

Annual Report and Financial Statements

Cashcade Limited

For the year ended 31 December 2021

CASHCADE LIMITED

(Company Number: 03831781)

DIRECTORS AND ADVISORS

DIRECTORS

R Jones

C Painting

P Anatolitis

COMPANY SECRETARY

Ladbrokes Coral Corporate Secretaries Limited

INDEPENDENT AUDITOR

KPMG LLP

St Nicholas House

31 Park Row

Nottingham

NG1 6FQ

REGISTERED OFFICE

3rd Floor,

One New Change,

London,

EC4M 9AF

CASHCADE LIMITED

(Company Number: 03831781)

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's principal activity during the year continued to be the licensing of Intellectual Property rights to fellow Group companies.

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

	2021	2020
	£'000	£'000
Revenue	4,085	2,983
Profit for the financial year	3,918	3,292
Net Assets	13,739	9,821

RESULTS AND DIVIDENDS

The financial statements for the year show a profit for the financial year of £3,918,000 (2020: £3,292,000). The company has paid no dividends during the year (2020: £nil). The directors do not recommend payment of a further dividend for the year (2020: £nil).

A consideration of future developments can be found within the directors' report to these financial statements.

FINANCIAL POSITION

As at 31 December 2021 the company had net assets of £13,739,000 (2020: £9,821,000).

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, including those related to Covid-19, are dealt with on pages 81 to 85 presented in the Annual Report 2021 of Entain plc.

S172 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.;
- Monitoring the potential significant operational challenges presented by the COVID-19 pandemic, having regard to the company's safe and reliable operations; 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 suppliers, customers, and 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.

CASHCADE LIMITED

(Company Number: 03831781)

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

S172 STATEMENT (continued)

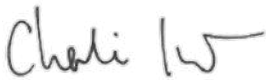
The directors also considered the interests of a wider set of stakeholders, including the companies it has provided guarantees to and for. Further information on the process behind how the Entain plc board makes decisions that affects the stakeholders of its subsidiaries, including the company, can be found in Entain plc's Annual Report which 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 the 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



C A Sutters

Director

28 September 2022

CASHCADE LIMITED

(Company Number: 03831781)

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 as follows:

Directors:	R Jones	(resigned 28 March 2022)
	R Hoskin	(resigned 4 February 2021)
	C Painting	(appointed 4 February 2021)
	P Anatolitis	(appointed 4 February 2021, resigned 1 August 2022)
	C Sutters	(appointed 1 August 2022)

Secretary : Ladbrokes Coral Corporate Secretaries Limited

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

Company Number: 03831781

FUTURE DEVELOPMENTS

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

FINANCIAL RISK MANAGEMENT

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

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 responsible for receiving royalty income on IP rights held to certain bingo brands within the group and is therefore integral to the Group's business model. 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 changes 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 not to seek repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £5,000 and to continue to make available such funds as are needed by the company, until at least 31 December 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.

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).

DIRECTORS' AND OFFICERS' INDEMNITIES AND 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.

CASHCADE LIMITED

(Company Number: 03831781)

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

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
- b) 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

INDEPENDENT AUDITOR

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.

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report, 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*.

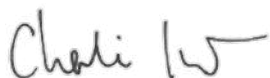
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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



C A Sutters
Director
3rd Floor,
One New Change,
London,
EC4M 9AF
28 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASHCADE LIMITED

Opinion

We have audited the financial statements of Cashcade 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASHCADE LIMITED

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.

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 CASHCADE LIMITED

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.

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.



Stephanie Beavis (*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

CASHCADE LIMITED

(Company Number: 03831781)

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	<u>Note</u>	2021 £'000	2020 £'000
Revenue	5	4,085	2,983
Cost of sales		-	-
Gross Profit		4,085	2,983
Operating income/(expense)	6	(167)	80
Profit before taxation		3,918	3,063
Taxation	7	-	229
Total profit and comprehensive income for the year		3,918	3,292

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

The notes on pages 13 to 18 form an integral part of these financial statements.

CASHCADE LIMITED

(Company Number: 03831781)

BALANCE SHEET AS AT 31 DECEMBER 2021

		<u>2021</u>	<u>2020</u>
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>
CURRENT ASSETS			
Trade and other receivables (including £13,107,000 (2020: £9,185,000) due after more than one year.	8	13,841	9,914
Cash at bank and in hand		39	39
		13,880	9,953
CURRENT LIABILITIES			
Trade and other payables	9	(141)	(132)
		13,739	9,821
NET ASSETS			
EQUITY			
Issued share capital	10	4	4
Capital contribution reserve		2,417	2,417
Retained Earnings		11,318	7,400
TOTAL SHAREHOLDERS' EQUITY		13,739	9,821

The notes on pages 13 to 18 form an integral part of these financial statements.

The financial statements on pages 10 to 18 were approved by the board of directors on 28 September 2022 and were signed on its behalf by:



C A Sutters
Director
28 September 2022

CASHCADE LIMITED

(Company Number: 03831781)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called share capital	Capital Contribution Reserve	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000	£'000
At 31 December 2019	4	2,417	4,108	6,529
Profit for the year	-	-	3,292	3,292
At 31 December 2020	4	2,417	7,400	9,821
Profit for the year	-	-	3,918	3,918
At 31 December 2021	4	2,417	11,318	13,739

The notes on pages 13 to 18 form an integral part of these financial statements.

CASHCADE LIMITED

(Company Number: 03831781)

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

1. CORPORATE INFORMATION

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

The financial statements of the Company for the year ended 31 December 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 IAS16.73 (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;
- 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:

- 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.

The following relevant standards and interpretations were issued by the IASB or the IFRIC before the year end but are as yet not effective for the 2021 year end. The Company is currently assessing the impact these will have on its results and financial position, but it expects that these will not have a material effect on the Company:

- IFRS 17 Insurance contracts
- Amendments to IAS 16 Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**3. KEY JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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 accounting policies where judgement is necessarily applied are those set out below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date. There are no significant estimates.

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 responsible for receiving royalty income on IP rights held to certain bingo brands within the group and is therefore integral to the Group's business model. 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 changes 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 not to seek repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £5,000 and to continue to make available such funds as are needed by the company, until at least 31 December 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.

4.2 Revenue

Revenue generated by the company is that of royalty charges made to other group companies. Royalty charges are earned based on agreed fixed percentages of certain elements of revenue recognised by those other group companies. The royalty income is recognised on an accruals basis by applying royalty rates to the relevant revenue of those fellow Group companies. In the preceding year income was also derived from marketing services.

4.3 Taxation

Income tax expense represents the sum of the Directors' best estimate of taxation exposures and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 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 rates that have been enacted or substantively enacted by the reporting date.

CASHCADE LIMITED

(Company Number: 03831781)

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

4.4 Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences other than where IAS 12 'Income Taxes' contains specific examples. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting 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 realised. Deferred tax is charged or credited to 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.

4.4 Deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4.5 Financial assets

The Company's financial assets which are financial instruments are categorised as loans and receivables. There are no financial assets that are classified as available for sale or held to maturity. A category for 'in the money' derivative financial instruments was not required since there were no derivative financial instruments held as at 31 December 2021 or 31 December 2020.

Trade and other receivables represent short-term monetary assets which are recognised at fair value less impairment and other related provisions, which are recognised when there is objective evidence (primarily default or significant delay in payment) that the Company will be unable to collect all of the amounts due. The amount of such a provision is the difference between the net carrying amount and the present value of the future expected cashflows associated with the impaired receivable.

Cash comprises cash in hand and balances with financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash.

4.6 Financial liabilities

The Company's financial liabilities are all categorised as financial liabilities measured at amortised cost. Financial liabilities include trade payables and other short-term monetary liabilities which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method, which ensures that interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

4.7 Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments.

4.8 Finance income

Finance income represents loan interest receivable from the parent company as a result of a loan agreement in place. This also represents bank interest receivable on cash deposits

4.9 Finance expense

Finance expense represents loan interest payable to the company's bankers as a result of a loan agreement in place.

4.10 Dividends

Equity dividends are recognised when they become legally payable. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

CASHCADE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**4.11 Foreign currency**

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the profit and loss account.

5. REVENUE

All revenue is generated through charges made to other group company's and arises entirely within the UK. Royalty income from services performed by the Company are as follows:

	<u>2021</u>	<u>2020</u>
	£'000	£'000
Royalties income	4,085	2,983

6. PROFIT BEFORE TAXATION

The operating profit is stated after charging/(crediting):

	<u>2021</u>	<u>2020</u>
	£'000	£'000
Audit services	10	10
Foreign exchange loss/(gain)	166	(163)

The audit fee for the company of £10,000 has been borne by another group company (2020: £10,000).

7. TAXATION

Tax credit in the income statement

	<u>2021</u>	<u>2020</u>
	£'000	£'000
Current tax		
UK corporation tax	-	(230)
Total current tax	-	(230)
Deferred tax		
Origination and reversal of timing differences	-	1
Adjustment in respect of prior years	-	-
Total deferred tax	-	1
Tax credit reported in the income statement	-	(229)

Reconciliation of the total income tax charge

	<u>2021</u>	<u>2020</u>
	£'000	£'000
Profit before taxation	3,918	3,063
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2020 – 19.00%)	744	582
Adjusted for the effects of:		
Group relief claimed for nil consideration	(743)	(581)
Impact of tax rate changes – c/fwd balances	(1)	
Adjustment in respect of prior years – current tax	-	(230)
Total tax on profit reported in the income statement	-	(229)

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 was substantively enacted on 24 March 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.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**8. TRADE AND OTHER RECEIVABLES**

Amounts falling due within one year	2021	2020
	£'000	£'000
Amounts owed by group companies	13,107	9,185
Corporation tax	720	720
Deferred tax asset	5	5
Other Debtors	9	4
	13,841	9,914

Amounts owed by other group undertakings are included under amounts falling due within one year as they are repayable on demand and relate to trading and financing type transactions. These balances are repaid, and drawn down on a periodic basis.

Included within amounts owed by group undertakings is £13,107,000 which is expected to be recovered after more than one year (2020: £9,185,000).

9. TRADE AND OTHER PAYABLES

	2021	2020
	£'000	£'000
Amounts owed to group companies	5	5
Accruals	136	127
	141	132

Amounts owed to group undertakings 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.

10. CALLED UP SHARE CAPITAL

	Authorised			
	2021	2020	2021	2020
	Number	Number	£	£
Ordinary shares of 5p each	2,000,000	2,000,000	100,000	100,000
Ordinary "B" shares of 1p each	2,000,000	2,000,000	20,000	20,000
	4,000,000	4,000,000	120,000	120,000

	Allotted, called up and fully paid			
	2021	2020	2021	2020
	Number	Number	£	£
Ordinary shares of 5p each	87,128	87,128	4,356	4,356
Ordinary "B" shares of 1p each	7,897	7,897	79	79
	95,025	95,025	4,435	4,435

Ordinary shares are not redeemable, carry the right to vote, dividends and to a distribution.

Ordinary "B" shares are not redeemable and do not carry a right to vote. They do carry the right to dividends and to a distribution.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**11. 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 or the requirements of paragraph 17 of IAS 24 Key Management Compensation. There were no transactions with any other related parties in the year (2020: £nil).

12. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking of the Company as at 31 December 2021 is Entain Marketing (UK) Limited, a company with the 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 only 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 found at <https://entaingroup.com/sustainability/modern-slavery-statement/>