

Annual Report and Financial Statements

*Ladbroke Dormant Holding
Company Limited*

For the year ended 31 December 2018



LADBROKE DORMANT HOLDING COMPANY LIMITED

Company No. 1158028

DIRECTORS AND ADVISORS**DIRECTORS**

C Sutters

S Smith

COMPANY SECRETARY

Ladbrokes Coral Corporate Secretaries Limited

INDEPENDENT AUDITOR

KPMG LLP

Chartered Accountants and Statutory Auditor

15 Canada Square

London

E14 5GL

REGISTERED OFFICE

3rd Floor

One New Change

London

EC4M 9AF

LADBROKE DORMANT HOLDING COMPANY LIMITED

Company No. 1158028

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report for the year ended 31 December 2018.

Principal activities and review of the business

The Company acts as a holding company. There have been no changes in the Company's activity during the year.

The Company's key performance indicators for the year were:

	2018 £'000	2017 £'000
Profit for the financial year	45,287	1,005
Investments	13	13
Amounts owed by group undertakings	3,340	6,803
Equity shareholders' funds	3,353	6,816

Due to the limited activities undertaken by the Company no other key performance indicators are relevant.

Principal risks and uncertainties

The ultimate parent company at the year end, GVC Holdings PLC, reviews and evaluates key risks and uncertainties faced by the group as part of the divisional reviews undertaken at its regular Board meetings. The impact of risks and uncertainties of the Company will be considered as part of this review process.


The Company's principal risks arise from changes in interest rates, which affect the balances with other group companies and interest due on those balances, and the financial position and performance of subsidiaries owned by the Company, which will affect the valuation of the Company's investments in those subsidiaries.

The Company has no other significant risks or uncertainties other than those that arise from being a part of the GVC Holdings PLC. The significant risks or uncertainties, including the Company's exposure to financial risk management and those arising from Brexit are dealt with on pages 57 to 62 presented in the Annual Report 2018 of GVC Holdings PLC.

Position of the business

As at 31 December 2018, the Company had net assets of £3,353,000 (2017: £6,816,000).

For and on behalf of the Board



S Smith
Directors
30 September 2019

LADBROKE DORMANT HOLDING COMPANY LIMITED

Company No. 1158028

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their Report and the audited financial statements of the Company for the year ended 31 December 2018.

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

Directors:	C Sutters	
	G Mason	(Resigned 16 April 2018)
	S Smith	
	L C Beardsell	(Appointed 16 April 2018, resigned 4 June 2018)

Secretary: Ladbroke Coral Corporate Secretaries Limited

Registered office: 3rd Floor, One New Change, London, EC4M 9AF

Results and dividends

The financial statements for the year show a profit for the financial year of £45,287,000 (2017: £1,005,000).

Dividends paid during the year amounted to £48,750,000 (2017: £40,000,000). The directors do not recommend the payment of any further dividends (2017: £nil).

On 28 March 2018 Ladbroke Coral Group plc was acquired by GVC Holdings plc, a company listed on the London Stock Exchange, and registered in the Isle of Man. Subsequent to the acquisition the Group de-listed from the London Stock Exchange and re-registered itself to GVC Holdings PLC.

Future developments

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

Financial Risk Management

The company's exposure to financial risk managements are outlined in the Strategic Report.

Going concern

The directors have performed an assessment of the company's ability to continue as a going concern and have received written confirmation of financial support from the parent company, GVC Holdings PLC, for a period that of at least 12 months from the date of approval of these financial statements by the board of directors. As such, these financial statements have been prepared on the going concern basis.

Directors' and officers' liability insurance

GVC Holdings PLC maintains a qualifying (as defined by law) directors' and officers' liability insurance. The above named directors, (except for the corporate 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.

Independent auditors

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

Modern slavery

GVC Holdings 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://gvc-plc.com/corporate-responsibility/modern-slavery-statement/>.

LADBROKE DORMANT HOLDING COMPANY LIMITED

Company No. 1158028

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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;
- 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.

For and on behalf of the Board



S Smith
Director

30 September 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LADBROKE DORMANT HOLDING COMPANY LIMITED (continued)

Opinion

We have audited the financial statements of Ladbroke Dormant Holdings Company Limited ("the company") for the year ended 31 December 2018 which comprise the Balance Sheet, the Income Statement, the Statement of Changes in Equity and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

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

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

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.

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:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LADBROKE DORMANT HOLDING COMPANY LIMITED (continued)

Strategic report and directors' report (continued)

- 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 4, 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.



Mark Flanagan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

30 September 2019

LADBROKE DORMANT HOLDING COMPANY LIMITED

Company No. 1158028

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
Income from investments	5	45,249	-
Profit before finance income and taxation		45,249	-
Finance income	6	38	1,005
Profit before taxation		45,287	1,005
Income tax	8	-	-
Profit for the financial year		45,287	1,005

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

There are no other items of comprehensive income in the years presented. Therefore no separate statement of other comprehensive income has been prepared.

BALANCE SHEET AT 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
ASSETS			
Fixed assets			
Investments	9	<u>13</u>	<u>13</u>
Current assets			
Trade and other receivables	10	<u>3,340</u>	<u>6,803</u>
Total assets		<u>3,353</u>	<u>6,816</u>
Net assets		<u>3,353</u>	<u>6,816</u>
Shareholders' funds			
Issued share capital	11	<u>2,668</u>	<u>2,668</u>
Profit and loss account		<u>685</u>	<u>4,148</u>
Total shareholders' funds		<u>3,353</u>	<u>6,816</u>

The financial statements on pages 7 to 14 were approved by the board of directors on 30 September 2019 and were signed on its behalf by:



S Smith
Director

30 September 2019

LADBROKE DORMANT HOLDING COMPANY LIMITED

Company No. 1158028

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Issued share capital £'000	Retained earnings £'000	Total shareholders' funds £'000
As at 1 January 2017	2,668	43,143	45,811
Profit for the financial year and total comprehensive income	-	1,005	1,005
Dividends paid	-	(40,000)	(40,000)
At 31 December 2017	2,668	4,148	6,816
Profit for the financial year and total comprehensive income	-	45,287	45,287
Dividends paid	-	(48,750)	(48,750)
At 31 December 2018	2,668	685	3,353

LADBROKE DORMANT HOLDING COMPANY LIMITED

Company No. 1158028

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Corporate information

Ladbroke Dormant Holding Company Limited ('the Company') is a private company limited by share capital 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 2018 were authorised to issue in accordance with a resolution of the directors on 30 September 2019.

The Company's financial statements are individual entity financial statements.

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

2. Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and The Companies Act 2006. The financial statements are prepared on a going concern basis under the historical cost convention.

The accounting policies which follow in note 4 set out those policies which apply in preparing the financial statements for the year ended 31 December 2018 and have been applied consistently to all years presented.

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

- a) The requirements of IFRS 7 Financial Instruments: Disclosures;
- b) IFRS 13 Fair Value Measurement;
- c) Cash Flows statements;
- d) Intra-group related party transactions;
- e) Related Party transactions; and
- f) Impairment of Assets.

3. Critical accounting estimates and judgements

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. 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:

Recoverable amount of non-current assets

The recoverable amount of a non-current asset is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include significant future investments that will enhance the asset's performance. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(continued)

4. Summary of significant accounting policies

4.1 Financial assets

Financial assets are recognised when the Company becomes party to the contracts that give rise to them. At 31 December 2018, the Company had only financial assets classified as loans and receivables.

4.2 Financial liabilities

Financial liabilities are classified as loans and borrowings. The Company determines the classification of financial liabilities at initial recognition. Financial liabilities comprise amounts owed to group undertakings and financial guarantee contracts.

4.3 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.

4.4 Finance income

Finance income is recognised on an accruals basis for interest bearing loans with other group subsidiaries and recognised in the income statement.

4.5 Investments – shares in group undertakings

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

An undertaking is regarded as a subsidiary undertaking if the Company has control when it is exposed, or has rights, to variable returns from its involvement with the Company and has the ability to affect those returns through its power over the Company.

4.6 Taxation

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 probable 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.

Income tax is 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.

LADBROKE DORMANT HOLDING COMPANY LIMITED

Company No. 1158028

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(continued)

5. Operating profit

The Company received dividends from Vernons Competitions Company during the year of £45,249,000 (2017: £nil).

Audit fees for the audit of the financial statements of £1,500 have been borne by another group company (2017: £1,500). The Company was exempt from the requirement to submit audited financial statements in the prior year.

6. Finance income

	2018 £'000	2017 £'000
Interest receivable from fellow subsidiary companies	<u>38</u>	<u>1,005</u>

7. Staff costs and directors remuneration

The directors who have served during the period are also directors of other undertakings within the Group and spend an immaterial amount of their time on activities relating to the company. As such, none of their remuneration is considered to be for qualifying services to the company.

All operations of the Company are undertaken by employees of other GVC Holdings PLC companies and their respective emoluments have not been included in these financial statements.

8. Income tax**a) Tax charged in the income statement**

	2018 £'000	2017 £'000
Current tax	-	-
UK corporation tax	-	-
Tax expense in the income statement	<u>-</u>	<u>-</u>

b) Reconciliation of the total tax charge

A reconciliation of income tax expense applicable to profit before taxation at the UK statutory income rate to the income tax result for the year ended 31 December 2018 and 31 December 2017 is as follows:

	2018 £'000	2017 £'000
Profit before taxation	<u>45,287</u>	<u>1,005</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2017 – 19.25%)	8,605	193
Adjusted for the effects of:		
Non-taxable income	(8,597)	-
Group relief claimed for nil consideration	<u>(8)</u>	<u>(193)</u>
Total tax charge reported in the income statement	<u>-</u>	<u>-</u>

LADBROKE DORMANT HOLDING COMPANY LIMITED

Company No. 1158028

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(continued)

8. Income tax (continued)**Change in corporation tax**

In the budget on 16 March 2016, the Chancellor announced that the standard rate of UK Corporation tax will be reduced from 1 April 2020 to 17%. In addition, he announced that the planned reductions in rates would be delayed and amended so that the standard rate of UK Corporation Tax will be reduced from 20% to 19% from 1 April 2018, with a further reduction from 1 April 2020.

The deferred tax assets and liabilities at the balance sheet date are calculated at the substantively enacted rate of 17%. Although the reduction to 17% is effective from 1 April 2020, this was substantively enacted on 6 September 2016.

Deferred tax

There are no unrecognised deferred tax assets or liabilities as at 31 December 2017 and 2018.

9. Investments

	£'000
Cost and net book value:	
At 31 December 2017 & 2018	13

Investments in group companies at 31 December 2018 are:

Subsidiary	Holding	Place of incorporation	Registered office	Nature of business
Ladbroke Trustee Company Limited	100%	England & Wales	3rd Floor One New Change, London, United Kingdom, EC4M 9AF	Holding of client monies in trust
J.Ward Hill & Company	100%	England & Wales	3rd Floor One New Change, London, United Kingdom, EC4M 9AF	Dormant company
Ladbroke Land Limited	6%	England & Wales	3rd Floor One New Change, London, United Kingdom, EC4M 9AF	Dormant company
Vernons Competitions Company	100%	England & Wales	3rd Floor One New Change, London, United Kingdom, EC4M 9AF	Dormant company
Competition Management Services Co. Ltd	97.5%	England & Wales	3rd Floor One New Change, London, United Kingdom, EC4M 9AF	Dormant company

The Company is exempt from preparing consolidated financial statements under section 400 of the Companies Act 2006. In the opinion of the directors the aggregate value of the Company's subsidiaries is not less than the amount at which they are stated in these financial statements.

10. Trade and other receivables

	2018	2017
	£'000	£'000
Amounts owed by group companies	3,340	6,803

Amounts owed by group companies 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.

LADBROKE DORMANT HOLDING COMPANY LIMITED

Company No. 1158028

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(continued)

11. Issued share capital

	2018	2017
	£'000	£'000
Allotted, called up and fully paid:		
2,668,267 (2017: 2,668,267) ordinary shares of £1 each	2,668	2,668

12. Related party transactions

The Company is exempt under paragraph 8(k) of the disclosure exemptions from EU-adopted IFRS included in FRS 101 for qualifying entities from disclosing related party transactions with fellow wholly owned group companies.

13. Immediate and ultimate parent undertaking

The immediate parent undertaking of Ladbroke Dormant Holding Company Limited is Ladbroke Coral Group Limited, a Company registered in England and Wales. The ultimate parent undertaking of the Company as at the year end was GVC Holdings PLC, a company registered in the Isle of Man. The largest and smallest group preparing consolidated group financial statements which include the Company is GVC Holdings PLC for the year ended 31 December 2018.

Copies of the Annual Report and Accounts for GVC Holdings PLC can be obtained from the registered office of that company at 3rd Floor One New Change, London, United Kingdom, EC4M 9AF.

14. Subsequent events

The Company has evaluated subsequent events for the period from 31 December 2018 to the date of signing these financial statements and deem there to have been no material subsequent events during that period.