LADBROKES GROUP FINANCE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

CONTENTS

Strategic Report for the year ended 31 December 2021

The directors present their Strategic Report on the Company for the year ended 31 December 2021.

Principal activities

The Company undertook group financing activities for Entain plc and its subsidiaries ("the Group").

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 2021 annual report and accounts for Entain plc can be found at: https://entaingroup.com/investor-relations/financial-reports/

Business review

Preference share capital of £224m was redeemed during the year as set out in note 14.

At 31 December 2021 the drawn letter of credit balance was £50.7m (2020: £53.2m), which was all utilised by fellow group companies. At 31 December 2021 the Company had an undrawn letter of credit facility of £24.3m (2020: £6.8m).

At 31 December 2021, the remaining third party debt in the Company was a £100m 5.125% sterling bond due in September 2022, and a £400m 5.125% sterling bond due in September 2023.

Key performance indicators

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

	2021	2020	Change
	£'000	£'000	%
Net finance income	**106,119**	**86,522**	22.6
Profit before taxation	**105,535**	**86,544**	21.9
Profit for the financial year	**105,535**	**86,544**	21.9
Third-party interest bearing loans and borrowings	**(498,670)**	**(497,937)**	0.1
Amounts due from group companies	**5,144,127**	**4,189,955**	22.8
Amount due to group and parent companies	**(3,822,484)**	**(3,136,658)**	21.9
Total equity	**929,380**	**888,845**	4.6
Percentage of third-party gross borrowings at fixed rates	**100%**	**100%**	

Principal risks and uncertainties

The ultimate parent company, Entain plc, reviews and evaluates the key risks and uncertainties faced by the Group as part of the divisional reviews undertaken at its regular Board meetings. The impact of risks and uncertainties of the Company is considered as part of this review process.

Strategic Report for the year ended 31 December 2021

The Company's principal risks arise from exposure to foreign currencies and interest rate movements arising from the finance related activities and borrowing which it undertakes on behalf of the Group. The policies of the Company for managing these exposures and the risk profile of the Company at 31 December 2021 are described in greater detail on pages 22 and 23 of these financial statements. The Company has no other significant risks or uncertainties other than those that arise from being a part of the Entain plc group.

The significant risks or uncertainties, including the Company's exposure to financial risk management and those arising from Covid-19 are dealt with in the Strategic Report presented in the 2021 Annual Report of Entain plc on pages 78 to 85.

By order of the Board

Charlie Sutters

C Sutters
Director
30 June 2021

Directors' Report for the year ended 31 December 2021

Directors: C A Sutters
R M Wood
S J Smith

Secretary: Ladbrokes Coral Corporate Secretaries Limited

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

The directors present their Report and the audited financial statements of the Company for the year ended 31 December 2021.

Results and dividends

The financial statements for the year show a profit for the financial year of £105,535,000 (2020: £86,544,000).

On 23rd March 2021 the company redeemed £224,000,000 of preference shares. The preference shares had a fixed, cumulative, preferential dividend rate of 4.9% per annum.

During the year the Company paid a dividend of £65,000,000 (2020: £nil) to its ordinary shareholder.

The directors do not recommend the payment of a final dividend (2020: £nil) on ordinary share capital.

Future developments

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

Corporate governance statement

As the Company only has debt securities listed on the London Stock Exchange, it is not required to comply with the Financial Conduct Authority's requirements to report on compliance with, and application of, the UK Corporate Governance Code. The disclosures below are required by Disclosure and Transparency Rule 7.

The directors have ultimate responsibility for internal control and risk management systems operating throughout the Company and for reviewing its effectiveness. No such systems can provide absolute assurance against material misstatement or loss. The Company's systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide the directors with reasonable assurance that potential material misstatement will be prevented or will be detected in a timely manner for appropriate action.

The Company had internal control and risk management procedures in relation to its financial reporting process in place throughout the year and up to 30 June 2022, the date of approval of these financial statements, which accord with the guidance on Risk Management, Internal Control and Related Financial and Business Reporting published by the Financial Reporting Council in September 2014.

The directors also conduct an assessment of the effectiveness of the internal control system. The assessment takes account of all significant aspects of internal control including: risk assessment; the control environment and control activities; information and communication; and monitoring.

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 group financing activities within the Entain plc group and is therefore integral to the Group's business model. Consequently, the ability of the Company to continue as a going concern is based on the ability of the Group to continue as a going concern.

The Group has prepared financial forecasts comprising operating profit, balance sheet and cash flows covering the 36-month period to 2025. These forecasts indicate that the Group will remain within its present facilities and that there is sufficient covenant headroom even under the sensitised downside scenarios.

Directors' Report for the year ended 31 December 2021 (continued)

Entain plc has indicated its intention not to seek repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £3,822,484,000 and to continue to make available such funds as are needed by the company, until at least 30 June 2023 and for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Directors' and officers' liability insurance

During the year, Entain plc purchased and maintained, on behalf of the Company, liability insurance, being a qualified indemnity provision, for its directors and officers as permitted by Section 233 of the Companies Act 2006.

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/.

Statement of declaration of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Statement of Directors' responsibilities in respect of the annual report and financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

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 its profit or loss for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006
- 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 its 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

Directors' Report for the year ended 31 December 2021 (continued)

Independent auditor

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

By order of the Board

C Sutters
Director
30 June 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADBROKES GROUP FINANCE PLC

1 Our opinion is unmodified

We have audited the financial statements of Ladbrokes Group Finance plc ("the Company") for the year ended 31 December 2021 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and the related notes, including the accounting policies in note 5.

In our opinion the financial statements:
- give a true and fair view of the state of Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 16 August 2018. The period of total uninterrupted engagement is for the 4 financial years ended 31 December 2021. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2021), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Valuation of receivables
(£5,144 million, 2020: £4,190 million)

Refer to page 14 to 17 (Summary of significant accounting policies) and page 20 (Interest bearing loans and other receivables disclosure).

The risk
Carrying value of parent Company's receivables are not recoverable
The carrying amount of the intra-group debtor balance represents 98% of the company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the entity's financial statement, this is considered to be the area that had the greatest effect on our overall company audit.

Our response
Our procedures included
• Assessing 100% of group debtors to identify, with reference to the relevant debtors' draft balance sheet, whether they have a sufficient net asset value and therefore coverage of the debt owed, as well as assessing whether those debtor companies have historically been profit making.

Our results
The results of our testing were satisfactory and we considered the assessment of the recoverability of receivables to be acceptable (2020: acceptable).

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Company financial statements as a whole was set at £52.6m (2020: £45.3m), determined with reference to a benchmark of Company total assets, of which it represents 1% (2020: 1%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £2.63m (2020: £2.27m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the company was undertaken to the materiality level specified above.

4 Going concern

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

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period due to this company being a Group financing entity. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were:

- The impact of significant changes in regulation affecting the Group's ability to operate in certain territories; and
- The impact of a significant business continuity issue affecting the Group's operating systems for a significant portion of the going concern period.

We also considered less predictable but realistic second order impacts, such as political or policy changes that could affect demand in the Group's markets.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 5 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and, dependencies, and related sensitivities.

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; and
- we found the going concern disclosure in note 5 to be acceptable.

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.

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:
- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

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.

6 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Strategic report and directors' report

Based solely on our work on the other information:
- 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.

7 We have nothing to report on the other 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 by the Company, 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.

8 Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page [A], the directors are responsible for: the preparation of the financial statements including 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.

9 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 Nicholas House
Park Row
Nottingham
NG1 6FQ
30 June 2022

Income statement
for the year ended 31 December 2021

	Note	2021	2020
		£'000	£'000
Finance income	6	190,899	162,998
Finance expense	6	(84,780)	(76,476)
Net finance income		106,119	86,522
Administrative expense		(584)	22
Profit before taxation	8	105,535	86,544
Income tax expense	9	-	-
Profit and total comprehensive income for the financial year		105,535	86,544

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

The above results relate to continuing activities.

The notes on pages 13 to 29 form an integral part of these financial statements.

Balance sheet
as at 31 December 2021

	Note	2021	As restated, see note 2 2020
		£'000	£'000
ASSETS			
Non-current assets			
Interest bearing loans and other receivables	10	**5,110,561**	4,158,219
Current assets			
Interest bearing loans and other receivables	10	**35,244**	32,075
Derivative financial assets	16	**7,493**	-
Cash and cash equivalents	11	**105,261**	341,288
		147,998	373,363
TOTAL ASSETS		**5,258,559**	4,531,582
LIABILITIES			
Current liabilities			
Trade and other payables	12	**(8,025)**	(12,832)
Interest bearing loans and other borrowings	13	**(3,922,298)**	(2,907,967)
		(3,930,323)	(2,920,799)
NET CURRENT LIABILITIES		**(3,782,325)**	(2,547,436)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,328,236**	1,610,783
LIABILITIES			
Non-current liabilities			
Interest bearing loans and other borrowings	13	**(398,856)**	(721,938)
TOTAL LIABILITIES		**(4,329,179)**	(3,642,737)
NET ASSETS		**929,380**	888,845
Equity			
Called up share capital	18	**20,350**	20,350
Capital redemption reserve	18	**692,000**	468,000
Retained earnings	18	**217,030**	400,495
TOTAL EQUITY		**929,380**	888,845

The financial statements on pages 10 to 29 were approved by the board of directors on 30 June 2022 and were signed on its behalf by:

Charli Su

C Sutters
Director
30 June 2022

Statement of changes in equity
for the year ended 31 December 2021

	Called up share capital	Capital redemption reserve	Retained earnings	Total equity
	£'000	**£'000**	**£'000**	**£'000**
At 1 January 2020	20,350	455,994	325.957	802,301
Profit and total comprehensive income for the year			86,544	86,544
Transfer on redemption of preference shares	-	12,006	(12,006)	-
At 31 December 2020	20,350	468,000	400,495	888,845
Profit and total comprehensive income for the year	-	-	105,535	105,535
Dividend paid (note 18)			(65,000)	(65,000)
Transfer on redemption of preference shares	-	224,000	(224,000)	-
At 31 December 2021	**20,350**	**692,000**	**217,030**	**929,380**

The notes on pages 13 to 29 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2021

1. Corporate information

Ladbrokes Group Finance plc (the 'Company') is a public limited company limited by shares incorporated and domiciled in England and Wales whose debt is publicly traded. The address of its registered office and principal place of business is disclosed in the Directors' Report.

The financial statements of the Company for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 30 June 2022.

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

2. Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and Companies Act 2006 as applicable to companies using FRS 101. The financial statements are prepared on a going concern basis under the historical cost convention except for certain financial assets and liabilities measured at fair value.

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

The accounting policies which follow in note 5 set out those policies which apply in preparing the financial statements for the year ended 31 December 2021 and have been applied consistently to all years presented.

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

- IAS 7 'Statement of Cash Flows',
- Paragraph 17 of IAS 24 'Related Party Disclosures', so exempting the Company from providing key management compensation, and
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions with wholly-owned members of the Group.

Restatement of comparative information

During the current year, the company's group receivables have been classified between non-current and current based upon the directors' expectations of when those balances are likely to be received. In previous years such balances had been classified based on when the amounts were due according to the loan agreements between the parties. As such, £4,158,219,000 of amounts repayable on demand were classified as current that should have been classified as non-current as the amounts were not expected to be received within 12 months of the balance sheet date. The comparative information has therefore been amended. Accordingly, £4,158,219,000 of group receivables at 31 December 2020 has been reallocated from current assets to non-current assets despite the contract stating that those balances are repayable on demand. The revision is a matter of balance sheet presentation only and does not affect the profit and loss of the company, its net assets or its share capital and reserves and there is no impact on opening net assets

Notes to the financial statements
for the year ended 31 December 2021 (continued)

3. Changes in accounting policies

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

- IFRS 4, 7, 9, 16 and IAS 39; amendments to Interest Rate Benchmark Reform (Phase 2)
- IAS 38; Intangible Assets – guidance regarding expenditure associated with cloud computing arrangements

These new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 31 December 2021, did not have a material impact on the company.

4. Critical accounting estimates and judgements

The preparation of financial information requires the use of assumptions, estimates and judgements about future conditions. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported. In this regard, management believes that the key accounting policies where judgement is necessarily applied are those that relate to financial liabilities held at amortised cost and derivative financial instruments. 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. There are no critical accounting judgements. The key estimates are set out below.

Recoverability of intercompany receivables

Management applies judgement in evaluating the recoverability of intercompany receivables. To the extent that the Board believes receivables not to be recovered they have been provided for in these financial statements. Management have considered that no allowance for any impairment losses has arisen in the current financial year.

Financial liabilities

On initial recognition, the fair value of financial liabilities, including third party bank loans and other third party loans due in more than one year, are estimated by discounting the future contractual cash flows at current market interest rates, which include the credit margin used when the debt was issued. The fair value of the bonds on initial recognition is determined based on the issue price.

Derivative financial instruments

The fair value of a derivative financial instrument, is the present value of all expected future cash flows (discounted at mid-swaps rate) and is translated at the spot exchange rate (where applicable).

5. 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 group financing activities within the Entain plc group and is therefore integral to the Group's business model. Consequently, the ability of the Company to continue as a going concern is based on the ability of the Group to continue as a going concern.

The Group has prepared financial forecasts comprising operating profit, balance sheet and cash flows covering the 36-month period to 2024. These forecasts indicate that the Group will remain within its present facilities and that there is sufficient covenant headroom even under the sensitised downside scenarios.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

Summary of significant accounting policies (continued)

Entain plc has indicated its intention not to seek repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £3,822,484,000 and to continue to make available such funds as are needed by the company, until at least 30 June 2023 and for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Cash and cash equivalents
Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of less than three months. Bank overdrafts are shown within borrowings in current liabilities.

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 either loans and receivables or financial assets at fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and comprise cash and short-term deposits, trade and other receivables, loans to the company's parent company and loans to fellow subsidiary companies.

On initial recognition, loans and receivables are measured at fair value net of transaction costs. Subsequently, such assets are measured at amortised cost, using the effective interest rate (EIR) method, less any allowance for impairment. The EIR amortisation is included in interest receivable in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Expected credit losses are recognised for financial assets recorded at amortised cost. Expected credit losses are calculated by using an appropriate probability of default, taking account of a range of possible future scenarios and applying this to the estimated exposure at the earliest date repayment of the assets could be requested.

Financial assets at fair value though profit or losses comprise derivative financial instruments. Financial assets at fair value through profit or loss are measured initially at fair value with transaction costs taken directly to the income statement. Subsequently, the fair values are re-measured, and gains and losses are recognised in the income statement.

Financial liabilities

Financial liabilities comprise trade and other payables, interest bearing loans and borrowings and derivative financial instruments. On initial recognition, financial liabilities are measured at fair value net of transaction costs where they are not categorised as financial liabilities at fair value through profit or loss. All financial liabilities are classified as loans and borrowings except for derivative financial liabilities, which are classified at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs taken directly to the income statement. Subsequently, the fair values are re-measured, and gains and losses from changes therein are recognised in the income statement.

All interest-bearing loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

Summary of significant accounting policies (continued)

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.

Derivative financial instruments

The Company uses derivative financial instruments such as cross currency swaps, foreign exchange swaps and interest rate swaps to hedge the risks associated with interest rate and foreign currency fluctuations of the Entain plc Group. Derivative financial instruments are recognised initially and subsequently at fair value. The gains or losses on re-measurement are taken to the income statement.

Derivative financial instruments are classified as assets where their fair value is positive or as liabilities where their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle the cash flows on a net basis.

Foreign currency translation

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

Transactions in foreign currencies 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 statement. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

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. All finance expenses are recognised over the availability period. Finance income represents income arising principally from loans to fellow group companies.

Net gains and losses in respect of mark-to-market adjustments on financial instruments carried at fair value, other than those arising as a result of foreign exchange movements which are shown in exchange differences, are included in finance income and expense in the income statement.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

Summary of significant accounting policies (continued)

Current and deferred income tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred income tax is recognised using the tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are only recognised to the extent it is probable that there will be suitable taxable profits from which they can be recovered.

Current and deferred tax income tax (continued)
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax balances are not discounted.

Equity instruments

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

Future accounting developments

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Amendments to IAS 16; Property, Plant and Equipment – proceeds before intended use
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 – reference to conceptual framework
- Amendments to IAS 37 Onerous Contracts – costs of fulfilling a contract
- Amendments to IFRS 17 Insurance Contracts
- Amendments to IAS 1 Presentation of Financial Statements – classification of liabilities as current or non-current
- Amendments to IAS 1 and IFRS Practise Statement 2: Disclosure of Accounting Estimates

There are no IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

6. Finance income and expenses

	2021	2020
	£'000	£'000
Bank interest receivable	65	309
Interest receivable from fellow subsidiary companies	170,052	162,689
Gains arising from change in fair value of financial instruments	7,439	-
Foreign exchange gain	13,343	-
Total interest income for financial assets measured at amortised cost (1)	190,899	162,998
Total finance income	**190,899**	162,998
Bank loans and overdrafts	(1,667)	(613)
Bonds at amortised cost	(26,357)	(26,397)
Dividend payable on preference shares	(2,436)	(11,345)
Interest payable to parent company	(2,962)	(3,594)
Interest payable to fellow subsidiary companies	(51,358)	(31,126)
Foreign exchange loss	-	(3,401)
Total interest expense for financial liabilities measured at amortised cost (1)	(84,780)	(76,476)
Total finance expense	**(84,780)**	(76,476)
Net finance income	**106,119**	86,522

(1) Calculated using the effective interest method

7. Staff costs and directors remuneration

The directors who have served during the period are also directors of other undertakings within the group and their remuneration is paid by various subsidiaries of Entain plc. The directors consider the amount of time that they have spent and therefore the allocation of their remuneration to qualifying services in relation to the Company to be trivial.

Ladbrokes Group Finance plc has no employees. All operations of the Company are undertaken by employees of other Entain plc companies and their respective emoluments have not been included in these financial statements.

8. Profit before taxation

Audit fees paid to the Company's auditors, KPMG LLP, for the statutory audit of the financial statements of £15,000 have been borne by another Entain plc Group company (2020: £15,000).

Fees paid to the Company's auditors for services other than the statutory audit of the Company are not disclosed in these financial statements as the consolidated financial statements of the Company's ultimate parent, Entain plc, are required to disclose non-audit fees on a consolidated basis.

Notes to the financial statements for the year ended 31 December 2021 (continued)

9. Income tax expense

(a) Tax charged in the income statement

	2021 £'000	2020 £'000
Total current tax	-	-
Tax charge in the income statement	-	-

(b) Reconciliation of the total tax charge/(credit)

A reconciliation of income tax charge to profit before taxation at the UK statutory income tax rate to the income tax charge for the years ended 31 December 2021 and 31 December 2020 is as follows:

	2021 £'000	2020 £'000
Profit before taxation	105,535	86,544
Corporation tax charge thereon at 19% (2020: 17.50%)	20,052	15,145
Adjusted for the effects of:		
Expenses not deductible for tax purposes	-	-
Transfer pricing adjustments	(1,969)	(2,409)
Group Relief	(18,546)	(14,721)
Preference share dividend not deductible for tax purposes	463	1,985
Total tax charge/(credit) reported in the income statement	-	-

(c) Change in corporation tax rate

In the Budget on 3 March 2021 the Chancellor announced that the standard rate of UK Corporation Tax would increase from 19% rate to 25% on 1 April 2023. This change was substantively enacted on 24 May 2021. Both the 19% and 25% rate have therefore been used in measuring deferred tax items, depending on the expected rate of reversal of any timing differences.

(d) Deferred tax asset

There is no deferred tax asset or liability.

Notes to the financial statements for the year ended 31 December 2021 (continued)

10. Interest bearing loans and other receivables

	2021 £'000	As restated, see note 2 2020 £'000
Non current		
Amounts owed by fellow group subsidiaries[1]	**5,110,561**	4,158,219
Current		
Amounts owed by fellow group subsidiaries[1]	**33,566**	31,735
Other debtors	**1,678**	340
	35,244	32,075

(1) Amounts owed by Entain plc Group fellow group subsidiaries are denominated in Pounds Sterling £4,895,818,000 (2020: £4,119,457,000), Euro £77,450,000 (2020: £67,072,000), Australian Dollar £3,777,000 (2020: £4,000) and Georgian Lari £167,082,000 (2020: £3,422,000). Amounts owed by fellow subsidiaries are unsecured, accumulate interest in a range between 0% to 4% plus IBOR, have no fixed date of repayments and are repayable on demand.

Amounts owed by group companies of £5,110,561,000 (2020: £4,158,219,000) are not expected to be called upon within the next 12 months following the balance sheet date and have therefore been classified as non-current assets within the Balance Sheet.

11. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash and short-term deposits	**105,261**	**341,288**

(1) Amounts included in cash and short-term deposits are denominated in Pounds Sterling £99,288,000 (2020: £341,134,000), Euro £5,896,000 (2020: £120,000), Australian Dollar £1,000 (2020: £2,000) and other £76,000 (2020: £32,000).

12. Trade and other payables

	2021 £'000	2020 £'000
Current		
Accruals and deferred income	**8,025**	8,076
Preference share dividend payable	**-**	4,691
Corporation tax creditor	**-**	65
	8,025	12,832

Notes to the financial statements
for the year ended 31 December 2021 (continued)

13. Interest bearing loans and other borrowings

	2021	2020
	£'000	£'000
Current		
Unsecured:		
5.125% bonds due 2022	**99,814**	-
Amounts owed to immediate parent company [(1)]	**196,367**	173,367
Amounts owed to fellow group subsidiaries [(1)]	**3,626,117**	2,734,600
Total current loans and borrowings	**3,922,298**	2,907,967
Non-current		
Unsecured:		
Preference share debt	**-**	224,000
5.125% bonds due 2022	**-**	99,657
5.125% bonds due 2023	**398,856**	398,281
Total non-current loans and borrowings	**398,856**	721,938
Total unsecured loans and bank overdrafts	**4,321,154**	3,629,905

(1) Amounts owed to fellow group subsidiaries are unsecured, accumulate interest in a range between 0% to 4.9%, have no fixed date of repayments and are repayable on demand.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

31 December 2021	**GBP**	**Euro**	**USD**	**Other**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Preference share debt	**-**	**-**	**-**	**-**	**-**
5.125% bonds due 2022	**99,814**	**-**	**-**	**-**	**99,814**
5.125% bonds due 2023	**398,856**	**-**	**-**	**-**	**398,856**
Amounts owed to parent company	**196,367**	**-**	**-**	**-**	**196,367**
Amounts owed to fellow group subsidiaries	**3,042,194**	**323,682**	**258,012**	**2,229**	**3,626,117**
	3,737,231	**323,682**	**258,012**	**2,229**	**4,321,154**

31 December 2020	GBP	Euro	USD	Other	Total
	£'000	£'000	£'000	£'000	£'000
Preference share debt	224,000	-	-	-	224,000
Bank loans and overdrafts	-	-	-	-	-
5.125% bonds due 2022	99,657	-	-	-	99,657
5.125% bonds due 2023	398,281	-	-	-	398,281
Amounts owed to parent company	173,367	-	-	-	173,367
Amounts owed to fellow group subsidiaries	2,553,293	181,307	-	-	2,734,600
	3,448,598	181,307	-	-	3,629,905

Notes to the financial statements
for the year ended 31 December 2021 (continued)

14. Interest bearing loans and other borrowings (continued)

The preference shares had no redemption date. However, the Company could at any time with the prior written consent of the holders of at least 75% of the preference shares then in issue, redeem all or some of the preference shares then outstanding.

The preference shares had a fixed, cumulative, preferential dividend rate of 4.9% per annum that is to be paid at least annually, providing the Company is able to pay the dividend in accordance with Companies Act 2006.

The remaining preference share capital of £224,000,000 was redeemed during the year.

The Company has undrawn committed bank facilities of £515m at 31 December 2021 in its capacity as an additional borrower under Entain plc revolving credit facility (2020: £480m).

At 31 December 2021 the drawn letter of credit was £50.7m (2020: £53.2m), which was fully utilized by group companies. At 31 December 2021 the Company had an undrawn letter of credit facility of £24.3m (2020: £6.8m).

15. Financial risk management objectives and policies

The Company serves as part of the treasury function for Entain plc, providing a centralised service for the provision of finance and the management and control of liquidity, foreign exchange rates and interest rates. The Company operates as a cost centre and manages the treasury exposures of the Entain plc Group to reduce risk in accordance with policies approved by the Entain plc Board.

The Company's principal financial instruments comprise bank loans, overdrafts, loan notes, bonds and cash and short-term deposits, together with certain derivative financial instruments. The main purpose of these financial instruments is to raise finance for the operations of the Entain plc Group. The Company has various other financial instruments such as other receivables and accruals, which arise directly from its operations, and loans to and from other companies in the Entain plc Group. The details of the company's derivatives are set out in note 16.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main financial risks for the Entain plc Group are interest rate risk, credit risk and liquidity risk. The Group reviews and agrees policies for managing each of these risks. These policies are implemented by the Company and their impact on the Company is summarised below. The magnitude of the impact on the Company arising from these risks (the impact on the Entain plc Group is disclosed in the financial statements of that group) is disclosed below. The Company also monitors the market price risk arising from all financial instruments. The Company's accounting policies in relation to derivatives are set out in note 5.

Notes to the financial statements for the year ended 31 December 2021 (continued)

15 Financial risk management objectives and policies (continued)

Interest rate risk

The Company is exposed to interest rate risk on its interest-bearing loans and borrowings and on cash and cash equivalents.

The Company's policy for the year ended 31 December 2021 was to maintain less than 50% of the total borrowings of the Entain plc Group at fixed interest rates. At 31 December 2021, The Company's fixed interest bonds of £500m represented 22% of the Group's gross borrowings. The Company's preference shares, which are held by a fellow group company, of £nil also represent fixed rate borrowings. The Group's remaining borrowings, held by other Group companies, are primarily at floating interest rates.

Interest on financial instruments at floating rates is re-priced at intervals of less than six months. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument.

Interest rate sensitivity
The financial exposure of the Company differs from that of Entain plc. The impact of these policies on the interest rate exposure of the Company is disclosed below. This difference is principally due to the amounts due to and from other companies in the Entain plc Group, on which interest accrues at floating rates in line with normal market conditions.

The table below demonstrates the sensitivity to reasonably possible changes in interest rates on income for the year when this movement is applied to the carrying value of financial assets and liabilities.

	Profit before taxation	
	2021	2020
	£'000	£'000
Increase in profits:		
100 basis points increase	**20,252**	24,273

The sensitivity has been estimated by applying the basis points movement to the carrying value of the financial assets and liabilities, subject to interest at floating rates, held by the Company at the year end. Due to current low interest rates, any further decline would not have a material impact on income for the year. As such, sensitivity to a decrease in interest rates has not been presented.

Foreign currency risk

The Entain plc Group is exposed to foreign exchange gains and losses on its trading activities, the net assets of its overseas subsidiaries and its non-GBP denominated financing facilities. The primary currencies that the Group is exposed to fluctuations in are the Euro, Australian Dollar and US Dollar.

The total carrying value of the Company's foreign currency borrowings at 31 December 2021 was £323.7m (2020: £181.3m).

Details of the Company's foreign currency receivables are set out in note 11.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

Financial risk management objectives and policies (continued)

Exchange rate sensitivity
The Company's principal exposures are to the Euro and Australian Dollar. Exposures arise from loans to and deposits from Entain plc Group subsidiaries.

The impact of a 10% movement in the exchange rates between Sterling and the Euro, US Dollar and Georgian Lari is shown below:

	Profit before taxation		Profit before taxation	
	Impact of sterling appreciating		Impact of sterling depreciating	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
EUR balances				
10% movement in the exchange rate	**22,401**	10,385	**(27,379)**	(12,693)
USD balances				
10% movement in the exchange rate	**23,456**	-	**(28,668)**	-
GEL balances				
10% movement in the exchange rate	**15,189**	-	**(18,565)**	-

These sensitivities have been calculated before adjusting for tax and have been estimated by applying the percentage movement to the carrying value of financial assets and liabilities denominated in Euro, US Dollar and Georgian Lari at the year end.

Credit risk

The Company's exposure to credit risk arising from financial assets of the Company, other than those due from fellow subsidiaries of the Entain plc Group, which comprise cash and cash equivalents and derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Credit risk in respect of cash and cash equivalents is managed by restricting those transactions with entities outside the Entain plc Group to banks that have a defined minimum credit rating and by setting an exposure ceiling per bank. All derivatives are executed under agreements conforming to the International Swaps and Derivatives Association (ISDA) standards.

The Company is not considered to have any material exposure to credit risk from amounts due from fellow subsidiaries of Entain plc Group. Entain plc have indicated their intent to support the subsidiaries that have net liabilities.

Notes to the financial statements for the year ended 31 December 2021 (continued)

Financial risk management objectives and policies (continued)

Liquidity risk

The objective of the Entain plc Group is to maintain a balance between continuity of funding and flexibility through the use of borrowings with a range of maturities. The Company's policy on liquidity is to ensure that there are sufficient medium-term and long-term committed borrowing facilities to meet the medium-term funding requirements of the Entain plc Group.

At 31 December 2021 the drawn letter of credit facility balance was £50.7m, which was utilised by fellow group subsidiaries. At 31 December 2021 the Company had an undrawn letter of credit facility of £24.3m.

No liquidity risk arises from amounts due to and from fellow subsidiaries of Entain plc Group. The total gross contractual undiscounted cash flows of financial liabilities, including interest payments, fall due as follows:

31 December 2021	**On demand or within one year £'000**	**1-2 years £'000**	**2-5 years £'000**	**> 5 years £'000**	**Total £'000**
Interest-bearing loans and borrowings	**4,056,167**	**420,500**	**-**	**-**	**4,476,667**
Trade and other payables	**8,025**	**-**	**-**	**-**	**8,025**
Total	**4,064,192**	**420,500**	**-**	**-**	**4,484,692**

31 December 2020	On demand or within one year £'000	1-2 years £'000	2-5 years £'000	> 5 years £'000	Total £'000
Interest-bearing loans and borrowings	1,399,849	125,625	446,125	-	1,971,599
Trade and other payables	13,107	-	-	-	13,107
Total	1,412,956	125,625	446,125	-	1,984,706

The above table excludes the 4.9% preference shares as they have no fixed rate of redemption (see note 14). The annual preference dividend on the preference shares currently in issue is £nil (2020: £10,976,000).

Hedging activities

Derivatives not designated as hedging instruments
At 31 December 2021, the Company had insignificant foreign currency derivatives with a fair value asset of £7,493,000 (2020: £nil).

Notes to the financial statements for the year ended 31 December 2021 (continued)

15 Financial risk management objectives and policies (continued)

Capital risk management

The primary objective of the Company's capital management is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital of the Entain plc Group.

The primary objective of the Group's capital management is to ensure that it maintains a credit rating that enables it to raise funds at an economic interest rate and to maintain healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, adjust borrowings, return capital to shareholders or issue new shares.

The Entain plc Group monitors capital using a net debt to EBITDA ratio (before non-trading items). The ratio at 31 December 2021 was 2.4 times.

16. Financial instruments and fair value disclosures

The table below analyses the Company's financial instruments into their relevant categories:

31 December 2021	Loans and receivables	Loans at amortised cost	Assets/ liabilities at fair value through profit or loss	Total
	£'000	£'000	£'000	£'000
Financial assets				
Non current				
Amounts owed by parent and other fellow group subsidiaries	5,110,561	-	-	5,110,561
Current				
Amounts owed by parent and other fellow group subsidiaries	33,566	-	-	33,566
Other debtors	1,678	-	-	1,678
Derivative financial assets	-	-	7,493	7,493
Cash and short term deposits	105,261	-	-	105,261
Total	5,251,066	-	7,493	5,258,559
Financial liabilities				
Current				
Other payables	-	(8,025)	-	(8,025)
5.125% bonds repayable 2022	-	(99,814)	-	(99,814)
Amounts owed to parent and other fellow group subsidiaries	-	(3,822,484)	-	(3,822,484)
Non-current				
Preference share loan	-	-	-	-
5.125% bonds repayable 2023	-	(398,856)	-	(398,856)
Total	-	(4,329,179)	-	(4,329,179)
Net financial assets/(liabilities)	5,251,066	(4,329,179)	7,493	929,380

Notes to the financial statements
for the year ended 31 December 2021 (continued)

16. Financial instruments and fair value disclosures (continued)

31 December 2020	As restated, see note 2 Loans and receivables	Loans at amortised cost	Assets/ liabilities at fair value through profit or loss	As restated, see note 2 Total
	£'000	£'000	£'000	£'000
Financial assets				
Non current				
Amounts owed by parent and other fellow group subsidiaries	4,158,219	-	-	4,158,219
Current				
Amounts owed by parent and other fellow group subsidiaries	31,735	-	-	31,735
Other debtors	340	-	-	340
Cash and short term deposits	341,288	-	-	341,288
Total	4,531,582	-	-	4,531,582
Financial liabilities				
Current				
Trade and other payables	-	(8,141)	-	(8,141)
Preference share interest	-	(4,691)	-	(4,691)
Amounts owed to parent and fellow group subsidiaries	-	(2,907,967)	-	(2,907,967)
Non-current				
Preference share loan	-	(224,000)	-	(224,000)
Interest-bearing loans and borrowings	-	(497,938)	-	(497,938)
Total	-	(3,642,737)	-	(3,642,737)
Net financial assets/(liabilities)	4,531,582	(3,642,737)	-	888,845

Fair value hierarchy;

IFRS13 requires financial assets and liabilities recorded at fair value to be categorised in three levels according to the inputs used in the calculation of their fair value.

- Level 1 – uses quoted prices as the input to their fair value calculations
- Level 2 – uses inputs other than quoted prices that are observable either directly or indirectly
- Level 3 – uses inputs that are not observable

The Company's only assets carried at fair value are derivatives which are classified at Level 2 within the fair value hierarchy.

Derivatives consist of cross currency swaps, which convert US dollars into Euros and have a termination date of 28 March 2024. The counterparty to these swaps is a fellow Group company.

There have been no transfers of assets or liabilities recorded at fair value between levels of fair value hierarchy.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

16. Financial instruments and fair value disclosures (continued)

Fair value of financial instruments

	31 December 2021		31 December 2020	
	Nominal value	**Fair value**	Nominal value	Fair value
	£'000	**£'000**	£'000	£'000
£100.0m 5.125% bond	100,000	**101,608**	100,000	103,897
£400.0m 5.125% bond	400,000	**411,324**	400,000	415,816

The fair value of the bonds is determined based on the fair value measurement for disclosure purposes, as the fair value is determined based on quoted prices in active markets. The carrying values in the table above are stated before the deduction of issue costs.

Assets and liabilities designated as at fair value through profit or loss are carried at fair value.

The fair value of cash and short-term deposits and all other assets and liabilities approximates to book value due to its short-term maturity.

17. Contingent liabilities

Under the terms of cross guarantee agreements, the Company has jointly and severally guaranteed the liabilities of certain other Entain plc companies in respect of their current accounts held with UK clearing banks. The amounts under the guarantees are limited to any credit balances on current accounts held by the Company with these banks. As at 31 December 2021, the aggregate amount of such guaranteed balances was £nil (2020: £nil).

18. Called up share capital and reserves

	2021	2020
	£'000	£'000
Allotted, called up and fully paid		
18,670,000 ordinary shares of £1 each	**18,670**	18,670
560,100 'A' ordinary shares of £1 each	**560**	560
560,100 'B' ordinary shares of £1 each	**560**	560
560,100 'C' ordinary shares of £1 each	**560**	560
Total	**20,350**	20,350

On a return of capital, the holders of the 'A','B' and 'C' ordinary shares:

(i) are entitled to any sum owed to them in respect of a dividend in priority to any other payments, 'A' ordinary shareholders having priority over 'B' ordinary shareholders and 'B' ordinary shareholders having priority over 'C' ordinary shareholders

(ii) are entitled to a return of any capital paid up in proportion to the amounts paid up or deemed to be paid up by the 'A', 'B, and 'C' ordinary shareholders and the ordinary shareholders; and

(iii) have no entitlement to participate in any further distributions of assets.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

Called up share capital and reserves (continued)

The holders of the 'A', 'B' and 'C' ordinary shares are entitled to receive notice of all general meetings and to attend, speak and vote at general meetings.

Details of the financial terms of the Company's preference shares are set out in note 14.

The holders of the preference shares are not entitled to receive notice of or attend and vote at any general meeting of the Company.

The Company may at any time, with the prior written consent of the holders of at least 75% of the preference shares then in issue, redeem all or some of the preference shares then outstanding.

As set out in note 14 the company redeemed all remaining preference shares during the year amounting to £224,000,000. In accordance with s733 Companies Act 2006 a transfer has been made from the retained earnings reserve to a capital redemption reserve in order to preserve the statutory capital of the company.

On 23 March 2021 the company paid a dividend of £65,000,000 to its ordinary shareholders.

19. Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement under paragraph 8(g) of the disclosure exemptions from EU-adopted IFRS included in FRS 101. The ultimate parent company, Entain plc, published consolidated financial statements for the year ended 31 December 2021 which contains a consolidated statement of cash flows.

20. Related party transactions

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

21. Immediate and ultimate parent company

The immediate parent company is Ladbrokes Coral Group Limited, a company registered in England and Wales. The ultimate parent company is Entain plc, a company registered in the Isle of Man. The largest and smallest group preparing consolidated group financial statements which include the Company is Entain plc for the period ended 31 December 2021.

Copies of the Report and Accounts of Entain plc can be obtained online from https://entaingroup.com/investor-relations/financial-reports/ or at the registered address; 3rd Floor One New Change, London, United Kingdom, EC4M 9AF.

22. Subsequent events

The Company has evaluated subsequent events for the period from 31 December 2021 to the date of signing these financial statements and deems there to have been no material subsequent events during that period.