

Annual Report and Financial Statements

Ladbrokes Coral Group Limited

For the year ended 31 December 2020



LADBROKES CORAL GROUP LIMITED

(Company Number: 00566221)

DIRECTORS AND ADVISORS**DIRECTORS**

R M Wood

R Hoskin

COMPANY SECRETARY

Ladbrokes Coral Corporate Secretaries Limited

INDEPENDENT AUDITOR

KPMG LLP

St Nicholas House

Park Row

Nottingham

NG1 6FQ

REGISTERED OFFICE

3rd Floor

One New Change

London

EC4M 9AF

LADBROKES CORAL GROUP LIMITED

(Company Number: 00566221)

STRATEGIC REPORT – FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company's principal activity is to provide managerial and administrative services to Entain plc and its subsidiary companies ("the Group").

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

	2020	2019
	£'m	£'m
Net Assets	2,291.7	2,224.4

FUTURE DEVELOPMENTS

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

PRINCIPAL RISK AND UNCERTAINTIES

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

The Company has no other significant risks or uncertainties other than those that arise from being a part of the Entain plc. The significant risks or uncertainties, including the Company's exposure to financial risk management and those arising from Brexit are dealt with on pages 72 to 75 presented in the Annual Report 2020 of Entain plc.

S172 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, employees, 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 Entain 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, employee well-being, and environmental and social responsibility set by the Entain group.

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

The 2020 annual report and accounts for Entain plc can be found here: <https://entaingroup.com/investor-relations/financial-reports/>

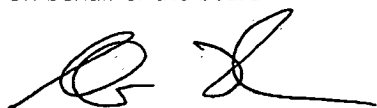
FINANCIAL POSITION

As at 31 December 2020 the company had net assets of £2,291,700,000 (31 December 2019: £2,224,400,000).

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



R Hoskin

Director

15 December 2021

DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2020

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

Directors:	R M Wood	
	R Hoskin	(appointed 30 July 2021)
	S Smith	(appointed 26 October 2020, resigned 6 April 2021)
	C Sutters	(appointed 26 October 2020, resigned 6 April 2021)

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

Company Number: 00566221

RESULTS AND DIVIDENDS

The financial statements for the year show a profit for the financial year of £64,500,000 (2019: £115,600,000). The company has paid no dividends during the year (2019: £94,200,000). The directors recommend payment of a further dividend of £115,000,000 for the year (2019: £nil).

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 the provision of managerial and administrative services to Entain plc and its subsidiary companies and is therefore integral to the Group's business model. Consequently, the ability of the Company to continue as a going concern is based on the ability of the Group to continue as a going concern.

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

Entain plc has indicated its intention not to seek repayment of the amounts currently due to the group, which at 31 December 2020 amounted to £600,000 and to continue to make available such funds as are needed by the company, until at least 31 December 2022 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) The provision of information to employees is facilitated through quarterly Staff Council meetings, via the intranet and other multimedia formats, regular management meetings, staff notice boards and through regional initiatives with their own staff newspapers and circulars.
- ii) 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 direct or via the regional team meetings.
- iii) The financial and economic factors affecting the Company are brought to the attention of our staff through the Entain plc Group Annual Report and through information given via the intranet and other multimedia formats and through the publication of "The Score".

DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

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 (2019: £nil).

DIRECTORS' INDEMNITIES AND INSURANCE

Entain 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.

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 Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

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

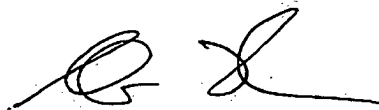
LADBROKES CORAL GROUP LIMITED

(Company Number: 00566221)

DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

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 be 'R Hoskin', written over a horizontal line.

R Hoskin
Director

15 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADBROKES CORAL GROUP LIMITED

Opinion

We have audited the financial statements of Ladbrokes Coral Group Limited ("the company") for the year ended 31 December 2020 which comprise the Income Statement, Balance Sheet, 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 2020 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 and inspection of policy documentation as to the Entain plc's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

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, and the risk of bias in accounting estimates and judgements such as provisions for impairment. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADBROKES CORAL GROUP LIMITED

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included: unusual revenue pairings; unusual journals with a credit or debit to entry to cash; and, unusual journals in seldom used pairings.
- Evaluated the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.

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

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

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.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

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

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

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

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADBROKES CORAL GROUP LIMITED

Directors' responsibilities

As explained more fully in their statement set out on page 5, 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.

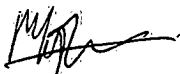
Auditor's responsibilities

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.



Mark Flanagan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St Nicolas' House

Park Row

Nottingham

NG1 6FQ

22 December 2021

LADBROKES CORAL GROUP LIMITED

(Company Number: 00566221)

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>Note</u>	2020 £'m	2019 £'m
Operating income		1.8	6.8
Profit before tax, finance income and separately disclosed items	5a	1.8	6.8
Separately disclosed items	5b	(1.1)	101.2
Income from investments		58.4	6.5
Impairment of investments		-	(2.1)
Profit before tax and finance income		59.1	112.4
Finance income	6	4.2	4.0
Profit before taxation		63.3	116.4
Taxation	8	1.2	(0.8)
Profit for the financial year		64.5	115.6

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

The notes on pages 13 to 27 form an integral part of these financial statements.

LADBROKES CORAL GROUP LIMITED

(Company Number: 00566221)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£'m	£'m
Profit for the financial year	64.5	115.6
Other comprehensive expense for the financial period:		
<i>Items that will not be reclassified to profit or loss:</i>		
Re-measurement of defined benefit pension scheme	4.2	(103.6)
Tax on re-measurement of defined benefit pension scheme	(1.5)	36.3
Total other comprehensive income/(expense) for the year, net of tax	2.7	(67.3)
Total comprehensive income for the financial period	67.2	48.3

The notes on pages 13 to 27 form an integral part of these financial statements.

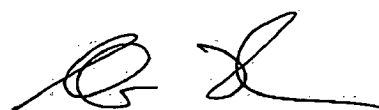
LADBROKES CORAL GROUP LIMITED

(Company Number: 00566221)

BALANCE SHEET AS AT 31 DECEMBER 2020

		2020	2019
	<u>Note</u>	£m	£m
NON CURRENT ASSETS			
Intangible assets	19	0.3	-
Investments in subsidiaries	10	1,981.9	1,981.9
Retirement benefit asset	13	7.4	6.7
		1,989.6	1,988.6
CURRENT ASSETS			
Trade and other receivables	11	320.4	285.5
		2,310.0	2,274.1
CURRENT LIABILITIES			
Trade and other payables	12	(12.8)	(44.5)
NON-CURRENT LIABILITIES			
Trade and other payables	12	(2.9)	(2.9)
Deferred tax liability	8	(2.6)	(2.3)
		(5.5)	(5.2)
NET ASSETS		2,291.7	2,224.4
EQUITY			
Called up share capital	14	546.2	546.3
Share premium account		336.2	336.0
Merger reserves		921.7	921.7
Capital redemption reserve		5.8	5.8
Retained Earnings		481.8	414.6
TOTAL SHAREHOLDERS' EQUITY		2,291.7	2,224.4

The financial statements on pages 9 to 27 were approved by the board of directors on 15 December 2021 and were signed on its behalf by:



R Hoskin
Director
15 December 2021

LADBROKES CORAL GROUP LIMITED

(Company Number: 00566221)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £m	Share premium account £m	Merger Reserve account £m	Treasury and own shares £m	Capital redemption reserve £m	Retained earnings £m	Total £m
At January 2019	551.9	336.2	921.7	(67.5)	0.1	528.0	2,270.4
Profit for the year	-	-	-	-	-	115.6	115.6
Other comprehensive expense	-	-	-	-	-	(67.3)	(67.3)
Total comprehensive income	-	-	-	-	-	48.3	48.3
Cancellation of treasury shares	(5.7)	-	-	67.5	5.7	(67.5)	-
Equity dividends	-	-	-	-	-	(94.2)	(94.2)
At 31 December 2019	546.2	336.2	921.7	-	5.8	414.6	2,224.5
Profit for the year	-	-	-	-	-	64.5	64.5
Other comprehensive expense	-	-	-	-	-	2.7	2.7
Total comprehensive income	-	-	-	-	-	67.2	67.2
At 31 December 2020	546.2	336.2	921.7	-	5.8	481.8	2,291.7

The notes on pages 13 to 27 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020

1. CORPORATE INFORMATION

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

The financial statements of the Company for the year ended 31 December 2020 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 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 Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest million pounds (£'m) except when otherwise indicated. The Company's financial statements are individual entity financial statements.

The accounting policies which follow in note 1 set out those policies which apply in preparing the financial statements for the year ended 31 December 2020. These policies have been applied consistently other than those newly adopted in the year.

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

- IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of IAS16.73 (e) comparative information
- IAS 8.30-31 Accounting Policies, Changes in Accounting Estimates and Errors;
- IAS 24 Related Party Disclosures
- the requirements of paragraph 17 of IAS 24;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of Entain Plc (formerly known as GVC Holdings 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

The Company has adopted the following IFRSs in these financial statements:

- Amendments to IAS 8; Accounting Policies, Changes in Accounting Estimates and Errors.
- Amendments to IAS 39; Financial Instruments
- Amendments to IFRS 3; Business Combinations
- Amendments to IFRS 7; Financial Instruments, Disclosures
- Amendments to IFRS 9; Financial Instruments.

These new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 31 December 2020, did not have a material impact on the company.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**3. KEY JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

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

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

The Company assesses these investments for impairment wherever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Pension and other post-employment benefit obligations

There is a significant degree of estimation involved in predicting the ultimate benefits payable under defined benefit pension arrangements. The pension scheme liabilities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The Company's defined benefit pension scheme has a net asset position when measured on an IAS 19 basis. Judgement is applied, based on legal, actuarial, and accounting guidance in IFRIC 14, regarding the amounts of net pension asset that is recognised in the consolidated balance sheet. Further details are given in note 13.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**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.

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

Entain plc has indicated its intention not to seek repayment of the amounts currently due to the group, which at 31 December 2020 amounted to £600,000 and to continue to make available such funds as are needed by the company, until at least 31 December 2022 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.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial liabilities**

Financial liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of financial liabilities at initial recognition. Financial liabilities comprise of interest-bearing loans.

Loans and borrowings

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

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. At 31 December 2020, the Company had only financial assets classified as loans and receivables.

Loans and receivables

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

Recoverable amount of non-current assets

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

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

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.

Foreign currency translation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Finance expense and income**

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

Income tax

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

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.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Share-based payments

The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted.

The cost of equity settled transactions is recharged to the respective employing entities, with a corresponding increase in equity booked within Ladbrokes Coral Group Limited.

Provisions

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

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)
4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
Provisions (continued)

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

Separately disclosed items

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

- corporate transaction and restructuring costs.
- integration costs.
- pension related costs.

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

The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Company. Further details are given in note 5(b).

5a. LOSS BEFORE TAX, FINANCE INCOME AND SEPARATELY DISCLOSED ITEMS

Loss before tax, finance income and separately disclosed items is stated after charging:

	2020	2019
	£'m	£'m
Foreign exchange gain/(loss)	0.6	(0.5)

5b. SEPARATELY DISCLOSED ITEMS

	2020	2019
	£'m	£'m
Corporate transaction cost ^(a)	0.2	0.9
Integration costs ^(b)	0.9	-
Release of intercompany provision	-	(102.9)
Pension related costs cost	-	0.8
	1.1	(101.2)

(a) The company incurred £200,000 (2019: £900,000) of corporate transaction costs in relation to the merger between the Ladbrokes Coral Group Limited and Entain plc.

(b) The company incurred costs in relation to the integration of the Entain (formerly GVC), Ladbrokes and Coral businesses.

6. Finance Income

	2020	2019
	£'m	£'m
Interest receivable from fellow subsidiary companies	4.2	4.0
Total finance income	4.2	4.0

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)
7. STAFF COSTS AND DIRECTORS' REMUNERATION

Staff costs (including Directors' emoluments) during the year amounted to:

	2020 £'m	2019 £'m
Wages and salaries	4.3	5.3
Social security costs	0.5	0.7
Defined contribution pension costs	0.3	2.1
	5.1	8.1

8. TAXATION
(a) Tax charged in the income statement

	2020 £'m	2019 £'m
Current tax		
Adjustments in respect of current year	-	0.4
Tax charge in the income statement	-	0.4
Deferred tax		
Origination and reversal of timing differences	(1.2)	0.4
Total deferred tax	(1.2)	0.4
Tax charge reported in the income statement	(1.2)	0.8
Deferred tax (charged)/credited directly to other comprehensive income	(1.5)	36.3

(b) Reconciliation of the total income tax charge

	2020 £'m	2019 £'m
Profit before taxation	63.3	116.4
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2019 – 19.00%)	12.0	22.1
Adjusted for the effects of:		
Non-deductible expenses	0.1	-
Group relief claimed for IIP payment	(0.6)	-
Utilisation of unrecognised tax losses	(1.0)	(1.3)
Transfer pricing adjustments	0.6	0.6
Non-taxable income	(11.1)	(1.2)
Impairment of investments	-	(19.1)
Differences in tax rates related to deferred tax	-	(0.2)
Impact of tax rate changes	(1.2)	(0.1)
Adjustment in respect of prior years – deferred tax	-	-
Total tax on profit/(loss) reported in the income statement	(1.2)	0.8

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

8. TAX ON LOSS (continued)

(c) Change in corporation tax rate

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 substantively enacted on 17 March 2020 and therefore the deferred tax assets and liabilities at the balance sheet date are calculated at the substantively enacted rate of 19%.

In the Budget on 3 March 2021 the Chancellor announced that the standard rate of UK Corporation Tax would increase from the planned 19% rate to 25% on 1 April 2023. This change was enacted on 24 May 2021.

(d) Deferred tax liability

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

	2020	2019
	£m	£m
Deferred tax liabilities		
Retirement benefit asset	2.6	2.3
Deferred tax liabilities	2.6	2.3
Deferred tax assets		
Share-based payments	-	-
Carried forward tax losses	-	-
Deferred tax assets	-	-
Net deferred tax liability	2.6	2.3
Analysis of movements in deferred tax		
At 1 January	(2.3)	(38.2)
Amounts charged/(credited) to the profit and loss account for the year	1.2	(0.4)
Deferred tax credited directly to other comprehensive income	(1.5)	36.3
At 31 December	(2.6)	(2.3)

Deferred tax assets have not been recognised in respect of the carried forward tax losses of £17.6m (2019: £16.8m) because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

9. INTANGIBLE ASSETS

	Software License £m
Cost	
At 1 January 2020	-
Additions	0.3
At 31 December 2020	0.3
Accumulated amortization and impairment	
At 1 January 2020	-
Provided during the year	-
Disposals	-
At 31 December 2020	-
NET BOOK VALUE:	
At 31 December 2020	0.3
At 31 December 2019	-

10. INVESTMENTS

	Shares in subsidiaries £m	Associate investments £m	Total £m
Cost			
At 1 January and 31 December 2020	2,347.3	10.2	2,357.5
Impairment provision			
At 1 January and 31 December 2020	(372.2)	(3.4)	(375.6)
Net book value			
At 1 January and 31 December 2020	1,975.1	6.8	1,981.9

During the year the Company received dividends from its investment in Ladbroke Australia Holdings Pty Ltd for £54,300,000 and in addition a further dividend of £4,100,000 from its investment in Arbiter & Weston Limited.

LADBROKES CORAL GROUP LIMITED

(Company Number: 00566221)

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**10. INVESTMENTS (continued)****Subsidiaries based in the United Kingdom**

Registered address	Company	% equity interest	
		2020	2019
3rd Floor One New Change, London, United Kingdom, EC4M 9AF	Bartletts Limited	100.0	100.0
	Chequered Racing Limited	100.0	100.0
	E.F. Politt & Son Limited	100.0	100.0
	Ganton House Investments Limited	100.0	100.0
	Greatmark Limited	100.0	100.0
	Jack Brown (Bookmaker) Limited	100.0	100.0
	Krullind Limited	100.0	100.0
	Ladbroke & Co., Limited	100.0	100.0
	Ladbroke (Course) Limited	100.0	100.0
	Ladbroke City & County Land Company Limited	100.0	100.0
	Ladbroke Group	100.0	100.0
	Ladbroke Group International	100.0	100.0
	Ladbrokes Group Holdings Limited	100.0	100.0
	Ladbrokes Investment Holdings Limited	100.0	100.0
	Ladbroke Leasing (South East) Limited	100.0	100.0
	Ladbroke Racing (Reading) Limited	100.0	100.0
	Ladbroke Racing (South East) Limited	100.0	100.0
	Ladbroke US Investments Limited	100.0	100.0
	Ladbrokes (CLJEA) Limited	100.0	100.0
	Ladbrokes (CLJHC) Limited	100.0	100.0
	Ladbrokes (CLJSW) Limited	100.0	100.0
	Ladbrokes Betting & Gaming Limited	100.0	100.0
	Ladbrokes Contact Centre Limited	100.0	100.0
	Ladbrokes CPCB Limited	100.0	100.0
	Ladbrokes PT Limited	100.0	100.0
	Maple Court Investments Limited	100.0	100.0
	Margolis and Ridley Limited	100.0	100.0
	Sabrinet Limited	100.0	100.0
	Sponsio Limited	100.0	100.0
	Travel Document Service	100.0	100.0
	Ventmeat Limited	100.0	100.0
	Arthur Prince (Turf Accountants) Limited	100.0	100.0
	Bloxhams Bookmakers Limited	100.0	100.0
	Brickagent Limited	100.0	100.0
	CE Acquisition 1 Limited	100.0	100.0
	Chas Kendall (Turf Accountant) Limited	100.0	100.0
	Choicebet Limited	100.0	100.0
	C L Jennings (1995) Limited	100.0	100.0
	Coral (Holdings) Limited	100.0	100.0
	Coral (Stoke) Limited	100.0	100.0
	Coral Estates Limited	100.0	100.0
	Coral Eurobet Limited	100.0	100.0
	Coral Eurobet Holdings Limited	100.0	100.0
	Coral Group Limited	100.0	100.0
	Coral Group Trading Limited	100.0	100.0
	Coral Limited	100.0	100.0
	Coral Racing Limited	100.0	100.0
	Coral Stadia Limited	100.0	100.0
	Forster's (Bookmakers) Limited	100.0	100.0
	Gala Coral Nominees Limited	100.0	100.0
	Gala Coral Pension Trustee Limited	100.0	100.0
	Gala Coral Properties Limited	100.0	100.0
	J G Leisure Limited	100.0	100.0
	Joe Jennings (1995) Limited	100.0	100.0
	Joe Jennings Limited	100.0	100.0
	Lightworld Limited	100.0	100.0
	Reg. Boyle Limited	100.0	100.0
	Reuben Page Limited	100.0	100.0
	Romford Stadium Limited	100.0	100.0
	Sports (Bookmakers) Limited	100.0	100.0
	Vegas Betting Limited	100.0	100.0
	Birchgree Limited	100.0	100.0

LADBROKES CORAL GROUP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**10. INVESTMENTS (continued)****Subsidiaries based overseas**

Registered address	Company	% equity interest	
		2020	2019
77A Andersonstown Road Belfast BT11 9AH	Ladbrokes (Northern Ireland) (Holdings) Limited	100.0	100.0
	Ladbrokes (Northern Ireland) Limited	100.0	100.0
	North West Bookmakers Limited	100.0	100.0
28 la Porte Precinct Grangemouth FK3 8BG	Moffat Lodge Motor Inn Limited	100.0	100.0
461-473 Lutwyche Road Lutwyche Queensland QLD 4030 Australia	Gaming Investments Pty Limited	100.0	100.0
	Ladbrokes Digital Australia Pty Limited	100.0	100.0
	Ladbrokes Operations Australia Pty Limited	100.0	100.0
	LB Australia Holdings Pty Limited	100.0	100.0
	Panda Gaming Pty Limited	100.0	100.0
Chaussée de Wavre 1100/3 1160 Auderghem Belgium	Ladbroke Belgium S.A.	100.0	100.0
	Pari Mutuel Management Services S.A.	100.0	100.0
	S.A. Derby N.V.	100.0	100.0
	Tierce Ladbroke S.A.	100.0	100.0
Belmont Chambers Road Town Tortola British Virgin Islands	Creative Trend Limited	100.0	100.0
	CTL Holdings International Limited	100.0	100.0
	SRL Holdings International Limited	100.0	100.0
	Sunrise Resources Limited	100.0	100.0
Ugland House Grand Cayman, KY1- 1104 Cayman Islands	Cayman Investments Number 1	100.0	100.0
	International Finance Investment	100.0	100.0
13/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong China	GVC Technology Consulting (Asia) Limited	100.0	100.0
57/63 Line Wall Road Gibraltar	Balltree (International) Limited	100.0	100.0
	Bingo Marketing Limited	100.0	100.0
	Coral Interactive (Gibraltar) Limited	100.0	100.0
	Gala Coral Interactive (Gibraltar) Limited	100.0	100.0
	Gala Interactive (Gibraltar) Limited	100.0	100.0
	LC International Limited	100.0	100.0
	Ladbrokes Sportsbook Limited Partnership	100.0	100.0
Inchalla, Alderney GY9 3UL, Guernsey	Exchange Platform Solutions Limited	100.0	100.0
1 st Floor, Otter House Naas Road Dublin 22 Ireland	Ace Racing Limited	100.0	100.0
	Dara Properties Limited	100.0	100.0
	Gossamer Limited	100.0	100.0
	Harney Bookmakers Limited	100.0	100.0
	Keenan Sport & Leisure Limited	100.0	100.0
	Ladbroke (Ireland) Limited	100.0	100.0
	Ladbroke Leisure (Ireland) Limited	100.0	100.0
	Ladbrokes Payments (Ireland) Limited	100.0	100.0
	M D Betting Limited	100.0	100.0
Arthur Cox Building Earlsfort Terrace Dublin 2, Ireland	Gala Coral Interactive (Ireland) Limited	100.0	100.0
4 th Floor, IFSC House Custom House Quay Dublin 1, Ireland	Ladbroke Services (Ireland) Limited	100.0	100.0
Menahem Begin 125 Tel Aviv, Israel	Gala Interactive (Services) Limited	100.0	100.0
5 Hacılazan Street Ramat Gan, 5252269 Tel Aviv, Israel	Ladbrokes Israel Limited	100.0	100.0
Via Alessandro Marchetti No.105 Rome 00148 Italy	Eurobet Holding SRL	100.0	100.0
	Eurobet Italia SRL	100.0	100.0

LADBROKES CORAL GROUP LIMITED

(Company Number: 00566221)

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**10. INVESTMENTS (continued)****Subsidiaries based overseas (continued)**

1 st Floor, Liberation House Castle Street, St. Helier JE4 5UT, Jersey	IHF (Jersey) Limited	100.0	100.0
13 Castle Street, St Helier JE4 5UT, Jersey	Ladbroke (Channel Islands) Limited	100.0	100.0
Cagayan Economic Zone Sta. Ana, Cagayan Philippines	Maple Court Investments (Jersey) Limited	100.0	100.0
24A 18 th Street Menlo Park, Pretoria 0081, South Africa	NCH Customer Support Services, Inc	100.0	100.0
Castello 82 4 IZQ, 28006 Madrid, Spain	Ladbroke (SA) (Pty) Limited	60.0	60.0
2711 Centreville Road, Suite 400, City of Wilmington County of New Castle, De, 19808, United States	Ladbrokes Betting and Gaming Spain, S.A.	100.0	100.0
608 Lander Street Reno NV 89509 United States	Ladbrokes Holdco, Inc. ⁽¹⁾⁽⁴⁾	100.0	100.0
	Stadium Technology Group, LLC ⁽³⁾	100.0	79.0

11. TRADE AND OTHER RECEIVABLES

Amounts falling due within one year	2020	2019
	£'m	£'m
Amounts owed by group companies	320.0	283.7
Other debtors	0.4	1.8
	320.4	285.5

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.

12. TRADE AND OTHER PAYABLES

	2020	2019
	£'m	£'m
Current		
Amounts owed to group companies	0.6	34.8
Corporation tax	-	0.4
Other payables	1.9	3.3
Accruals and deferred income	10.3	6.0
	12.8	44.5

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.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**12. TRADE AND OTHER PAYABLES (continued)**

	2020	2019
	£'m	£'m
Non-Current		
Other payables	2.9	2.9
	2.9	2.9

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.

13. RETIREMENT BENEFIT SCHEMES**Defined Benefit Plans**

The Company has one final salary pension plan for UK employees. The scheme is closed to new employees and future accrual.

At retirement each member's pension is related to their final pensionable salary. The weighted average duration of the expected benefit payments from the Plan is around 17 years (2019: 17 years).

The Plans' assets are held separately from those of the Company. The Plan is approved by HMRC for tax purposes, and is managed by an independent set of Trustees. The Plan is subject to UK regulations, which require the Company and Trustees to agree a funding strategy and contribution schedule at least every three years. Under the current contribution schedule in place, the Company does not pay contributions to the plan.

There is a risk to the Company that adverse circumstances could lead to a requirement for the Company to make additional contributions to recover any deficit that arises. As at the date of signing the financial statements no such event has arisen.

The results of the formal actuarial valuation as at 30 June 2016 were updated to 31 December 2020 by an independent qualified actuary in accordance with IAS 19 (Revised) Employee Benefits. The value of the defined benefit obligation and current service cost have been measured using the projected unit credit method, as required by IAS 19 (Revised). Actuarial gains and losses are recognised immediately through other comprehensive income.

During 2019, the company undertook a pension buy-in with the assets of the scheme replaced with an insurance policy against the payment of future liabilities valued equally to the associated assets. There was no commitment during 2019 to move to a buy-out of the scheme and the Company has continued to consider its position throughout 2020 before agreeing with the Trustees to commence the wind up of the company's pension scheme.

The amounts recognised in the balance sheet are as follows:

	2020	2019
	£m	£m
Present value of funded obligations	(385.1)	(357.5)
Fair value of plan assets	392.5	364.2
Net asset	7.4	6.7
Disclosed in the balance sheet as: Retirement benefit asset	7.4	6.7

The Company has considered the appropriate accounting treatment in respect of the pension plan surplus, taking into account the current agreement with the Trustees and concluded the recognition of the surplus is appropriate.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)
13. RETIREMENT BENEFIT SCHEMES (continued)

The amounts recognised in the income statement are as follows:

	2020 £m	2019 £m
Analysis of amounts charged to staff costs		
Separately disclosed items	2.4	0.8
Administrative expenses	1.2	0.8
Net interest on net asset	(0.1)	(2.9)
Total (credit)/cost recognised in the income statement in staff costs	3.5	(1.3)

The actual return on plan assets over the year was a gain of £47,400,000 (2019: loss of £45,100,000).

The amounts recognised in the statement of comprehensive income are as follows:

	2020 £m	2019 £m
Actual return on assets less interest on plan assets	40.3	56.4
Actuarial gains on defined benefit obligation due to changes in demographic assumptions	10.4	4.1
Actuarial (losses) on defined benefit obligation due to changes in financial assumptions	(52.5)	35.9
Experience adjustments on benefit obligation	6.0	7.2
Actuarial losses recognised in the statement of comprehensive income	4.2	103.6

Changes in the present value of the defined benefit obligation are as follows:

	2020 £m	2019 £m
At 1 January	(357.5)	(316.6)
Interest on obligation	(7.0)	(8.4)
Actuarial gains due to changes in demographic assumptions	10.4	(4.1)
Actuarial losses due to changes in financial assumptions	(52.5)	(35.9)
Experience adjustments on obligations	6.0	(7.2)
Benefits paid	15.5	14.7
At 31 December	(385.1)	(357.5)

Changes in the fair value of plan assets are as follows:

	2020 £m	2019 £m
At 1 January	364.2	425.6
Interest on plan assets	7.1	11.3
Administrative expenses	(3.6)	(1.6)
Actual return less interest on plan assets	40.3	(56.4)
Benefits paid	(15.5)	(14.7)
At 31 December	392.5	364.2

The Company does not expect to contribute in 2021 but will continue to meet the administrative expenses.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2020 %	2019 %
Insurance Policy	98.1	98.1
Liability Driven Investment (%)	1.2	1.2
Cash	0.7	0.7
Total	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)
13. RETIREMENT BENEFIT SCHEMES (continued)

The Plan assets are held exclusively within instruments with quoted market prices in an active market with the exception of the holdings in an insurance policy.

The Plan does not invest directly in property occupied by the Group or in financial securities issued by the Group. Although, as the Plan holds pooled investment vehicles, there may at times be indirect employer related investment. At 31 December 2020 these represented less than 0.1% (2019: 0.1%) of the Plan's total assets.

The investment strategy is set by the Trustees of the Plans in consultation with the Group. For the Gala Coral Plan the current long-term strategy is to invest in a low-risk matching bond portfolio with a relatively small investment in return seeking funds. With respect to the Ladbrokes pension plan the majority of investment is held within an insurance policy that guarantees the payments of future pension liabilities.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages where appropriate):

	2020	2019
	% p.a.	% p.a.
Discount rate	1.2	2.0
Price inflation (CPI/RPI)	2.9/2.9	2.1/2.9
Future pension increases – LPI 5% (CPI)	2.9	2.8
– LPI 3% (RPI)	2.3	2.3
– LPI 2.5% (CPI)	2.1	2.5

Post-retirement mortality assumed for most members is based on the standard SAPS mortality table with the CMI 2018 projections which takes into account future improvements, adjusted to reflect plan specific experience.

The assumption used implies that the expected lifetime of members aged 65 in 2020 is 86.5 (2019: 86.7) years for males and 88.9 (2019: 88.7) years for females.

Changes to the assumptions will impact the amounts recognised in the consolidated balance sheet and the consolidated income statement in respect of the Plan. For the significant assumptions, the following sensitivity analysis provides an indication of the impact on the defined benefit obligation for the year ended 31 December 2020:

	2020	2019
	%	%
– 0.5% p.a. decrease in the discount rate	9.1	8.8
– 0.5% p.a. increase in price inflation	4.7	5.2
– One year increase in life expectancy	4.1	3.6

These sensitivities have been calculated to show the movement in the defined benefit obligation in isolation, and assuming no other changes in market conditions at the accounting date. This is unlikely in practice, for example, a change in discount rate is unlikely to occur without any movement in the value of the assets held by the Plan.

14. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid:

	2020	2019
	£'m	£'m
1,927,847,629 (2019: 1,927,847,629) ordinary shares at 28½p each	546.2	546.2

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

15. CASH FLOW STATEMENT

The Company has taken advantage of the exemption under paragraph 8(h) of FRS 101, which exempt qualifying entities from the requirements of IAS 7. The ultimate parent company, Entain plc, has included the required consolidated cash flow statement within its consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

16. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries or the requirements of paragraph 17 of IAS 24 Key Management Compensation. There were no transactions with any other related parties in the year (2019: £nil).

17. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking of the Company as at 31 December 2020 is Entain Holdings (UK) Limited, a company with the registered address 3rd Floor, One New Change, London, EC4M 9AF and the ultimate parent undertaking is Entain plc, a company with registered address; 32 Athol Street, Douglas, Isle of Man, IM1 1JB. The only group preparing consolidated group financial statements which include the Company is Entain plc for the year ended 31 December 2020.

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

18. SUBSEQUENT EVENTS

Since the year end, the company paid a dividend to its parent entity Entain Holdings (UK) Limited of £115,000,000.