 December 2018 would have decreased equity and profit and loss by £49,000 (2017 – decrease of £10,000). This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date and assumes that all other variables and other exchange rates remain constant.

A 10% percent strengthening of GBP against all other currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

As £000 unless otherwise stated

31 December 2018	GBP	EUR	USD	Other	Total
Other financial assets	70	-	-	-	**70**
Trade and other receivables	639	301	100	-	**1,040**
Cash and cash equivalents	35,032	1,067	128	753	**36,980**
Non-current liabilities	(3,096)	(324)	(148)	-	**(3,568)**
Other financial liabilities	(109)	-	-	-	**(109)**
Trade and other payables	(28,364)	(1,663)	(87)	(571)	**(30,685)**
Net exposure	**4,172**	**(619)**	**(7)**	**182**	**3,728**

31 December 2017	GBP	EUR	USD	Other	Total
Other financial assets	120	-	-	-	**120**
Trade and other receivables	1,064	6	34	-	**1,104**
Cash and cash equivalents	32,321	102	226	1,734	**34,383**
Non-current liabilities	(3,747)	(146)	(186)	-	**(4,079)**
Other financial liabilities	(8)	-	-	-	**(8)**
Trade and other payables	(16,782)	(737)	(233)	(895)	**(18,647)**
Net exposure	**12,968**	**(775)**	**(159)**	**839**	**12,873**

20.5 Capital management

The capital structure of the Group consists of the equity attributable to equity holders of the Company comprising Capital and Reserves and Retained Earnings. The Group finances its operations through generation of retained earnings and management of the cash and cash equivalent balances and has sufficient capital to meet its regulatory and operational needs.

Historically, as the Group expanded, retained earnings were fully reinvested in the business and no dividends were paid. By early 2017, this reinvestment approach had generated sufficient retained earnings and cash for management to carry out the buy-back of 358,132 Ordinary shares of the Company for a total consideration of £7,144,340 as discussed in note 19.

The level of cumulative retained earnings also allowed the Directors to take the strategic decision in 2018 to invest in expanding the customer base largely through advertising and marketing campaigns, and reduced commission offers, particularly via 0% promotions with high volume partners. Further, reduced spreads on quoted prices were offered, which increased volume but compressed margins. The costs associated with this investment were significant and, in combination with adverse outcomes from larger events during the year, including the Cheltenham Festival and the FIFA World Cup, the Group incurred losses for the year.

Despite this, the capital position has remained strong and able to absorb the possibility of any future series of unexpectedly adverse betting outcomes. Further, the various advertising and marketing campaigns having concluded, and the commission offers having reduced, the Group is now in a position to leverage the resulting higher user numbers as a basis for returning to profitability. Management forecast that the Group occur in 2019 and, in fact, the unaudited management accounts up to the end of May 2019 showed a profit.

Given this, management believe that the level of cumulative capital is such that the Group will be able to fully finance its operations with adequate contingency available for unexpected events for the foreseeable future. Management do not propose any dividends or other distributions for the year ended 31 December 2018 (2017 - £Nil).

21. Prior year adjustment

During the year ended 31 December 2018, it was identified that tax amounts reclaimable arising as a result of dividends received from a Maltese income tax resident subsidiary company, Hanson Applied Sciences Limited, should have been recognised at the time of declaration of the dividends concerned and not on receipt, as such receipt was virtually certain at the time of dividend declaration. Whilst this restatement has no impact on the profit before taxation for the years ended 31 December 2018 and 2017 nor the cash position of the Group at 31 December 2018 and 2017, the following financial statement captions at 31 December 2016 and 2017 have been restated as follows:

As £000 unless otherwise stated

	Publlished	Related	Difference
Tax receivable			
At 31 December 2017	**1,062**	**2,585**	1,523
At 31 December 2016	**803**	**2,326**	1,523
Retained earnings			
At 31 December 2017	**13,080**	**14,603**	1,523
At 31 December 2016	**11,658**	**13,181**	1,523

22. Related parties

At 31 December 2018, Directors of the Company and their immediate relatives controlled 29.9 per cent of the voting shares of the Company (2017 – 30.0 per cent).

During the year ended 31 December 2017, a family member of Jason R. Trost was employed by the Group for a three-month period for an aggregate remuneration cost of £10,430, comprising a salary of £9,394 and social security costs of £1,036.

23. Ultimate parent company

The Company is the ultimate parent company of the Group.

24. Subsequent events

No other matters arose in the period from the balance sheet up to the date of approval of these financial statements that require further disclosure.


markets
markets

Company Balance Sheet

at 31 December 2018

	Note	2018	2018	(Restated)* 2017	(Restated)* 2017
Fixed assets					
Intangible assets	28		**10**		12
Tangible assets	29		**4,199**		4,914
Investments	30		**73**		68
			4,282		4,994
Current assets					
Tax receivable		**632**		2,155	
Debtors	31	**5,613**		10,944	
Cash at bank and in hand		**645**		466	
		6,890		13,565	
Creditors: amounts falling due within one year	32	**(1,538)**		(2,149)	
Net current assets			**9,893**		11,416
Total assets less current liabilities			**5,252**		16,410
Creditors: amounts falling due after more than one year	33		**(6,539)**		(12,663)
Provisions for liabilities					
Deferred tax liability	34		**-**		-
Net assets			**6,539**		12,663
Capital and reserves					
Called up share capital	35		**13**		13
Capital redemption reserve	35		**2**		2
Share premium account			**3,772**		3,758
Profit and loss account			**2,752**		8,890
Shareholders' funds			**6,539**		12,663

The notes on pages 48 to 60 form an integral part of these financial statements.
These financial statements were approved by the board of directors on 26 June 2019 and were signed on its behalf by:

Jason R. Trost
Director
Company registered number: 06475845

Company Statement of Changes in Equity

As £000 unless otherwise stated

	Share capital	Capital redemption	Share premium	Profit and loss account	Total equity
Balance at 1 January 2017	15	-	3,737	2,072	5,824
Restatement for tax reclaimable (note 36)	-	-	-	1,523	1,523
Restated balance at 1 January 2017	15	-	3,737	3,595	7,347
Total comprehensive income for the year					
Profit for the year	-	-	-	12,375	12,375
Total comprehensive income for the year	-	-	-	12,375	12,375
Total transactions with owners of the Company					
Share buy-back (note 35)	(2)	2	-	(7,180)	(7,180)
Issue of shares (note 35)	-	-	21	-	21
Share based payment transactions	-	-	-	100	100
Total transactions with owners of the Company	(2)	2	21	(7,080)	(7,059)
Restated balance at 31 December 2017	**13**	**2**	**3,758**	**8,890**	**12,663**
Balance at 1 January 2018	13	2	3,758	8,890	12,663
Total comprehensive income for the year					
Loss for the year	-	-	-	(6,220)	(6,220)
Total comprehensive income for the year	-	-	-	(6,220)	(6,220)
Total transactions with owners of the Company					
Issue of shares (note 35)	-	-	14	-	14
Share based payment transactions	-	-	-	82	82
Total transactions with owners of the Company	-	-	14	82	96
Restated balance at 31 December 2018	**13**	**2**	**3,772**	**2,752**	**6,539**

The notes on pages 48 to 60 form an integral part of these financial statements.

Notes to the Company Financial Statements

(forming part of the financial statements)

25. Accounting policies

The following accounting policies below have, unless otherwise stated, been applied consistently in dealing with items which are considered material in relation to the financial statements.

25.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes amendments where necessary to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under section s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. The Company's loss for the financial year was £6,220,000 (2017 – profit of £12,375,000).

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.
- The effects of new but not yet effective IFRSs.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with FRS101 requires management to exercise its judgement in the process of applying the Company's accounting policies. However, the Directors have not had to make any judgements resulting in a material financial impact on the financial statements as a result of the application of these accounting policies.

25.2 Measurement convention

The financial statements are prepared on the historical cost basis except where otherwise noted in these accounting policies.

25.3 Prior year adjustment

As discussed further in note 36, comparative figures have been restated to reflect tax amounts reclaimable on dividends received from a subsidiary company. This restatement has no impact on the profit before taxation for the years ended 31 December 2018 and 2017 nor the cash position of the Company at 31 December 2018 and 2017.

25.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency of United Kingdom Pounds Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

25.5 Intangible fixed assets and amortisation

Expenditure on internally generated software and other intangibles is recognised in the profit and loss account as an expense incurred.

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives are as follows:

- Other intangibles *3 years*

Amortisation methods, useful lives and residual values are reviewed at each balance sheet date

25.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets are recognised and measured as described in note 25.7.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold property	Life of the lease
Leasehold improvements	10 years or the remaining life of the lease, if shorter
Computer equipment	5 years
Fixtures and fittings, including office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

25.7 Investments in subsidiaries

Investments in subsidiaries are recognised at cost less any provision for impairment.

25.8 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantively all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At the commencement of the lease term, the Company recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. Any initial direct costs of the lessee are added to the amount recognised as an asset. The asset so recognised is depreciated on the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

25.9 Non-derivative financial instruments

The Company adopted IFRS 9 Financial Instruments ("IFRS 9") on 1 January 2018. This standard sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items and replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS39"). The transition options have had no impact on these financial statements and, as a result, there is no adjustment to equity on the initial application of IFRS 9.

IFRS 9 prescribes three principal classification categories for financial assets, these being measurement at Amortised cost, Fair value through other comprehensive income ("FVOCI") and Fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model on which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of Held to maturity, Loans and receivables and Available for sale. IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. Further, the effect of adopting IFRS 9 had no impact on the carrying amount at which the financial assets and liabilities were previously stated.

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets (other than trade receivables without a significant financing component) and financial liabilities are initially measured at fair value plus, for an item not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

– Policy applicable from 1 January 2018

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

On initial recognition, a financial asset is classified as being measured at either Amortised cost, FVOCI – debt investment, FVOCI – equity investment or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and management does not designate that it should be measured at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For financial assets meeting these criteria which includes trade receivables and cash and cash equivalents, subsequent measurement of the amortised cost uses the effective interest method reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is measured at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated by management as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities, which includes trade and other payables, are subsequently measured at amortised cost using the effective interest method, and interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Classification and subsequent measurement

– Policy applicable prior to 1 January 2018

The Company classified its financial assets as loans and receivables. Subsequent to initial recognition, these assets were measured at amortised cost using the effective interest method, less any impairment losses.

Financial liabilities were classified as measured at amortised cost or FVTPL. A financial liability was classified as at FVTPL if it was classified as held-for-trading, it was a derivative or it was designated as such on initial recognition. Financial liabilities at FVTPL were measured at fair value and net gains and losses, including any interest expense, were recognised in profit or loss. Other financial liabilities, which included trade and other payables and non-current liabilities, were subsequently measured at amortised cost using the effective interest method, and interest expense and foreign exchange gains and losses were recognised in profit or loss. Any gain or loss on derecognition was also recognised in profit or loss.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends to either settle them on a net basis or to realise the asset and settle the liability simultaneously.

Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of tax effects, are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12 Income taxes.

25.10 Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

25.11 Impairment excluding deferred tax assets

Financial assets (including receivables)

– Policy applicable from 1 January 2018

The Company recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets at amortised cost.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. In the case of interest free financial assets, such as trade receivables, ECLs are not discounted. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs - these are ECLs that result from possible default events within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

- lifetime ECLs - these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances for trade receivables without a significant financing component and contract assets at an amount equal to lifetime ECLs. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, and considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss and OCI.

Financial assets (including receivables)

– Policy applicable prior to 1 January 2018

Financial assets not carried at fair value through profit or loss were assessed at each reporting date to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event had occurred after the initial recognition of the asset, and that the loss event had had a negative effect on the estimated future cash flows of that asset that could be estimated reliably.

The Company considered evidence of impairment for receivables at an individual asset level. An impairment loss in respect of a financial asset measured at amortised cost was calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continued to be recognised through the unwinding of the discount. When a subsequent event caused the amount of impairment loss to decrease, the decrease in impairment loss was reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

25.12 Employee benefits

Defined contribution pension plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Share based payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company. The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Company's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

25.13 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a. they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b. where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

25.14 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

25.15 Revenue

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company has applied the five-step model set out in IFRS 15 Revenue from Contracts with Customers in order to determine the revenues to be recognised, the five steps being: Identify the contract, Identify the performance obligations in the contract, Determine the transaction price, Allocate the transaction price to the performance obligations in the contract, and Recognise the revenue when the entity satisfies the performance obligation.

The Company enters into two forms of contract with other Group companies, as follows:

- To grant intellectual property rights to exclusive use of software owned and developed by the Company. The contract transaction price is based on a percentage of revenues generated by the counterparty on a monthly basis, the percentage having been determined by comparison with available market information.

- To commit to provide specified management services, including software development and support services. The contract sets out the specific service obligations as well as the transaction price which is determined and charged on a monthly basis.

For both types of contract, the whole transaction price is recognised as revenue by the Company at the end of each month, at which point the Company has fulfilled its performance obligation to provide either exclusive use of the software or the specified services for that period.

25.16 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

When losses made by Group companies are surrendered to other Group companies by way of Group Relief, payment is made by the receiving company for the tax effect of those losses.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

26 Remuneration of Directors

The compensation of Jason R. Trost, the Chief Executive Officer, for the year ended 31 December 2018 was £40,425 (2017 – £17,267).
Neither of the other Directors received any compensation from the Company for their services for the year ended 31 December 2018 (2017 - £Nil).

27 Dividends

No dividends were paid during the year or the preceding year. No dividends have been proposed by the Directors.

28. Intangible fixed assets

As £000 unless otherwise stated

	Other intangibles	Total
Cost		
Balance at 1 January 2017	37	37
Additions	4	4
Balance at 31 December 2017 and 1 January 2018	41	41
Additions	-	-
Balance at 31 December 2018	41	41
Amortisation and impairment		
Balance at 1 January 2017	(28)	(28)
Amortisation for the year	(1)	(1)
Balance at 31 December 2017 and 1 January 2018	(29)	(29)
Amortisation for the year	(2)	(2)
Balance at 31 December 2017	(31)	(31)
Net book value		
At 1 January 2017	9	9
At 31 December 20167 and 1 January 2018	12	12
At 31 December 2017	**10**	**10**

The additions to Other Intangibles in the year ended 31 December 2017 comprised the cost of trademark registration. The amortisation charge is recognised in the Administrative expenses line in the Income Statement.

29. Tangible fixed assets

As £000 unless otherwise stated

	Leasehold property	Leasehold improvements	Computer equipment	Fixtures & fittings	Total
Cost					
Balance at 1 January 2017	4,192	592	142	147	5,073
Additions	1,077	58	80	43	1,258
Balance at 31 December 2017 and 1 January 2018	5,269	650	222	190	6,331
Additions	-	17	43	35	95
Disposals	-	-	-	-	-
Balance at 31 December 2018	5,269	667	265	225	6,426
Depreciation and impairment					
Balance at 1 January 2017	(524)	(61)	(43)	(33)	(661)
Depreciation charge for the year	(617)	(63)	(42)	(34)	(756)
Balance at 31 December 2017 and 1 January 2018	(1,141)	(124)	(85)	(67)	(1,417)
Depreciation charge for the year	(635)	(67)	(60)	(48)	(810)
Disposals	-	-	-	-	-
Balance at 31 December 2018	(1,776)	(191)	(145)	(115)	(2,227)
Net book value					
At 1 January 2017	3,668	531	99	114	4,412
At 31 December 2017 and 1 January 2018	4,128	526	137	123	4,914
At 31 December 2017	**3,493**	**476**	**120**	**110**	**4,199**

30. Fixed asset investments

As £000 unless otherwise stated

	Shares in Group undertakings	Total
Cost and Net Book Value		
At 1 January 2017	**42**	**42**
Additions	**28**	**28**
Disposals	**(2)**	**(2)**
At 31 December 2017 and 1 January 2018	**68**	**68**
Additions	**5**	**5**
Disposals	**-**	**-**
At 31 December 2018	**73**	**73**

Refer to note 11 for additional disclosure on investments in Group undertakings.

31. Debtors

As £000 unless otherwise stated

	2018	2017
Due within 1 year		
Amounts owed by Group undertakings	**4,268**	5,431
Prepayments and accrued income	**165**	352
Rent deposit	**-**	513
Income and other taxes recoverable	**165**	159
Other debtors	**1,015**	4,489
Total Debtors due within 1 year	**5,613**	10,944
Debtors due after more than 1 year	**-**	-

At 31 December 2018, there were no debtors that were past due nor considered to be impaired (2017 - £Nil).

32. Creditors: amounts falling due within one year

As £000 unless otherwise stated

	2018	2017
Trade creditors	**547**	472
Amounts owed to Group undertakings	**-**	876
Lease liabilities	**924**	771
Taxation and social security	**25**	4
Other creditors	**42**	26
Total creditors due within 1 year	**1,538**	2,149

33. Creditors: amounts falling due after more than one year

As £000 unless otherwise stated

	2018	2017
Lease liabilities	**3,095**	3,747
Total creditors: amounts falling due after more than one year	**3,095**	3,747

On 4 September 2015, the Company entered into a 10-year lease, with a tenant exercisable break clause after 7 years, for the 7th floor of Commodity Quay, St. Katharine Docks, London, E1W 1AZ. The lease commenced on 25 September 2015 with an annual rental of £580,000, but with the first nine months being rent free.

On 13 January 2017, the Company entered into a 5-year lease, terminatable by the tenant with 6 months' notice, for part of the 1st floor of Commodity Quay, St. Katharine Docks, London, E1W 1AZ. The lease commenced on 2 February 2017 with an annual rental of £282,948, which is subject to annual review.

The borrowing rate implicit in the leases is 4.75%.

34. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities were attributable to the following:

As £000 unless otherwise stated

	2018	2017
Tax effected temporary timing differences		
Tangible fixed assets	**20**	49
Short term temporary differences	**(20)**	(2)
Tax value of loss carry-forwards utilised	**-**	(47)
Net deferred tax	**-**	-
Movement recognised in income		
Tangible fixed assets	**(29)**	(6)
Short term temporary differences	**(18)**	106
Tax value of loss carry-forwards utilised	**47**	(100)
	-	-

Unused tax losses for which no deferred tax asset was recognised amounted to £16,195,000 at 31 December 2018 (2017 – £7,760,000).

35. Called up share capital

	Series A Preference shares of £0.005 each		Deferred shares of £0.005 each		Ordinary shares of £0.005 each	
Fully paid shares	**2018**	2017	**2018**	2017	**2018**	2017
In issue at 1 January	**751,468**	755,489	**124,144**	124,144	**1,730,707**	2,065,662
Conversion to Ordinary shares		(4,021)	**-**	-	**-**	4,021
Share buy-back	**-**	-	**-**	-	**-**	(358,132)
Exercise of share options	**-**	-	**-**	-	**3,978**	19,156
In issue at 31 December	**751,468**	751,468	**124,144**	124,144	**1,734,685**	1,730,707

Share capital outstanding at 31 December 2018, was as follows:

As £000 unless otherwise stated

Fully paid shares	2018	2017
Allotted, called up and fully paid		
Ordinary shares of £0.005 each	**8,673**	8,653
Deferred shares of £0.005 each	**621**	621
Series A Preference shares of £0.005 each	**3,757**	3,757
Shares classified as shareholders' funds	**13,051**	13,031

During the year ended 31 December 2018, the Company issued 3,978 shares in respect of share options exercised in the year (2017 – 19,156 shares).

Share buy-back

On 19 January 2017, an offer was made by the Directors to the holders of all Ordinary shares in the Company to buy back those shares at a price of £19.95 per share subject to the aggregate purchase consideration not exceeding £10,000,000. Acceptances of this offer were received from holders of 358,132 Ordinary shares which were bought back for a total consideration of £7,144,340. The shares acquired were cancelled by the Company.

In connection with this transaction, a holder of Series A Preference shares elected to convert 4,021 of these shares to Ordinary shares so as to accept the share buy-back offer.

Classes of share

The Ordinary shares and the Series A Preference Shares each constitute a separate class of shareholders of Ordinary shares in the Company and, except as set out below, rank pari passu in all respects. All such shares confer equal rights to dividend payments and equal rights to vote at meetings of the Company on a show of hands, each holder of such shares having one vote. On a poll, each holder shall have one vote for each such share held.

The Deferred shares confer no rights to vote or any right to receive dividends.

The Series A Preference Shares are automatically converted into Ordinary shares immediately upon the occurrence of a qualifying IPO otherwise they may be converted at the option of the holder at the issue price of the shares held. They are not redeemable for cash.

In the event of liquidation, dissolution or winding up of the Company, the deferred shareholders will receive £1 for the entire issue and the remaining proceeds shall be distributed among the holders of the Ordinary and Series A Preference Shares pro rata to the number of shares held plus any arrears of dividend, provided that the amount of the distribution per share exceeds £15.54. Below this threshold amount, holders of the Series A Preference shares will receive an amount of up to £3.108 per share and then the deferred shareholders will receive £1 for the entire issue. Any remaining proceeds, if any, will then be distributed among the holders of the Ordinary and Series A Preference Shares pro rata to the number of shares held plus any arrears of dividend.

36 Prior year adjustment

During the year ended 31 December 2018, it was identified that tax amounts reclaimable arising as a result of dividends received from a Maltese income tax resident subsidiary company, Hanson Applied Sciences Limited, should have been recognised at the time of declaration of the dividends concerned and not on receipt, as such receipt was virtually certain at the time of dividend declaration. Whilst this restatement has no impact on the profit before taxation for the years ended 31 December 2018 and 2017 nor the cash position of the Group at 31 December 2018 and 2017, the following financial statement captions at 31 December 2016 and 2017 have been restated as follows:

As £000 unless otherwise stated

	Published	**Restated**	Difference
Tax receivable			
At 31 December 2017	**632**	**2,155**	1,523
At 31 December 2016	**-**	**1,523**	1,523
		3,757	3,757
Profit and loss account			
At 31 December 2017	**7,367**	**8,890**	1,523
At 31 December 2016	**2,072**	**3,595**	1,523

37 Related party disclosures

Ultimate parent company

The Company is the ultimate parent company of the Group.

Smarkets Limited

Commodity Quay
St. Katharine Docks
London
E1W 1AZ
For general enquires please contact:
press@smarkets.com