

DAVID PLUCK (NORTH WEST) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4
Directors' responsibilities statement	5
Independent auditor's report	6 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 26

DAVID PLUCK (NORTH WEST) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report and financial statements for the year ended 31 December 2019.

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

Fair review of the business

The results for the company can be found on page 8 of these financial statements. Both turnover and gross profit have fallen from the figures recorded in the previous year. Turnover has reduced by £1,476,395 to £11,002,705 and gross profit has reduced by £790,159 to £8,741,157. The key factor in the reduction in these numbers is due to the introduction by the UK Government of a £2 cap on the gaming machines (which was previously a £100 cap). The industry as a whole has gone through some structural change as a result of this reduction to 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). The business has been affected along with the industry but the directors are confident that following this rationalisation the business will remain profitable.

The exceptional costs of £1,238,183 in the previous year related 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 had 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. Additional capital expenditure has been made in 2019 to acquire a number of additional SSBTs, taking the number from 76 in the year to December 2018 up to 121 by the end of the year to December 2019.

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 results delivered in 2019.

The directors are delighted with these results in light of the challenging high street environment which has adversely impacted several of our competitors. The directors are particularly pleased given the introduction of the £2 betting cap imposed by the government on gaming machines.

DAVID PLUCK (NORTH WEST) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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. This has been extremely relevant in the current year with the introduction of the £2 betting cap. The hope is that this same cap is applied to online betting as this could potentially bring customers back into shops who have previously bet online.

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.

The pandemic that hit the UK in early 2020 and at the time of writing is still continuing, is fully recognised by everyone. The specific risks of this to our betting business is that if the government bring in specific requirements, for example a doorman, then whilst supermarkets could allocate 1 of 30 staff to stand at the door, a solo manned betting shop cannot. Co-vid presents challenges on a myriad of fronts, including employment law, health and safety at work assessments, maintenance of premises, and many others, all of which physically larger businesses like supermarkets and PLCs with dedicated HR departments will find it easier to cope with should there be a 2nd or even 3rd wave of Co-vid, and insurance policies are most universally now excluding the risk. Nonetheless it has to be recognised that government support has very substantially mitigated the impact of a 3 month closure and it would only be if the government did not repeat that support, either in full or substantially in part that the consequences for this business would be serious.

Development and performance

The average number of betting shops operating at the 31st December 2019 was 36 (2018: 39). Financial results for the current year are outlined above together with the key factors contributing to 2019 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 2019

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	2019	2018
Shops	36	39
Turnover	£11.0m	£12.5m
Average turnover per shop	£305k	£320k
Gross profit	£8.7m	£9.5m

On behalf of the board

Mr N Thompson

Director

26 August 2020

DAVID PLUCK (NORTH WEST) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

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.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

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

26 August 2020

DAVID PLUCK (NORTH WEST) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 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 2019 and of its profit 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

26 August 2020

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 2019**

	Notes	2019 £	2018 £
Turnover	3	11,002,705	12,479,100
Cost of sales		(2,261,548)	(2,947,784)
Gross profit		8,741,157	9,531,316
Administrative expenses		(7,631,311)	(8,375,175)
Other operating income		152,043	94,348
Exceptional item	4	-	(1,238,183)
Operating profit	5	1,261,889	12,306
Interest receivable and similar income	9	39,218	8,784
Interest payable and similar expenses	10	(4,284)	(3,210)
Change in fair value of investments	11	62,280	(48,307)
Profit/(loss) before taxation		1,359,103	(30,427)
Tax on profit/(loss)	12	(283,378)	(64,437)
Profit for the financial year and total comprehensive income		1,075,725	(94,864)

DAVID PLUCK (NORTH WEST) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	14	4,054,494		4,306,981	
Investment properties	15	380,000		380,000	
Investments	16	548,362		354,723	
		<u>4,982,856</u>		<u>5,041,704</u>	
Current assets					
Stocks	17	18,000		18,000	
Debtors	18	1,013,386		455,602	
Cash at bank and in hand		2,470,672		2,496,927	
		<u>3,502,058</u>		<u>2,970,529</u>	
Creditors: amounts falling due within one year	19	(1,196,425)		(1,199,202)	
Net current assets		<u>2,305,633</u>		<u>1,771,327</u>	
Total assets less current liabilities		<u>7,288,489</u>		<u>6,813,031</u>	
Creditors: amounts falling due after more than one year	20	(104,183)		(389,299)	
Provisions for liabilities	22	(1,576,502)		(1,891,653)	
Net assets		<u>5,607,804</u>		<u>4,532,079</u>	
Capital and reserves					
Called up share capital	25	180		180	
Share premium account		42,291		42,291	
Capital redemption reserve		20		20	
Profit and loss reserves		5,565,313		4,489,588	
Total equity		<u>5,607,804</u>		<u>4,532,079</u>	

The financial statements were approved by the board of directors and authorised for issue on 26 August 2020 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 2019

	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2018	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
Year ended 31 December 2019:					
Profit for the year	-	-	-	1,075,725	1,075,725
Balance at 31 December 2019	180	42,291	20	5,565,313	5,607,804

DAVID PLUCK (NORTH WEST) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	29	866,503		2,139,825	
Interest paid		(4,284)		(3,210)	
Income taxes paid		(79,634)		(246,351)	
Net cash inflow from operating activities		782,585		1,890,264	
Investing activities					
Purchase of tangible fixed assets		(607,213)		(231,785)	
Proceeds on disposal of tangible fixed assets		175,630		6,240	
Purchase of fixed asset investments		(131,359)		(403,030)	
Interest received		6,670		4,509	
Dividends received		32,548		4,275	
Net cash used in investing activities		(523,724)		(619,791)	
Financing activities					
Repayment of borrowings		(285,116)		(411,131)	
Net cash used in financing activities		(285,116)		(411,131)	
Net (decrease)/increase in cash and cash equivalents		(26,255)		859,342	
Cash and cash equivalents at beginning of year		2,496,927		1,637,585	
Cash and cash equivalents at end of year		2,470,672		2,496,927	

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

The directors have considered the impact of the Coronavirus which is prevalent at the time of approval of these accounts and are confident that they have adequate resources to continue in business having taken account of current and future expenditure commitments.

Based on the above, the accounts are prepared on a going concern basis.

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 2019

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. Changes in fair value are recognised in profit or loss.

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.

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.

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.9 Cash at bank and in hand

Cash and cash equivalents 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.

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.

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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 2019

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 2019

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:

	2019	2018
	£	£
Turnover analysed by class of business		
UK betting shops	11,002,705	12,479,100
	<u> </u>	<u> </u>
	2019	2018
	£	£
Other significant revenue		
Interest income	6,670	4,509
Dividends received	32,548	4,275
	<u> </u>	<u> </u>

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 Exceptional costs/(income)

	2019 £	2018 £
Onerous lease provisions made in the year	-	1,238,183

5 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	757,317	740,954
(Profit)/loss on disposal of tangible fixed assets	(73,247)	42,781
Operating lease charges	743,719	1,302,884

6 Auditor's remuneration

	2019 £	2018 £
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	3,813	10,601
	13,813	20,601

7 Employees

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

	2019 Number	2018 Number
Number of employees - Administration	149	166

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Employees (Continued)

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,737,142	2,890,721
Social security costs	216,117	232,561
Pension costs	37,465	29,953
	<u>2,990,724</u>	<u>3,153,235</u>

8 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	<u>42,460</u>	<u>45,335</u>

The directors are considered to be the key management personnel.

9 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	6,624	3,777
Other interest income	46	732
Total interest revenue	<u>6,670</u>	<u>4,509</u>
Other income from investments		
Dividends received	<u>32,548</u>	<u>4,275</u>
Total income	<u>39,218</u>	<u>8,784</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	6,624	3,777
Dividends from financial assets measured at fair value through profit or loss	<u>32,548</u>	<u>4,275</u>

10 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	<u>4,284</u>	<u>3,210</u>

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11	Amounts written off investments fixed asset investments	2019 £	2018 £
	Changes in the fair value of investments	62,280	(48,307)
12	Taxation	2019 £	2018 £
	Current tax		
	UK corporation tax on profits for the current period	224,517	81,272
	Adjustments in respect of prior periods	(1,638)	-
	Total current tax	222,879	81,272
	Deferred tax		
	Origination and reversal of timing differences	60,499	(16,835)
	Total tax charge	283,378	64,437

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

	2019 £	2018 £
Profit/(loss) before taxation	1,359,103	(30,427)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	258,230	(5,781)
Tax effect of expenses that are not deductible in determining taxable profit	(9,238)	10,890
Tax effect of income not taxable in determining taxable profit	(6,184)	(812)
Permanent capital allowances in excess of depreciation	(19,929)	76,975
Deferred tax adjustment	60,499	(16,835)
Taxation charge for the year	283,378	64,437

Factors that may affect future tax charges

Finance Act 2016 includes provisions to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2020. However, in the Budget of 11 March 2020, the Chancellor of the Exchequer announced that this rate reduction will no longer take place; the rate will instead remain at 19%. This cancellation of the reduction in tax rate was substantively enacted on 17 March 2020, after the balance sheet date, and as such deferred tax balances as at the balance sheet date have been calculated based on timing differences reversing at the 17% rate. The tax impact of this cancellation of the rate reduction will be included in the accounts for future periods.

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2019 and 31 December 2019	1,600,088
Amortisation and impairment	
At 1 January 2019 and 31 December 2019	1,600,088
Carrying amount	
At 31 December 2019	-
At 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 2019	3,359,856	1,705,967	5,031,063	4,591,100	87,968	14,775,954
Additions	42,644	-	498,273	66,296	-	607,213
Disposals	(104,976)	-	(110,000)	-	-	(214,976)
At 31 December 2019	3,297,524	1,705,967	5,419,336	4,657,396	87,968	15,168,191
Depreciation and impairment						
At 1 January 2019	1,307,140	1,283,778	4,319,596	3,510,543	47,916	10,468,973
Depreciation charged in the year	151,300	115,980	302,435	172,028	15,574	757,317
Eliminated in respect of disposals	(30,093)	-	(82,500)	-	-	(112,593)
At 31 December 2019	1,428,347	1,399,758	4,539,531	3,682,571	63,490	11,113,697
Carrying amount						
At 31 December 2019	1,869,177	306,209	879,805	974,825	24,478	4,054,494
At 31 December 2018	2,052,716	422,189	711,467	1,080,557	40,052	4,306,981

Freehold land and buildings with a carrying amount of £181,843 (2018: £196,949) have been pledged to secure borrowings of the company.

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Investment property

	2019 £
Fair value	
At 1 January 2019 and 31 December 2019	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 2019 and believe it is still correct.

16 Fixed asset investments

	2019 £	2018 £
Listed investments	548,362	354,723
Listed investments included above:		
Listed investments carrying amount	548,362	354,723

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 January 2019	354,723
Additions	131,359
Valuation changes	62,280
At 31 December 2019	548,362
Carrying amount	
At 31 December 2019	548,362
At 31 December 2018	354,723

17 Stocks

	2019 £	2018 £
Finished goods and goods for resale	18,000	18,000

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Other debtors	686,073	114,717
Prepayments and accrued income	327,313	340,885
	<u>1,013,386</u>	<u>455,602</u>

19 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	246,195	225,881
Corporation tax	224,517	81,272
Other taxation and social security	571,568	708,050
Other creditors	39,632	38,125
Accruals and deferred income	114,513	145,874
	<u>1,196,425</u>	<u>1,199,202</u>

20 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Other borrowings	21	<u>104,183</u>	<u>389,299</u>

The directors loan carries a fixed interest rate charge of 3% and is renewed on a 53 week rolling basis.

21 Loans and overdrafts

	2019 £	2018 £
Directors loan account	<u>104,183</u>	<u>389,299</u>
Payable after one year	<u>104,183</u>	<u>389,299</u>

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

22 Provisions for liabilities

	Notes	2019 £	2018 £
Dilapidations		537,500	537,500
Onerous lease		862,533	1,238,183
		<u>1,400,033</u>	<u>1,775,683</u>
Deferred tax liabilities	23	176,469	115,970
		<u>1,576,502</u>	<u>1,891,653</u>

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

	Dilapidations £	Onerous lease £	Total £
At 1 January 2019	537,500	1,238,183	1,775,683
Use of provision	-	(375,650)	(375,650)
	<u>537,500</u>	<u>862,533</u>	<u>1,400,033</u>
At 31 December 2019			

An onerous lease provision of £1,238,183 was introduced into the accounts for the year ended 31 December 2018 in relation to those outlets within the company shop portfolio which may be loss making. This provision is reviewed on an annual basis and released back to the profit and loss account if the shops have remained operational.

23 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 2019 £	Liabilities 2018 £
Balances:		
ACAs	<u>176,469</u>	<u>115,970</u>
		2019 £
Movements in the year:		
Liability at 1 January 2019		115,970
Charge to profit or loss		60,499
		<u>176,469</u>
Liability at 31 December 2019		

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

23 Deferred taxation (Continued)

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.

24 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	37,465	29,953

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.

25 Share capital

	2019	2018
	£	£
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.

26 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:

	2019	2018
	£	£
Within one year	542,484	570,471
Between two and five years	1,474,498	1,745,843
In over five years	310,550	474,355
	2,327,532	2,790,669

DAVID PLUCK (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

27 Related party transactions

Included within other loans in creditors falling due after more than one year are loans owing to D L Pluck of £104,183 (2018: £389,299). During the year loan interest of £4,284 (2018: £3,210) 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 £150,512 (2018: £49,153). This balance is included in other debtors.

As at the balance sheet date the amount owed to the company by David Pluck Investments Limited is £462,300 (2018: £nil). This balance is included in other debtors.

During the year rent amounting to £117,458 (2018: £157,400) was paid over to the Dee Retirement Benefit Scheme.

28 Ultimate controlling party

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

29 Cash generated from operations

	2019 £	2018 £
Profit/(loss) for the year after tax	1,075,725	(94,864)
Adjustments for:		
Taxation charged	283,378	64,437
Finance costs	4,284	3,210
Investment income	(39,218)	(8,784)
(Gain)/loss on disposal of tangible fixed assets	(73,247)	42,781
Depreciation and impairment of tangible fixed assets	757,317	740,954
Amounts written off investments	(62,280)	48,307
(Decrease)/increase in provisions	(375,650)	1,170,183
Movements in working capital:		
(Increase)/decrease in debtors	(557,784)	216,173
Decrease in creditors	(146,022)	(42,572)
Cash generated from operations	866,503	2,139,825

30 Analysis of changes in net funds

	1 January 2019 £	Cash flows £	31 December 2019 £
Cash at bank and in hand	2,496,927	(26,255)	2,470,672
Directors loan account	(389,299)	285,116	(104,183)
	2,107,628	258,861	2,366,489

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.