

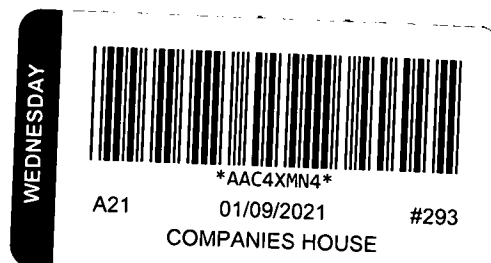
REGISTERED NUMBER: 02122895 (England and Wales)

**TFPL FINANCIAL SERVICES LIMITED**

**Strategic Report, Report of the Directors and**

**Financial Statements for the Year Ended 31 December 2020**

BDO LLP  
55 Baker Street  
London  
W1U 7EU



**TFPL FINANCIAL SERVICES LIMITED**

**Contents of the Financial Statements**  
**for the Year Ended 31 December 2020**

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	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>5</b>
<b>Statement of Directors' Responsibilities</b>	<b>8</b>
<b>Report of the Independent Auditors</b>	<b>9</b>
<b>Statement of Profit and Loss and Other Comprehensive Income</b>	<b>13</b>
<b>Balance Sheet</b>	<b>14</b>
<b>Statement of Changes in Equity</b>	<b>15</b>
<b>Notes to the Financial Statements</b>	<b>16</b>

**TFPL FINANCIAL SERVICES LIMITED**

**Company Information**  
**for the Year Ended 31 December 2020**

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**DIRECTORS:**

C W Lynn  
D T Lloyd

**SECRETARY:**

P Curtis

**REGISTERED OFFICE:**

Walton House  
55 Charnock Road  
Liverpool  
L67 1AA

**REGISTERED NUMBER:**

02122895 (England and Wales)

**AUDITORS:**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

## **TFPL FINANCIAL SERVICES LIMITED**

### **Strategic Report** **for the Year Ended 31 December 2020**

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

#### **PRINCIPAL ACTIVITIES**

The principal activity 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 2020. The Directors are pleased with the performance of the business.

The profit before tax for the financial year amounted to £3,000 (2019: £6,000). No Dividends will be distributed for the year ended 31 December 2020 (2019: 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.

During the first quarter of the year the COVID-19 pandemic unfolded globally. The immediate business impact 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 Lottery Betting using the Lucky Clover brand) to partially mitigate any shortfall 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 was a reduction of around 5% from March - May 2020. However, with the resumption of live football the subscriber base broadly stabilised.

TFP's Pay-to-Play business proved to be 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 Group temporarily closed its head office in Liverpool in both spring and autumn and successfully enabled its employees to work from home with no notable reduction in either productivity or customer service.

##### **Maintaining financial resilience**

Fortunately, because of the Group's subscriber model, resilience and the liquidity profile of such operations, the Group has strong cash reserves. However, because of the on-going uncertainty around COVID-19, the Group explored all options available to it to preserve the maximum liquidity level possible. These included deferral of payment of indirect taxes as well as taking advantage of the government's employee furlough scheme.

## **TFPL FINANCIAL SERVICES LIMITED**

### **Strategic Report** **for the Year Ended 31 December 2020**

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#### **COVID-19 - continued**

The Group concluded discussions with its external loan providers in October 2020, 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 pages 5 and 6 of the Director's report.

During the period the Group's shareholders provided the Group with two downstream loans of £6m and £2m respectively. Since the balance sheet date and prior to the termination dates of the loans, these instruments including accrued interest, have been converted into preference shares.

#### **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:** As at the date of this report the UK has emerged from the latest lockdown and is on a cautious path to recovery with live sport having continued uninterrupted since June 2020.

Classic Pools is the flagship product of TFP. Notwithstanding the impact of COVID-19 described earlier in this report, Classic Pools was 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 postponed fixtures.

Pools.com, the Pay-to Play channel was impacted by the effect of 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 technology, enabling the business to be operated remotely from home by its loyal and dedicated workforce.

As a result, the Company continues to be confident that it can meet its short term commitments to its customers, stake holders and employees and react to any further business disruption.

**Regulatory:** The business works closely with the UK Gambling Commission and Financial Conduct Authority 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 employs a Security Officer to ensure that all staff are fully trained and capable of identifying illegal gambling activity.

**Brexit:** The UK left the EU on 31 January 2020 and operated under a transition period whilst it negotiated a trade deal with the EU, which was concluded and commenced on January 1st 2021.

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** **for the Year Ended 31 December 2020**

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**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 each 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 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 2020 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: 29th June 2021

## **TFPL FINANCIAL SERVICES LIMITED**

### **Report of the Directors** **for the Year Ended 31 December 2020**

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The Directors present the Directors' report and audited financial statements of the Company for the financial year ended 31 December 2020.

#### **POST BALANCE SHEET EVENTS**

On the 4th January 2021 the Government announced a UK wide lockdown. However, unlike the first lockdown, professional sport continued. This second lockdown has not had a noticeable impact on the operations of either the Company.

Since the balance sheet date the Directors have entered into negotiations with its banks to amend the H1 2022 banking covenants to align them with the business' latest forecasts as a condition subsequent to the October 2020 amendment. These negotiations were successfully concluded in April 2021.

Since the balance sheet date the two shareholder loans of £6m and £2m and accrued interest provided to the Group, have been converted into £8.1m of preference shares. The conversion rate reflects the cost of funds to the shareholders for obtaining the finance for the loans.

#### **RESULTS**

The profit before tax for the financial year amounted to £3,000 (2019: £6,000).

#### **DIVIDENDS**

The Directors do not propose a dividend for the financial year ended 31 December 2020 (2019: £nil).

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2020 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** **for the Year Ended 31 December 2020**

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#### **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 Group has a refinancing requirement immediately after the 12 month going concern review period and the intention is to review the options with lenders in Q4 2021, so that this refinancing is in place well in advance of the renewal date.

The Group has a refinancing requirement immediately after the 12 month going concern review period and the intention is to review the options with lenders in Q4 2021, so that this refinancing is in place well in advance of the renewal date.

The Group's forecasts demonstrate that, following the amendment of the agreement disclosed in note 27, the Group can comfortably operate within the level of its current facilities, meet term loan repayments as they fall due and comply with its banking covenant measures. It is on this basis that the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. The Group is a profitable, cash generative business. Group EBITDA was £7,057k (2019: £8,215) and has cash balances of £6,501k (2019: £3,869k). From this ongoing trade the Group has sufficient access to cash to meet any working capital commitments as they fall due. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Further areas of business uncertainty which the Group faces and the actions it is taking to mitigate these risks, is discussed in more detail in note 2 (accounting policies).

#### **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.



**TFPL FINANCIAL SERVICES LIMITED**

**Report of the Directors**  
**for the Year Ended 31 December 2020**

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**AUDITORS**

BDO LLP have been appointed as auditors for the ensuing year in accordance with section 485 of the Companies Act 2006.

**APPROVED AND AUTHORISED ON BEHALF OF THE BOARD:**



C W Lynn - Director

Date: 29th June 2021

## **TFPL FINANCIAL SERVICES LIMITED**

### **Statement of Directors' Responsibilities** **for the Year Ended 31 December 2020**

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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 accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing the parent company financial 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.

**Independent Auditor's Report to the Members of**  
**TFPL Financial Services Limited**

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**Opinion on the financial statements**

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 2020 and of its profit for the year then ended;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of TFPL Financial Services Limited ("the Company") for the year ended 31 December 2020 which comprise:

- the statement of profit and loss;
- the Balance Sheet;
- the statement of changes in equity; and
- the related notes to the financial statements, including a summary of significant accounting policies.

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".

**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. In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

*Independence*

We remain 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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

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**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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

**Other Companies Act 2006 reporting**

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

- the information given in the Strategic report and Report of the Directors' 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 material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of directors**

As explained more fully in the directors' responsibility 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.

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

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**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.

*Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in management's incentive to manipulate earnings before tax. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, pension's legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**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.

DocuSigned by:

*Kieran Storan*

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Kieran Storan (Senior Statutory Auditor)  
for and on behalf of BDO LLP  
London

29 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**TFPL FINANCIAL SERVICES LIMITED**

**Statement of Profit and Loss**  
**for the Year Ended 31 December 2020**

	Notes	2020 £'000	2019 £'000
<b>TURNOVER</b>	4	7	8
Administrative expenses		<u>(6)</u>	<u>(4)</u>
<b>OPERATING PROFIT</b>		1	4
Interest receivable and similar income		<u>2</u>	<u>2</u>
<b>PROFIT BEFORE TAXATION</b>	6	3	6
Tax on profit	7	<u>(1)</u>	<u>4</u>
<b>PROFIT FOR THE YEAR</b>		<u><u>2</u></u>	<u><u>10</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.

The notes form part of these financial statements

**TFPL FINANCIAL SERVICES LIMITED (REGISTERED NUMBER: 02122895)**

**Balance Sheet**  
**31 December 2020**

	Notes	2020 £'000	2019 £'000
<b>CURRENT ASSETS</b>			
Trade and other receivables	8	57	57
Cash and cash equivalents		<u>68</u>	<u>65</u>
		125	122
<b>CREDITORS</b>			
Trade and other creditors	9	<u>(15)</u>	<u>(14)</u>
<b>NET CURRENT ASSETS</b>		<u>110</u>	<u>108</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>110</u>	<u>108</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	-	-
Retained earnings	11	<u>110</u>	<u>108</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>110</u>	<u>108</u>

These financial statements of TFPL Financial Services Limited were approved by the Board of Directors and authorised for issue on 29th June 2021.

They were signed on its behalf by:



C W Lynn - Director

The notes form part of these financial statements



**TFPL FINANCIAL SERVICES LIMITED**

**Statement of Changes in Equity**  
**for the Year Ended 31 December 2020**

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	Called up share capital £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2019</b>	-	98	98
<b>Changes in equity</b>			
Total comprehensive income	-	10	10
<b>Balance at 31 December 2019</b>	-	108	108
<b>Changes in equity</b>			
Total comprehensive income	-	2	2
<b>Balance at 31 December 2020</b>	-	110	110

The following describes the nature and purpose of each reserve within equity:

Share capital represents the nominal value of equity shares issued.

Retained earnings represents cumulative profit and any other items of other comprehensive income.

The notes form part of these financial statements

## **TFPL FINANCIAL SERVICES LIMITED**

### **Notes to the Financial Statements** **for the Year Ended 31 December 2020**

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#### **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.

#### **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 3 January 2021 (2019: 5 January 2020). For ease of reference all references to the results for the year, are to 3 January 2021 (2019: 5 January 2020).

##### **OTHER CHANGES**

##### **Standards adopted during the year ended 31 December 2020**

The Company has adopted the following new IFRS standards which were mandatorily effective from 1 January 2020:

IAS 1 (amended)	Presentation of Financial Statements Accounting Policies, Changes in Accounting Estimates and Errors
IAS 8 (amended)	

##### **Amendments to IAS 1 and IAS 8: Definition of Material**

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRSs and the Conceptual Framework. Adoption of this standard has not had a material impact on the Company's financial statements.

##### **Other changes**

The other accounting standards which are effective from 1 January 2020 have had no impact on the Company's accounting policies, as they cover areas that are not material and/or relevant to the Company.

## **TFPL FINANCIAL SERVICES LIMITED**

### **Notes to the Financial Statements - continued** **for the Year Ended 31 December 2020**

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#### **2. ACCOUNTING POLICIES - continued**

##### **Standards in issue but not effective**

At the date of authorisation of the Company's financial statements, the following Standards, amendments and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

IAS 1 (amended)	Presentation of Financial Statements
	Provisions, Contingent Liabilities and Contingent
IAS 37 (amended)	Assets
IFRS 16 (amended)	Leases

The Company does not currently believe that the adoption of these amendments would have a material effect on the results or financial position of 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 Top Co 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.

## **TFPL FINANCIAL SERVICES LIMITED**

### **Notes to the Financial Statements - continued** **for the Year Ended 31 December 2020**

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#### **2. ACCOUNTING POLICIES - continued**

##### **GOING CONCERN - continued**

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 2021 and 2022, 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 Group has a refinancing requirement immediately after the 12 month going concern review period and the intention is to review the options with lenders in Q4 2021, so that this refinancing is in place well in advance of the renewal date.

The Group's forecasts demonstrate that, following the amendment of the agreement disclosed in note 27, the Group can comfortably operate within the level of its current facilities, meet term loan repayments as they fall due and comply with its banking covenant measures. It is on this basis that the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. The Group is a profitable, cash generative business. Group EBITDA was £7,057k (2019: £8,215 and has cash balances of £6,501k (2019: £3,869k). From this ongoing trade the Group has sufficient access to cash to meet any working capital commitments as they fall due. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the annual 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**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

The current income tax charge is calculated on the basis of UK tax law enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Tax is recognised in the Statement of Profit and Loss and Other Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

## **TFPL FINANCIAL SERVICES LIMITED**

### **Notes to the Financial Statements - continued** **for the Year Ended 31 December 2020**

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#### **2. ACCOUNTING POLICIES - continued**

##### **TAXATION - continued**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises 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 and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially 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 income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

##### **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 Top Co Limited, whose financial statements are publicly available. Accordingly no transactions with other FP Top Co Limited group members are disclosed. There were no other related party transactions in the year.

##### **INTER COMPANY DEBTORS & CREDITORS**

Current intercompany balances are unsecured. No interest is charged on the amounts outstanding and there is no specified repayment date although they are repayable on demand.

Impairment provisions for Intercompany receivables and Intercompany loans are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

##### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents shown on the balance sheet represents 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.

## **TFPL FINANCIAL SERVICES LIMITED**

### **Notes to the Financial Statements - continued** **for the Year Ended 31 December 2020**

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#### **3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

#### **4. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the Company.

An analysis of turnover is given below:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Commission earned on financial services products sold by third parties to customers of The Football Pools Ltd	<u><b>7</b></u>	<u><b>8</b></u>

#### **5. EMPLOYEES AND DIRECTORS**

The Company has no employees (2019: 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.

#### **6. PROFIT BEFORE TAX ON PROFIT**

Fees payable in respect of the audit of these financial statements amounts to £5,000 (2019: £3,000).

Fees were payable to the statutory auditor for non-audit services amounted to £Nil (2019: £2,000).

**TFPL FINANCIAL SERVICES LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2020**

**7. TAX ON PROFIT**

**Analysis of tax expense/(income)**

	2020 £'000	2019 £'000
Current tax:		
Tax	1	1
Adjustments in respect of prior years	—	(5)
 Total tax expense/(income) in statement of profit and loss and other comprehensive income	 1	 (4)

**FACTORS AFFECTING THE TAX EXPENSE**

The tax assessed for the year is the same as (2019 - lower) the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £'000	2019 £'000
Profit before income tax	3	6
 Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	 1	 1
Effects of:		
Adjustment in respect of prior years	—	(5)
 Tax expense/(income)	 1	 (4)

**Factors that may affect future tax charges**

Changes to the UK corporation tax rates were substantively enacted as part of the finance bill 2020 (on 11 March 2020). This confirmed that the main rate of corporation tax would remain at 19%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and are reflected in these financial statements.

**8. TRADE AND OTHER RECEIVABLES**

	2020 £'000	2019 £'000
Amounts owed by group undertakings	55	54
Tax	2	3
	57	57

The unsecured loan payable by fellow group undertakings is subject to interest charged on a annual basis at an annual average of 3.3874% (2019: 3.821%), which represents GBP LIBOR plus a margin of 3.0%.

**TFPL FINANCIAL SERVICES LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2020**

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £'000	2019 £'000
Amounts owed to group undertakings	7	9
Accruals and deferred income	<u>8</u>	<u>5</u>
	<u><u>15</u></u>	<u><u>14</u></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, issued and fully paid:**

Number:	Class:	Nominal value:	2020 £	2019 £
2	Ordinary shares	£2	<u><u>2</u></u>	<u><u>2</u></u>

**11. RETAINED EARNINGS**

	Retained earnings £'000
At 1 January 2020	108
Profit for the year	<u>2</u>
At 31 December 2020	<u><u>110</u></u>

**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 controlling party is The Football Pools.

The immediate parent undertaking is The Football Pools Limited, incorporated in Great Britain.

The ultimate parent undertaking is FP Top Co 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 ultimate controlling party is OpCapita LLP.



**TFPL FINANCIAL SERVICES LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2020**

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**14. POST BALANCE SHEET EVENTS**

On the 4th January 2021 the Government announced a UK wide lockdown. However, unlike the first lockdown, professional sport continued. This second lockdown has not had a noticeable impact on the operations of the Company.