

**Annual Report and  
Financial Statements**  
*Jack Brown (Bookmaker) Limited*

**For the year ended 31 December 2021**

**JACK BROWN (BOOKMAKER) LIMITED**

**DIRECTORS AND ADVISORS**

**DIRECTORS**

A Hicks  
A Bower  
R M Wood

**COMPANY SECRETARY**

Ladbrokes Coral Corporate Secretaries Limited

**INDEPENDENT AUDITOR**

KPMG LLP  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

**REGISTERED OFFICE**

3<sup>rd</sup> Floor  
One New Change  
London  
EC4M 9AF

## **JACK BROWN (BOOKMAKER) LIMITED**

### **STRATEGIC REPORT – FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their Strategic Report for the year ended 31 December 2021.

#### **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The Company acts as an intermediary services company for leasing activity within the Entain plc group.

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

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Profit for the financial year	<b>2,252</b>	2,202
Net Assets	<b>102,324</b>	100,072

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

#### **RESULTS AND DIVIDENDS**

The financial statements for the year show a profit for the financial year of £2,252,000 (2020: £2,202,000). The directors do not recommend payment of a dividend (2020: £Nil).

A management fee is charged to Ladbrokes Betting & Gaming Limited for the services rendered based on the underlying cost in the Company.

#### **FINANCIAL POSITION**

As at 31 December 2021 the Company had net assets of £102,324,000 (2020: £100,072,000).

#### **PRINCIPAL RISK AND UNCERTAINTIES**

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

The Company has no other significant risks or uncertainties other than those that arise from being a part of the Entain plc. The significant risks or uncertainties, including the Company's exposure to financial risk management are dealt with on pages 81 to 85 presented in the Annual Report 2021 of Entain plc.

#### **SECTION 172 STATEMENT**

This section of the strategic report describes how the directors have had regard to the matters set out in section 172(1) (a) to (f), and forms the statement required under section 414 C of the Companies Act 2006 (the "Act"). The role of the board of directors of the company plays an integral part in demonstrating how the directors have had regard to the matters set out in section 172(1). During the year the following primary tasks were undertaken by the board of directors of the company:

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

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

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

## **JACK BROWN (BOOKMAKER) LIMITED**

### **STRATEGIC REPORT – FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

#### **SECTION 172 STATEMENT (continued)**

The directors also considered the interests of a wider set of stakeholders. Further information on the process behind how the Entain plc board makes decisions that affect the stakeholders of its subsidiaries, including the company, can be found in Entain plc's Annual Report here: The 2021 annual report and accounts for Entain plc can be found here: <https://entaingroup.com/investor-relations/financial-reports/>

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

#### **MODERN SLAVERY**

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

On behalf of the Board



A Bower  
Director  
28 September 2022

## **JACK BROWN (BOOKMAKER) LIMITED**

### **DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their Directors' Report and the Company's audited financial statements for the year ended 31 December 2021. Comparative information is presented for the year ended 31 December 2020.

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

Directors:	J D Kerr	(resigned 31 December 2021)
	A Bower	(appointed 31 December 2021)
	A Hicks	(appointed 1 November 2021)
	R Wood	

Secretary : Ladbrokes Coral Corporate Secretaries Limited

Registered Office : 3<sup>rd</sup> Floor, One New Change, London, EC4M 9AF

Company Number: 00755989

### **FUTURE DEVELOPMENTS**

The directors do not propose any change to the Company or its principal activity in the forthcoming year.

### **FINANCIAL RISK MANAGEMENT**

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

### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

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

### **POLITICAL DONATIONS**

Neither the Company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year (2020: £nil).

### **STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR**

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

- a) so far as each director is aware, there is no relevant audit information of which the company's Auditor is unaware; and

each director has taken all the steps that they ought to have taken as director in order to make themselves aware of any relevant audit information and to establish that the company's Auditor is aware of that information

### **GOING CONCERN**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is a subsidiary of the Group headed by Entain plc (the Group) and consequently, the ability of the Company to continue as a going concern is based on the ability of the Group to continue as a going concern.

The Group has prepared financial forecasts comprising operating profit, balance sheet and cash flows covering the 36-month period to 2024. In preparing these forecasts, the directors have assessed the impact of the Covid-19 outbreak on the business and have revised the cash flow forecasts for 2022 to take account of the consequent reduction in profits and net cash inflows. These revised forecasts indicate that the Company will remain within its present facilities and that there is sufficient covenant headroom even under the sensitised downside scenarios.

Entain plc has indicated its intention to continue to make available such funds as are needed by the company, until at least 30 September 2023 and for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

**JACK BROWN (BOOKMAKER) LIMITED**

**DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

**GOING CONCERN (continued)**

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

**INDEPENDENT AUDITOR**

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

## **JACK BROWN (BOOKMAKER) LIMITED**

### **DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the Board



A Bower  
Director  
3<sup>rd</sup> Floor  
One New Change  
London,  
EC4M 9AF  
28 September 2022

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JACK BROWN (BOOKMAKER) LIMITED**

### **Opinion**

We have audited the financial statements of Jack Brown (Bookmakers) Limited ("the company") for the year ended 31 December 2021 which comprise income statement, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 4.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease their operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

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

- Enquiring of directors as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions.

We did not identify any additional fraud risks.

We also performed procedures including:

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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JACK BROWN (BOOKMAKER) LIMITED** **(CONTINUED)**

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

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

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

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

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

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

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

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

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

### **Strategic report and directors' report**

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

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

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JACK BROWN (BOOKMAKER) LIMITED**  
**(CONTINUED)**

**Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

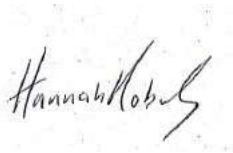
**Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Hannah Roberts** (*Senior Statutory Auditor*)  
*for and on behalf of KPMG LLP, Statutory Auditor*  
*Chartered Accountants*  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ  
30 September 2022

**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

		<b>2021</b>	2020
	<b>Note</b>	<b>£'000</b>	£'000
Finance income	5	<b>2,252</b>	2,203
Lease interest payable		-	(1)
<b>Profit before taxation</b>		<b>2,252</b>	2,202
Income tax expense	6	-	-
<b>Profit and total comprehensive income for the financial year attributable to equity holders</b>		<b>2,252</b>	2,202

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

The notes on pages 13 to 17 form an integral part of these financial statements.

**BALANCE SHEET AS AT 31 DECEMBER 2021**

	Notes	2021 £'000	2020 £'000
<b>Current assets</b>			
Amounts owed by group undertakings (including £102,324,000 (2020: £100,072,000) due after more than one year)	7	<b>102,324</b>	100,072
Finance lease receivable	8	<u>-</u>	<u>1</u>
		<b>102,324</b>	100,073
<b>Current Liabilities</b>			
Lease liabilities	8	-	(1)
<b>Net current assets</b>		<b>102,324</b>	100,072
<b>Net assets</b>		<u><b>102,324</b></u>	<u>100,072</u>
<b>Shareholder's equity</b>			
Called up share capital	9	<b>50</b>	50
Capital reserve		<b>3</b>	3
Retained earnings		<b>102,271</b>	100,019
<b>Total shareholders' funds</b>		<u><b>102,324</b></u>	<u>100,072</u>

The financial statements on pages 10 to 17 were approved by the board of directors on 28 September 2022 and were signed on its behalf by:



A Bower  
Director  
28 September 2022

**JACK BROWN (BOOKMAKER) LIMITED****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Capital reserve	Retained earnings	Total shareholders' equity
	£'000	£'000	£'000	£'000
<b>As at 1 January 2020</b>	<b>50</b>	<b>3</b>	<b>97,817</b>	<b>97,870</b>
Profit for the financial year and total comprehensive income	-	-	2,202	2,202
<b>At 31 December 2020</b>	<b>50</b>	<b>3</b>	<b>100,019</b>	<b>100,072</b>
Profit for the financial year and total comprehensive income	-	-	2,252	2,252
<b>At 31 December 2021</b>	<b>50</b>	<b>3</b>	<b>102,271</b>	<b>102,324</b>

The notes on pages 13 to 17 form an integral part of these financial statements.

## **JACK BROWN (BOOKMAKER) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **1. Corporate information**

Jack Brown (Bookmaker) Limited ('the Company') is a private company limited by share capital incorporated and domiciled in England and Wales in the United Kingdom. The address of its registered office and principal place of business is disclosed in the Directors' Report.

The financial statements of the Company for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors.

#### **2. Basis of preparation**

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

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

The accounting policies which follow in note 4 set out those policies which apply in preparing the financial statements for the year ended 31 December 2021. These policies have been applied consistently other than those newly adopted in the year.

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

- IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of IAS 16.73 (e) comparative information
- IAS 8.30-31 Accounting Policies, Changes in Accounting Estimates and Errors;
- IAS 24 Related Party Disclosures
- the requirements of paragraph 17 of IAS 24;
- Paragraphs 113 (a), 114, 115, 118, 119a) to (c), 120 to 127 and 129 of IFRS 15 revenue from Contracts with Customers.
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

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

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

#### **New standards and IFRIC interpretations**

From 1 January 2021 the Company has not been required to adopt, for the first time, any new standards, interpretations, or amendments as there have been no new issues effective in the reporting year.

**3. Key judgements and sources of estimation uncertainty**

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

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

**Financial assets**

Financial assets are recognised when the Company becomes party to the contracts that give rise to them. The Company classifies financial assets at inception as financial assets at amortised cost, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income. At 31 December 2021, the Company had only financial assets classified as financial assets at amortised cost.

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, financial assets at amortised cost are measured at fair value net of transaction costs.

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

**4. Summary of significant accounting policies**

**4.1 Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is a subsidiary of the Group headed by Entain plc (the Group) and consequently, the ability of the Company to continue as a going concern is based on the ability of the Group to continue as a going concern.

The Group has prepared financial forecasts comprising operating profit, balance sheet and cash flows covering the 36-month period to 2024. In preparing these forecasts, the directors have assessed the impact of the Covid-19 outbreak on the business and have revised the cash flow forecasts for 2022 to take account of the consequent reduction in profits and net cash inflows. These revised forecasts indicate that the Company will remain within its present facilities and that there is sufficient covenant headroom even under the sensitised downside scenarios.

Entain plc has indicated its intention to continue to make available such funds as are needed by the company, until at least 30 September 2023 and for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

## **JACK BROWN (BOOKMAKER) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

#### **4. Summary of significant accounting policies (continued)**

##### 4.2 Derecognition of financial assets and liabilities

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

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

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

##### 4.3 Recoverable amount of non-current assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

##### 4.4 Leases

###### *Leases*

###### Company as a lessee

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

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

###### Company as a lessor

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

#### **5. Finance income**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Lease interest receivable	-	1
From group undertakings	<b>2,252</b>	2,202
	<b>2,252</b>	2,203



**JACK BROWN (BOOKMAKER) LIMITED****NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)****6. Income tax expense**

(a) Tax charge in the income statement

	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>Current tax</b>		
UK corporation tax	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Tax expense in the income statement</b>	<u>-</u>	<u>-</u>

(b) Reconciliation of the total tax expense

	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>Profit before taxation</b>	<b>2,252</b>	2,202
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2020 – 19.00%)	<b>428</b>	418
<b>Adjusted for the effects of:</b>		
Group relief claimed for nil consideration	<b>(428)</b>	(418)
<b>Total tax charge</b>	<u>-</u>	<u>-</u>

(c) Change in corporation tax rate

In the Budget on 3 March 2021 the Chancellor announced that the standard rate of UK Corporation Tax would increase from the planned 19% rate to 25% on 1 April 2023. This change was substantively enacted on 24 May 2021. Both the 19% and 25% rate have therefore been used in measuring deferred tax items, depending on the expected rate of reversal of any timing differences.

**7. Amounts owed by group undertakings**

<b>2021</b>	2020
<b>£'000</b>	£'000
<b>102,324</b>	100,072

Amounts owed by other group undertakings are included under amounts falling due within one year as they are repayable on demand.

Included within amounts owed by group undertakings is £102,324,000 expected to be recovered after more than one year (2020: £100,072,000).

**JACK BROWN (BOOKMAKER) LIMITED****NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)****8. Leases**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>Current</b>		
Lease liabilities	-	1
<b>Total</b>	<b>-</b>	<b>1</b>

The maturity of lease liabilities as at 31 December 2021 is as follows:

	Within 1 year	1-2 years	2-5 years	>5 years	Total
	£'000	£'000	£'000	£'000	£'000
<b>2021</b>					
<b>Net present value</b>	-	-	-	-	-
2020					
Net present value	1	-	-	-	1

The maturity of finance lease receivables as at 31 December 2021 are as follows:

	Within 1 year	1-2 years	2-5 years	>5 years	Total
	£'000	£'000	£'000	£'000	£'000
<b>2021</b>					
<b>Lease payments receivable</b>	-	-	-	-	-
2020					
Lease payments receivable	1	-	-	-	1

**9. Called up share capital**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Issued, called up and fully paid:		
50,000 (2020: 50,000) ordinary shares of £1 each	<b>50</b>	50

**10. Related party transactions**

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries. There were no transactions with any other related parties in the year (2020: £nil).

**11. Immediate and ultimate parent undertaking**

The immediate parent undertaking of the Company is Ladbroke Group, a company with registered address 3rd Floor One New Change London EC4M 9AF and the ultimate parent undertaking is Entain plc, a company with registered address 32 Athol Street, Douglas, Isle of Man, IM1 1JB. The largest and smallest group preparing consolidated group financial statements which include the Company is Entain plc for the year ended 31 December 2021.

Copies of the Annual Report and Financial Statements for Entain plc can be obtained from the registered office of the company at 3rd Floor One New Change London EC4M 9AF.