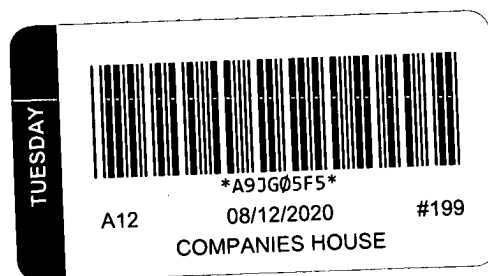


REGISTERED NUMBER: 02122895 (England and Wales)

TFPL FINANCIAL SERVICES LIMITED

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2019**



TFPL FINANCIAL SERVICES LIMITED

Contents of the Financial Statements
for the Year Ended 31 December 2019

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TFPL FINANCIAL SERVICES LIMITED

Company Information
for the Year Ended 31 December 2019

DIRECTORS:

C W Lynn
D T Lloyd

SECRETARY:

P Curtis

REGISTERED OFFICE:

Walton House
55 Charnock Road
United Kingdom
L67 1AA

REGISTERED NUMBER:

02122895 (England and Wales)

AUDITORS:

Deloitte LLP
Statutory Auditor,
2 Hardman Street
Manchester
United Kingdom
M3 3HF

TFPL FINANCIAL SERVICES LIMITED

Strategic Report **for the Year Ended 31 December 2019**

The directors present their strategic report for the year ended 31 December 2019 of TFPL Financial Services Limited ("the Company").

PRINCIPAL ACTIVITIES

The principal activities of the Company is income from commission earned on historic financial services policies sold to customers of The Football Pools Ltd.

REVIEW OF BUSINESS

The financial results for the Company reflect the ownership and operation of TFPL Financial Services business for the whole 12 months of operation up to 31st December 2019. The Directors are pleased with the performance of the business.

The profit before tax for the financial year amounted to £6,000 (2018: £6,000). No Dividends will be distributed for the year ended 31 December 2019 (2018: nil).

COVID-19

Business impact

The Company is a subsidiary of The Football Pools Limited ("TFP"), which is the principal trading company of the FP TopCo Group (the "Group"). The impact of COVID-19 on the Company is inextricably linked to that of TFP and the Group.

The immediate business impact of COVID-19 was the suspension of global live sport (including football) from the middle of March 2020 which disrupted the operations of the Classic Pool game and the Sportsbook operations of the Pay-to-Play business unit. Live sport and football in particular started to resume during May 2020 and more fully in June 2020 along with Horse Racing, all behind closed doors. During the period that live football was paused, the Classic Pools game continued thanks to the independent Pools Panel which has adjudicated on postponed Football fixtures since 1962. During this period the business switched its growth focused activities to its non-football subscription based products (such as Lucky Clover) to partially mitigate any shortfall expected from the lack of live Football. Across all subscribers the initial impact of the sport related pause due to COVID-19 on the subscriber base is a reduction of around 5% from March – May 2020. However, with the resumption of live football the subscriber base has broadly stabilised. On the 31st October the government announced a second 4 week lockdown for England, with large parts of the economy closing down. Crucially, unlike the first lockdown, professional sport will continue and so is not expected to adversely impact the Company's operations during this period.

The TFP's Pay-to-Play business has proved to remarkably resilient to the crisis, with the business pivoting its focus from sports-betting on live sporting events to virtual sports and casino.

In line with the Government guidance the Company temporarily closed its head office in Liverpool in both spring and autumn, thereby enabling its employees to successfully work from home with no notable reduction in either productivity or customer service.

Maintaining financial resilience

Fortunately, because of the Group's subscriber model and the liquidity profile of such operations, the Group has strong cash reserves. However, because of the on-going uncertainty around COVID-19; specifically the possibility of a 2nd wave during autumn/winter, with a subsequent further lockdown. The Group is exploring all options available to it to preserve the maximum liquidity level possible. These include deferral of payment of indirect taxes as well as taking advantage of the government's employee furlough scheme. Further details can be found on page 7 of the Director's Report.

TFPL FINANCIAL SERVICES LIMITED

Strategic Report **for the Year Ended 31 December 2019**

COVID-19-continued

In October 2020 the Group reached an agreement with its external loan providers to revise its financial covenants, to take account of the impact of COVID-19 on current and projected business performance. Further details of the Group's negotiations with the lenders. Both during the period and since the balance sheet date, can be found on page 6 of the Director's Report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has reviewed the risks associated with its activities, and continues to do so, and ensures that appropriate systems and controls are in place to mitigate the occurrence and impact of such risks.

The most significant risks which the Company faces are:

COVID-19: At the time of writing England is entering a second lockdown which is set to last 4 weeks. However, professional sport will continue during this time and there are no indications that it will be suspended again in the future.

Classic Pools is the flagship product of TFP. Notwithstanding the impact of COVID-19 described earlier in this report, Classic Pools is able to mitigate against the worst effects of the suspension of live football by utilising the Pools Panel, an independent body of ex-professional footballers who adjudicate on cancelled fixtures.

Pools.com, the new Pay-to Play channel was impacted by the effect of the COVID-19 on the sports calendar, particularly football and horseracing. However, with the suspension of live sports, many players switched to online casino and virtual sports.

The Group has also benefited from the significant investment it has made in recent years, in both front and back end business processes, enabling the business to be operated remotely from home by its loyal and dedicated workforce.

As a result, the Group is confident that it can continue to its short term commitments to its customers, stake holders and employees and react to any further lockdowns.

Regulatory: The Company works closely with the UK Gambling Commission to ensure that its business activities are correctly licensed and that it does not inadvertently breach the terms of any of its licences. To minimise against the threat of legal action from jurisdictions where gambling is either illegal or restricted, the Company closely monitors business activity by geographical area and has access to the services of a Security and Compliance Manager, who is employed by the Company's parent, The Football Pools Limited.

Brexit: The UK left the EU on 31 January 2020. It is now in a transition period whilst it negotiates a trade deal with the EU, which it has committed to do by 31 December 2020.

The Board has undertaken a review to consider the various possible outcomes of the trade negotiations and their potential impact on the Group. The review considered all areas of business such as customers, suppliers, regulation and employees and concluded that as UK based business with few overseas customers and no overseas operations, Brexit, whatever the outcome, will have a minimal impact on the Group.

TFPL FINANCIAL SERVICES LIMITED

Strategic Report - continued **for the Year Ended 31 December 2019**

Cash flow interest rate risk: The Company's main exposure to interest rate risk arises from a loan receivable from its parent, The Football Pools Limited. Interest accrues on the outstanding loan balance at LIBOR plus 3%. The fixed element of the interest rate minimises the Company's exposure to interest rate risk.

Liquidity risk: Cash flow forecasting is performed on a weekly basis. This weekly forecasting recognises committed short-term payables of the Company which are monitored and managed through regular discussions with suppliers. The Finance department along with the Directors, monitor rolling forecasts of the Company's liquidity requirements to ensure the Company has sufficient cash to meet its operational needs.

Credit risk: The Company's operations are UK based and have limited exposure to credit risk. Income within TFPL Financial Services is only recognised when the cash has been received.

KEY PERFORMANCE INDICATORS

The Group's operations are managed on a divisional basis. For this reason, the Company's Directors believe that analysis using financial and non-financial key performance indicators for the Company, is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of FP TopCo Limited, which includes the Company, is discussed in the Strategic Review of the Group's Annual Report for the year ended 31 December 2019 which does not form part of this report.

FUTURE DEVELOPMENTS

The Board do not envisage any change in either the scale and operations of the Company in the near future.

APPROVED AND AUTHORISED ON BEHALF OF THE BOARD:



C W Lynn - Director

Date: 27th November 2020

TFPL FINANCIAL SERVICES LIMITED

Report of the Directors **for the Year Ended 31 December 2019**

The Directors present the Directors' report and audited financial statements of the Company for the financial year ended 31 December 2019.

POST BALANCE SHEET EVENTS

Since the balance sheet date, the COVID-19 situation has continued to unfold globally. As a subsidiary of FP ToPCo Limited ("the Group"), the Company's response to the pandemic cannot be seen in isolation from that of the Group. The Group's response can be found in more detail in its own Strategic Report in the 2019 Annual Report. In summary, the financial impact on the Group will be as a result of a one off loss of customers, particularly in the subscription channel, with a subsequent reduction in EBITDA. The Group has sought to maintain its cash reserves by deferring payment of taxes in agreement with HMRC and exploring other Government backed schemes, whilst at the same time ensuring that all other liabilities are paid as they fall due. With the return of live football, the Group is targeting recently lapsed players and commencing new player acquisition with special offers during the new season in September 2020, with a view to regaining the ground lost in the early days of the pandemic. On the 31st October the government announced a second 4 week lockdown for England. However, unlike the first lockdown, professional sport will continue and therefore, the lockdown is not expected to impact the operations of either the Group or its subsidiaries.

During the period the Directors entered into negotiations with its banks to amend the banking covenants to align them with the business' latest forecasts and the business' funding requirements and to agree a waiver of the December 2019 leverage test. On 23 March 2020 an agreement was reached with the banks to amend the covenants until the end of the loan term.

As a result of the COVID-19 pandemic the Group re-entered negotiations with its external loan providers, to revise its financial covenants to take account of the impact of COVID-19 on current and projected business performance. These were agreed in October 2020.

Since the balance sheet date, the shareholders have provided the Group with two twelve month loans of £6m and £2m respectively. The shareholders have provided a legally binding guarantee that on or before the termination dates, they will convert in full the outstanding loans and any accrued interest into equity, or otherwise provide the Group with the funding through an equity subscription, in order to repay each loan in full.

RESULTS

The profit before tax for the financial year amounted to £6,000 (2018: £6,000).

DIVIDENDS

The Directors do not propose a dividend for the financial year ended 31 December 2019 (2018: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

C W Lynn
D T Lloyd

DIRECTORS' THIRD-PARTY INDEMNITY PROVISIONS

During the period and up to the date of approval of the financial statements, qualifying indemnity insurance was provided to the Directors of the company and also all Directors within the FP TopCo Group. No claim was made under the provision.

TFPL FINANCIAL SERVICES LIMITED
Report of the Directors - continued
for the Year Ended 31 December 2019

GOING CONCERN

The Company is a subsidiary of the FP TopCo group ("the Group"). The directors of the Group have considered the going concern position of each company within the Group and of the Group as a whole. The viability of the company cannot therefore, be considered in isolation from the Group. The directors of the Group have provided a letter of support to the Company outlining its intention to support the Company for the next 12 months.

The Directors have performed an assessment of going concern, including a review of the Group's current cash position and available working capital, financial forecasts for 2020 and 2021, and the ability to adhere to the covenants contained within the Group's financing agreements.

The Group has banking facilities in place with CVC Credit Partners Investment Management Limited and National Westminster Bank PLC ("the Lenders") which, as set out in note 19, are subject to leverage and cashflow covenants that are tested at the end of each accounting quarter. At the balance sheet date the Group had bank debt of £29,745k. During the period the business renegotiated the forward looking financial covenants with the Lenders. This was concluded in June 2019 and amended the covenants from June 2019 through to the end of the facility in June 2022.

The principal reasons for this amendment were to align the financial covenants to the current subscriber business plan, which was looking to stabilise the subscriber base of players and build in actual performance to date, compared to the projections at the time the loans were taken out in mid 2017, and to provide the scope within the covenants for the investment in a new digital Play-to Play ("PTP") channel (thepools.com), which fully launched in H1 2019. As the existing covenants had all been comfortably met up to this point, the Lenders agreed to amend the covenants to align with the current forward looking business plans. This was agreed in June 2019 and was disclosed in full in the 2018 financials as a post balance sheet event.

After the 2019/2020 new Football Season key promotional period had been traded through and whilst the new PTP business was growing at an encouraging rate, performance was not reaching the levels assumed in the forward looking plans and as such, revised projections were developed that would see the PTP business take longer than initially planned to result in positive net EBITDA contributions.

New discussions were opened with the Lenders during Q4 2019 and the Lenders agreed to waive the leverage test in December 2019. The business and the Lenders agreed a new set of forward looking financial projections and appropriate short term financial covenants in Q1 2020 and a component of that agreement was for OpCapita LLP to inject £5m by way of a shareholder loan which was to be fully applied in prepayment of the facility to appropriately deleverage the business in line with its revised projections. This was agreed in the middle of March 2020, just as the COVID-19 pandemic was starting to take effect in the UK and on the sport industry in particular. OpCapita LLP elected to provide a £6m shareholder loan instead of £5m to take account of the fact that COVID-19 presented a yet unquantified risk to the business. The projections that the covenant reset was based on were developed and agreed pre COVID.

As COVID-19 then took full effect in the first half of 2020 the business evaluated the long term effects of the pandemic on its financial plan. EBITDA was forecast to be circa 10%-15% lower than the pre COVID agreed projections for 2020. The Lenders understood the situation and acknowledged that during Q3 the business would need to revise its financial plans out to June 2022 taking into account the COVID-19 impact on the business

TFPL FINANCIAL SERVICES LIMITED
Report of the Directors - continued
for the Year Ended 31 December 2019

GOING CONCERN - continued

The revised financial projections were agreed with the Lenders in October 2020 and included a further shareholder loan from OpCapita LLP of £2m to be held on the balance sheet, to mitigate against any further trading disruption through the Autumn/Winter 2020 period. Cash balances at 31 October 2020 were £7.6m following the £2m injection and the Directors consider the cash position to be more than sufficient to withstand any further COVID related trading disruption, and to meet all future liabilities when they fall due. The covenants in 2022 were left unchanged, on the understanding that new negotiations would be required to refinance the debt before it matures in June 2022 as the covenants would not be met in H1 2022, although this is outside of the going concern period. The capital injections from OpCapita LLP are debt instruments and the Group has received legally binding confirmation from the shareholders, that on or before the termination date the loans and any accrued interest will be replaced with equity, or otherwise the Group will be provided with the funding through an equity subscription, in order to repay each loan in full.

During the March 2020 lockdown and the suspension of sports, in order to preserve the maximum liquidity level, the Group agreed with HMRC to defer various indirect taxes, amounting to £1.9m. Of this, £0.8m has been paid as at the signing date of these financial statements, a further £0.3m is to be paid by 31 December 2020 and the balance of £0.8m is to be paid in May 2021. The timing of the repayment of these indirect taxes, has also been factored into the revised financial projections. The Group has also received £0.1m of furlough payments for those employees who are unable to work from home.

The Group's base forecast, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its facilities for at least 12 months from the approval date of these consolidated financial statements.

The uncertainty as to the future impact on the Group of the COVID-19 pandemic has been considered as part of the Group's adoption of the going concern basis. The base case forecast takes account of the impact of COVID-19. Using H1 2020 as a basis, it assumes that there are no further disruptions to professional sport. With the resumption of live sport, the Group has seen a stabilisation of player numbers and has resumed new player acquisition marketing. Nonetheless 2020 will see a contraction of the Classic Pools subscriber base, partially offset by an increase in players of Lucky Clover, a non-sport related game. For the PTP business, the first lockdown saw a pivot towards non-sport related gaming such as casino and virtual games. The PTP business is expected to make a small loss in 2020, but now has a good mix of both sport and non-sport players which will provide a solid base for the future, with break-even expected in 2021.

The Directors have performed a scenario analysis which considers the potential impact of the COVID-19 outbreak on the Group's projected results. This exercise included performing additional downside sensitivities and a reverse stress test to reflect the current economic uncertainties. As part of this exercise, the Directors have considered the potential impact of a second suspension of live sport on the Group's results. The Group considers this scenario to be extremely unlikely, a view which is supported by the announcement of the second lockdown on 31 October, under which live professional sport will continue. However, under this scenario there would be further impact on the Classic Pools subscriber base when compared to the base case and the PTP business would see growth rates significantly impacted.

TFPL FINANCIAL SERVICES LIMITED

Report of the Directors - continued
for the Year Ended 31 December 2019

GOING CONCERN - continued

The cumulative effect of these changes would be that without any mitigating factors, covenants would be breached in 2021. However, Management have various mitigating actions available to them which are within their control and which would be implemented in the event of a worst case scenario event, which would result in further sport disruption and a deterioration in the subscriber base and a muted growth rate from the existing low base of the PTP business unit. These mitigations include a pause in new player acquisition marketing and associated overhead savings as a result of this reduced activity. These levers available to the Group would mitigate any trading disruption and mean that any forecasted covenant breach could be confidently avoided.

The combined effect of these mitigations is that even under the downside scenario the Group would not breach its covenants.

As a result of the uncertainties surrounding the forecasts due to the COVID-19 pandemic, the Group has also modelled a reverse stress test scenario. The reverse stress test models the decline in sales and EBITDA that the Group would be able to absorb before requiring additional sources of financing in excess of those that are available and committed. The models assume that the mitigations available in the worst case scenario (see above), would also be utilised in the reverse stress case. Under this scenario, the decline in subscriber numbers would have to be 18% worse than assumed in the base case and 8% lower than in the worst case scenario. The reverse stress test case assumes growth rates in the PTP channel of between 5% and 10%, compared to between 2.5% and 5% in the worst case scenario. For reasons outlined above, the Directors believe these outcomes to be extremely unlikely.

The Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily, and have a reasonable expectation that the Group will have adequate resources to continue in operation for at least 12 months from the signing date of these consolidated financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.


MATTERS INCLUDED IN THE STRATEGIC REPORT

In accordance with s414(C)(11) of the Companies Act, included in the Strategic Report is information relating to financial risk management and future developments which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulation 2008' to be contained in a Directors' Report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

APPROVED AND AUTHORISED ON BEHALF OF THE BOARD:


C W Lynn - Director

Date: 27th November 2020

TFPL FINANCIAL SERVICES LIMITED

Statement of Directors' Responsibilities
for the Year Ended 31 December 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Independent Auditors to the Members of
TFPL Financial Services Limited

Opinion

In our opinion the financial statements of TFPL Financial Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit and loss;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Report of the Independent Auditors to the Members of
TFPL Financial Services Limited - continued

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

Report of the Independent Auditors to the Members of
TFPL Financial Services Limited - continued

- 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 respect of these matters.

Use of our report

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.



Tim Grogan, BSc, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester

Date: 27th November 2020

TFPL FINANCIAL SERVICES LIMITED**Statement of Profit or Loss**
for the Year Ended 31 December 2019

	Notes	2019 £'000	2018 £'000
TURNOVER	4	8	8
Administrative expenses		<u>(4)</u>	<u>(4)</u>
OPERATING PROFIT		4	4
Interest receivable and similar income		<u>2</u>	<u>2</u>
PROFIT BEFORE TAXATION	6	6	6
Tax on profit	7	<u>4</u>	<u>(6)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>10</u>	<u>-</u>

All activity is derived wholly from continuing operations.

The Company has no other comprehensive income to recognise in the current year and therefore no statement of other comprehensive income has been presented.

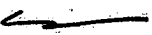
TFPL FINANCIAL SERVICES LIMITED (REGISTERED NUMBER: 02122895)

Statement of Financial Position
31 December 2019

	Notes	2019 £'000	2018 £'000
CURRENT ASSETS			
Trade and other receivables	8	57	51
Cash at bank		<u>65</u>	<u>57</u>
		122	108
CREDITORS			
Amounts falling due within one year	9	<u>(14)</u>	<u>(10)</u>
NET CURRENT ASSETS		<u>108</u>	<u>98</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>108</u>	<u>98</u>
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Retained earnings	11	<u>108</u>	<u>98</u>
SHAREHOLDERS' FUNDS		<u>108</u>	<u>98</u>

These financial statements of TFPL Financial Services Limited were approved by the Board of Directors and authorised for issue on 27th November 2020.

They were signed on its behalf by:


C W Lynn - Director

TFPL FINANCIAL SERVICES LIMITED

Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	-	98	98
Changes in equity			
Balance at 31 December 2018	-	98	98
Changes in equity			
Total comprehensive income	-	10	10
Balance at 31 December 2019	-	108	108

TFPL FINANCIAL SERVICES LIMITED

Notes to the Financial Statements **for the Year Ended 31 December 2019**

1. STATUTORY INFORMATION

TFPL Financial Services Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 4.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2. ACCOUNTING POLICIES

BASIS OF PREPARATION

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The Company's account reference date is 31 December. The actual date to which the statement of financial position has been drawn up is 5 January 2020 (2018: 30 December). For ease of reference all references to the results for the year, are to 31 December 2019 (2018: 31 December 2018).

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

Standards adopted during the year ended 31 December 2019

The Company has adopted the following new IFRS standards which were mandatorily effective from 1 January 2019, but which have had no impact on the financial statements of the Company:

Annual Improvements to IFRSs: 2015-17 Cycle (Dec 2017)	Annual Improvements to IFRSs: 2015-17 Cycle
IFRS16	Leases
IFRS 9 (amendments)	Prepayment Features with Negative Compensation
IAS 28 (amendments)	Long-term Interests in Associates and Joint Ventures
IAS 19 (amendments)	Employee Benefits Plan Amendment, Curtailment or Settlement
IFRIC 23	Uncertainty over Income Tax Treatments

TFPL FINANCIAL SERVICES LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2019**

2. ACCOUNTING POLICIES - continued

IFRS16 Leases

IFRS 16 'Leases' has replaced IAS 17 'Leases' in its entirety. The distinction between operating leases and finance leases for lessees is removed and it results in most leases being recognised on the Statement of Financial Position as a right-of-use asset and a lease liability. For leases previously classified as operating leases, the lease cost has changed from an in-period operating lease expense to recognition of depreciation of the right-of-use asset and interest expense on the lease liability.

The Company has undertaken an impact assessment and concluded that because it has no leases, IFRS 16 has no impact on the financial statements of the Company for 2019.

Other changes

The other accounting standards which are effective from 1 January 2019 have had no impact on the Company's accounting policies, as they cover areas that are not material and/or relevant to the Company.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of FP TopCo Limited.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties, financial instruments and investment property that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

GOING CONCERN

The Company is a subsidiary of the FP TopCo group ("the Group"). The directors of the Group have considered the going concern position of each company within the Group and of the Group as a whole. The viability of the company cannot therefore, be considered in isolation from the Group. The directors of the Group have provided a letter of support to the Company outlining its intention to support the Company for the next 12 months.

The Directors have performed an assessment of going concern, including a review of the Group's current cash position and available working capital, financial forecasts for 2020 and 2021, and the ability to adhere to the covenants contained within the Group's financing agreements.

TFPL FINANCIAL SERVICES LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2019**

2. ACCOUNTING POLICIES – continued

GOING CONCERN

The Group has banking facilities in place with CVC Credit Partners Investment Management Limited and National Westminster Bank PLC ("the Lenders") which, as set out in note 19, are subject to leverage and cashflow covenants that are tested at the end of each accounting quarter. At the balance sheet date the Group had bank debt of £29,745k. During the period the business renegotiated the forward looking financial covenants with the Lenders. This was concluded in June 2019 and amended the covenants from June 2019 through to the end of the facility in June 2022.

The principal reasons for this amendment were to align the financial covenants to the current subscriber business plan, which was looking to stabilise the subscriber base of players and build in actual performance to date, compared to the projections at the time the loans were taken out in mid 2017, and to provide the scope within the covenants for the investment in a new digital Play-to Play ("PTP") channel (thepools.com), which fully launched in H1 2019. As the existing covenants had all been comfortably met up to this point, the Lenders agreed to amend the covenants to align with the current forward looking business plans. This was agreed in June 2019 and was disclosed in full in the 2018 financials as a post balance sheet event.

After the 2019/2020 new Football Season key promotional period had been traded through and whilst the new PTP business was growing at an encouraging rate, performance was not reaching the levels assumed in the forward looking plans and as such, revised projections were developed that would see the PTP business take longer than initially planned to result in positive net EBITDA contributions.

New discussions were opened with the Lenders during Q4 2019 and the Lenders agreed to waive the leverage test in December 2019. The business and the Lenders agreed a new set of forward looking financial projections and appropriate short term financial covenants in Q1 2020 and a component of that agreement was for OpCapita LLP to inject £5m by way of a shareholder loan which was to be fully applied in prepayment of the facility to appropriately deleverage the business in line with its revised projections. This was agreed in the middle of March 2020, just as the COVID-19 pandemic was starting to take effect in the UK and on the sport industry in particular. OpCapita LLP elected to provide a £6m shareholder loan instead of £5m to take account of the fact that COVID-19 presented a yet unquantified risk to the business. The projections that the covenant reset was based on were developed and agreed pre COVID.

As COVID-19 then took full effect in the first half of 2020 the business evaluated the long term effects of the pandemic on its financial plan. EBITDA was forecast to be circa 10%-15% lower than the pre COVID agreed projections for 2020. The Lenders understood the situation and acknowledged that during Q3 the business would need to revise its financial plans out to June 2022 taking into account the COVID-19 impact on the business.

TFPL FINANCIAL SERVICES LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES – continued

GOING CONCERN

The revised financial projections were agreed with the Lenders in October 2020 and included a further shareholder loan from OpCapita LLP of £2m to be held on the balance sheet, to mitigate against any further trading disruption through the Autumn/Winter 2020 period. Cash balances at 31 October 2020 were £7.6m following the £2m injection and the Directors consider the cash position to be more than sufficient to withstand any further COVID related trading disruption, and to meet all future liabilities when they fall due. The covenants in 2022 were left unchanged, on the understanding that new negotiations would be required to refinance the debt before it matures in June 2022 as the covenants would not be met in H1 2022, although this is outside of the going concern period. The capital injections from OpCapita LLP are debt instruments and the Group has received legally binding confirmation from the shareholders, that on or before the termination date the loans and any accrued interest will be replaced with equity, or otherwise the Group will be provided with the funding through an equity subscription, in order to repay each loan in full.

During the March 2020 lockdown and the suspension of sports, in order to preserve the maximum liquidity level, the Group agreed with HMRC to defer various indirect taxes, amounting to £1.9m. Of this, £0.8m has been paid as at the signing date of these financial statements, a further £0.3m is to be paid by 31 December 2020 and the balance of £0.8m is to be paid in May 2021. The timing of the repayment of these indirect taxes, has also been factored into the revised financial projections. The Group has also received £0.1m of furlough payments for those employees who are unable to work from home.

The Group's base forecast, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its facilities for at least 12 months from the approval date of these consolidated financial statements.

The uncertainty as to the future impact on the Group of the COVID-19 pandemic has been considered as part of the Group's adoption of the going concern basis. The base case forecast takes account of the impact of COVID-19. Using H1 2020 as a basis, it assumes that there are no further disruptions to professional sport. With the resumption of live sport, the Group has seen a stabilisation of player numbers and has resumed new player acquisition marketing. Nonetheless 2020 will see a contraction of the Classic Pools subscriber base, partially offset by an increase in players of Lucky Clover, a non-sport related game. For the PTP business, the first lockdown saw a pivot towards non-sport related gaming such as casino and virtual games. The PTP business is expected to make a small loss in 2020, but now has a good mix of both sport and non-sport players which will provide a solid base for the future, with break-even expected in 2021.

The Directors have performed a scenario analysis which considers the potential impact of the COVID-19 outbreak on the Group's projected results. This exercise included performing additional downside sensitivities and a reverse stress test to reflect the current economic uncertainties. As part of this exercise, the Directors have considered the potential impact of a second suspension of live sport on the Group's results. The Group considers this scenario to be extremely unlikely, a view which is supported by the announcement of the second lockdown on 31 October, under which live professional sport will continue. However, under this scenario there would be further impact on the Classic Pools subscriber base when compared to the base case and the PTP business would see growth rates significantly impacted.

TFPL FINANCIAL SERVICES LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2019**

2. ACCOUNTING POLICIES – continued

GOING CONCERN

The cumulative effect of these changes would be that without any mitigating factors, covenants would be breached in 2021. However, Management have various mitigating actions available to them which are within their control and which would be implemented in the event of a worst case scenario event, which would result in further sport disruption and a deterioration in the subscriber base and a muted growth rate from the existing low base of the PTP business unit. These mitigations include a pause in new player acquisition marketing and associated overhead savings as a result of this reduced activity. These levers available to the Group would mitigate any trading disruption and mean that any forecasted covenant breach could be confidently avoided.

The combined effect of these mitigations is that even under the downside scenario the Group would not breach its covenants.

As a result of the uncertainties surrounding the forecasts due to the COVID-19 pandemic, the Group has also modelled a reverse stress test scenario. The reverse stress test models the decline in sales and EBITDA that the Group would be able to absorb before requiring additional sources of financing in excess of those that are available and committed. The models assume that the mitigations available in the worst case scenario (see above), would also be utilised in the reverse stress case. Under this scenario, the decline in subscriber numbers would have to be 18% worse than assumed in the base case and 8% lower than in the worst case scenario. The reverse stress test case assumes growth rates in the PTP channel of between 5% and 10%, compared to between 2.5% and 5% in the worst case scenario. For reasons outlined above, the Directors believe these outcomes to be extremely unlikely.

The Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily, and have a reasonable expectation that the Group will have adequate resources to continue in operation for at least 12 months from the signing date of these consolidated financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

TURNOVER

Turnover represents commission earned from the marketing of financial service products, and is recognised at the point the relative marketing activities are performed on behalf of customers.

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

TFPL FINANCIAL SERVICES LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES – continued

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

RELATED PARTIES

The Company has taken advantage of the exemption under FRS 101 in respect of transactions with related parties, on the grounds that it is a wholly owned subsidiary of a group headed by FP TopCo Limited, whose financial statements are publicly available. Accordingly no transactions with other FP TopCo Limited group members are disclosed. There were no other related party transactions in the year.

INTER COMPANY DEBTORS & CREDITORS

Intercompany balances are unsecured. No interest is charged on the loan and there is no specified repayment date although they are repayable on demand.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents shown on the balance sheet represent cash in hand, cash in vaults and cash held in current accounts. Bank overdrafts are shown within current liabilities.

INTEREST RECEIVABLE AND SIMILAR INCOME

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the opinion of the directors there are no critical judgements or estimates to be applied in the financial statements that have a material impact on the financial statements.

TFPL FINANCIAL SERVICES LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the Company. A more detailed description of the principal activity of the Company is included in the Strategic Report.

An analysis of turnover is given below:

	2019	2018
	£000	£000
Commission earned on financial services products sold by third parties to customers of The Football Pools Ltd	<u>8</u>	<u>8</u>

5. EMPLOYEES AND DIRECTORS

The Company has no employees (2018: nil).

The Directors' remuneration is borne by The Football Pools Limited and is not recharged as management believe that the proportion of remuneration to be allocated to TFPL Financial Services Limited is negligible.

6. PROFIT BEFORE TAX ON PROFIT

Fees payable in respect of the audit of these financial statements amounts to £3,000 (2018: £2,000).

Fees were payable to the statutory auditor for non-audit services amounted to £2,000 (2018: £2,000).

TFPL FINANCIAL SERVICES LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

7. TAX ON PROFIT

Analysis of tax (credit)/charge

	2019 £'000	2018 £'000
Current tax:		
Tax	1	1
Adjustments in respect of prior years	<u>(5)</u>	<u>5</u>
Total tax (credit)/charge in statement of profit or loss	<u><u>(4)</u></u>	<u><u>6</u></u>

FACTORS AFFECTING THE TAX (CREDIT)/CHARGE

The tax assessed for the year is lower (2018 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £'000	2018 £'000
Profit before income tax	<u>6</u>	<u>6</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	1	1
Effects of:		
Adjustment in respect of prior years	<u>(5)</u>	<u>5</u>
Tax (credit)/charge	<u><u>(4)</u></u>	<u><u>6</u></u>

Factors that may affect future tax charges

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. The Company has no deferred tax assets or liabilities.

TFPL FINANCIAL SERVICES LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

8. TRADE AND OTHER RECEIVABLES

	2019	2018
	£'000	£'000
Amounts owed by group undertakings	54	51
Tax	3	-
	<u>57</u>	<u>51</u>

The unsecured loan payable by fellow group undertakings is subject to interest charged on a annual basis at an annual average of 3.821% (2018: 3.679%), which represents GBP LIBOR plus a margin of 3.0%.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2019
	£'000	£'000
Amounts owed to group undertakings	9	7
Accruals and deferred income	5	3
	<u>14</u>	<u>10</u>

Amounts owed to group undertakings are in respect of group relief claimed. Interest is not charged on these amounts.

10. CALLED UP SHARE CAPITAL

Allotted, authorised, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£	£
2	Ordinary shares	£2	<u>2</u>	<u>2</u>

11. RETAINED EARNINGS

	Retained earnings
	£'000
At 1 January 2019	98
Profit for the year	<u>10</u>
At 31 December 2019	<u>108</u>

TFPL FINANCIAL SERVICES LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2019**

12. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption under FRS 101 in respect of transactions with related parties, on the grounds that it is a wholly owned subsidiary of a group headed by FP TopCo Limited, whose financial statements are publicly available. All transactions of related parties were with entities which are wholly owned subsidiaries of the Group, which is headed by FP TopCo Limited. Accordingly no transactions with other FP TopCo Limited group members are disclosed. There were no other related party transactions in the period.

13. ULTIMATE PARENT COMPANY

The immediate parent undertaking is The Football Pools Limited, incorporated in United Kingdom.

The ultimate parent undertaking is FP TopCo Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. These financial statements are available from the Company Secretary, registered office address details are provided on the Company information page. The registered office of the Company is the same as that of the ultimate parent undertaking.

The ultimate controlling party is OpCapita LLP.

14. POST BALANCE SHEET EVENTS

Since the balance sheet date, the COVID-19 situation has continued to unfold globally. As a subsidiary of FP TopCo Limited ("the Group"), the Company's response to the pandemic cannot be seen in isolation from that of the Group. The Group's response can be found in more detail in its own Strategic Report in the 2019 Annual Report. In summary, the financial impact on the Group will be as a result of a one off loss of customers, particularly in the subscription channel, with a subsequent reduction in EBITDA. The Group has sought to maintain its cash reserves by deferring payment of taxes in agreement with HMRC and exploring other Government backed schemes, whilst at the same time ensuring that all other liabilities are paid as they fall due. With the return of live football, the Group is targeting recently lapsed players and commencing new player acquisition with special offers during the new season in September 2020, with a view to regaining the ground lost in the early days of the pandemic. On the 31st October the government announced a second 4 week lockdown for England. However, unlike the first lockdown, professional sport will continue and therefore, the lockdown is not expected to impact the operations of either the Group or its subsidiaries.

During the period the Directors entered into negotiations with its banks to amend the banking covenants to align them with the business' latest forecasts and the business' funding requirements and to agree a waiver of the December 2019 leverage test. On 23 March 2020 an agreement was reached with the banks to amend the covenants until the end of the loan term.

As a result of the COVID-19 pandemic the Group re-entered negotiations with its external loan providers, to revise its financial covenants to take account of the impact of COVID-19 on current and projected business performance. These were agreed in October 2020.

TFPL FINANCIAL SERVICES LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

14. POST BALANCE SHEET EVENTS - continued

Since the balance sheet date, the shareholders have provided the Group with two twelve month loans of £6m and £2m respectively. The shareholders have provided a legally binding guarantee that on or before the termination dates, they will convert in full the outstanding loans and any accrued interest into equity, or otherwise provide the Group with the funding through an equity subscription, in order to repay each loan in full.