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DAVID PLUCK (NORTH WEST) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Company Registration No. 01477372 (England and Wales)

DAVID PLUCK (NORTH WEST) LIMITED

COMPANY INFORMATION

Directors	Mr D L Pluck Mr N Thompson
Secretary	Mr N Thompson
Company number	01477372
Registered office	c/o DSG, Chartered Accountants Castle Chambers 43 Castle Street Liverpool L2 9TL
Auditor	DSG Castle Chambers 43 Castle Street Liverpool L2 9TL

DAVID PLUCK (NORTH WEST) LIMITED

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DAVID PLUCK (NORTH WEST) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report and financial statements for the year ended 31 December 2018.

The principal activity of the company in the year under review continued to be that of bookmakers.

Fair review of the business

The directors are pleased to report an increase in both turnover, to £12,479,100 and in gross profit to £9,531,316 for the year ended 31 December 2018. These increases have driven associated year on year improvements in operating profit, pre exceptional costs, (2018: £1,250,489 vs. 2017: £865,240).

These results are particularly pleasing in light of the challenging high street environment which has adversely impacted several of our competitors.

The exceptional costs of £1,238,183 are in relation to the provision of costs in respect of those outlets within the company shop portfolio which may be loss making following the UK Government's decision to reduce the maximum stake of FOBT machines from £100 to £2. These costs have been presented as exceptional due to the material and one-off nature.

Current year performance has benefitted from the launch of additional virtual channels in the previous period which are now available in the majority of our shops and which we are confident will contribute to future sales growth. These channels have been supplemented by the launch of a new channel, The Racing Partnership ("TRP") which allows our customers to view and place bets on horse racing from countries such as South Africa and India together with both North and South America.

Self service betting terminals ("SSBTs") continue to be popular with many of our customers and are now included in all of our shops.

Current uncertainties at both macro and micro economic level are likely to present challenges to high street bookmakers over the short to medium term, with our customers facing competition for their discretionary spend. Based on recent historical results the directors believe the business is well placed to withstand these challenges and well placed to build upon the encouraging results delivered in 2018.

DAVID PLUCK (NORTH WEST) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key risk and future uncertainty relating to the business is potential changes in its regulatory environment. Other risks that the company may be subject to are detailed below.

The following risks are considered pertinent to the business:

General economic risk - as with any other bookmaker, the business (betting and gaming) is susceptible to the risk of an economic downturn adversely affecting disposable income. Management monitors this situation closely and makes special offers to customers as appropriate.

Competitor risk - betting and gaming businesses face competition in the main from other bookmakers, betting exchanges and other interactive gaming providers. Betting exchanges compete aggressively with prices offered by them frequently being more favourable than those offered by traditional bookmakers. Management, therefore continues to set prices on a commercial basis, taking into account these competitive pressures.

Bookmaking risk - the risk of incurring large losses on bets due to incorrect pricing is mitigated by there being upper limits on bets, monitoring of customers' betting patterns and the use of the latest information services available.

Regulatory risk - the regulatory, legislative and fiscal environment in which the company operates can change at short notice, leading to additional costs of compliance. The directors monitor this risk closely to ensure that they remain compliant with all enacted legislation and consider the costs of such compliance in their financial plans.

Liquidity risk - the company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Credit risk - investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

Since these accounts were produced the government has introduced a £2 cap on the gaming machines (to replace a £100 cap) and the predictions of the reduction in revenue from the gaming machines have proved to be fairly accurate. The industry as a whole will go through some structural change as a result of the cap with the number of high street betting shops in the UK likely to rationalise according to commentators by 2,000 units (from a current total of 8,000). This business will be affected along with the industry but the directors are confident that following the rationalisation the business will remain profitable. Four shops have been disposed of as a direct result of the cap.

Development and performance

The number of betting shops operating at the 31st December 2018 was 36 (2017: 40). Financial results for the current year are outlined above together with the key factors contributing to 2018 performance. Management is confident that these results can be built upon in future years and continue to look for further shop based offerings to expand the services available to their customers which may drive increasing footfall and volumes of gross bets. In addition management continues to seek further opportunities to expand their portfolio of shops across the North West region.

The directors know that a high proportion of the premises traded by the company are freehold owned by either the company or its pension fund, and believe that this will assist the business in the difficult times that the industry faces.

DAVID PLUCK (NORTH WEST) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Key performance indicators

The company strategy is based upon growing both top line betting volumes and delivering strong operating margins. Revenue and gross margin are therefore important KPIs monitored by management and are discussed above.

Measure	2018	2017
Shops	38.25 (equivalent)	40
Turnover	£12.5m	£12.4m
Gross profit	£9.5m	£9.4m

On behalf of the board



Mr N Thompson

Director

1 August 2019

DAVID PLUCK (NORTH WEST) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D L Pluck
Mr N Thompson

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Post reporting date events

There have been no post balance sheet events.

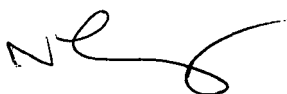
Auditor

The auditor, DSG, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr N Thompson
Director

1 August 2019

DAVID PLUCK (NORTH WEST) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DAVID PLUCK (NORTH WEST) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF DAVID PLUCK (NORTH WEST) LIMITED

Opinion

We have audited the financial statements of David Pluck (North West) Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

DAVID PLUCK (NORTH WEST) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF DAVID PLUCK (NORTH WEST) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Iain White BSc FCA (Senior Statutory Auditor)
for and on behalf of DSG

1 August 2019

Chartered Accountants
Statutory Auditor

Castle Chambers
43 Castle Street
Liverpool
L2 9TL

DAVID PLUCK (NORTH WEST) LIMITED

STATEMENT OF COMPREHENSIVE INCOME (INCLUDING PROFIT AND LOSS ACCOUNT)

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	12,479,100	12,455,234
Cost of sales		(2,947,784)	(2,985,168)
Gross profit		9,531,316	9,470,066
Administrative expenses		(8,375,175)	(8,680,109)
Other operating income		94,348	75,283
Exceptional item	4	(1,238,183)	-
Operating profit	5	12,306	865,240
Interest receivable and similar income	9	8,784	7,710
Interest payable and similar expenses	10	(3,210)	(11,459)
Amounts written off investments	11	(48,307)	325
(Loss)/profit before taxation		(30,427)	861,816
Tax on (loss)/profit	12	(64,437)	(180,711)
Profit for the financial year and total comprehensive income		(94,864)	681,105

DAVID PLUCK (NORTH WEST) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	14	4,306,981		4,865,171	
Investment properties	15	380,000		380,000	
Investments	16	354,723		-	
		<u>5,041,704</u>		<u>5,245,171</u>	
Current assets					
Stocks	18	18,000		18,000	
Debtors	19	455,602		671,775	
Cash at bank and in hand		2,507,566		1,637,585	
		<u>2,981,168</u>		<u>2,327,360</u>	
Creditors: amounts falling due within one year	20	<u>(1,209,841)</u>		<u>(1,406,853)</u>	
Net current assets		<u>1,771,327</u>		<u>920,507</u>	
Total assets less current liabilities		<u>6,813,031</u>		<u>6,165,678</u>	
Creditors: amounts falling due after more than one year	21	(389,299)		(800,430)	
Provisions for liabilities	23	(1,891,653)		(738,305)	
Net assets		<u>4,532,079</u>		<u>4,626,943</u>	
Capital and reserves					
Called up share capital	26	180		180	
Share premium account		42,291		42,291	
Capital redemption reserve		20		20	
Profit and loss reserves		4,489,588		4,584,452	
Total equity		<u>4,532,079</u>		<u>4,626,943</u>	

The financial statements were approved by the board of directors and authorised for issue on 1 August 2019 and are signed on its behalf by:



Mr D L Pluck
Director

Company Registration No. 01477372

DAVID PLUCK (NORTH WEST) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 30 December 2016	180	42,291	20	3,903,347	3,945,838
Year ended 31 December 2017:					
Profit for the year	-	-	-	681,105	681,105
Balance at 31 December 2017	180	42,291	20	4,584,452	4,626,943
Year ended 31 December 2018:					
Profit for the year	-	-	-	(94,864)	(94,864)
Balance at 31 December 2018	180	42,291	20	4,489,588	4,532,079

DAVID PLUCK (NORTH WEST) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	30	2,139,825		1,718,358	
Interest paid		(3,210)		(11,459)	
Income taxes paid		(246,351)		(190,678)	
Net cash inflow from operating activities		1,890,264		1,516,221	
Investing activities					
Purchase of tangible fixed assets		(231,785)		(1,123,385)	
Proceeds on disposal of tangible fixed assets		6,240		93,402	
Purchase of fixed asset investments		(403,030)		-	
Proceeds on disposal of fixed asset investments		-		111,153	
Interest received		4,509		888	
Dividends received		4,275		6,822	
Net cash used in investing activities		(619,791)		(911,120)	
Financing activities					
Repayment of borrowings		(411,131)		(555,068)	
Net cash used in financing activities		(411,131)		(555,068)	
Net increase in cash and cash equivalents		859,342		50,033	
Cash and cash equivalents at beginning of year		1,637,585		1,587,552	
Cash and cash equivalents at end of year		2,496,927		1,637,585	
Relating to:					
Cash at bank and in hand		2,507,566		1,637,585	
Bank overdrafts included in creditors payable within one year		(10,639)		-	

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

David Pluck (North West) Limited is a private company limited by shares incorporated in England and Wales. The registered office is c/o DSG, Chartered Accountants, Castle Chambers, 43 Castle Street, Liverpool, L2 9TL. The principal activities of the company are disclosed in the Strategic Report.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the going concern basis under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below and have been consistently applied.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Revenue is measured at fair value in respect of the provision of services falling within the company's activities during the year.

In the case of over the counter trade 'OTC' in Licensed Betting Offices, revenue represents gains and losses from gambling activity by the accounting period end.

Turnover from FOBT's represents amounts staked less amounts returned in winnings in respect of activity completed by the accounting period end.

Revenue on staked events is recognised when the outcome of the bet is certain.

1.4 Intangible fixed assets - goodwill

Goodwill is the difference between the fair value of consideration paid on the acquisition of a business and the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and amortised through the profit and loss account over its estimated useful economic life. Amortisation is calculated so as to write off the goodwill cost acquired, less estimated residual value, over the goodwill's estimated useful economic life, which the directors consider to be a period of between 2 and 15 years.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	Over 25 years
Long leasehold buildings	Over the life of the lease
Plant and machinery	25% RB and 25% SL
Office furniture and fittings	15% reducing balance
Motor vehicles	25% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Stocks consists entirely of betting slips and stationery costs.

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value as determined by quoted market prices and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

See note 1.16 for dilapidation provision details.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

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

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term even if payments are not made on such a basis.

1.16 Dilapidations

Provision for dilapidations on property leases is made at the point management becomes reasonably certain that the liability will crystallise.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Dilapidations

See note 1.16 above.

Useful economic life of tangible fixed assets

See note 1.5 above.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018 £	2017 £
Turnover analysed by class of business		
UK betting shops	12,479,100	12,455,234
	<u> </u>	<u> </u>
	2018 £	2017 £
Other significant revenue		
Interest income	4,509	888
Dividends received	4,275	6,822
	<u> </u>	<u> </u>

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

4 Exceptional costs/(income)

	2018 £	2017 £
Onerous lease provisions made in the year	1,238,183	-

5 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	740,954	1,036,385
Loss/(profit) on disposal of tangible fixed assets	42,781	(87,794)
Operating lease charges	1,302,884	1,389,880

6 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	20,000	20,000
For other services		
Taxation compliance services	10,000	10,000
All other non-audit services	10,601	13,599
	20,601	23,599

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Number of employees - Administration	166	171

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

7 Employees

(Continued)

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,890,721	2,859,716
Social security costs	232,561	226,522
Pension costs	29,953	17,811
	<u>3,153,235</u>	<u>3,104,049</u>

8 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	<u>45,335</u>	<u>53,825</u>

The directors are considered to be the key management personnel.

9 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	3,777	304
Other interest income	732	584
Total interest revenue	<u>4,509</u>	<u>888</u>
Other income from investments		
Dividends received	4,275	6,822
Total income	<u>8,784</u>	<u>7,710</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	3,777	304
Dividends from financial assets measured at fair value through profit or loss	<u>4,275</u>	<u>6,822</u>

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	3,210	4,186
Other finance costs:		
Other interest	-	7,273
	<u>3,210</u>	<u>11,459</u>

11 Amounts written off investments fixed asset investments

	2018 £	2017 £
Gain on disposal of investments held at fair value	-	325
Changes in the fair value of investments	(48,307)	-
	<u>(48,307)</u>	<u>325</u>

12 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	81,272	246,358
Adjustments in respect of prior periods	-	(251)
Total current tax	<u>81,272</u>	<u>246,107</u>
Deferred tax		
Origination and reversal of timing differences	<u>(16,835)</u>	<u>(65,396)</u>
Total tax charge	<u>64,437</u>	<u>180,711</u>

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

12 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
(Loss)/profit before taxation	(30,427)	861,816
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	(5,781)	163,745
Tax effect of expenses that are not deductible in determining taxable profit	10,890	2,981
Tax effect of income not taxable in determining taxable profit	(812)	(1,296)
Gains not taxable	-	(16,743)
Effect of change in corporation tax rate	-	(19,666)
Permanent capital allowances in excess of depreciation	76,975	117,626
Deferred tax adjustment	(16,835)	(65,936)
Taxation charge for the year	64,437	180,711

13 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2018 and 31 December 2018	1,600,088
Amortisation and impairment	
At 1 January 2018 and 31 December 2018	1,600,088
Carrying amount	
At 31 December 2018	-
At 31 December 2017	-

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

14 Tangible fixed assets

	Freehold buildings	Long leasehold buildings	Plant and machinery	Office furniture and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2018	3,225,542	1,794,633	5,006,209	4,558,831	94,569	14,679,784
Additions	134,314	4,344	24,854	32,269	36,004	231,785
Disposals	-	(93,010)	-	-	(42,605)	(135,615)
At 31 December 2018	3,359,856	1,705,967	5,031,063	4,591,100	87,968	14,775,954
Depreciation and impairment						
At 1 January 2018	1,157,545	1,209,785	4,052,056	3,319,856	75,371	9,814,613
Depreciation charged in the year	149,595	115,980	267,540	190,687	17,152	740,954
Eliminated in respect of disposals	-	(41,987)	-	-	(44,607)	(86,594)
At 31 December 2018	1,307,140	1,283,778	4,319,596	3,510,543	47,916	10,468,973
Carrying amount						
At 31 December 2018	2,052,716	422,189	711,467	1,080,557	40,052	4,306,981
At 31 December 2017	2,067,997	584,848	954,153	1,238,975	19,198	4,865,171

Freehold land and buildings with a carrying amount of £196,949 (2017 - £212,055) have been pledged to secure borrowings of the company.

15 Investment property

	2018 £
Fair value	
At 1 January 2018 and 31 December 2018	380,000

The fair value of the investment properties has been determined by the directors based on the property yield basis by reference to market evidence of prices for similar properties. The directors have considered the value at the 31st December 2018 and believe it is still correct.

16 Fixed asset investments

	2018 £	2017 £
Listed investments	354,723	-
Listed investments included above:		
Listed investments carrying amount	354,723	-

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

16	Fixed asset investments	(Continued)	
	Movements in fixed asset investments		Investments other than loans £
	Cost or valuation		
	At 1 January 2018		-
	Additions		403,030
	Valuation changes		(48,307)
	At 31 December 2018		354,723
	Carrying amount		
	At 31 December 2018		354,723
	At 31 December 2017		-
17	Financial instruments	2018	2017
		£	£
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	114,717	166,552
	Equity instruments measured at cost less impairment	354,723	-
	Carrying amount of financial liabilities		
	Measured at amortised cost	809,818	1,263,454
18	Stocks	2018	2017
		£	£
	Finished goods and goods for resale	18,000	18,000
19	Debtors	2018	2017
	Amounts falling due within one year:	£	£
	Other debtors	114,717	166,552
	Prepayments and accrued income	340,885	505,223
		455,602	671,775

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

20 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	22	10,639	-
Trade creditors		225,881	311,739
Corporation tax		81,272	246,351
Other taxation and social security		708,050	697,478
Other creditors		38,125	32,156
Accruals and deferred income		145,874	119,129
		<u>1,209,841</u>	<u>1,406,853</u>

21 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Other borrowings	22	<u>389,299</u>	<u>800,430</u>

The directors loan carries a fixed interest rate charge of 0.5% and is renewed on a 53 week rolling basis.

22 Loans and overdrafts

	2018 £	2017 £
Bank overdrafts	10,639	-
Other loans	389,299	800,430
	<u>399,938</u>	<u>800,430</u>
Payable within one year	10,639	-
Payable after one year	<u>389,299</u>	<u>800,430</u>

23 Provisions for liabilities

	Notes	2018 £	2017 £
Dilapidations		537,500	605,500
Onerous lease		<u>1,238,183</u>	<u>-</u>
		1,775,683	605,500
Deferred tax liabilities	24	<u>115,970</u>	<u>132,805</u>
		<u>1,891,653</u>	<u>738,305</u>

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

23 Provisions for liabilities

(Continued)

Movements on provisions apart from retirement benefits and deferred tax liabilities:

	Dilapidations	Onerous lease	Total
	£	£	£
At 1 January 2018	605,500	-	605,500
Additional provisions in the year	-	1,238,183	1,238,183
Use of provision	(68,000)	-	(68,000)
At 31 December 2018	<u>537,500</u>	<u>1,238,183</u>	<u>1,775,683</u>

An onerous lease provision of £1,238,183 has been included in relation to those outlets within the company shop portfolio which may be loss making.

24 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
ACAs	<u>115,970</u>	<u>132,805</u>
Movements in the year:		2018 £
Liability at 1 January 2018		132,805
Credit to profit or loss		(16,835)
Liability at 31 December 2018		<u>115,970</u>

There are no unused tax losses or unused tax credits.

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances.

25 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>29,953</u>	<u>17,811</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

26 Share capital

	2018 £	2017 £
Ordinary share capital Issued and fully paid 180 Ordinary shares of £1 each	180	180

The company has one class of ordinary shares which carry no right to fixed income.

27 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties. Leases are negotiated on various terms.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	570,471	760,065
Between two and five years	1,745,843	2,289,470
In over five years	474,355	1,260,961
	<u>2,790,669</u>	<u>4,310,496</u>

28 Related party transactions

Included within other loans in creditors falling due after more than one year are loans owing to D L Pluck of £389,299 (2017: £800,430). During the year loan interest of £3,210 (2017: £4,186) was charged in respect of these loans.

As at the balance sheet date the amount owed to the company by the Dee Retirement Benefits Scheme is £49,153 (2017: £49,153). This balance is included in other debtors.

During the year rent amounting to £157,400 (2017: £173,650) was paid over to the Dee Retirement Benefit Scheme.

29 Ultimate controlling party

The ultimate controlling party is Mr D L Pluck by virtue of his majority shareholding.

DAVID PLUCK (NORTH WEST) LIMITED.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

30 Cash generated from operations

	2018 £	2017 £
(Loss)/profit for the year after tax	(94,864)	681,105
Adjustments for:		
Taxation charged	64,437	180,711
Finance costs	3,210	11,459
Investment income	(8,784)	(7,710)
Loss/(gain) on disposal of tangible fixed assets	42,781	(87,794)
Depreciation and impairment of tangible fixed assets	740,954	1,036,385
Amounts written off investments	48,307	(325)
Increase/(decrease) in provisions	1,170,183	(50,000)
Movements in working capital:		
Decrease in debtors	216,173	88,072
(Decrease) in creditors	(42,572)	(133,545)
Cash generated from operations	<u>2,139,825</u>	<u>1,718,358</u>