

# **Annual Report and Financial Statements**

*Ladbrokes IT & Shared  
Services Limited*

**For the year ended 31 December 2019**

## **LADBROKES IT & SHARED SERVICES LIMITED**

### **STRATEGIC REPORT – FOR THE YEAR ENDED 31 DECEMBER 2019**

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

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

The principal activity of the Company is the provision of IT consultancy services to other group companies.

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

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Revenue	-	23,279
Cost of sales	-	(11,207)
(Loss)/profit for the financial year	<b>(421)</b>	2,277
Total equity	<b>8,637</b>	9,058

Due to the limited activities undertaken by the Company no other key performance indicators are considered relevant.

#### **PRINCIPAL RISK 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 tangible and intangible assets, 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 57 to 62 presented in the Annual Report 2019 of GVC Holdings PLC.

#### **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/>.

#### **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.

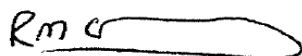
The Company has no employees or direct customers.

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>

#### **FINANCIAL POSITION**

As at 31 December 2019, the company had net assets of £8,637,000 (2018: £9,058,000).

On behalf of the Board



R Sandbach  
Director  
30 October 2020

## **LADBROKES IT & SHARED SERVICES LIMITED**

### **DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their Directors' Report and the Company's audited financial statements 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:                R M Sandbach  
                                  G Calder  
                                  R M Wood

Secretary :                Ladbrokes Coral Corporate Secretaries Limited

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

Company Number:     06106936

### **RESULTS AND DIVIDENDS**

The financial statements show a loss for the financial year of £471,000 (2018 profit of: £2,277,000).

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

### **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**

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**

GVC Holdings PLC maintains a qualifying (as defined by law) directors' and officers' liability insurance. The above named directors, (except for the corporate 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.

### **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.

**LADBROKES IT & SHARED SERVICES LIMITED**

**DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

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

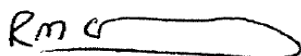
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure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

On behalf of the Board:

A handwritten signature in black ink, appearing to read 'R Sandbach', enclosed within a hand-drawn oval shape.

R Sandbach  
Director

30 October 2020

## **LADBROKES IT & SHARED SERVICES LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LADBROKES IT & SHARED SERVICE LIMITED**

#### **Opinion**

We have audited the financial statements of Ladbrokes IT & Shares Services Limited (“the Company”) for the year ended 31 December 2019 which comprise the Balance Sheet, the Income Statement, the Statement of Changes in Equity and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 December 2019 and of its loss 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.

#### **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 the valuation 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.

#### **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:

## **LADBROKES IT & SHARED SERVICES LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LADBROKES IT & SHARED SERVICE LIMITED (CONTINUED)**

#### **Strategic report and directors' report (continued)**

- 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.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 3, 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.



**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

**LADBROKES IT & SHARED SERVICES LIMITED**

**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Note</b>	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Revenue	5	-	23,279
Cost of sales		-	(11,207)
<b>Gross profit</b>		-	12,072
Administrative expenses		<b>(5)</b>	(8,838)
<b>(Loss)/profit before taxation and finance expenses</b>	6	<b>(5)</b>	3,234
Finance expenses	7	<b>(416)</b>	(1,177)
<b>(Loss)/profit before taxation</b>		<b>(421)</b>	2,057
Income tax credit	10	-	220
<b>(Loss)/profit for the financial year and total comprehensive income</b>		<b>(421)</b>	2,277

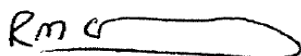
All items dealt with in arriving at the profit before taxation relate to continuing operations.

There are no items of other comprehensive income in the years presented. Therefore no separate Statement of Comprehensive Income has been prepared.

**BALANCE SHEET AS AT 31 DECEMBER 2019**

	Note	2019 £'000	2018 £'000
<b>Current assets</b>			
Trade and other receivables	11	20,250	19,855
Cash and cash equivalents		24	24
		<hr/> 20,274	<hr/> 19,879
<b>Current liabilities</b>			
Trade and other payables	12	(11,637)	(10,821)
<b>Net current assets/(liabilities)</b>		<hr/> 8,637	<hr/> 9,058
<b>Net assets</b>		<hr/> <hr/> 8,637	<hr/> <hr/> 9,058
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss account		8,637	9,058
<b>Total equity</b>		<hr/> <hr/> 8,637	<hr/> <hr/> 9,058

The financial statements on pages 6 to 15 were approved by the board of directors on 30 October 2020 and were signed on its behalf by:



R Sandbach  
Director

30 October 2020



**LADBROKES IT & SHARED SERVICES LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Called up share capital £'000</b>	<b>Profit and Loss Account £'000</b>	<b>Total Equity £'000</b>
As at 1 January 2018	-	6,781	6,781
Profit for the financial year and total comprehensive expense	-	2,277	2,277
	<hr/>	<hr/>	<hr/>
As at 31 December 2018	-	9,058	9,058
Loss for the financial year and total comprehensive income	-	(421)	(421)
	<hr/>	<hr/>	<hr/>
<b>As at 31 December 2019</b>	<b>-</b>	<b>8,637</b>	<b>8,637</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 15 form an integral part of these financial statements.

## **LADBROKES IT & SHARED SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **1 General Information**

Ladbrokes IT & Shared Services Limited ("the Company") is a private company limited by share capital 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 2019 were authorised for issue in accordance with a resolution of the directors.

These financial statements were prepared in accordance with 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. The Company's financial statements are individual entity financial statements.

#### **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 which follow in note 4 set out those policies which apply in preparing the financial statements for the year ended 31 December 2019. 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:

- a) The requirements of 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*; and
- f) IAS 24 *Related Party Disclosures*

#### **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.

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:

##### **Intangible assets**

###### *Internally developed software*

Development costs that are directly attributable to the design and testing of identifiable intangible assets are recognised as an intangible asset when the following criteria are met:

- Completion of the software development is technically feasible;
- Management intends to complete and make use of the software
- The Company has the ability to use or sell the software;
- It is probable that the software will generate future economic benefits;
- The Company has sufficient resources to complete the software; and
- The Company can measure reliably the directly attributable expenditure.

## **LADBROKES IT & SHARED SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019** **(CONTINUED)**

#### **3 Judgements and key sources of estimation uncertainty (continued)**

##### **Intangible assets (continued)**

###### *Internally developed software*

Internally developed software is stated at cost less accumulated amortisation and accumulated impairment losses.

###### *Amortisation*

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful life of software assets is two to five years.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

##### **Non-trading items**

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

- profits or losses on disposal, closure or impairment of assets or businesses;
- corporate transaction and restructuring costs; and
- amortization of acquired intangibles.

Any other non-recurring items are considered individually for classification as non-trading 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 6b.

#### **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.

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.

##### **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 operating income. At 31 December 2019, the Company had only financial assets classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, loans and receivables are measured at fair value plus directly attributable transaction costs. Subsequently, such assets are measured at amortised cost, using the effective interest (EIR) 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 EIR. The EIR amortisation is included in interest receivable in the income statement. Losses arising from impairment are recognised in the income statement in operating expenses.

###### *Impairment of financial assets*

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis.

#### **4 Summary of significant accounting policies**

##### **Financial assets (continued)**

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account.

When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

##### **Financial liabilities**

Financial liabilities are as classified loans and borrowings. The Company determines the classification of financial liabilities at initial recognition. Financial liabilities comprise other payables and amounts owed to group undertakings.

##### **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.

##### **Finance expense and income**

Finance expense and income arising on interest being on interest bearing financial instruments carried at amortised cost are recognised in the income statement using the effective interest rate method. Finance income represents income arising principally from loans to fellow group companies.

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes making the asset capable of operating as intended.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful life of computer hardware is five years.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

##### **Employee benefits**

###### *Defined contribution pension plans*

A defined pension contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### **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.

## LADBROKES IT & SHARED SERVICES LIMITED

### 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 transaction, affects neither the accounting profit nor taxable profit or loss
- Deferred income tax assets are recognised only to the extent that it is probable 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.

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

#### 5 Revenue

The total revenue of the Company for the year has been derived from its principal activity of the provision of IT consultancy services wholly undertaken in the UK.

#### 6 (Loss)/profit before taxation and finance expenses

(Loss)/profit before taxation and finance expenses is stated after charging:

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Depreciation of tangible fixed assets (note 12)	-	2,090
Amortisation of intangible assets (note 11)	-	7,506

Audit fees for the audit of the Company's financial statements of £2,500 have been borne by another group company (2018: £2,500). There were no non-audit services fees in the year (2018: £nil).

#### 7 Finance expense

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Interest payable to group companies	<b>416</b>	1,177

#### 8 Directors emoluments

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.

**LADBROKES IT & SHARED SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

**(CONTINUED)**

**9 Staff numbers and costs**

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2019	2018
Full time	-	165
	<u>-</u>	<u>165</u>

The aggregate payroll costs were as follows:

	2019	2018
	£'000	£'000
Wages and salaries	-	9,264
Social security costs	-	1,158
Other pension costs	-	474
	<u>-</u>	<u>10,896</u>

**10 Income tax credit**

(a) Tax credit in the income statement

	2019	2018
	£'000	£'000
<b>Current tax</b>		
UK corporation tax	-	-
<b>Deferred tax</b>		
Adjustment in respect of prior years	-	-
Origination and reversal of timing differences	-	220
<b>Total deferred tax</b>	<u>-</u>	<u>220</u>
<b>Tax credit in the income statement</b>	<u>-</u>	<u>220</u>

(b) Reconciliation of the total tax credit

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

	2019	2018
	£'000	£'000
(Loss)/profit before taxation	<u>(421)</u>	<u>2,057</u>
Corporation tax charge thereon at 19.00% (2018: 19.00%)	<b>(80)</b>	391
Adjusted for the effects of:		
Non-deductible expenses	<b>80</b>	16
Group relief claimed for nil consideration	-	(653)
Difference in current and deferred tax rates	-	26
<b>Total Tax</b>	<u>-</u>	<u>(220)</u>

## LADBROKES IT & SHARED SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

#### 10 Income tax credit

##### (c) Changes in Corporation Tax

In the budget on 16 March 2016, 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 2016.

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.

##### (d) Deferred tax

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

	<b>2019</b>	2018
	<b>£'000</b>	£'000
At 1 January 2019	-	457
Adjustment in respect of prior years	-	-
Origination and reversal of timing differences	-	220
Transfer to other group company	-	(677)
At 31 December 2019	<u>-</u>	<u>-</u>

There are no unrecognised deferred tax balances at 31 December 2019.

The deferred tax balances above wholly relate to fixed asset timing differences.

#### 11 Trade and other receivables

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Amounts owed by group undertakings	<u>20,250</u>	19,855
	<u>20,250</u>	<u>19,855</u>

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

#### 12 Trade and other payables

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Trade payables	-	64
Amounts owed to group undertakings	11,590	10,706
VAT payable	47	51
	<u>11,637</u>	<u>10,821</u>

Amounts owed to other group undertakings are included under amounts falling due within one year where there are no specified terms as to their repayment.

#### 13 Called up share capital

	<b>2019</b>	2018
	<b>£</b>	£
<b>Allotted, called up and fully paid</b>		
1 (2018:1) ordinary share of £1 each	<u>1</u>	<u>1</u>

## **LADBROKES IT & SHARED SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019** **(CONTINUED)**

#### **14 Related parties**

The Company has taken advantage of the provision of FRS 101.8(k).1A which exempt subsidiary undertakings, 100% of whose voting rights are controlled within the group, from disclosing transactions with other entities within the group. The ultimate parent company, GVC Holdings PLC, has included the required related party disclosures within its consolidated financial statements.

#### **15 Immediate and ultimate parent company**

The immediate parent undertaking of the Company, at the year end, was Ladbrokes Coral Group Limited, a company registered in England and Wales. The ultimate parent 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 Annual Report and Accounts for GVC Holdings PLC can be obtained from the registered office at 3rd Floor, One New Change, London, United Kingdom, EC4M 9AF.

#### **16 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.