Annual Report and Financial Statements

North West Bookmakers Limited

For the year ended 31 December 2022

Company number: NI016533

DIRECTORS AND ADVISORS

DIRECTORS

M. Fee

L. McCauley

COMPANY SECRETARY

Ladbrokes Coral Corporate Secretaries Limited

INDEPENDENT AUDITOR

KPMG LLP

EastWest

Tollhouse Hill

Nottingham

NG1 5FS

REGISTERED OFFICE

77A Andersonstown Road

Belfast

Norther Ireland

BT11 9AH

The directors present their strategic report for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company's principal activity during the year continued to be the operation of betting shops and their related assets.

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

	2022	2021
	£'000	£'000
Revenue	**23,031**	13,809
Profit/(loss) for the financial year	**737**	(6,060)
Net Assets	**18,831**	18,094

RESULTS AND DIVIDENDS

The financial statements for the year show a profit for the financial year of £737,000 (2021: loss of £6,060,000). The company has paid no dividends during the year (2021: £nil). The directors do not recommend payment of a further dividend for the year (2021: £nil).

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

FINANCIAL POSITION

As at 31 December 2022 the company had net assets of £18,831,000 (31 December 2021: £18,094,000).

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 part of the Entain plc group. The significant risks or uncertainties, including the Company's exposure to financial risk management are dealt with on pages 85 to 88 presented in the Annual Report 2022 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.;
- 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 interests of the company's employees.
c. The need to foster the company's business relationships with suppliers, customers, and others.
d. The impact of the company's operations on the community and the environment.
e. The desire to maintain the company's reputation for high standards of business conduct.
f. The need to act fairly between members of the company.

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 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 proposed decisions 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

Michael Fee

M. Fee

Director

29 June 2023

DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their Directors' Report and the Company's audited financial statements for the year ended 31 December 2022. Comparative information is presented for the year ended 31 December 2021.

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:	M. Fee
	L. McCauley
Secretary:	Ladbrokes Coral Corporate Secretaries Limited
Registered Office:	77A Andersonstown Road, Belfast, Northern Ireland, BT11 9AH
Company Number:	NI016533

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 reporting the trading results of a retail estate held by the Group in the United Kingdom (excluding Northern Ireland) 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.

In adopting the going concern basis of preparation in the financial statements, the directors have considered the current trading performance of the Group, the financial forecasts, the post balance sheet events disclosed in note 35 of the Group's 2022 Annual Report and the principal risks and uncertainties. In addition, the directors have considered all matters discussed in connection with the long-term viability statement including the modelling of "severe but plausible" downside scenarios, which have been run individually and in combination, and include but are not limited to legislation changes impacting the Group's Online business and severe data privacy and cyber security breaches. These forecasts are not reliant on any refinancing occurring in the going concern assessment period.

Entain Plc has indicated its intention not to seek repayment of the amounts currently due to the group, which at 31 December 2022 amounted to £5,806,000, and to continue to make available such funds as are needed by the company, until at least 12 months from the date approval of the financial statements 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.

EMPLOYEE INVOLVEMENT

i) Consultation with employees takes place through regular departmental meetings, and for the field staff, manager meetings and cashier meetings, with views and feedback being obtained either directly or via the regional team meetings.

ii) The financial and economic factors affecting the Company are brought to the attention of our staff through the Entain plc Group Annual Report.

DISABLED PERSONS

The policies that the Company applied during the year were as follows:

i) Full and fair consideration was given to disabled applicants for employment, having regard to their particular aptitudes and abilities.

ii) If an employee becomes disabled, the objective is to continue the provision of suitable employment either in the same or an alternative position, with appropriate adjustments being made if necessary.

iii) Disabled employees were to share equally in the opportunities for training, career development and promotion.

POLITICAL DONATIONS

Neither the Company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year (2021: £nil).

DIRECTORS' 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.

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

On behalf of the Board

Michael Fee

M. Fee
Director
29 June 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH WEST BOOKMAKERS LIMITED

Opinion

We have audited the financial statements of North West Bookmakers Limited ("the Company") for the year ended 31 December 2022 which comprise the income statement, statement of comprehensive income, 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 2022 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 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").

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 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, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and shop staff.
- 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 is limited estimation and judgement in relation to revenue recognition and limited opportunity to manipulate revenue.

We did not identify any additional fraud risks.

We performed procedures including:

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

Identifying and responding to risks of material misstatement related to 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 from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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 or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: data protection laws, anti-bribery, employment law, regulatory capital and liquidity, and responsible betting and gaming legislation 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.

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.

Hannah Roberts

Hannah Roberts (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
EastWest
Tollhouse Hill
Nottingham NG1 5FS

30 June 2023

North West Bookmakers Limited

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Revenue	5	**23,031**	13,809
Cost of sales		**(5,991)**	(3,925)
Gross Profit		**17,040**	9,884
Operating expense	6	**(13,102)**	(10,693)
Other operating income	9	**-**	2,349
Profit before finance expense, tax and separately disclosed items		**3,938**	1,540
Separately disclosed items	7	**(4,868)**	(2,992)
Loss before tax and finance expense		**(930)**	(1,452)
Interest payable and similar expenses	8	**(755)**	(2,943)
Loss before taxation		**(1,685)**	(4,395)
Taxation	10	**2,422**	(1,665)
Profit/(loss) after taxation		**737**	(6,060)
Other comprehensive income		**-**	-
Total comprehensive income/(expense) for the year		**737**	(6,060)

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

The notes on pages 13 to 23 form an integral part of these financial statements.

North West Bookmakers Limited

BALANCE SHEET AS AT 31 DECEMBER 2022 **Company number: NI016533**

	Note	2022 £'000	2021 £'000
FIXED ASSETS			
Intangible assets	11	**18,663**	21,239
Property, plant and equipment	12	**7,210**	8,180
		25,873	29,419
CURRENT ASSETS			
Trade and other receivables (including £1,277,000 (2021: £360,000) due after more than one year	13	**2,108**	694
Deferred tax asset	10	**8,488**	6,066
Cash at bank and in hand		**807**	1,741
		11,403	8,501
CURRENT LIABILITIES			
Trade and other payables	14	**(8,760)**	(9,911)
Provision for liabilities	15	**(325)**	(60)
Lease liabilities	16	**(744)**	(1,077)
		(9,829)	(11,048)
NET CURRENT ASSETS/(LIABILITIES)		**1,574**	(2,547)
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,447**	26,872
NON-CURRENT LIABILITIES			
Provisions	15	**(781)**	(325)
Lease liabilities	16	**(7,835)**	(8,453)
NET ASSETS		**18,831**	18,094
EQUITY			
Issued share capital	17	**59,001**	59,001
Retained Earnings		**(40,170)**	(40,907)
TOTAL SHAREHOLDERS' FUNDS		**18,831**	18,094

The notes on pages 13 to 23 form an integral part of these financial statements.

The financial statements on pages 10 to 23 were approved by the board of directors on 29 June 2023 and were signed on its behalf by:

Michael Fee

M. Fee
Director
29 June 2023

North West Bookmakers Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Issued share capital	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000
At 31 December 2020	**1**	**(34,847)**	**(34,846)**
Loss for the year	-	(6,060)	(6,060)
Transactions with owners, recorded directly in equity:			
Share Capital issue	59,000	-	59,000
At 31 December 2021	**59,001**	**(40,907)**	**18,094**
Loss for the year	-	737	737
At 31 December 2022	**59,001**	**(40,170)**	**18,831**

The notes on pages 13 to 23 form an integral part of these financial statements.

1. CORPORATE INFORMATION

North West Bookmakers Limited ('the Company') is a private company limited by shares incorporated and domiciled in Northern Ireland 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 2022 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. The Company's functional currency is considered to be Sterling, 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 Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of Entain plc.

The accounting policies which follow in note 4 set out those policies which apply in preparing the financial statements for the period ended 31 December 2022. 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;
- Paragraphs 113 (a), 114, 115, 118, 119a) to (c), 120 to 127 and 129 of IFRS 15 revenue from Contacts with Customers.
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

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

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

New standards and IFRIC interpretations

From 1 January 2022 the Company has applied, for the first time, certain standards, interpretations and amendments. The adoption of the following standards and amendments to standards did not have a material impact on the current period or any prior period upon transition:

- IAS 15 Property, Plant and Equipment; amendments to the definition of sales proceeds and related costs;
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets; amendments to the definition of costs to fulfil an onerous contract;
- IAS 41 Agriculture; amendments to the measurement techniques for biological assets; and
- IFRS 3 Business Combinations; updating a reference to the Conceptual Framework.

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.

Non-financial assets

Intangible assets

Intangible assets include goodwill, betting office licenses, and software are individually valued at the date of purchase.

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the separately identifiable assets, liabilities and contingent liabilities at the date of acquisition. In accordance with IFRS 3 Business Combinations, goodwill is not amortised but reviewed for impairment at the first reporting period after acquisition and then annually and as such, is stated at cost less any provisions for impairment of value. Any impairment is recognized immediately in the income statement and is not subsequently reversed.

During 2016 the Company reassessed the useful economic life of retail licenses in light of the continued decline in over the counter stakes and regulatory pressures on FOBTs and revised the estimate to 15 years rather than the indefinite life adopted in 2015.

Software is capitalised at cost and is amortised over a period of 5 years using the straight line method. The amortisation charge is taken to the income statement through operating expenses. 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 gains 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Going concern

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

The company is a subsidiary of the Group headed by Entain plc (the Group) and responsible for reporting the trading results of a retail estate held by the Group in the United Kingdom (excluding Northern Ireland) 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.

In adopting the going concern basis of preparation in the financial statements, the directors have considered the current trading performance of the Group, the financial forecasts, the post balance sheet events disclosed in note 35 of the Group's 2022 Annual Report and the principal risks and uncertainties. In addition, the directors have considered all matters discussed in connection with the long-term viability statement including the modelling of "severe but plausible" downside scenarios, which have been run individually and in combination, and include but are not limited to legislation changes impacting the Group's Online business and severe data privacy and cyber security breaches. These forecasts are not reliant on any refinancing occurring in the going concern assessment period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Going concern (continued)

Entain Plc has indicated its intention not to seek repayment of the amounts currently due to the group, which at 31 December 2022 amounted to £5,806,000, and to continue to make available such funds as are needed by the company, until at least 12 months from the date of approval of the financial statements 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 recognition

(a) Betting Revenue
The Company reports the gains and losses on all betting and gaming activities as revenue, which is measured at the fair value of the consideration received or receivable from customers less free bets, promotions, bonuses and other fair value adjustments.

For licensed betting offices (LBOs) and On Course Betting, revenue represents gains and losses, being the amounts staked and fees received less total payouts. Open betting positions are carried at fair value and gains and losses arising on these positions are recognised in revenue.

(b) Interest income
Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

4.3 Leases

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

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

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

4.4 Share Capital

Issued financial instruments or their components are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 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:

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

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.

4.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs attributable to assets under construction are recognised as an expense when incurred.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows:

Fixtures, fittings, & equipment	over 10 years
Plant and machinery	over 8 years
Right-of-use (ROU) Assets	over the term of the lease

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of tangible fixed assets is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the de-recognition of the asset is included in the income statement in the period of de-recognition.

4.7 Financial assets and liabilities

(a) 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 2021, 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 rate (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. Expected credit losses are recognised for financial assets recorded at amortised cost, including trade receivables. Expected credit losses are calculated by using an appropriate probability of default, taking accounts of a range of possible future scenarios and applying this to the estimated exposure of the Group at the point of default.

At 31 December 2022, the Company's loans and receivables include cash at bank, accrued income, amounts owed by group undertakings and other debtors.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Financial assets and liabilities (continued)

(b) Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings or as derivatives designated as hedging instruments as appropriate. At 31 December 2022, the Company had only financial liabilities designated as loans and borrowings.

Loans and borrowings are recognised immediately at fair value, and subsequently at amortised costs using the effective interest rate method. Fair value consists of invoiced amount or amount payable. At 31 December 2022, the Company's loans and borrowings include amounts owed to group undertakings, other creditors and accruals.

(c) Derecognition of financial assets and liabilities

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

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

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

4.8 Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

4.9 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investments. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

4.10 Provisions for liabilities

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.

4.11 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.

4.12 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 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.

5. REVENUE

The Company reports the gains and losses on all betting and gaming activities as revenue, which is measured at the fair value of the consideration received or receivable from customers less free bets, promotions, bonuses, and other fair value adjustments.
For licensed betting offices (LBOs) and On Course Betting, revenue represents gains and losses, being the amounts staked and fees received fewer total payouts. Open betting positions are carried at fair value and gains and losses arising on these positions are recognised in revenue.

The Company's revenue is solely derived in the United Kingdom.

6. OPERATING EXPENSE

This is stated after charging/(crediting):	**2022**	2021
	£'000	£'000
Depreciation of owned assets (note 12)	**578**	580
Depreciation of right-of-use assets (note 12)	**658**	670
Amortisation of software assets (note 11)	**11**	11
Auditor's remuneration - audit of the financial statements	**15**	15

7. SEPARATELY DISCLOSED ITEMS

This is stated after charging/(crediting):	**2022**	2021
	£'000	£'000
Amortisation of acquired intangibles	**2,565**	2,578
Furlough Repayment	**1,257**	-
Vacant property provision	**1,046**	414
	4,868	2,992

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£'000	£'000
Group interest	**285**	2,439
Lease interest	**470**	504
	755	2,943

9. EMPLOYEE STAFF COSTS

	2022	2021
	£'000	£'000
Wages and salaries	**5,907**	5,384
Social security costs	**439**	373
Other pension costs (note 18)	**145**	139
	6,491	5,896

During the year the Company did not receive any government support in the form of furlough receipts (2021: £1,264,000), nor receipts of Localised Restrictions Support Scheme (2021: £1,085,000). Amounts received in 2021 were recorded as other operating income within the Income Statement.

Employee staff numbers

	2022	2021
	No.	No.
The average monthly numbers of employees was:	**352**	326

Directors' emoluments

The directors who have served during the period 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 (2021: £nil).

10. TAXATION

(a) Tax charge/(credit) in the income statement

	2022	2021
	£'000	£'000
Current tax		
UK corporation tax	**-**	1,665
Total current tax	**-**	1,665
Deferred tax		
Origination and reversal of timing differences	**(2,422)**	2,548
Effect of tax rate changes	**-**	(1,211)
Adjustment in respect of prior years	**-**	328
Tax charge/(credit) reported in the income statement	**(2,422)**	1,665

(b) Reconciliation of the total income tax credit

	2022	2021
	£'000	£'000
Loss before taxation	**(1,685)**	(4,395)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2021 – 19.00%)	**(320)**	(835)
Adjusted for the effects of:		
Impact of tax rate changes	**(177)**	(1,211)
Derecognition of deferred tax assets	**(2,706)**	2,056
Non-deductible expenses	**11**	11
Effect of capital allowances super deduction	**(8)**	(16)
Group relief surrendered for nil consideration	**778**	1,332
Adjustment in respect of prior years – deferred tax	**-**	328
Total tax on loss reported in the income statement	**(2,422)**	1,665

10. TAXATION (continued)

(c) Change in corporation tax rate

In the UK Budget on 3 March 2021, the Chancellor announced that the standards rate of UK Corporation Tax would be increased from 19% to 25% with effect from1 April 2023. This was substantively enacted on 24 May 2021. The 25% rate has therefore been used in measuring the deferred tax items at the balance sheet date.

(d) Deferred tax

Movements in the deferred tax asset during the period were as follows:

	£'000
At 1 January 2022	6,066
Effect of tax rate changes	-
Origination and reversal of timing differences	2,422
Adjustment in respect of prior years	-
At 31 December 2022	**8,488**

The deferred tax asset included in the Company balance sheet consists of

	2022 **£'000**	2021 £'000
Fixed asset timing differences	**8,488**	6,066
Deferred tax asset	**8,488**	6,066

As at 31 December 2022 the company has an unrecognised deferred tax asset of £649,370 (2021: £2,705,710) in respect of capital losses carried forward.

Movements in the deferred tax liability during the period were as follows:

11. INTANGIBLE ASSETS

	Software £'000	Goodwill £'000	Licenses £'000	Total £'000
Cost				
At 1 January 2022	307	3,840	135,041	139,188
Disposals	-	-	(3,540)	(3,540)
At 31 December 2022	**307**	**3,840**	**131,501**	**135,648**
Accumulated amortization and impairment				
At 1 January 2022	296	3,840	113,813	117,949
Provided during the year	11	-	2,565	2,576
Disposals	-	-	(3,540)	(3,540)
At 31 December 2022	**307**	**3,840**	**112,838**	**116,985**
Net book value				
At 31 December 2022	**-**	**-**	**18,663**	**18,663**
At 31 December 2021	11	-	21,228	21,239

12. PROPERTY PLANT AND EQUIPMENT

	Plant and machinery £'000	Fixtures & Fittings £'000	Lease Assets £'000	Total £'000
Cost				
At 1 January 2022	6,336	6,161	12,786	25,283
Additions	-	175	134	309
Disposals	-	(431)	-	(431)
Reclassification	-	1,142	(1,142)	-
At 31 December 2022	**6,336**	**7,047**	**11,778**	**25,161**
Accumulated Depreciation				
At 1 January 2022	6,336	5,185	5,582	17,103
Charge for the year	-	578	658	1,236
Disposals	-	(388)	-	(388)
Reclassification	-	187	(187)	-
At 31 December 2022	**6,336**	**5,562**	**6,053**	**17,951**
Net book value				
At 31 December 2022	**-**	**1,485**	**5,725**	**7,210**
At 31 December 2021	-	976	7,204	8,180

Of the total lease assets as at 31 December 2022 £6,249,000 (2021: £6,249,000) related to land and buildings with the remainder relating primarily to betting terminals.

During the year, the Group reclassified certain leased assets following their outright purchase.

13. TRADE AND OTHER RECEIVABLES

Amounts falling due within one year	2022 £'000	2021 £'000
Amounts owed by group companies	**1,803**	360
Other debtors	**66**	14
Prepayments and accrued income	**239**	320
	2,108	694

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 £1,277,000 which is expected to be recovered after more than one year (2021: £360,000).

14. TRADE AND OTHER PAYABLES

	2022 £'000	2021 £'000
Amounts owed to group companies	5,806	7,048
Other taxes and social security costs	1,092	953
Other creditors and accruals	1,862	1,910
	8,760	9,911

14. TRADE AND OTHER PAYABLES (continued)

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.

Amounts owed by group companies bear interest at a rate linked to the group's borrowing costs.

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Insurance Provisions £'000	Vacant Property Provisions £'000	Total Provisions £'000
At 31 December 2021	-	385	385
Provided	70	719	789
Utilised during the year	-	(68)	(68)
Released during the year	-	-	-
At 31 December 2022	**70**	**1,036**	**1,106**

Of the total provision as at 31 December 2022, £325,000 (2021: £60,000) is current and £781,000 (2021: £325,000) is non-current.

16. LEASES

	2022 £'000	2021 £'000
Current		
Lease liabilities	744	1,077
Non-current		
Lease liabilities	7,835	8,453
Total lease liabilities	**8,579**	9,530

Please refer to note 8 for interest expense on lease liabilities.

The company's leasing activity consists of leases on property relating to LBOs within Northern Ireland.

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

	Within 1 year £'000	*1-2 years £'000*	*2-5 years £'000*	*>5 years £'000*	*Total £'000*
2022					
Net present value	**744**	**759**	**2,441**	**4,635**	**8,579**
2021					
Net present value	1,077	733	2,338	5,382	9,530

17. CALLED UP SHARE CAPITAL

	2022	2021
Allotted, called up and fully paid:	**£'000**	£'000
59,001,000 (2021: 59,001,000) ordinary shares of £1 each	59,001	59,001

The Company's share capital consists entirely of ordinary shares, accordingly all shares rank pari passu in all respects.

18. PENSIONS AND OTHER POST-RETIREMENT BENEFITS

The Company operates a defined contribution pension scheme in respect of its employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the Company and amounted to £145,000 (2021: £139,000).

19. 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.

During the year the Company entered into the following transactions with related parties who are not wholly owned members of the group:

Content expenditure with Sports Information Services (Holdings) Limited ("SIS") of £1,878,000 (2021: £nil). The balance as at 31 December 2022 remaining owed to SIS was £130,000 (2021: £nil).

SIS is an associate investment of Entain plc who hold a 23.4% investment.

All transactions with related parties have been performed on an arm's length basis.

20. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking of the Company as at 31 December 2022 is Ladbrokes (Northern Ireland) (Holdings) Limited, a company with the registered address 77A Andersonstown Road, Belfast Northern Ireland BT11 9AH 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 2022.

Copies of the Annual Report and Financial Statements for Entain plc can be found at https://entaingroup.com/sustainability/modern-slavery-statement/