

Annual Report and Financial Statements

Ladbrokes Betting & Gaming Limited

For the year ended 31 December 2022



DIRECTORS

A Bower

A Davison (Appointed 14 January 2022)

B Dimmock (Appointed 14 January 2022, resigned 22 July 2022)

A Hicks

R Pitt-Brooke (Appointed 14 January 2022, resigned 31 October 2022)

T Taylor (Appointed 14 January 2022)

R Wood

COMPANY SECRETARY

Ladbrokes Coral Corporate Secretaries Limited

INDEPENDENT AUDITOR

KPMG LLP

EastWest

Tollhouse Hill

Nottingham

NG1 5FS

REGISTERED OFFICE

3rd Floor

One New Change

London

EC4M 9AF

STRATEGIC REPORT – FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company operates licensed betting offices and receives some financing facilities from other group companies.

The Company's key financial performance indicators during the year were as follows:

	2022	2021
	£'000	£'000
Revenue	1,033,140	670,147
Operating profit before separately disclosed items	156,163	30,400
Net Assets	1,195,966	1,149,947
Average monthly number of employees (including executive directors)	13,974	14,360
Number of shops	2,454	2,713

Revenue was +54% ahead of 2021 with both sports and gaming up +56% year on year. The strong performance in the year has been driven by the Company's ongoing focus on market leading content for the Company's gaming machines and betting terminals. Both sports and gaming revenues were ahead during H2 with increased sports volumes. Gaming revenue was supported by the Company's best in class machines combined with the most differentiated content on the high street.

FUTURE DEVELOPMENTS

The Company does not anticipate any changes in its activity in the forthcoming year.

PRINCIPAL RISK AND UNCERTAINTIES

Entain plc reviews and evaluates key risks and uncertainties faced by the group as part of the reviews undertaken at its regular board meetings. The impact of risks and uncertainties of the Company is considered as part of this review process.

The principal risks and uncertainties facing the company are broadly grouped as:

- **Marketplace**
Economic, consumer and environmental factors within the key markets could reduce customers' disposable income.
Changing consumer trends and opportunities for betting and gaming, and competition from existing competitors or new entrants could have an adverse effect on the results of the Company.
- **Laws, regulations, licensing and regulatory compliance**
Regulatory, legislative and fiscal regimes for betting and gaming can change, sometimes at short notice. These changes could benefit or have an adverse effect on the Company and additional costs could be incurred in order to comply with any new laws or regulations.

The Company closely monitors regulatory, legislative and fiscal developments allowing it to assess, adapt and take the necessary action where appropriate. Management also takes external advice, which incorporates risk evaluation and regulatory updates are provided on a weekly basis to management to allow for timely action where necessary.
- **Betting and gaming industry**
Revenue and operating results may vary significantly from year to year. Customer betting patterns, the outcome of individual events or a prolonged period of good or bad results could have a material effect on results.
- **Information technology and communications**
A failure in the infrastructure and operation of core systems could have an adverse impact on operations and financial results. The integrity and availability of systems is vital to deliver a high quality service to customers.
- **Financial Risk**

The Company has an exposure to changes in interest rates, which affect the balances with other group companies and the interest due on those balances.

STRATEGIC REPORT – FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

PRINCIPAL RISK AND UNCERTAINTIES (continued)

The Company has no other significant risks or uncertainties other than those that arise from being a part of the Entain plc. The significant risks or uncertainties, including the Company's exposure to financial risk management are dealt with on pages 85 to 88 presented in the Annual Report 2022 of Entain plc.

S172 STATEMENT

This section of the strategic report describes how the directors have had regard to the matters set out in section 172(1) (a) to (f), and forms the statement required under section 414 C of the Companies Act 2006 (the "Act").

The role of the board of directors of the company plays an integral part in demonstrating how the directors have had regard to the matters set out in section 172(1). During the year the following primary tasks were undertaken by the board of directors of the company:

- Defining and establishing purpose and strategy including, where relevant, having regard to the purpose, strategy, culture and values defined by Entain plc.;
- Assessing the principal and emerging risks relevant to the company.

In light of the role of the board, and their primary tasks and considerations throughout the year (as described above), the directors have discharged their duties under section 172(1) in a way that they considered, in good faith, is likely to promote the success of the company for the benefit of its members as a whole, having regard to the likely consequences of any decision in the long term and the broader interests of other stakeholders, as required by the Act. In doing so, the directors considered, amongst other matters:

- a. The likely long-term consequences of the decision.
- b. The interests of the company's employees.
- c. The need to foster the company's business relationships with suppliers, customers, and others.
- d. The impact of the company's operations on the community and the environment.
- e. The desire to maintain the company's reputation for high standards of business conduct.
- f. The need to act fairly between members of the company.

The directors also considered the interests of a wider set of stakeholders, including the companies it has provided guarantees to and for. Further information on the process behind how the Entain plc board makes decisions that affects the stakeholders of its subsidiaries, including the company, can be found in Entain plc's Annual Report here: <https://entaingroup.com/investor-relations/financial-reports/>.

To support the directors in the discharge of their duties, and whilst making decisions on behalf of the company, the directors have access to Entain's central functions assurance support to identify matters which may have an impact on proposed decisions including, where relevant, the section 172 factors outlined above. To ensure the efficiency and effectiveness of engagement with key stakeholders identified by the company, certain stakeholder engagement is led by the Entain group, particularly where the impact of a decision may impact the group's reputation.

CORPORATE GOVERNANCE

In 2021 Entain plc announced as part of its revised strategy that it will adopt a best practice, gold standard approach to good corporate governance. Additionally an extensive review was performed by the firm of Alvarez & Martel to verify the quality of the approach and to identify any possible gaps to fill. During 2022 Entain plc continued to address the recommendations in the Alvarez & Martell report. As the Company is a part of the Entain plc Group it too follows the same approach.

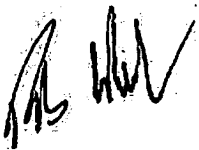
FINANCIAL POSITION

As at 31 December 2022 the company had net assets of £1,195,966,000 (31 December 2021: £1,149,947,000).

MODERN SLAVERY

Entain plc and its global subsidiaries ("The Group") recognise that companies have an obligation to ensure that their business and supporting supply chains are slavery free. The Group's full modern slavery statement can be found at <https://entaingroup.com/sustainability/modern-slavery-statement/>

On behalf of the board



R Wood

Director

29 June 2023

Ladbrokes Betting & Gaming Limited

DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their Directors' Report and the Company's audited financial statements for the year ended 31 December 2022. Comparative information is presented for the year ended 31 December 2021.

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

Directors:

- A Bower
- A Davison (Appointed 14 January 2022)
- B Dimmock (Appointed 14 January 2022, resigned 22 July 2022)
- A Hicks
- R Pitt-Brooke (Appointed 14 January 2022, resigned 31 October 2022)
- T Taylor (Appointed 14 January 2022)
- R Wood

Secretary: Ladbrokes Coral Corporate Secretaries Limited

Registered Office: 3rd Floor One New Change, London, EC4M 9AF
Principal place of business: 1 Stratford Place, Montfichet Rd, London E20 1EJ
Company Number: 00775667

RESULTS AND DIVIDENDS

The financial statements for the year show a profit for the financial year of 54,139,000 (2021: loss of £9,731,000). The company has paid no dividends during the year (2021: £nil). The directors do not recommend payment of a dividend for the year (2021: £nil).

A consideration of future developments can be found within the strategic report to these financial statements.

FINANCIAL RISK MANAGEMENT

The company's exposure to financial risk management is outlined in the Strategic Report.

GOING CONCERN

Notwithstanding net current liabilities of £831,349,000 as at 31 December 2022 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is a subsidiary of the Group headed by Entain plc (the Group) and responsible for reporting the trading results of a retail estate held by the Group in the United Kingdom (excluding Northern Ireland) and is therefore integral to the Group's business model. Consequently, the ability of the Company to continue as a going concern is based on the ability of the Group to continue as a going concern.

In adopting the going concern basis of preparation in the financial statements, the directors have considered the current trading performance of the Group, the financial forecasts, the post balance sheet events disclosed in note 35 of the Group's 2022 Annual Report and the principal risks and uncertainties. In addition, the directors have considered all matters discussed in connection with the long-term viability statement including the modelling of "severe but plausible" downside scenarios, which have been run individually and in combination, and include but are not limited to legislation changes impacting the Group's Online business and severe data privacy and cyber security breaches. These forecasts are not reliant on any refinancing occurring in the going concern assessment period.

Entain Plc has indicated its intention not to seek repayment of the amounts currently due to the group, which at 31 December 2022 amounted to £1,002,565,000, and to continue to make available such funds as are needed by the company, until at least 12 months from the date of approval of the financial statements and for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

GOING CONCERN (continued)

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

EMPLOYEE INVOLVEMENT

- i) Consultation with employees takes place through regular departmental meetings, and for the field staff, manager meetings and cashier meetings, with views and feedback being obtained either directly or via the regional team meetings.
- ii) The financial and economic factors affecting the Company are brought to the attention of our staff through the Entain plc Group Annual Report.
- iii) We do not discriminate on the basis of age, disability, gender or gender reassignment, pregnancy or maternity, race, religion or belief, sexual orientation or marriage/civil partnership.

DISABLED PERSONS

The policies that the Company applied during the year were as follows:

- i) Full and fair consideration was given to disabled applicants for employment, having regard to their particular aptitudes and abilities.
- ii) If an employee becomes disabled, the objective is to continue the provision of suitable employment either in the same or an alternative position, with appropriate adjustments being made if necessary.
- iii) Disabled employees were to share equally in the opportunities for training, career development and promotion.

POLITICAL DONATIONS

Neither the Company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year (2021: £nil).

DIRECTORS' INDEMNITIES AND INSURANCE

Entain plc maintains a qualifying (as defined by law) directors' and officers' liability insurance. The above named directors, have received an indemnity from the group to the extent permitted by law throughout the period and up to the date of signing this report. Neither the indemnity nor the insurance will provide cover in situations where a director has acted fraudulently or dishonestly.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR

For all the directors at the time this report was approved, the following applies:

- a) so far as each director is aware, there is no relevant audit information of which the company's Auditor is unaware; and
- b) each director has taken all the steps that they ought to have taken as director in order to make themselves aware of any relevant audit information and to establish that the company's Auditor is aware of that information

INDEPENDENT AUDITOR

Pursuant to Section 487 of the Companies Act 2006, KPMG LLP will be deemed to be reappointed and will therefore continue in office following a resolution put to the shareholders at the Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

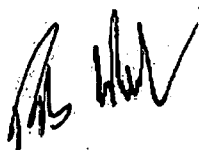
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the 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 company and to prevent and detect fraud and other irregularities.

On behalf of the Board



R Wood
Director
One New Change
London
EC4M 9AF
29 June 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADBROKES BETTING & GAMING LIMITED

Opinion

We have audited the financial statements of Ladbrokes Betting & Gaming Limited ("the Company") for the year ended 31 December 2022 which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 4.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- 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 Company 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.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that 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 its 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and shop staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADBROKES BETTING & GAMING LIMITED

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited estimation and judgement in relation to revenue recognition and limited opportunity to manipulate revenue.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual postings with a debit or a credit entry to cash or revenue.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: data protection laws, anti-bribery, employment law, regulatory capital and liquidity, and responsible betting and gaming legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADBROKES BETTING & GAMING LIMITED

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 7, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

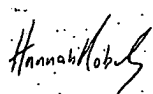
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of 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.



Hannah Roberts (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
EastWest
Tollhouse Hill
Nottingham NG1 5FS

30 June 2023

Ladbrokes Betting & Gaming Limited

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>Note</u>	2022 £'000	2021 £'000
Revenue		1,033,140	670,147
Cost of sales		(273,822)	(179,005)
Operating expenses before separately disclosed items		(669,524)	(569,204)
Other operating income		66,369	108,462
Operating profit before separately disclosed items	5a	156,163	30,400
Separately disclosed items	5b	(54,990)	1,827
Profit before tax and finance income	5a	101,173	32,227
Interest receivable and similar income	6	1,700	635
Interest payable and similar expenses	7	(48,504)	(37,416)
Profit/(loss) before taxation		54,369	(4,554)
Taxation	9	(230)	(5,177)
Profit/(loss) for the financial year		54,139	(9,731)
Attributable to: Equity holders of the parent		54,139	(9,731)

All items dealt with in arriving at the profit/(loss) before taxation relate to continuing operations.

The notes on pages 15 to 34 form an integral part of these financial statements.

Ladbrokes Betting & Gaming Limited

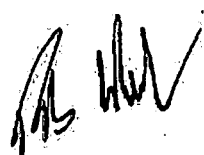
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £'000	2021 £'000
Profit/(loss) for the financial year	54,139	(9,731)
Other comprehensive income/(expense) for the financial period		
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial (loss)/gain on defined benefit pension plans	(24,600)	31,200
Deferred tax impact of actuarial (loss)/gain	8,610	(10,920)
Other comprehensive (expense)/income	(15,990)	20,280
Total comprehensive income for the financial period	38,149	10,549

The notes on pages 15 to 34 form an integral part of these financial statements.

	Note	2022 £'000	2021 £'000
FIXED ASSETS			
Intangible assets	10	42,316	49,895
Property, plant and equipment	11	277,749	296,506
Investments in subsidiaries	12	1,795,243	1,795,560
Retirement benefit asset	17	63,800	88,100
		2,179,108	2,230,061
CURRENT ASSETS			
Trade and other receivables (including £103,181,000 (2021: £275,744,000) due after more than one year)	13	300,277	297,670
Corporation tax recoverable		-	197
Finance lease receivable (including £2,478,000 (2021: 3,028,000) due in more than one year)	16	3,483	4,139
Deferred tax asset (includes £44,879,000 (2021: £44,879,000) due in more than one year)	9d	51,070	56,219
Cash at bank and in hand		25,746	17,690
		380,576	375,915
CURRENT LIABILITIES			
Trade and other payables	14	(1,164,939)	(1,211,505)
Corporation tax payable		(30)	-
Provisions	15	(6,810)	(11,599)
Lease liabilities	16	(40,146)	(57,846)
		(1,211,925)	(1,280,950)
NET CURRENT LIABILITIES		(831,349)	(905,035)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,347,759	1,325,026
NON-CURRENT LIABILITIES			
Provisions	15	(2,437)	-
Lease liabilities	16	(127,026)	(144,244)
Deferred tax liability	9d	(22,330)	(30,835)
		(151,793)	(175,079)
NET ASSETS		1,195,966	1,149,947
EQUITY			
Issued share capital	18	503,759	503,759
Retained Earnings		692,207	646,188
TOTAL SHAREHOLDERS' FUNDS		1,195,966	1,149,947

The notes on pages 15 to 34 form an integral part of these financial statements. The financial statements on pages 11 to 34 were approved by the board of directors on 29 June 2023 and were signed on its behalf by:



R Wood
Director

LADBROKES BETTING & GAMING LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020**

29 June 2023

	Issued share capital	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000
At 31 December 2020	503,759	633,275	1,137,034
<i>Total Comprehensive Income:</i>			
Loss for the year	-	(9,731)	(9,731)
Other comprehensive income	-	20,280	20,280
Total comprehensive income	-	10,549	10,549
<i>Transactions with owners, recorded directly in equity:</i>			
Share based payments charge	-	2,364	2,364
At 31 December 2021	503,759	646,188	1,149,947
<i>Total Comprehensive Income:</i>			
Profit for the year	-	54,139	54,139
Other comprehensive expense	-	(15,990)	(15,990)
Total comprehensive income	-	38,149	38,149
<i>Transactions with owners, recorded directly in equity:</i>			
Share based payments charge	-	7,870	7,870
At 31 December 2022	503,759	692,207	1,195,966

The notes on pages 15 to 34 form an integral part of these financial statements.

1. CORPORATE INFORMATION

Ladbrokes Betting & Gaming Limited ('the Company') is a private company limited by shares incorporated and domiciled in England and Wales within the United Kingdom. The address of its registered office and principal place of business is disclosed in the Directors' Report.

The financial statements of the Company for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors.

2. BASIS OF PREPARATION

These financial statements were prepared in accordance with The Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The financial statements are prepared under the historical cost convention.

The Company's financial statements are presented in Sterling. The Company's functional currency is considered to be Sterling, and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated. The Company's financial statements are individual entity financial statements.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of Entain plc.

The accounting policies which follow in note 4 set out those policies which apply in preparing the financial statements for the period ended 31 December 2022. These policies have been applied consistently other than those newly adopted in the year.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of IAS16.73 (e) comparative information
- IAS 8.30-31 Accounting Policies, Changes in Accounting Estimates and Errors;
- IAS 24 Related Party Disclosures
- the requirements of paragraph 17 of IAS 24;
- Paragraphs 113 (a), 114, 115, 118, 119a) to (c), 120 to 127 and 129 of IFRS 15 revenue from Contracts with Customers.
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

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

- IFRS 2 Share-Based Payments in respect of group settled share-based payments
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

New standards and IFRIC interpretations

From 1 January 2022 the Company has applied, for the first time, certain standards, interpretations and amendments. The adoption of the following standards and amendments to standards did not have a material impact on the current period or any prior period upon transition:

- IAS 15 Property, Plant and Equipment; amendments to the definition of sales proceeds and related costs;
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets; amendments to the definition of costs to fulfil an onerous contract;
- IAS 41 Agriculture; amendments to the measurement techniques for biological assets; and
- IFRS 3 Business Combinations; updating a reference to the Conceptual Framework.

3. KEY JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make assumptions, estimates and judgements that affect the amounts reported as assets and liabilities as at the balance sheet date and the amounts reported as revenues and expenses during the year. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported. In this regard, management believes that the accounting policies where judgement is necessarily applied are those set out below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date.

Pension costs

The company participates in the Gala Coral Pension Plan. The scheme has a defined benefit section and a defined contribution section. The assets of the scheme are managed separately from those of the group. The defined benefit section of the scheme is closed to new entrants and to future accrual.

For the defined benefit pension scheme, the group has adopted the provisions of IAS 19 (Revised) Employee Benefits in that the amounts charged to operating profit are the current service costs. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount within administrative expenses. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations are obtained every three years and are updated at each balance sheet date.

Certain employees of the Company are also members of the Ladbrokes Pension Plan which is a defined benefit pension scheme that shares risks between entities that are under common control. Management has determined that no contractual agreement or stated policy exists for charging to individual group entities the net defined benefit cost for the plan as a whole measured in accordance with IAS 19 *Employee Benefits* (IAS 19). As a result, the net defined benefit cost is recognised in the individual financial statements of the group entity that is legally the sponsoring employer for the plan, being Ladbrokes Coral Group Limited.

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

Investment in subsidiaries

Investments in subsidiaries and joint ventures are held at historical cost less any provision for impairment.

Investment in subsidiaries are reviewed annually for impairment when indicators for impairment are identified, using a value in use calculation where the investment is considered a single cash generating unit. In determining value in use for the investment, future discounted cash flows from both possible and expected dividends are considered.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Recoverable amount of deferred tax

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax assets and unused tax losses can be utilized.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Going concern

Notwithstanding net current liabilities of £831,349,000 as at 31 December 2022 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is a subsidiary of the Group headed by Entain plc (the Group) and responsible for reporting the trading results of a retail estate held by the Group in the United Kingdom (excluding Northern Ireland) and is therefore integral to the Group's business model. Consequently, the ability of the Company to continue as a going concern is based on the ability of the Group to continue as a going concern.

In adopting the going concern basis of preparation in the financial statements, the directors have considered the current trading performance of the Group, the financial forecasts, the post balance sheet events disclosed in note 35 of the Group's 2022 Annual Report and the principal risks and uncertainties. In addition, the directors have considered all matters discussed in connection with the long-term viability statement including the modelling of "severe but plausible" downside scenarios, which have been run individually and in combination, and include but are not limited to legislation changes impacting the Group's Online business and severe data privacy and cyber security breaches. These forecasts are not reliant on any refinancing occurring in the going concern assessment period.

Entain Plc has indicated its intention not to seek repayment of the amounts currently due to the group, which at 31 December 2022 amounted to £1,002,565,000, and to continue to make available such funds as are needed by the company, until at 12 months from the date of approval of the financial statements and for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

4.3 Property, plant and equipment and software

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows:

Leasehold properties	over 50 years or the life of the lease if shorter
Fixtures, fittings, & equipment	over a period of 4 – 10 years
Freehold buildings	over a period of 50 years
Right-of-use (ROU) Assets	over the term of the lease

4.4 Intangible fixed assets

The Company capitalises acquired intangible assets (betting office licenses) and reviews their carrying value annually with a view to write down if impairment arises. Betting offices licenses are held at historical cost less any amount written off for amortisation and impairment. The costs taken into account include the costs of acquiring or obtaining the licence. Licenses are amortised over 15 years.

4.5 Leases

Company as a lessee

Leases, other than those with a lease period of less than one year or where the original cost of the asset acquired would be a negligible amount, are capitalized as an ROU ("Right of Use") asset at inception at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases (continued)

Company as a lessee (continued)

ROU assets are included within tangible fixed assets at cost and depreciated over their estimated useful lives, which equates to the lives of the leases, after taking into account anticipated residual values.

Company as a lessor

ROU assets which are sub-leased to customers are classified as finance leases if the lease agreements transfer substantially all the risks and rewards of usage to the lessee. All other sub-leases are classified as operating leases. When assets are subject to finance leases, the present value of the sub-lease is recognised as a receivable, net of allowances for expected credit losses and the related ROU asset is de-recognised. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance lease income. Finance lease income is recognised in interest income over the term of the lease using the net investment method (before tax) so as to give a constant rate of return on the net investment in the leases.

Operating lease rental income is recognised on a straight-line basis over the life of the lease.

4.6 Recoverable amount of non-current assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

4.7 Financial assets

Financial assets are recognised when the Company becomes party to the contracts that give rise to them. The Company classifies financial assets at inception as loans and receivables, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income. At 31 December 2022, the Company had only financial assets classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, loans and receivables are measured at fair value plus directly attributable transaction costs. Subsequently, such assets are measured at amortised cost, using the effective interest (EIR) method, less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest receivable in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses. The Company's financial assets include cash and short-term deposits and trade and other receivables.

Trade receivables are generally accounted for at amortised cost. Expected credit losses are recognised for financial assets recorded at amortised cost, including trade receivables. Expected credit losses are calculated by using an appropriate probability of default, taking accounts of a range of possible future scenarios and applying this to the estimated exposure of the Group at the point of default.

4.8 Financial liabilities

Financial liabilities comprises trade and other payables. On initial recognition, financial liabilities are measured at fair value net of transaction costs where they are not categorised as financial liabilities at fair value through profit or loss. All financial liabilities are classified as loans and borrowings except for derivative financial liabilities, which are classified at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs taken directly to the income statement. Subsequently, the fair values are re-measured, and gains and losses from changes therein are recognised in the income statement.

All interest-bearing loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Company has transferred its contractual right to receive the cash flows from the financial assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party, and either:

- substantially all the risks and rewards of ownership have been transferred; or
- substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

4.10 Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance expense within interest payable and similar charges.

4.11 Revenue

The Company reports the gains and losses on all betting and gaming activities as revenue, which is measured at the fair value of the consideration received or receivable from customers less free bets, promotions, bonuses and other fair value adjustments.

For licensed betting offices (LBOs), On Course Betting, Core Telephone Betting, Mobile Betting, Digital Businesses, revenue represents gains and losses, being the amounts staked and fees received, less total payouts. Open betting positions are carried at fair value and gains and losses arising on these positions are recognised in revenue. Vending income is also included within revenue.

All revenue is generated within the United Kingdom.

4.12 Other Income

Dividend income is recognised when the right to receive payment is established and is recognised separately within the income statement.

The Company receives royalty income in respect of other Group companies using the brand IP held by the Company. Income of this nature is recognised within Other Operating Income within the Income Statement.

4.13 Separately disclosed items

To assist in understanding its underlying performance, the Company has defined the following items of pre-tax income and expense which are separately disclosed as they either reflect items which are exceptional in nature or size or are associated with the amortization of acquired intangibles. Items treated as separately disclosed include:

- profits or losses on disposal, closure or impairment of assets or businesses;
- corporate transaction and restructuring costs; and
- amortization of acquired intangibles.

The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Company. Further details are given in note 5b.

4.14 Finance expense and income

Finance expense and income arising on interest bearing financial instruments carried at amortised cost are recognised in the income statement using the effective interest rate method. Finance income represents income arising principally from loans to fellow group companies.

4.15 Government assistance

Receipts from government assistance programs such as, furlough, are recorded as other operating income within the income statement. See note 5a for more details.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**4.15 Income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- Deferred income tax assets are recognised only to the extent that it is probably that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment. Income tax is charged or credited to other comprehensive income, if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

5a. PROFIT BEFORE TAX AND FINANCE INCOME

This is stated after (charging)/crediting:

	2022	2021
	£'000	£'000
Management charges payable to group companies	(4,272)	(8,820)
Depreciation of property, plant and equipment	(32,825)	(14,723)
Depreciation of leased assets	(37,462)	(48,673)
Amortisation of software assets	(26,901)	(26,698)
Amortisation of licenses	(733)	(743)
Impairment loss	(1,943)	(1,564)
Auditor's remuneration - audit of the financial statements	(145)	(145)
Rent receivable	2,304	2,150
Royalties received from group companies	61,841	63,605
Receipts from government assistance (note 8.2)	-	42,706

5b. SEPARATELY DISCLOSED ITEMS

	2022	2021
	£'000	£'000
Furlough ^(a)	(44,213)	-
Amortisation of licences ^(b)	(733)	(743)
Restructuring costs ^(c)	(2,180)	(1,579)
Legal and onerous contract provision ^(d)	(5,604)	293
Tax litigation/ one off claims ^(e)	-	7,124
Profit on disposal of assets ^(f)	-	1,520
Other one-off items ^(g)	-	(3,224)
Impairment loss ^(h)	(2,260)	(1,564)
	(54,990)	1,827

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

5b. SEPARATELY DISCLOSED ITEMS (continued)

- (a) Voluntary repayment of certain amounts received by the Company under the Government Coronavirus Job Retention Scheme ("Furlough Scheme").
- (b) Licenses are amortised over 15 years which is assessed to be their useful economic life. The change was effective from 1 November 2016 and affected periods from this date onwards.
- (c) Costs associated with the shop closure program including redundancy, consultation costs and other costs directly associated with the triennial response strategy, but excluding property related costs which are included in d below.
- (d) Legal and onerous provisions include onerous contracts that have arisen as a result of closure of shops, a provision for the potential settlement costs on matters associated with past trading activity and other legal provisions outside the ordinary course of the business.
- (e) Final amounts receivable following the favourable ruling the Upper Tribunal on the lead case in the Ladbrokes VAT claim.
- (f) Relates to profit on disposal of various items of plant, property, and equipment.
- (g) Relates predominantly to the one-off costs associated with Covid-19, including redundancy costs as a result of shop closures.
- (h) Non- cash impairment charge against closed shops and investments written down to their value in use.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£'000	£'000
Other	1,700	-
From group undertakings	-	635
	1,700	635

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£'000	£'000
Group interest	38,401	27,021
Lease interest	8,298	9,306
Other	1,805	1,089
	48,504	37,416

8. DIRECTORS AND EMPLOYEES

The directors who have served during the period are also directors of other undertakings within the group and their remuneration is paid by various subsidiaries of Entain plc. It is not practicable to identify the emoluments related solely to the Company and accordingly the aggregate amounts for remuneration for the directors of the Company paid across the entire Group are included below.

8.1 DIRECTORS' EMOLUMENTS

	2022	2021
	£'000	£'000
Emoluments	4,944	6,847

Directors received no compensation for loss of office during the year ended 31 December 2022 (2021: £nil).

	No.	No.
Members of defined benefit pension scheme	2	2

The amounts in respect of the highest paid director are as follows:

	2022	2021
	£'000	£'000
Aggregate emoluments	2,535	5,441

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

8.1 DIRECTORS' EMOLUMENTS (continued)

Included within the figure above is £25,000 relating to Group contributions to Group pension schemes (2021: £23,000) and £1,432,000 relating to amounts due under long term incentive plans (2021: £3,844,000).

8.2 EMPLOYEE STAFF COSTS

	2022	2021
	£'000	£'000
Wages and salaries	304,532	248,651
Social security costs	20,868	20,011
Other pension costs	7,563	7,969
Share based payment charges	8,965	2,364
	341,928	278,995

During the preceding year the Company did benefited from government support in the form of furlough receipts (£42,706,000). These amounts were recorded as other operating income within the 2021 Income Statement. There were no such receipts in 2022.

8.3 EMPLOYEE STAFF NUMBERS

The average monthly numbers of employees was:

	2022	2021
	No.	No.
Administrative staff (including directors)	1,248	1,167
Betting shop staff	12,726	13,193
	13,974	14,360

9. TAXATION

(a) Tax charge/(credit) in the income statement

	2022	2021
	£'000	£'000
Current tax		
UK corporation tax – current year	1,198	1,115
UK corporation tax – adjustments in respect of prior year	(6,222)	346
Deferred tax recognition	(39)	-
Overseas tax – current year	39	-
Total current tax	(5,024)	1,461
Deferred tax		
Origination and reversal of timing differences	1,885	14,482
Effect of tax rate changes	-	(10,771)
Adjustment in respect of prior years	3,369	5
Total deferred tax	5,254	3,716
Tax charge/(credit) reported in the income statement	230	5,177
Deferred tax charged/(credited) directly to other comprehensive income	(8,610)	10,920

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

9. TAXATION (continued)

(b) Reconciliation of the total income tax credit

	2022 £'000	2021 £'000
Profit/(loss) before taxation	54,369	(4,554)
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2021 – 19.00%)	10,330	(865)
Adjusted for the effects of:		
Impact of tax rate changes	(641)	(10,755)
Impact of tax rate changes – pension current year movement	48	-
Increase in unrecognised tax assets	(6,887)	(3,382)
Derecognition of deferred tax assets	-	5,234
Non-taxable income	-	(53)
Non-deductible expenses	1,831	2,531
Effect of capital allowances super deduction	(891)	(959)
Share based payment add back net of share scheme deduction claimed	(237)	(459)
Impairment of investments	60	-
Group relief surrendered for nil consideration	(1,066)	12,538
Transfer pricing adjustments	536	996
Adjustment in respect of prior years – current tax	(6,222)	346
Adjustment in respect of prior years – deferred tax	3,369	5
Total tax on loss reported in the income statement	230	5,177

(c) Change in corporation tax rate

In the UK Budget on 3 March 2021, the Chancellor announced that the standard rate of UK Corporation Tax would be increased from 19% to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021. The 25% rate has therefore been used in measuring the deferred tax items at the balance sheet date.

(d) Deferred tax

Movements in the deferred tax asset during the period were as follows:

	£'000
At 1 January 2022	56,219
Origination and reversal of timing differences	(1,780)
Adjustment in respect of prior years	(3,369)
At 31 December 2022	51,070

The deferred tax asset included in the Company balance sheet consists of

	2022 £'000	2021 £'000
Fixed asset timing differences	46,619	51,768
Losses	4,451	4,451
Deferred tax asset	51,070	56,219

As at 31 December 2022 the company has an unrecognised deferred tax asset of £nil (2021: £6,887,000) in respect of capital losses carried forward.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

9. TAXATION (continued)

(d) Deferred tax (continued)

Movements in the deferred tax liability during the period were as follows:

	£'000
At 1 January 2022	(30,835)
Origination and reversal of timing differences	(105)
Deferred tax impact from actuarial loss	8,610
At 31 December 2021	(22,330)

The deferred tax liability included in the Company balance sheet consists of

	2022	2021
	£'000	£'000
Relating to retirement benefit assets	(22,330)	(30,835)

10. INTANGIBLE ASSETS

	<u>Software</u>	<u>Licenses</u>	<u>Total</u>
	£'000	£'000	£'000
Cost			
At 1 January 2022	138,143	825,090	963,233
Additions	20,242	-	20,242
Disposals	(82)	(477)	(559)
At 31 December 2022	158,303	824,613	982,916
Accumulated amortization and impairment			
At 1 January 2022	96,424	816,914	913,338
Provided during the year	26,901	733	27,634
Impairment	-	53	53
Disposals	(26)	(399)	(425)
At 31 December 2022	123,299	817,301	940,600
Net book value			
At 31 December 2022	35,004	7,312	42,316
At 31 December 2021	41,719	8,176	49,895

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**11. PROPERTY PLANT AND EQUIPMENT**

	Fixtures, Fittings & Equipment £'000	Freehold Property £'000	Long Leasehold Property £'000	Short Leasehold Property £'000	Leased Assets £'000	Total £'000
Cost						
At 1 January 2022	373,954	15,734	1,528	87,150	343,488	821,854
Additions	9,601	1,125	14	16,985	28,888	56,613
Disposals	(26,792)	(448)	(264)	(7,936)	(2,192)	(37,632)
Reclassification	40,256	-	-	44	(40,300)	-
At 31 December 2022	397,019	16,411	1,278	96,243	329,884	840,835
Accumulated Depreciation						
At 1 January 2022	267,119	4,859	619	70,430	182,321	525,348
Charge for the year	24,325	694	38	7,768	37,462	70,287
Impairment	469	-	-	211	1,210	1,890
Disposals	(26,548)	(32)	(20)	(7,217)	(622)	(34,439)
Reclassification	21,700	-	-	-	(21,700)	-
At 31 December 2022	287,065	5,521	637	71,192	198,671	563,086
Net book value						
At 31 December 2022	109,954	10,890	641	25,051	131,213	277,749
At 31 December 2021	106,835	10,875	909	16,720	161,167	296,506

At 31 December 2022, the Company had not entered into contractual commitments for the acquisition of any property, plant and equipment (2021: £nil).

Leased assets held at 31 December 2022 related mostly land and buildings (2021: land and buildings).

An impairment of £1,890,000 has been recognised on the closure of shops in the year.

During the year, the Company reclassified certain leased assets following their outright purchase.

12. INVESTMENTS IN SUBSIDIARY

	Shares in subsidiary companies £'000
Cost	
At 1 January 2022	1,899,056
Disposals	(317)
At 31 December 2022	1,898,739
Impairment provisions	
At 1 January 2022	103,496
Provided in the year	-
At 31 December 2022	103,496
Net book value	
At 31 December 2022	1,795,243
At 31 December 2021	1,795,560

During the year, the Company disposed of their investment in the subsidiary Exchange Platform Solutions Limited.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

12. INVESTMENTS IN SUBSIDIARIES (continued)

The list below represents the Company's investment in the following subsidiary companies at 31 December 2022.

Related Undertakings – (Direct)

Country of incorporation	Registered office	Company	Holding	Proportion of voting rights and shares held	Nature of business
United Kingdom	3rd Floor One New Change, London, United Kingdom, EC4M 9AF	Ganton House Investments Limited	Ordinary shares	100.0	Property holding company
		Margolis & Ridley Limited	Ordinary shares	100.0	Investment holding company
		Sabrinet Limited	Ordinary shares	100.0	Dormant company
		Bartletts Limited	Ordinary shares	100.0	Dormant company
		E.F.Politt & Son Limited	Ordinary shares	100.0	Dormant company
		Krullind Limited	Ordinary shares	100.0	Dormant company
		Greatmark Limited	Ordinary shares	100.0	Dormant company
		Ladbrokes PT Limited	Ordinary shares	100.0	Dormant company
		Ladbrokes (CJLEA) Limited	Ordinary shares	100.0	Dormant company
		Ladbrokes (CJLHC) Limited	Ordinary shares	100.0	Dormant company
		Ladbrokes (CJLSW) Limited	Ordinary shares	100.0	Dormant company
		Ladbrokes CPCB Limited	Ordinary shares	100.0	Dormant company
		Ladbroke Leasing (South East) Limited	Ordinary shares	100.0	Dormant company
		Ladbroke Racing (South East) Limited	Ordinary shares	100.0	Inactive
		CE Acquisition 1 Limited	Ordinary shares	100.0	Investments holding company
Jersey	1 st Floor, Liberation House, Castle Street, St Helier, Jersey, JE1 1GL	Ladbroke (Channel Islands) Limited	Ordinary shares	100.0	Bookmaking company
Gibraltar	57/63 Line Wall Road, Gibraltar	LC International Limited	Ordinary shares	100.0	Internet-based company
Ireland	1 st Floor, Otter House, Naas Road, Dublin, 22, Ireland	Ladbroke (Ireland) Limited	Ordinary Shares	100.0	Bookmaking company
Spain	Castello 82 4 IZQ, 28806, Madrid, Spain	Ladbrokes Betting & Gaming Spain S.A.	Ordinary shares	100.0	Bookmaking company

12. INVESTMENTS IN SUBSIDIARIES (continued)

Related Undertakings – (Indirect)

Country of incorporation	Registered office	Company	Holding	Proportion of voting rights and shares held	Nature of business
United Kingdom	3rd Floor One New Change, London, United Kingdom, EC4M 9AF	Coral (Holdings) Limited	Ordinary shares	100.0	Investments holding company
		Coral Eurobet Limited	Ordinary shares	100.0	Inactive
		Coral Eurobet Holdings Limited	Ordinary shares	100.0	Investments holding company
		Coral Group Limited	Ordinary shares	100.0	Investments holding company
		Coral Limited	Ordinary shares	100.0	Investments holding company
		Coral Group Trading Limited	Ordinary shares	100.0	Investments holding company
		Brickagent Limited	Ordinary shares	100.0	Dormant company
		Coral Racing Limited	Ordinary shares	100.0	Property company
		Coral Estates Limited	Ordinary shares	100.0	Property company
		Coral Stadia Limited	Ordinary shares	100.0	Property company
		Romford Stadium Limited	Ordinary shares	100.0	Property company
		Reuben Page Limited	Ordinary shares	100.0	Dormant company
		Coral (Stoke) Limited	Ordinary shares	100.0	Dormant company
		C L Jennings (1995) Limited	Ordinary shares	100.0	Dormant company
		Joe Jennings Limited	Ordinary shares	100.0	Dormant company
		Joe Jennings (1995) Limited	Ordinary shares	100.0	Dormant company
		Lightworld Limited	Ordinary shares	100.0	Dormant company
		Vegas Betting Limited	Ordinary shares	100.0	Dormant company
		Chas Kendall (Turf Accountants) Limited	Ordinary shares	100.0	Dormant company
		Bloxhams Bookmakers Limited	Ordinary shares	100.0	Dormant company
		J G Leisure Limited	Ordinary shares	100.0	Dormant company
		Choicebet Limited	Ordinary shares	100.0	Dormant company
		Forster's (Bookmakers) Limited	Ordinary shares	100.0	Dormant company
		Sports (Bookmakers) Limited	Ordinary shares	100.0	Dormant company
		Arthur Prince (Turf Accountants) Limited	Ordinary shares	100.0	Dormant company
		Reg. Boyle Limited	Ordinary shares	100.0	Dormant company
	77a Andersonstown Road Belfast Northern Ireland BT11 9AH	Ladbrokes (Northern Ireland) Holdings Limited	Ordinary shares	100.0	Investments holding company
		North West Bookmakers Limited	Ordinary shares	100.0	Bookmaking company
		Ladbrokes (Northern Ireland) Limited	Ordinary shares	100.0	Dormant company

12. INVESTMENTS IN SUBSIDIARIES (continued)**Related Undertakings – (Indirect)**

Country of incorporation	Registered office	Company	Holding	Proportion of voting rights and shares held	Nature of business
Gibraltar	57/63 Line Wall Road, Gibraltar	Balltree (International) Limited	Ordinary shares	100.0	Non-trading company
		Ladbrokes Sportsbook Limited Partnership	Ordinary shares	100.0	Non-trading company
		Gala Coral Interactive (Gibraltar) Limited	Ordinary shares	100.0	Investments holding company
		Gala Interactive (Gibraltar) Limited	Ordinary shares	100.0	Non-trading company
		GVC Finance Limited	Ordinary shares	100.0	Financing company
		Coral Interactive (Gibraltar) Limited	Ordinary shares	100.0	Non-trading company

13. TRADE AND OTHER RECEIVABLES

Amounts falling due within one year	2022	2021
	£'000	£'000
Amounts owed by group companies	275,064	275,744
Other debtors	7,044	7,211
VAT debtor	-	3,000
Prepayments and accrued income	18,169	11,715
	300,277	297,670

Amounts owed by other group undertakings are included under amounts falling due within one year as they are repayable on demand and relate to trading and financing type transactions. These balances are repaid, and drawn down on a periodic basis.

Included within amounts owed by group undertakings is £103,181,000 which is expected to be recovered after more than one year (2021: £275,744,000).

14. TRADE AND OTHER PAYABLES

	2022	2021
	£'000	£'000
Trade creditors	7,051	10,576
Amounts owed to group companies	1,002,565	1,074,618
Other taxes and social security costs	55,480	52,019
Other creditors	14,998	10,209
Accruals and deferred income	84,845	64,083
	1,164,939	1,211,505

Amounts owed to group undertakings are included under amounts falling due within one year where they are subject to repayment at any time by either the Lender or the Borrower giving written notice to the other.

Amounts owed by group companies bear interest at a rate linked to the group's borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Vacant property Provisions £'000	Other Provisions ⁽¹⁾ £'000	Total £'000
At 31 December 2021	8,790	2,809	11,599
Provided	7,507	2,435	9,942
Utilised during the year	(7,051)	(2,809)	(9,860)
Released during the year	(1,836)	(598)	(2,434)
At 31 December 2022	7,410	1,837	9,247

⁽¹⁾The other provision balance is made up of provisions for redundancy and other legal claims.

Of the total provisions as at 31 December 2022, £6,810,000 (2021: £11,599,000) is current and £2,437,000 (2021: £nil) is non-current.

16. LEASES

	2022 £'000	2021 £'000
Current		
Lease liabilities	40,146	57,846
Non-current		
Lease liabilities	127,026	144,244
Total lease liabilities	167,172	202,090

Please refer to note 7 for interest expense on lease liabilities.

The company's leasing activity consists of leases on property, cars, gaming machines and office equipment. The majority of those relate to the leasing of LBOs within the United Kingdom.

The maturity analysis of lease liabilities at 31 December 2022 is as follows:

	<i>Within 1 year</i> <i>£'000</i>	<i>1-2 years</i> <i>£'000</i>	<i>2-5 years</i> <i>£'000</i>	<i>>5 years</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
2022					
Net present value	40,146	34,099	65,348	27,579	167,172
2021					
Net present value	57,846	36,389	74,238	33,617	202,090

The maturity analysis of finance lease receivables are as follows:

	<i>Within 1 year</i> <i>£'000</i>	<i>1-2 years</i> <i>£'000</i>	<i>2-5 years</i> <i>£'000</i>	<i>>5 years</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
2022					
Lease payments receivable	1,005	795	928	755	3,483
2021					
Lease payments receivable	1,111	890	1,260	878	4,139

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**16. LEASES** (continued)

A number of the sublease agreements for unutilised space in the UK shop estate are not classified as finance leases within IFRS 16. These non-cancellable leases have remaining lease terms of between one and nine years. The future minimum rentals receivable under these non-cancellable operating leases at 31 December are as follows:

	2022	2021
	£'000	£'000
Within one year	563	462
After one year but not more than five years	1,012	689
After 5 years	90	136
Lease payments receivables	1,665	1,287

17. RETIREMENT BENEFIT SCHEMES**Defined Contribution Pension Scheme**

During 2013, the group closed its defined contribution pension scheme, which the company participated in, and transferred all its participants into personal pension plans. The pension cost charge for the period represents contributions paid by the company in respect of its employees into the current personal pension plans and the old group defined contribution scheme and amounted to £7,563,000 (2021: £7,969,000). A liability of nil (2021: £nil) existed in respect of pension contributions at 31 December 2022.

Defined Benefit Pension Scheme

The company participates in the Gala Coral Pension Plan, a fully funded defined benefit pension scheme which is closed to new entrants and future accrual of benefits. The Gala Coral Pension Plan was created on 1 July 2009 through the merger of the Gala Pension Plan and the Coral Pension Plan. On 28 September 2013 the scheme was closed to future accrual and all participants were transferred to personal pension plans.

Following the merger of the schemes, it was agreed that the pension payable to an individual will be based on their average earnings calculated over the period of pensionable service (career average revalued earnings or CARE). A full actuarial valuation of the Gala Coral Pension Plan was undertaken at 30 June 2022.

An actuarial review of the scheme valuation was carried out by a qualified independent actuary as at 31 December 2022, in order to provide the following information required by IAS 19 "Employee Benefits". The amounts presented below represent the company's allocation of the total scheme assets and liabilities.

The following disclosures are presented in millions (£'m) rounded to one decimal place.

The amounts recognised in the balance sheet are as follows:

	2022	2021
	£'m	£'m
Present value of funded obligations	(259.4)	(430.5)
Fair value of plan assets	323.2	518.6
Net asset	63.8	88.1
Disclosed in the balance sheet as: Retirement benefit asset	63.8	88.1

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**17. RETIREMENT BENEFIT SCHEMES** (continued)

The Group has considered the appropriate accounting treatment in respect of the pension plan surplus, taking into account the current agreement with the Trustees and concluded the recognition of the surplus is appropriate. The amounts recognised in the income statement are as follows:

	2022	2021
	£'m	£'m
Analysis of amounts charged/(credited) to staff costs		
Other administrative expenses	1.3	0.6
Net interest on net asset	(1.6)	(0.7)
Total credit recognised in the income statement in staff costs	(0.3)	(0.1)

The actual return on plan assets over the year was a loss of 183.3m (2021: gain of £27.4m).

The amounts recognised in the statement of comprehensive income are as follows:

	2022	2021
	£'m	£'m
Actual return on assets less interest on plan assets	(192.6)	21.4
Actuarial gains on defined benefit obligation due to changes in demographic assumptions	6.0	-
Actuarial gains on defined benefit obligation due to changes in financial assumptions	175.0	15.4
Experience adjustments on benefit obligation	(13.0)	(5.6)
Actuarial (losses)/gains recognised in the statement of comprehensive income	(24.6)	31.2

Changes in the present value of the defined benefit obligation are as follows:

	2022	2021
	£'m	£'m
At 1 January	(430.5)	(450.1)
Interest on obligation	(7.7)	(5.3)
Actuarial gains due to changes in demographic assumptions	6.0	-
Actuarial losses due to changes in financial assumptions	175.0	15.4
Experience adjustments on obligations	(13.0)	(5.6)
Benefits paid	10.8	15.1
At 31 December	(259.4)	(430.5)

Changes in the fair value of plan assets are as follows:

	2022	2021
	£'m	£'m
At 1 January	518.6	506.9
Interest on plan assets	9.3	6.0
Administrative expenses	(1.3)	(0.6)
Actual return less interest on plan assets	(192.6)	21.4
Benefits paid	(10.8)	(15.1)
At 31 December	323.2	518.6

The Company does not expect to contribute in 2022 but will continue to meet the administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**17. RETIREMENT BENEFIT SCHEMES** (continued)

The major categories of plan assets as a percentage of total plan assets are as follows:

	2022	2021
	%	%
Equities	6.0	14.0
Diversified Growth Funds	16.0	11.2
Liability Driven Investment	36.0	38.3
Multi-asset credit	12.0	10.0
Corporate bonds	22.0	21.0
Private credit	8.0	5.1
Cash	-	0.4

The Plan assets are held exclusively within instruments with quoted market prices in an active market with the exception of a private credit asset.

The Plan does not invest directly in property occupied by the Company or in financial securities issued by the Company. Although, as the Plan holds pooled investment vehicles, there may at times be indirect employer related investment. At 31 December 2022 these represented less than 0.1% (2021: less than 0.1%) of the Plan's total assets.

The investment strategy is set by the Trustees of the Plans in consultation with the Company. The current long-term strategy is to invest in a matching portfolio sufficient to meet the next 15 years of cash flows with the remaining assets invested in return seeking funds

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages where appropriate):

	2022	2021
	% p.a.	% p.a.
Discount rate	4.8	1.8
Price inflation (CPI)	2.2	2.3
Price inflation (RPI)	3.2	3.3
Future pension increases – LPI 5% (CPI)	3.1	3.2
– LPI 2.5% (CPI)	2.1	2.2

The post-retirement mortality assumed for most members is based on the standard SAPS mortality table with the CMI 2019 projections, which takes into account future improvements, adjusted to reflect plan specific experience.

The assumption used implies that the expected lifetime of members aged 65 in 2021 is 86.2 (2021: 86.5) years for males and 88.5 (2021: 88.6) years for females.

Changes to the assumptions will impact the amounts recognised in the balance sheet and the income statement in respect of the Plan. For the significant assumptions, the following sensitivity analysis provides an indication of the impact on the defined benefit obligation for the year ended 31 December 2022:

	2022	2021
	%	%
– 0.5% p.a. decrease in the discount rate	7.4	9.8
– 0.5% p.a. increase in price inflation	5.0	6.9
– One year increase in life expectancy	3.3	4.6

These sensitivities have been calculated to show the movement in the defined benefit obligation in isolation, and assuming no other changes in market conditions at the accounting date. This is unlikely in practice, for example, a change in discount rate is unlikely to occur without any movement in the value of the assets held by the plan.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**18. CALLED UP SHARE CAPITAL**

Allotted, called up and fully paid:

At 31 December 2022 and 31 December 2021

	Number'000	£'000
Ordinary shares of £1 each	503,759	503,759

The Company's share capital consists entirely of ordinary shares, accordingly all shares rank pari passu in all respects.

19. SHARE BASED PAYMENTS

The following options to purchase €0.01 Ordinary Shares in the Entain plc group were granted, exercised, forfeited or existing at the year-end:

2020 LTIP Plan – These equity settled awards were awarded to certain directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on both cumulative 3 year Earnings Per Share ("EPS") exceeding 267p of Entain plc, with a pro-rata increase in the amount vesting between 267p and 295p, and certain TSR performance conditions being met which are split with the weighting of one third based on EPS and two thirds relating to TSR conditions. There were also a number of restricted share plan shares issued during 2022 against which service conditions apply.

2021 LTIP Plan – These equity settled awards were awarded to certain Directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on both cumulative 3 year Earnings Per Share ("EPS") exceeding 255p, with a pro-rata increase in the amount vesting between 255p and 296p, and certain TSR performance conditions being met which are split with the weighting of one third based on EPS and two thirds relating to TSR conditions. There were also a number of restricted share plan shares issued during 2022 against which service conditions apply.

2022 LTIP Plan – These equity settled awards were awarded to certain directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on certain TSR performance conditions being met.

All of the schemes described above have an exercise price of 0p.

2021 Employee Sharesave Plan – During 2021 the Group set up an Employee Sharesave scheme. Under this plan employees of the Group are able to subscribe to a maximum of £100 a month to invest in share purchases at a price representing a discount of 20% from the share price at the commencement of the plan. The vesting period is three years. The shares will vest conditional upon continued employment at the end of the three years.

2022 Employee Sharesave Plan – During 2022 the Group set up an Employee Sharesave plan. Under this plan employees of the Group are able to subscribe to a maximum of £100 a month to invest in share purchases at a price representing a discount of 20% from the share price at the commencement of the plan. The vesting period is three years. The shares will vest conditional upon continued employment at the end of the three years.

2022 Employee Free Share Plan – During 2022 the Group set up an Employee Free Share plan. Under this plan each employee of the Group has been granted 22 free shares for a vesting period of two years. The shares will vest conditional upon continued employment at the end of the two years.

The options outstanding at 31 December 2022 have a weighted average contractual life of 1.4 years.

20. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries or the requirements of paragraph 17 of IAS 24 Key Management Compensation.

During the year the Company entered into the following transactions with related parties who are not wholly owned members of the group:

Content expenditure with Sports Information Services (Holdings) Limited ("SIS") of £68,035,000 (2021: £59,300,000). The balance as at 31 December 2022 remaining owed to SIS was £9,000 (2021: £100,000).

SIS is an associate investment of Entain plc who hold a 23.4% investment.

All transactions with related parties have been performed on an arm's length basis.

21. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking of the Company as at 31 December 2022 is Birchgree Limited, a company with the registered address 3rd Floor, One New Change, London, EC4M 9AF and the ultimate parent undertaking is Entain plc, a company with registered address; 32 Athol Street, Douglas, Isle of Man, IM1 1JB. The only group preparing consolidated group financial statements which include the Company is Entain plc for the year ended 31 December 2022.

Copies of the Annual Report and Financial Statements for Entain plc can be obtained from the registered office of the company at 3rd Floor One New Change, London, United Kingdom, EC4M 9AF. They can also be obtained from the Group's corporate website at <https://entaingroup.com/investor-relations/financial-reports/>