Annual Report and Financial Statements

Town and County Factors Limited

For the year ended 31 December 2019

TOWN AND COUNTY FACTORS LIMITED

DIRECTORS AND ADVISORS

DIRECTORS
C A Sutters

R M Wood

COMPANY SECRETARY
Ladbrokes Coral Corporate Secretaries Limited

INDEPENDENT AUDITORS
KPMG LLP
Chartered Accountants and Statutory Auditor
15 Canada Square
London
E14 5GL

REGISTERED OFFICE
3rd Floor One New Change
London
United Kingdom
EC4M 9AF

Strategic Report
for the year ended 31 December 2019

The directors present their Strategic Report on the Company for the year ended 31 December 2019.

Principal activities and review of the business
The Company's principal activity is to provide managerial and administrative services to GVC Holdings PLC and its subsidiary companies ("the Group").

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

	2019	2018
	£'000	£'000
Revenue	**70**	23,863
(Loss)/profit before tax, finance expense and separately disclosed items	**(64)**	6,282
Amounts owed by group undertakings	**45,320**	49,749
Amounts owed to group undertakings	**32,597**	36,430

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

The Company's principal risks arise from the carrying value of investments, and interest rates, which affect the balances with other group companies and interest due on those balances.

The Company has no other significant risks or uncertainties other than those that arise from being a part of the GVC Holdings PLC. The significant risks or uncertainties, including the Company's exposure to financial risk management, are dealt with on pages 60 to 66 presented in the Annual Report 2019 of GVC Holdings PLC.

Position of the business
As at 31 December 2019, the company had net assets of £6,174,000 (2018: £6,210,000).

Section 172 Statement
In performing their duties under the Companies Act 2006 the Board are required to describe how they have had regard to the matters set out in section 172(1)(a) to (f).

When making decisions throughout the year the directors have taken into consideration, and had regard to, the Company's shareholders, stakeholders, business relationships, reputation for high standards, the community and environment and the impact of the Board's decision making on the long term success of the business.

The Company is a wholly owned subsidiary of GVC Holdings PLC and therefore the directors have also considered the wider context in which the Company operates to adhere to the high standards of professionalism, culture, values, ethics, strategy and environmental and social responsibility set by the GVC group.

In discharging their duties under section 172 the directors have access to the full resource, assistance, support and guidance offered by the GVC group and are committed to driving further improvements in shareholder and stakeholder engagement.

The Company has no employees or direct customers.

The 2019 annual report and accounts for GVC Holdings PLC can be found here: https://gvc-plc.com/wp-content/uploads/2020/04/GVC-2019-Annual-Report-and-Accounts.pdf

On behalf of the Board

Charlie Su

C A Sutters

Director

30 October 2020

Directors' Report
for the year ended 31 December 2019

The directors present their Report and the audited financial statements of the Company for the year ended 31 December 2019.

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

Directors:	C A Sutters R M Wood
Secretary:	Ladbrokes Coral Corporate Secretaries Limited
Registered Office:	3rd Floor One New Change, London, United Kingdom, EC4M 9AF
Company registration no:	00535902

Results and dividends

The financial statements for the year show a loss before taxation of £64,000 (2018: profit of £721,000).

The directors do not recommend the payment of a dividend (2018: £nil).

Certain agreements pertaining to a loan entered into in the early 1980's were lost during a fire at our off-site storage facilities in the late 1980's. Whilst management have attempted to obtain copies of these agreements from the counterparty, to date they have been unsuccessful. Therefore, management have been unable to validate the outstanding loan balance with our auditors leading to a qualified audit opinion.

However, management note that they have continued to account for the loan in line with the terms of the original agreement, for which the knowledge has been passed on from director to director since the agreements were destroyed. This accounting convention has also been adopted in the 2019 financial statements. Management also note that there have been no changes in circumstances or facts pertaining to the loan since the agreements were destroyed in the late 1980's. Management will continue to work with the loan counterparties to obtain the original loan documentation to rectify this issue.

Future developments

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

Financial instruments

Details of financial instruments are provided in note 27 of the Annual report 2019 GVC Holdings Plc.

Financial Risk Management

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

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing these financial statements.

The Group has assessed the impact of the Covid-19 outbreak on the business and has revised its cash flow forecasts for 2020 and 2021 to take account of the consequent reduction in profits and net cash inflows. The revised forecasts indicate that the group will remain within its present bank facilities and will continue to be able to pay its liabilities as they fall due.

Directors' and officers' liability insurance

During the year and up to the date of approval of these financial statements, GVC Holdings PLC purchased and maintained, on behalf of the Company, liability insurance, being a qualifying indemnity provision, for its directors and officers as permitted by Section 233 of the Companies Act 2006.

Modern Slavery

GVC Holdings PLC and its global subsidiaries ("The Group") recognise that companies have an obligation to ensure that their business and supporting supply chains are slavery free. The Group's full modern slavery statement can be found at https://gvc-plc.com/corporate-responsibility/modern-slavery-statement/.

Directors' Report
for the year ended 31 December 2019 (continued)

Statement of directors' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Statement of declaration of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

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

On behalf of the Board

C A Sutters
Director
30 October 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWN AND COUNTY FACTORS LIMITED

Qualified opinion

We have audited the financial statements of Town and County Factors Limited ("the company") for the year ended 31 December 2019 which comprise the income statement, the balance sheet, the statement of changes in equity and related noted including significant accounting policies 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 2019.

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the company's loss for the year ended 31 December 2019;
- 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 qualified opinion

We were unable to obtain sufficient appropriate audit evidence in respect of unsecured loans balance of £7,020,000 per note 15 and amortisation of interest-free unsecured loans of £232,000 per note 6.

This was due to the fact that the company entered into a number of loan agreements for which contracts have been lost. Management has been unable to obtain any confirmations from third-party counterparties to these loans and no alternative evidence is available. We have been unable to obtain evidence over these loans through performing alternative audit procedures.

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 qualified opinion.

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

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

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

Going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWN AND COUNTY FACTORS LIMITED (continued)

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:

- except for the possible consequential effects of the matter described in the basis for qualified opinion section of our report on the related disclosures in the Strategic Report and Directors' Report:
  - we have not identified material misstatements in those reports; and
  - in our opinion those reports have been prepared in accordance with the Companies Act 2006.
- in our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to unsecured loans balance and amortisation of interest-free unsecured loans described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- adequate accounting records have not been kept.

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:

- 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.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWN AND COUNTY FACTORS LIMITED (continued)

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

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

Mark Flanagan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ
5 November 2020

Income statement
for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue	5	**70**	23,863
Operating expenses		**(2)**	(17,581)
(Loss)/profit before tax, finance expense and separately disclosed items	8	**68**	6,282
Separately disclosed items	7	**(5)**	(5,669)
(Loss)/profit before tax and finance expense		**63**	613
Finance income		**177**	553
Finance expenses		**(304)**	(445)
Net finance (expense)/income	6	**(127)**	108
(Loss)/profit before taxation		**(64)**	721
Income tax expense	10	**28**	293
(Loss)/profit and total comprehensive income		**(36)**	1,014

There are no items of other comprehensive income in the years presented. Therefore, no separate statement of other comprehensive (expense)/income has been prepared.

The above results relate to continuing activities.

The notes on pages 11 to 18 form an integral part of these financial statements.

Balance sheet as at 31 December 2019

	Note	2019 £'000	2018 £'000
ASSETS			
Non-current assets			
Intangible assets	11	**-**	871
		-	871
Current assets			
Trade and other receivables	12	**45,320**	52,705
Total assets		**45,320**	53,576
LIABILITIES			
Current liabilities			
Trade and other payables	13	**(32,184)**	(40,080)
		(32,184)	(40,080)
Non-current liabilities			
Loans and borrowings	14	**(6,725)**	(7,020)
Deferred tax liabilities	10	**(237)**	(266)
		(6,962)	(7,286)
Total liabilities		**(39,164)**	(47,366)
Net assets		**6,174**	6,210
Shareholders' equity			
Issued share capital	15	**20,000**	20,000
Accumulated losses		**(13,826)**	(13,790)
Total shareholders' funds		**6,174**	6,210

The financial statements on pages 8 to 18 were approved by the board of directors on 30 October 2020 and were signed on its behalf by

C A Sutters
Director
30 October 2020

Statement of changes in equity
for the year ended 31 December 2019

	Issued share capital £'000	Accumulated losses £'000	Total shareholders' funds/(deficit) £'000
At 1 January 2018	20,000	(14,804)	5,196
Profit for the financial year and total comprehensive income	-	1,014	1,014
At 31 December 2018	20,000	(13,790)	6,210
Profit for the financial year and total comprehensive income	-	(36)	(36)
At 31 December 2019	20,000	(13,826)	6,174

The notes on pages 11 to 18 form an integral part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2019

1. Corporate information

Town and County Factors Limited ("the Company") is a limited company incorporated and domiciled in England and Wales within the United Kingdom. The address of its registered office and principal place of business is disclosed in the Directors' Report.

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

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

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 Companies Act 2006. The financial statements are prepared on a going concern basis under the historical cost convention.

The accounting policies that follow in note 4 set out those policies which apply in preparing the financial statements for the year ended 31 December 2019 and have been applied consistently to all years presented.

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

a) IFRS 7 Financial Instruments: Disclosures;
b) IFRS 13 Fair Value Measurement;
c) IAS 1 Presentation of Financial Statements
d) IAS 7 Statement of Cash Flows
e) IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
f) IAS 24 Related Party Disclosures
g) IAS 36 Impairment of Assets

3. Critical accounting estimates and judgements

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

Income tax
Significant judgement is required in determining the provision for income taxes due to the uncertainty of the amount of income tax that may be payable, and in respect of determining the level of future taxable profits of the Company that support the recoverability of the deferred tax asset. Further details are given in note 10.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

4. Summary of significant accounting policies

Going concern
After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing these financial statements.

Intangible assets
Software
Software is capitalised at cost and is amortised over a period of three to five years using the straight line method. Useful lives are reviewed on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset, with any gain or loss arising (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the income statement in the year of disposal.

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

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Financial assets
Financial assets are recognised when the Company becomes party to the contracts that give rise to them. The Company classifies financial assets at inception as loans and receivables, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income. At 31 December 2019, the Company had only financial assets classified as loans and receivables.

Loans and receivables
Loans and receivables are non-derivative assets with fixed or determinable payments that are not quoted in an active market and comprise trade and other receivables and loans to fellow subsidiary companies. On initial recognition, loans and receivables are measured at fair value net of transaction costs. Subsequently, the fair values are measured at amortised cost using the effective interest rate method, less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in interest receivable in the income statement. Losses arising from impairment are recognised in the income statement in operating expenses.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

4. Summary of significant accounting policies (continued)

Financial liabilities
Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company classifies financial liabilities as loans and borrowings. The Company determines the classification of financial liabilities at initial recognition. Financial liabilities comprise trade and other payables and interest-free, unsecured loans.

Loans and borrowings
On initial recognition, loans and borrowings are recognised at fair value net of transaction costs. After initial recognition, interest-free, unsecured loans are measured at amortised cost using the effective interest method.

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 discharge, cancelled or expires.

Foreign currency translation
The presentation and functional currency of the Company is Pounds Sterling (£).

Transactions in foreign currency are initially recorded in Pounds Sterling at the foreign currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign currency rate of exchange ruling at the balance sheet date.

All foreign currency translation differences are taken to the income statements and are reported as part of the operating expenses.

Revenue
The Company earns management fees from the provision of managerial and administrative services to GVC Holdings PLC and its subsidiary companies. Revenue is measured at the fair value of the consideration received.

Finance expense and income
Finance expense and income arising on interest bearing financial instruments carried at amortised cost are recognised in the income statement using the effective interest rate method. Finance expense includes the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price. Finance income represents income arising from loans to fellow group companies.

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

Notes to the financial statements
for the year ended 31 December 2019 (continued)

4. Summary of significant accounting policies (continued)

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

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

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

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

Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

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

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

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

- corporate transaction and restructuring costs.

Any other non-recurring items are considered individually for classification as separately disclosed or exceptional by virtue of their nature or size.

The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Company. Further details are given in note 7.

Notes to the financial statements for the year ended 31 December 2019 (continued)

5. Revenue

Revenue recognised in the income statement is analyses as follows:

	2019 £'000	2018 £'000
Management fees	**70**	23,863

6. Net finance income/(expenses)

	2019 £'000	2018 £'000
Finance income		
Interest receivable from fellow subsidiary companies	**177**	553
Total finance income		553
Finance expenses		
Amortisation of interest-free unsecured loans	**(171)**	(232)
Interest payable to fellow subsidiary companies	**(133)**	(213)
	(304)	
Total finance expenses		(445)
Net finance (expense)/income	**(127)**	108

7. Separately disclosed items

Separately disclosed items consist of:

- costs of £nil (2018: £1,547,000) that have been recognised in the year in respect of integration costs associated with the merger of the Ladbrokes and Coral businesses that completed on 1 November 2016 and the acquisition by GVC Holdings PLC,
- costs of £nil (2018: £4,090,000) have arisen on deal related expenditure relating to the acquisition by GVC Holdings PLC; and
- other costs of £5,000 (2018: £32,000).

8. Profit before tax, finance expense and separately disclosed items

	2019 £'000	2018 £'000
Profit before tax, finance expense and separately disclosed items is stated after charging:		
Auditors' remuneration: audit of financial statements	**3**	3
Amortisation of intangible assets	**362**	158
Foreign exchange loss/(gain)	**(283)**	325

9. Staff costs and directors' remuneration

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

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

Notes to the financial statements
for the year ended 31 December 2019 (continued)

10. Income tax credit

(a) Tax credited in the income statement

	2019 £'000	2018 £'000
Current tax		
Adjustments in respect of prior periods	**-**	(285)
Tax credit in the income statement	**-**	(285)

		2019 £'000
Deferred tax		
Adjustments in respect of prior periods	**19**	38
Origination and reversal of timing differences	**(47)**	(46)
Tax credit in the income statement	**(28)**	(8)
Total tax credit in the income statement	**(28)**	(293)

(b) Reconciliation of the total tax charge

A reconciliation of income tax charge to profit before taxation at the UK statutory income tax rate to the income tax (credit)/charge for the years ended 31 December 2019 and 31 December 2018 is as follows:

	2019 £'000	2018 £'000
(Loss)/profit before taxation	**(64)**	721
Corporation tax charge thereon at 19.00% (2018: 19.00%)	**(12)**	137
Adjusted for the effects of:		
Impact of tax rate changes	**6**	-
Non-deductible expenses	**-**	786
Group relief claimed for nil consideration	**(41)**	(783)
Adjustments in respect of prior periods – deferred tax	**19**	38
Adjustments in respect of prior periods – current tax	**-**	(284)
Difference between current and deferred tax rates	**-**	6
Transfer pricing adjustments	**-**	(193)
Total tax credit reported in the income statement	**(28)**	(293)

(c) Change in corporation tax rate

In the budget on 16 March 2017, the Chancellor announced that the standard rate of UK Corporation tax will be reduced from 1 April 2020 to 17%. In addition, he announced that the planned reductions in rates would be delayed and amended so that the standard rate of UK Corporation Tax will be reduced from 20% to 19% from 1 April 2017, with a further reduction to 17% from 1 April 2020.

The deferred tax assets and liabilities at the balance sheet date are calculated at the substantively enacted rate of 17%. Although the reduction to 17% is effective from 1 April 2020, this was substantively enacted on 6 September 2017.

In the Budget on 11 March 2020 the Chancellor announced that the standard rate of UK Corporation Tax would increase from the planned 17% rate to 19% on 1 April 2020. This change was enacted on 17 March 2020 and therefore does not impact the rate of 17% used for the year ended 31 December 2019.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

10. Income tax credit (continued)

(d) Deferred tax liability

The deferred tax liability included in the Company balance sheet is as follows:

	2019	2018
	£'000	£'000
Fixed asset timing differences	**237**	266

All deferred tax arises in respect of fixed asset timing differences and will be recovered over the natural course of the life of the underlying assets.

11. Intangible assets

	Software
	£'000
Cost	
At 1 January 2019	1,592
Transferred to another group company	(1,592)
At 31 December 2019	**-**
Accumulated amortisation and impairment losses	
At 1 January 2019	(721)
Charge in the year	(362)
Transferred to another group company	1,083
At 31 December 2019	**-**
Net book value at 31 December 2019	**-**
Net book value at 31 December 2018	871

12. Trade and other receivables

	2019	2018
	£'000	£'000
Amounts falling due within one year		
Amounts owed by group companies	**45,320**	49,749
Other debtors	**-**	2,956
	45,320	52,705

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

13. Trade and other payables

	2019	2018
	£'000	£'000
Current		
Amounts owed to group undertakings	**32,184**	36,430
Other creditors and accruals	**-**	3,650
	32,184	40,080

Amounts owed to group undertakings are classified as current where they are subject to repayment at any time by either the Lender or the Borrower giving written notice to the other.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

14. Loans and borrowings

	2019	2018
	£'000	£'000
Wholly repayable in more than five years:		
Unsecured loans	**6,725**	7,020

The unsecured loans fall due for repayment after more than five years. The loans are interest-free and are recorded at amortised cost using the effective interest rate method. A portion of any income received from certain film rights owned by the GVC Holdings Plc and its subsidiaries is offset against the loan balances.

15. Issued share capital

	2019	2018
	£'000	£'000
Allotted, called up and fully paid:		
20,000,000 (2018: 20,000,000) ordinary shares of £1 each	**20,000**	20,000

16. Related party transactions

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

There are no other related party transactions.

17. Immediate and ultimate parent company

The immediate parent of the Company is Ladbrokes Coral Group Limited a company registered in England and Wales. The ultimate parent undertaking of the Company is GVC Holdings PLC, a company registered in the Isle of Man. The only group preparing consolidated group financial statements which include the Company is GVC Holdings PLC for the year ended 31 December 2019.

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

18. Subsequent events

Since the year end the World Health Organisation declared a global pandemic following the Covid-19 outbreak leading to a number of countries around the world moving into a status of lockdown and preventing in certain cases any continuation of trade. This has had an impact on the GVC Holdings PLC group as it means a number of sporting events around the world have been halted. The Company's risks in this respect are aligned to that of the group.

Given the Company does not trade there has been no noticeable impact to the Company during the pandemic.

The Group has assessed the impact of the Covid-19 outbreak on the business and has revised its cash flow forecasts for 2020 and 2021 to take account of the consequent reduction in profits and net cash inflows. The revised forecasts indicate that the group will remain within its present bank facilities and will continue to be able to pay its liabilities as they fall due.