

**IBAS LIMITED**

(Independent Betting Adjudication Service)  
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**IBAS BOARD**

**Chairman:**

Jeremy Reed (Acting)

**Directors:**

Paul Bellringer OBE

Christopher Bird

Terry Ellis

Michael Messent

Chris O'Keeffe (CEO)

**Company Secretary:**

Kevin Smith

**IBAS STAFF:**

Danny Cracknell – Adjudication Manager  
Sharon Powell – Administration and  
Projects Manager  
James Taylor – Case Manager  
John Samuels – Case Manager  
William Baker – Administrator

**PANEL MEMBERS:**

John Cobb  
Dave Compton  
Anthony Fairbairn  
Robert Fenton  
Keith Harris  
Adrian Hunt  
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## ACTING CHAIRMAN'S STATEMENT



The year 2008 saw the 10th anniversary of the Independent Betting Adjudication Service (IBAS). As someone who was involved at the launch of IBAS back in July 1998 I believe the Service has made a significant contribution to the process of betting and gaming dispute resolution.

In the 10 years since its launch IBAS has developed from being primarily focused on resolving disputes between bookmakers and their betting shop customers into a service that resolves complex issues in both retail and online disputes, and, for the first time in 2008, cases involving B2 & B3 gaming machines. In all sectors IBAS has strived to provide effective and professional dispute resolution procedures in an impartial environment.

IBAS continues to have professional dialogue with operators within the register to ensure consistent service levels. It is also encouraging to report that 2008 saw full bookmaker/operator compliance to IBAS rulings.

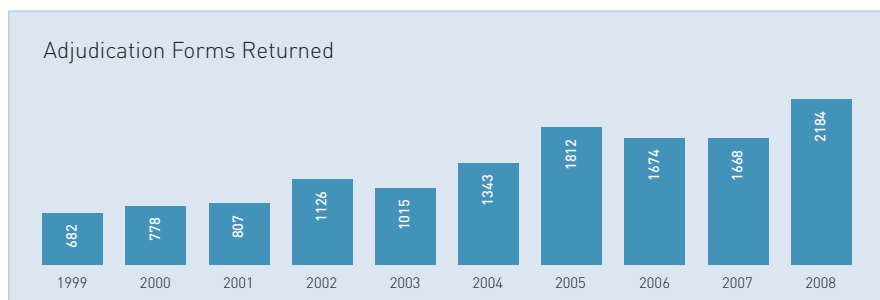
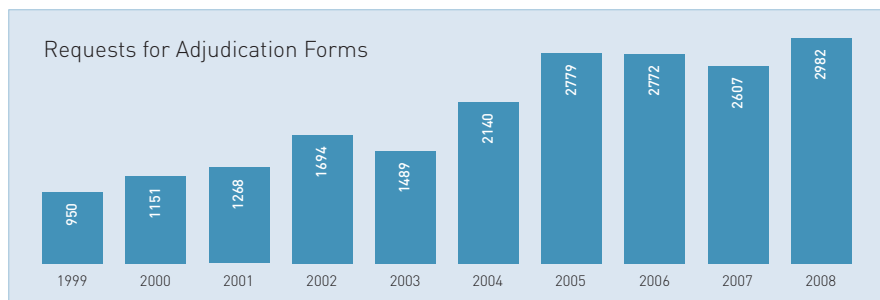
The setting up of the Gambling Commission in 2005-2006 led to a greater degree of dialogue between IBAS and the new regulatory body on matters concerning dispute resolution and dispute prevention. IBAS has been proactive in discussing with the Commission all aspects of the regulations concerning dispute resolution and IBAS will continue to actively engage with the Commission where it can offer constructive advice and opinion.

Over the 10 years that I have been involved as a director of IBAS and more recently as Acting Chairman I have been eternally grateful for the unstinting support and dedication of the Chief Executive, Chris O'Keefe and his team. Without their enthusiasm and hard work the service would not have achieved its envied profile within the industry.

With effect from May 2009 I will be resigning as a director and stepping down as Acting Chairman of IBAS to undertake my own personal challenge of sailing around the world in a yacht race. Michael Messent a fellow director will be taking over as Chairman from June 2009 and I wish him every success in his role.

I would like to take this opportunity of personally thanking Chris and all the staff of IBAS for their support and hard work over the last 10 years and to thank my fellow directors for their support. I wish all at IBAS a continued successful future.

**Jeremy Reed**  
Acting Chairman



## CHIEF EXECUTIVE OFFICER'S REVIEW



When IBAS was established in 1998 the betting industry's focus was very much on licensed betting offices. Few operators had any form of online gaming business and betting exchanges were not even on the horizon.

IBAS has had to develop from a Service directed towards relatively straightforward betting shop disputes to one which can handle far more complex and high value issues.

The changes in the gambling law require us to be aware of the new regulatory environment, while at the same time endeavouring to remain a relatively speedy and inexpensive method of effective dispute resolution.

IBAS has always approached its work in light of two guiding principles. First, that betting consumers should have the protection of access to professional adjudication and second that they are entitled to expect high-quality customer service, through the application of rigorous procedures and rulings. With this approach, the industry would recognise that their customers' aspirations were legitimate and regulations greatly different to the time when off-course cash betting was legalised in 1961. Customer service is now a far higher priority.

Looking back, 2008 has proved to be a seminal year in the organisation's existence. IBAS dealt with 2184 cases, an increase of 31 per cent on 2007, and both in terms of cases returned and requests for adjudication forms (14 per cent increase) this represents record levels during our 10-year existence.

The consequence of change is not always comfortable and a considerable amount of effort, flexibility and co-operation has been required and demonstrated throughout the organisation in order to cope with the surge in caseload.

The figures indicate a changing attitude and acceptance of independent adjudication by the industry from the major high street/online chains right down to the one-shop

rank and file members of the IBAS register.

This shift – and subsequent increase in the IBAS caseload – has resulted in a far greater awareness of the important contribution IBAS can make to the gambling industry's reputation in regard to fairness and integrity.

These observations are based on two dominant factors: firstly, the new licensing conditions now make independent adjudication a legal requirement, while the Gambling Commission also stipulates that industry practices are fair and open to customers.

Secondly, the industry is, as a whole, realising – rather than resisting – the responsibilities imposed upon it in this new regulatory environment. That in turn equates to far greater visibility and regard for IBAS by the bookmakers/operators and their customers.

Interestingly, there has been a significant rise in the number of bookmakers/operators requesting IBAS materials to display within their premises and websites, an aspect of registration which received little attention or desire in previous years.

The new regulatory environment has also brought greater scrutiny of IBAS, its role

in adjudication, its independence and the way in which it operates. We are determined to continue to demonstrate our fitness to operate to the high standards set by the licensing objectives within the Gambling Act.

Unsurprisingly, 2008 saw an increased demand for our contribution to the development of fair, open and effective gambling services. IBAS has done this through its rulings and regular dialogue with trade associations, Government and the Gambling Commission.

Notwithstanding the excellent relationship IBAS has with the Commission, we have not been successful in persuading it to amend some aspects of its regulations for dispute resolution.

We argued through our response to their consultation on the reform of the licence conditions, and subsequently at meetings, that the Commission should define what constitutes an 'independent third party' and that guidance should be included giving examples of what are, and are not, acceptable arrangements.

IBAS also suggested that the Commission make it a requirement on all gambling operators to display the name and contact details of their 'independent third party,' this being a statutory requirement of regulators in other commercial fields.



### INFORMATION SHARING AGREEMENT SIGNED 6TH MAY 2009

Our most important dialogue remains with the Gambling Commission, a body that clearly recognises that the services IBAS provides in both the resolution of disputes and dispute prevention is both specialist and at times challenging and complex.

More significantly, the new regulator recognises that in establishing links with IBAS (and tapping into our expertise and experience) it can help the Service to make a major contribution to the promotion of fair and open gambling for consumers.

Although IBAS has yet to achieve all of our goals, we know that the regulator takes our views into account, particularly

following the fundamental and structural realignments in the gambling industry post-September 2007.

IBAS seeks the following from the agreement:

- ability to pass on information about failing or non-compliant operators under the protection of their agreement and our terms and conditions.
- a route to the Gambling Commission's legal/licensing section so that IBAS can check operators' contractual terms that may fall outside of the licence conditions.
- a boost to the credibility of IBAS that derives from the formalising of our relationship with the Government.

following investigations by the case managers showing them to be outside the scope of IBAS, being customer service complaints, or a regulatory matter rather than a dispute based on bet settlement.

During the year IBAS also received a significant number of enquiries relating to what were alleged to be misleading or badly-drafted bookmaker promotions, advertisements for tipping services or issues of problem gambling. In each case we endeavoured to assist complainants by referring them to the appropriate regulator.

For the third consecutive year football bets including internet (at 31 per cent) proved the most significant dispute category while horseracing, including internet, had a 26 per cent share of disputes. The main area of dispute in both mediums was, unsurprisingly, prices laid in error, which has traditionally been a problem area.

The obvious error rule, or 'palpable error' as some operators still regrettably term it, remains by far the most contentious dispute presented to IBAS for a formal ruling – nothing ignites indignation among the betting public more than getting less than the odds expected for a successful bet.

As with the rest of society, the use of the internet has continued to grow in the gambling industry, particularly for in-running betting. Again prices quoted in error (or bets laid in error when a proposition is late in being removed from a website) account for a large number of complaints.

Many customers believe that a bookmaker who displays an incorrect price or leaves a market open in error 'should be made to pay for the mistake.' Such an argument may one day be tested in court but for the moment IBAS points out that the bookmaker's rules give it the right to correct such errors and that bets are accepted subject to those terms and conditions.

We take the view that these amendments would be easy to accomplish and would make a significant contribution to the fair and open provision of gambling.

Despite some lack of progress IBAS will continue to be actively engaged in presenting the case to the Commission that regulations in our strand of the industry need to be tightened.

The graphs and figures included in this report demonstrate the growth in demand for adjudication services. Despite the higher volume of dispute activity encountered in 2008, the average turnaround time for cases remained at 34 calendar days.

Although IBAS will not compromise its thoroughness when investigating cases, one of the defining characteristics and strengths of the process has always been its speed of delivery.

Clearly, the maintenance of effective, authoritative adjudication involves the whole hearted participation of all parties, not just IBAS. Response times to IBAS correspondence have on the whole been

satisfactory with bookmakers/operators replying and providing relevant documentation and evidence to a high standard within 12 working days of our initial request.

It is also pleasing to report full bookmaker/operator compliance with our rulings. IBAS found against registered bookmakers/operators on 413 occasions gaining £352,076 for customers.

The Panel reviewed 56 cases, while 11 other requests for a review did not warrant re-examination, being based on nothing more substantial than disappointment.

In all our reviews the original ruling was upheld. However, the Panel acknowledged that the wording of one ruling which related to a bonus dispute may have lacked clarity, and it followed that the ruling was amended and re-issued to the satisfaction of both parties.

The split for 2008 regarding outcomes of cases concluded is 1,640 in favour of bookmakers/operators and 413 in favour of customers. In addition 140 cases are recorded in our 'not proceeding category'

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Bookmakers and other gambling operators should be aware that their terms of trade must not conflict with the law of contract. Perhaps the most significant requirement is that every term (particularly exclusion clauses) must pass the 'reasonableness test'.

IBAS also expects internet bookmakers, when realising an error prior to an event starting, to e-mail all affected customers giving them the right to cancel the bet. The vast majority of bookmakers adopt this practice and in our view it would be extremely remiss of them not to do so.

The other contentious area for online betting is account management. One of the benefits of an online operation for a bookmaker is that it is much easier to monitor clients' betting patterns and to restrict stakes when they wish to limit their liabilities.

Many bookmakers state that an account-holder may have only one account and bets struck on linked accounts will be void. Bettors, of course, regard this as unfair and see no harm in opening 'ghost' accounts in different names and with different debit or credit card details in order to circumvent limits.

These days, however, many bookmakers will utilise software which recognises not only the IP Address the customer is using but also the actual computer. In an ideal world linked accounts would be noticed prior to the outcome of the bet but often the detection is after the event. Despite the customer's protestations of innocence, our view is usually that if the customer has breached the bookmaker's published terms and conditions then the bets are not valid.

The other reason for customers trying to open multiple accounts is to try and avail themselves of new account bonuses. Again all bookmakers state that these bonuses do not apply to an existing account holder but that still will not deter people attempting to beat the system. We doubt few would try if they were aware of the security checks most bookmakers operate.

Among the new endeavours of IBAS in 2008 was offering adjudication in the gaming machine sector of the industry, and in February 2008 IBAS began accepting B2 and B3 category disputes.

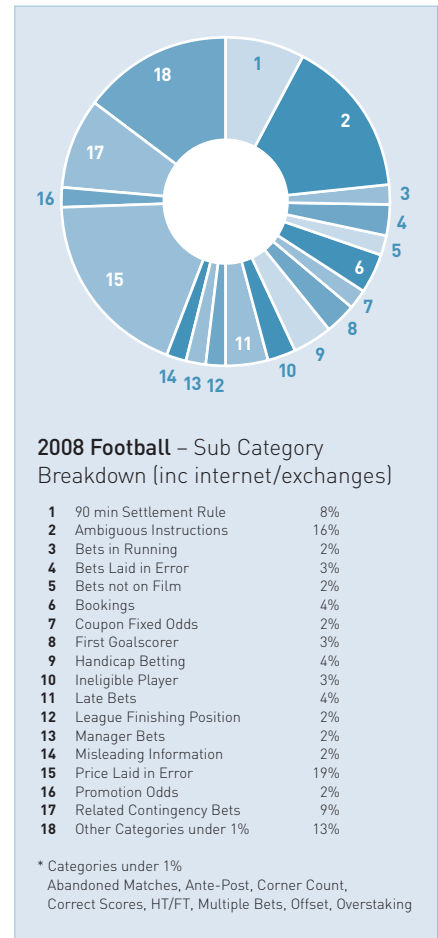
Collectively we considered a number of issues before accepting gaming machine disputes. We spoke to Gamcare and the Commission to understand links between disputes and problem gambling. We discussed a range of technical factors and the availability of evidence relating to machine play that would be provided to IBAS. We secured the co-operation of the machine suppliers, and researched the regulatory framework within the 2005 Act under which the B2 and B3 category machines are required to operate.

IBAS aims to ensure that the machines in question have been subject to independent validation by test houses, by inspecting certification and reviewing the test house report where necessary. IBAS rulings inform complainants in detail how the machines operate and determine/confirm that they are within the projected percentage payout range. Meeting these objectives allows the Service to deliver robust rulings that we can defend in any circumstance.

An anticipated flood of gaming machine disputes became, in reality, only a trickle, with just 24 presented to our Panel in 2008. The majority of these disputes were unfounded complaints that the machines were not fair but a small number of cases revealed software problems within the game package.

A 10-year reflection on our history confirms that our approach from the start has proved to be both mature and far-sighted. IBAS has developed into a highly respected organisation raising the profile of dispute resolution and influencing a much-changed industry.

Finally, on a personal note, I would like to thank the entire IBAS team for their shared understanding of the vision and commitment required to drive the Service forward. Their contribution has



undoubtedly been a vital component in the progress and resounding success of this Service. I must also express my gratitude to fellow directors Terry Ellis and Jeremy Reed for their commitment and support since our launch and take this opportunity of welcoming Paul Bellringer OBE, Chris Bird and Michael Messent to the IBAS Board. I trust their tenure as directors will be interesting, challenging and, most importantly, productive as IBAS enters a new exciting decade and opens another chapter in its development.

**Chris O'Keeffe**  
Chief Executive Officer

## PANEL MEMBERS' PROFILES



**Robert Fenton (1)** Studied Information Science at Leeds Metropolitan University and a graduate of journalism from the Belfast College of Business Studies. A sports journalist/sub editor for more than 30 years with the Belfast Telegraph, Northern Ireland's largest selling evening paper with responsibility for covering football, greyhound and horse racing. He writes a weekly column dealing with all matters related to sports betting. Currently a disciplinary committee member of the Irish Football Association.

**Sam Willock (2)** Sam began his career as a branch manager before being promoted to various senior managerial positions within the retail sector of the industry. He is a former head of trading with a leading bookmaker and has experience in customer service and operational development. His 40 years in the industry brings a wealth of knowledge to the Panel.

**George White (3)** Started his journalistic career on Horse & Hound magazine. He was Founder Editor of the Sporting Life Weekender, moving on to become The Sporting Life's Managing Director between 1985-1991. Launched and was inaugural President of the Racing Times in the USA. Currently a systems analyst and computer programmer for American sports publications.

**Dave Compton (4)** Betting shop manager before moving to a leading bookmaker's head office with the brief to oversee the installation of in-shop broadcasting systems. Head-hunted by Turfcall in 1989 to become Managing Editor of racing premium rate telephone services. In 1991 he became a freelance sports journalist

and broadcaster. He currently broadcasts for Attheraces, SIS and Sky along with appearances on several Asian TV stations.

**Keith Harris (5)** Graduated from Hull University with a BSc (Hons) in Maths and Management Sciences in 1982. Employed for six years with a major bookmaker in branch management before going on to become a manager in their Customer Relations Department. Since 1990 he has had a career with the Inland Revenue, rising to a senior investigative managerial position within HMRC. Keith has been a member of the IBAS Panel since 1999.

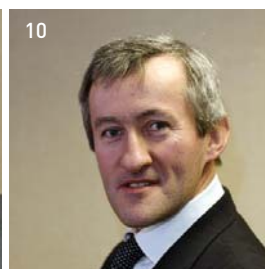
**Kevin Pullein (6)** A recognised and respected leading authority on football betting, who writes for the Racing Post and also contributes a weekly column to the Guardian. He has developed a particular expertise in the mathematics of gambling. While soccer editor of the weekly Racing & Football Outlook, he also began writing daily for the Sporting Life. He has spent more than 18 years writing about football and betting for both specialist and general newspapers and magazines.

**Tim Moore (7)** After gaining a degree in Economics, Tim was drawn towards the betting industry and for 15 years worked as a betting shop manager rising to senior positions within a leading high street chain. He joined the National Joint Pitch Council at its outset in 1998, spending four years as a Betting Ring Manager before becoming General Manager in 2002 and CEO in 2004. Tim was seconded to the Gambling Commission for 18 months to consult on policy prior to the implementation of the Gambling Act.

**Adrian Hunt (8)** Started his journalistic career on the Greyhound Express and then worked for The Sporting Life, the Licensed Bookmaker and Betting Shop Proprietor and several weekly racing publications before a three-year stint with a family-run bookmaking chain. He joined The Daily Telegraph in 1978 and was racing editor of that newspaper from 1988 to 2006. Currently a freelance sports journalist.

**Anthony Fairbairn (9)** Director of the Racing Information Bureau, 1966-1986. Founder of the Racegoers Club 1968. Weekly correspondent, The Sporting Life, 1973-1980, (Charles Croft column), and from 1992-1996, (Tony Fairbairn's Monday Column). Founder of Racecall, 1986. Managing Director of Pothunters, Telephone bookmakers 1995-2000. Co-author with Terry Wogan of To Horse, To Horse (1982).

**John Cobb (10)** The longest-serving racing editor on any national daily newspaper, having joined the sports desk of the Independent before its launch in 1986 after six years as a racing journalist at the Daily Mail. As racing editor at the Independent he has covered all the major developments in the horse racing industry in the last two decades as well as writing on other sports, sports betting, news and features.



## MILESTONES IN THE HISTORY OF BET SETTLEMENT

Only within the last two years can betting businesses lay serious claim to having acquired the characteristics of businesses within other important sectors of the economy. Until the introduction of the Gambling Act 2005 permit-holding bookmakers were not regulated, and wagers were unenforceable contracts at law.

Bookmakers did not bemoan the lack of regulation, in fact some claimed that they were regulated by the 1960s laws requiring magistrates to hear licence applications. However, none would now argue that the gambling laws of the past bear any comparison to the requirements placed upon them by the recent law and the Gambling Commission.

For a gambling business to demonstrate that it is free of crime, socially responsible and open and fair comes at a price, but carries the greater reward of placing bookmaking in parity with all other legitimate trading systems.

### Restoring confidence

It is only with the assurance offered by effective regulation that bookmaking can begin to shrug off the traditionally unflattering public image that holds it back. A brief glimpse into the history of betting shows that for most of its history Parliament took measures to undermine confidence in betting because of the enduring belief that it was a social ill that should be suppressed. This meant there were little or no methods to assist with the settlement of bets, contributing to the image of betting as a high-risk enterprise.

Betting in its modern format grew up with horse racing at the start of the eighteenth century, and their rules became inextricably linked. The demand for better betting opportunities caused racing to evolve from long distance matches to shorter sweepstakes and other variants. The Jockey Club established detailed rules for the conduct of racing and also set rules for the integrity and conduct of on-course bookmakers. Bets were primarily struck by gentlemen of the turf,

often Jockey Club members, and they were expected to be settled immediately after the race.

These 'debts of honour' were a suitable arrangement for those who were 'of honour', but disputes and cheating were not uncommon and would find their way to the Jockey Club or the Courts. The Courts disapproved of gambling actions and contrived to delay them by placing them at the end of the hearing lists, or regularly adjourned cases. Parliament viewed gambling disputes with similar disdain successively legislating to undermine the enforceability of gambling contracts and prosecute gambling abuses.

Section 1 of the Gaming Act 1710 Act was the oldest provision to be repealed by the recent implementation of the Gambling Act 2005, and the first to tackle gambling rather than just the games themselves. It required that all 'bills, bonds, mortgages' etc are to be treated as void if won at 'cards, dice, tables, tennis, bowls, or other games'. As a consequence, securities given by players to cover their gambling debts could not be enforced in court – the idea being that gambling would be conducted on a cash-only basis as there would be no financial incentive to play for valuable property.

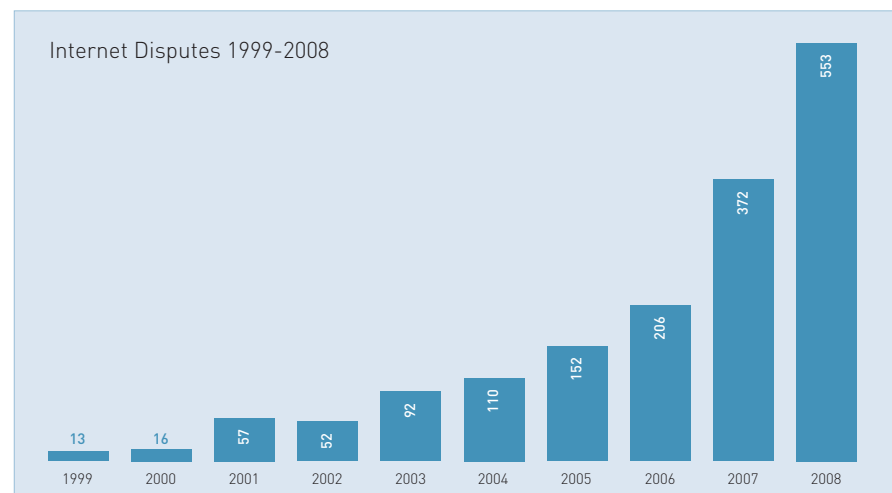


The aim of this law was to prevent the ruling aristocracy from losing their estates across the gaming tables and undermining the membership of the House of Lords. Over the next 200 years Parliament continued to legislate against gambling though the focus changed from the ruling to the working class.

### Odds-on hard labour

In 1822 Parliament tried to ban all forms of gambling other than the state lottery – with the penalty of hard labour – but a social report of 1833 states that gambling was still widespread behind closed doors.

Victorian morality designated gambling as another avenue of potential misery to the working man and his family along with the vices of drink and idleness, and a succession of laws sought to suppress the trade. The Gaming Act 1845 rendered the gambling contract entirely void in an attempt to remove any legal assistance for the frustrated gambler. This had the unintended consequence of encouraging cash betting and betting shops. Stories of the rapid closure of betting shops following the disappearance of the bookmaker were legion. Parliament acted not to protect the punter but to ban cash betting, other than at the race track.



This tackled the growing 'menace' of the betting shop but allowed credit betting for those deemed worthy of credit to continue.

These measures culminated in the Street Betting Act 1906 which outlawed betting on the streets or other public places and penalised loitering for the purpose of soliciting a bet. The law did nothing to curb the public's appetite for gambling which was encouraged by greater income and leisure time. Gambling was simply pushed underground and the betting public were given no protection from unscrupulous operators. Stories about bookmakers 'bolting' rather than face up to their liabilities were common and punters learnt who not to bet with by bitter experience.

### Jockey Club and 'Tatts'

The Jockey Club maintained control of racing and betting, but in 1842 decided that it would no longer hear betting disputes to avoid the embarrassment of its members appearing in front of the Club as defaulters. Disputes were delegated to a committee of the members of 'Tattersall's Subscription Rooms', which was a gentleman's club dedicated to the placing and settlement of bets between members. Tattersall's Committee went on to write the 'Rules of Betting'. The 1886 version of the rules still influences on-course bet settlement, particularly 'Rule 4' for deductions to winnings following the withdrawal of a horse.

The committee are now far less influential in the settlement of betting disputes, particularly as many of these now relate to non-horse racing disputes. The committee's role on course is now largely fulfilled by Betting Ring Managers, however they may still report defaulters to be 'warned off' by the Jockey Club.

As the twentieth century progressed Parliament accepted that prohibition was not realistic and allowed gambling on domestic occasions. Bookmakers such as Ladbrokes, William Hill and Joe Coral were able to build large trade and credit businesses on a national scale on the



basis of their reputations for fair dealing and capacity to pay. Their influence and the desire to rid the towns and cities of street betting and the ubiquitous bookies' runners led to the gaming Acts of the early 1960s.

Parliament recognised that gambling was an increasingly widespread leisure activity and so legislation was introduced "to allow people reasonable freedom to bet and play games for money but to prevent them from being exploited". The law restored off-course cash betting offices but only to make betting as invisible as possible. Premises were very spartan and customers were given no encouragement to linger. Rab Butler, whose measure this was, noted in his memoirs that "the House of Commons was so intent on making betting shops as sad as possible, in order not to deprave the young, that they ended up more like undertakers' premises". This was a far cry from the new casinos that were quickly established at the same time. Nevertheless the new shops dramatically increased the volume of betting turnover prompting the quote from Scottish bookmaker John Banks that "betting shops were a licence to print money".

Despite its aim to prevent exploitation, the law did not offer protection to customers concerning non-payment of bets. However, some measure of protection was inadvertently derived from the provision

to require licensing of bookmakers by magistrates. This was intended to prevent betting businesses falling into the hands of criminals, but allowed aggrieved customers to object to the bookmaker's betting permit by showing the Court that through his non-payment, he was not a 'fit and proper person'.

Often an objection of this type was enough to secure payment on a bet, but all sides acknowledged the clumsy methodology that placed magistrates in a position of ruling on betting disputes. Although the betting transaction itself was still unregulated, the law had at least allowed bookmakers to establish themselves as regular businesses in towns and cities.

### Green Seal Service

To avoid licence objections bookmakers began to incorporate within their rules a requirement for betting disputes to be referred to *The Sporting Life* newspaper. These arrived in great numbers and the *Life* created a team of experts to apply their expert knowledge to each dispute. As well as offering an opinion the *Life* also published them in an anonymised format known as 'The Green Seal Service'. The *Life* had no sanctions for non-compliance with rulings and insufficient resources to make follow-up checks. As a consequence some of their good work was undone at the 'outcome' stage of the dispute.

## MILESTONES IN THE HISTORY OF BET SETTLEMENT (CONTINUED)

The Green Seal Service helped to highlight the common pitfalls in betting, but also showed that the settlement of bets could not be reduced to the handful of principles which served a century before. Useful guidance was obtained from authoritative publications, 'Know Your Bets' by David Bennett and 'A Fair Deal in Betting' by Jimmy Stevenson which formed the blueprint for modern day rules. Jimmy had been the expert behind the *Daily Mirror's* 'Punters Club' and his views were held in high standing in the betting world.

### Birth of IBAS

When the *Life* ceased publication in 1998 there was widespread opinion that the industry would benefit from the creation of a body capable of producing authoritative rulings on disputes. The intention for the organisation was that it would contribute to the customer service standards the industry wanted to set itself. This proved to be far sighted thinking on behalf of an industry not always known for embracing new customer service standards. IBAS was born and immediately found its place in the provision of dispute resolution and prevention services.

Although bookmakers will at times disagree with rulings and resent the amount of money an adverse ruling may cost them, the fact is that the betting industry needs robust adjudication as never before. The IBAS Service succeeds for two main reasons; first panellists observe the rules in place without getting so rule bound as to preclude commonsense, and secondly, lessons drawn from disputes are shared with bookmakers and the betting public to help avoid the pitfalls of the betting transaction.

When betting shops were legalised in 1961, up to 10,000 opened within the first six months. Nearly 50 years on, there are scarcely fewer in operation and nearly every high street in the country seems to have at least one, most of them modernised and respectable, standing cheek by jowl with the butchers, chemists and building society branches. On-line

gambling has grown exponentially over the last 10 years adding to the confirmation of bookmakers as serious businesses. This was endorsed in 2004 when William Hill PLC entered the FTSE 100.

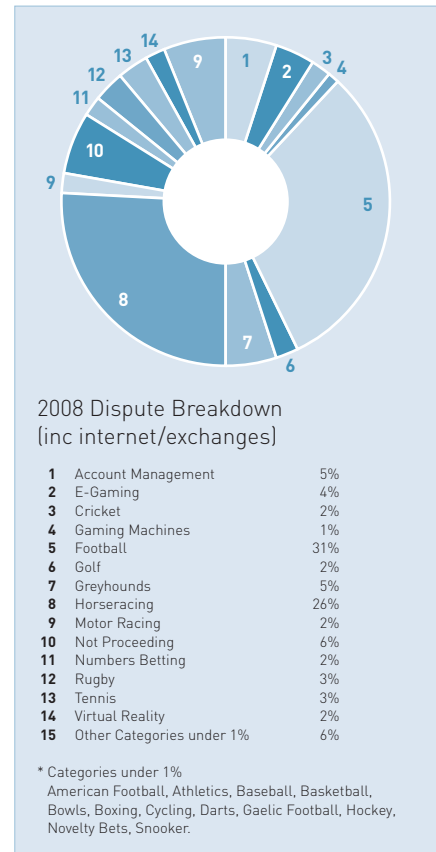
The Gambling Act 2005 provides the impetus for the next chapter for bookmaking; the challenge to outdated and negative stereotypes. The Act is strikingly different from all previous gambling laws in its balance of commercial relaxations with the requirement for licensed operators to provide fair and open gambling. The Gambling Commission requires bookmakers' rules to cover voiding late bets, maximum payouts and treatment of errors, and the rules must be clear and compliant with contract law – in the main this means not utilising exclusion clauses that might be deemed 'unreasonable'.

The Commission has powers to tackle cheating and may void bets where cheating or 'substantial unfairness' has been suspected by one of the parties to a bet. This power will be available to prevent an advantage accruing to those who interfere with a horse race or other event, or exploit inside information that sharp practice is taking place.

### Independent Adjudication

So far as IBAS or any other adjudicator is concerned, the most important requirement from the Gambling Commission is for bookmakers to implement fair complaints and disputes procedures. These must be made available to customers and allow them to refer disputes to an independent body. This adds a legal purpose to the reasons for IBAS's existence.

Regulation can be burdensome, but will in time add value to progressive bookmaking businesses. Let no one argue that these operators are behind the times, or lacking good customer services. They must prove their fitness to operate within extensive controls to obtain a licence, and continue to prove this with every regulatory return they submit to the Commission.



With the support of the bookmakers and the Gambling Commission, we anticipate that IBAS will be part of the next chapter of betting; the challenge to negative stereotypes of bookmakers and their business, and the further assimilation of customer-focussed betting into our culture.

**Andrew Fraser**  
Policy Consultant

## FINANCIALS

Financial accounts for the year ended  
31st December 2008

### 1. Background

#### Independent Betting Adjudication Service Limited ("IBAS")

Company number: 04826792

Incorporated on: 9th July 2003

Commenced trading on: 1st January 2004

#### Corporate structure

Following the departure of the Horserace Betting Levy Board and Trinity Mirror as members, the company adopted new articles of association on 2nd May 2008. The new articles established two classes of membership – Ordinary Members (providers of funding) and Director Members (independent individuals having particular knowledge and expertise in the areas in which the company operates). At the same time, the Company entered into an agreement with its Members, setting out the way in which Members would exercise their powers for the benefit of the Company. Ordinary Members have the power to appoint one director, and Director Members are also directors.

#### Members of IBAS

The company is limited by guarantee and as such has no share capital. In the event of the company being wound up, each member has guaranteed to contribute £1.

At 31st December 2008 there is only one Ordinary Member – (Satellite Information Services Limited ("SIS")) and three Director Members (Paul Bellringer, Christopher Bird and Michael Messent).

#### Auditors

Edmund Carr LLP were appointed during the year ended 31st December 2008.

Edmund Carr LLP are deemed to be reappointed under Section 487 (2) of the Companies Act 2006.

### 2. IBAS accounts have been prepared using the following accounting policies

#### (a) Basis of preparation of IBAS financial statements

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 1985 and all applicable accounting standards.

The financial statements have been prepared on a going concern basis which is dependent upon the continued support of Satellite Information Services Limited (SIS). The directors of SIS have indicated their willingness to support the company in the foreseeable future by ensuring sufficient funds are available for the company to continue trading. Therefore the directors of IBAS consider the going concern basis is appropriate.

#### (b) Turnover

Turnover represents the funding receivable from the one Ordinary Member (SIS), and income from other bodies.

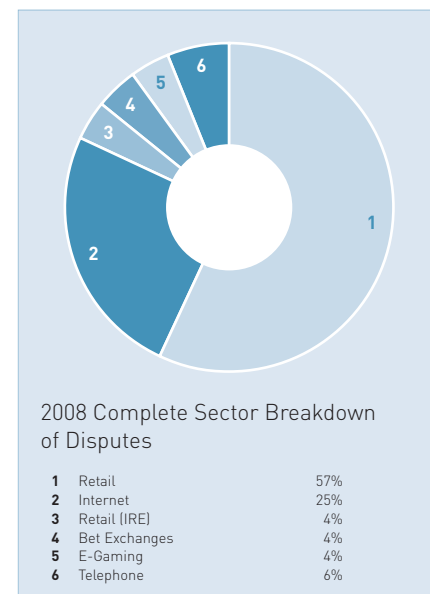
#### (c) Property, plant and equipment

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated value, over their useful lives on the following basis:

Office Equipment - 25% straight line  
Computer Hardware - 25% straight line  
Computer Software - 25% straight line  
Leasehold Additions - 25% straight line

#### (d) Pensions

The company operates a contributory money-purchase pension scheme. Payments made to the fund are charged in the financial statements as part of employment costs as incurred. Pension payments for the year totalled £14,293.



#### (e) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at exchange rate ruling at the end of the financial year. Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date payments take place unless related or matching forward foreign exchange differences are taken to the profit and loss account in the period in which they arise. Any resultant foreign exchange differences are taken to the profit and loss account in the period in which they arise.

## FINANCIALS (CONTINUED)

### Profit and Loss Account for the year ended 31st December 2008

|  |      | Year ended<br>31 December<br>2008 | Year ended<br>31 December<br>2007 |
|--|------|-----------------------------------|-----------------------------------|
|  | Note | £                                 | £                                 |
| Turnover   | 3    | 459,037                           | 409,652                           |
| Net operating expenses                               |      | (474,541)                         | (392,563)                         |
| Operating (loss)/profit                              | 4    | (15,504)                          | 17,089                            |
| (Loss)/Profit on ordinary activities before interest |      | (15,504)                          | 17,089                            |
| Net interest receivable                              |      | 1,679                             | 1,820                             |
| (Loss)/Profit on ordinary activities before taxation | 5    | (13,825)                          | 18,909                            |
| Tax on (loss)/profit on ordinary activities          |      | 1,826                             | 8,700                             |
| Retained (loss)/profit                               |      | (11,999)                          | 27,609                            |

### Balance sheet as at 31st December 2008

|  |      | 31 December<br>2008 | 31 December<br>2007 |
|--|------|---------------------|---------------------|
|  | Note | £                   | £                   |
| Tangible fixed assets                          |      |                     |                     |
| Tangible assets                                | 6    | 3,594               | 7,670               |
| Current assets                                 |      |                     |                     |
| Debtors  | 7    | 214,146             | 31,002              |
| Cash at bank and in hand                       |      | 55,129              | 102,497             |
| Creditors: amounts falling due within one year | 8    | (278,153)           | (134,454)           |
| Net current liabilities                        |      | (8,878)             | (955)               |
| Total assets less current liabilities          |      | (5,284)             | 6,715               |
| Profit and loss account                        |      | (5,284)             | 6,715               |

### 3. Turnover

|                       | 2008<br>£      | 2007<br>£      |
|-----------------------|----------------|----------------|
| SIS                   | 347,733        | 313,600        |
| Subscriptions         | 111,304        | 96,052         |
| <b>Total Turnover</b> | <b>459,037</b> | <b>409,652</b> |

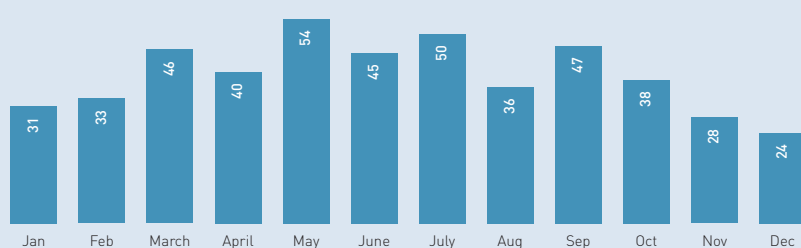
### 4. Operating Profit

| Operating profit is after charging: | 2008<br>£      | 2007<br>£      |
|-------------------------------------|----------------|----------------|
| Staff costs                         | 167,552        | 166,435        |
| Pension contributions               | 14,293         | 12,008         |
| Panellists                          | 99,903         | 68,090         |
| Legal & professional                | 3,356          | 22,535         |
| Audit fees                          | 7,056          | 4,938          |
| IT & account services               | 11,000         | 9,984          |
| Rent                                | 56,433         | 28,992         |
| Depreciation                        | 5,624          | 5,561          |
| Other                               | 109,324        | 74,020         |
| <b>Total operating expenses</b>     | <b>474,541</b> | <b>392,563</b> |

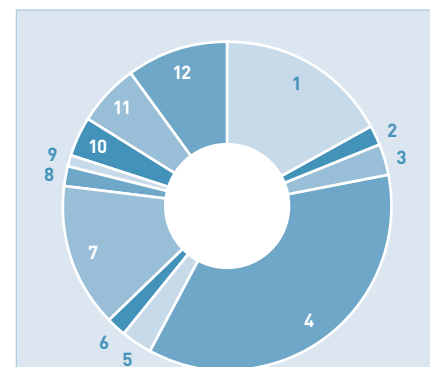
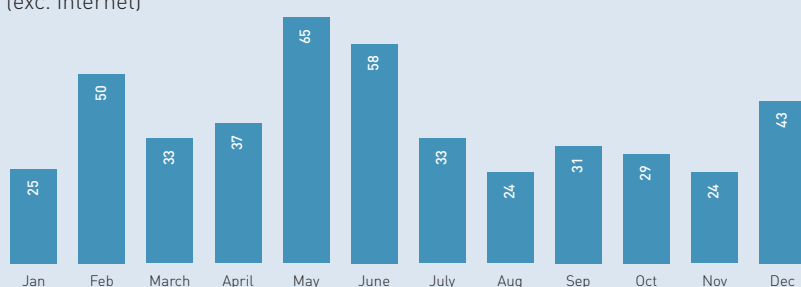
### 5. Taxation

|                    | 2008<br>£ | 2007<br>£ |
|--------------------|-----------|-----------|
| UK Corporation tax | 1,826     | 8,700     |

2008 Month-by-Month Horseracing Disputes  
(exc. internet)



2008 Month-by-Month Football Disputes  
(exc. internet)



2008 Internet Breakdown of Disputes

|    |                           |     |
|----|---------------------------|-----|
| 1  | Account Management        | 17% |
| 2  | Baseball                  | 2%  |
| 3  | Cricket                   | 3%  |
| 4  | Football                  | 36% |
| 5  | Golf                      | 3%  |
| 6  | Greyhounds                | 2%  |
| 7  | Horseracing               | 14% |
| 8  | Motor Racing              | 2%  |
| 9  | Novelty Bets              | 1%  |
| 10 | Rugby                     | 4%  |
| 11 | Tennis                    | 6%  |
| 12 | Other Categories under 1% | 10% |

\* Categories under 1%: American Football, Athletics, Badminton, Basketball, Boxing, Darts, Handball, Hockey, Lacrosse, Olympics, Political Wagers, Snooker, Stock Markets, Strictly Come Dancing.

## 6. Tangible Fixed Assets

|                          | 2008<br>£    | 2007<br>£    |
|--------------------------|--------------|--------------|
| Cost:                    |              |              |
| At 1st January           | 22,238       | 22,238       |
| Additions                | 1,548        | 0            |
| Disposals                | 0            | 0            |
| At 31st<br>December      | 23,786       | 22,238       |
| Depreciation:            |              |              |
| At 1st January           | 14,568       | 9,007        |
| Charge for<br>the period | 5,624        | 5,561        |
| At 31st<br>December      | 20,192       | 14,568       |
| <b>Net book value</b>    | <b>3,594</b> | <b>7,670</b> |

## 7. Debtors

|                            | 2008<br>£      | 2007<br>£     |
|----------------------------|----------------|---------------|
| Amounts owed<br>by members | 173,867        | 0             |
| Other                      | 40,279         | 22,302        |
|                            | <b>214,146</b> | <b>22,302</b> |

## 8. Creditors

|                                 | 2008<br>£      | 2007<br>£      |
|---------------------------------|----------------|----------------|
| Amounts owed<br>to members      | 215,695        | 101,569        |
| Other creditors                 | 28,383         | 12,746         |
| Taxation and<br>social security | 444            | 0              |
| Deferred<br>Income              | 33,633         | 20,139         |
|                                 | <b>278,153</b> | <b>134,454</b> |

