

Company Registration No. 05497987 (England and Wales)

HIPPODROME CASINO LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020



HIPPODROME CASINO LIMITED

COMPANY INFORMATION

Directors	Mr J S Thomas Mr J D Thomas Mr M King Mr J Barnsley Mr J Edwins Mr J R Delf Mr T Bowry-Blum
Company number	05497987
Registered office	Cranbourn Street London WC2H 7JH
Auditor	RSM UK Audit LLP Chartered Accountants Marlborough House Victoria Road South Chelmsford Essex CM1 1LN

HIPPODROME CASINO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Fair review of the business and future developments

Due to the Covid-19 restrictions imposed by Government, 2020 has been a challenging year. The trading figures reflect a year in which the business has been closed on three separate occasions by Government order and incurred the additional costs of reopening on two separate occasions. As of 31 December 2020, the business was once again closed.

The trading throughout the year is summarised below.

Normal trading	80 days.
Restricted trading (including curfew and social distancing)	97 days.
Closed – no trading	188 days.

Much of the restricted trading period included a curfew, forcing the business to close at 10pm and 11pm, lowering income levels. Meeting Covid secure regulations increased operating costs during our period of restricted operations.

Naturally, these events had a profound effect on the financial performance of the company in 2020. Income levels dropped by 66% against 2019, resulting in an operating loss of £11,901,823 against an operating profit of £3,047,610 in 2019.

We consistently emphasise the importance and contribution of our staff in the development of The Hippodrome, a casino and entertainment complex that is unique in the UK. During this difficult period, we worked hard to support our staff financially and provide any other support required. In our period of closure, cash outflows were significant and with no definitive end to closure or restrictions in sight at that time, we reluctantly entered a redundancy consultation with a large section of our workforce. The consultation concluded in October 2020 and regretfully resulted in a reduction in our workforce from 778 to 524.

During the year, our new fourth and fifth floor outdoor facilities were completed, both showing their potential in the short time we were permitted to open. In early 2021, our poker floor moved to a larger footprint in the building and we redeveloped the vacated poker space as a new casino floor in the Gods of the old theatre. We reopened on 17 May 2021 and have to date experienced strong demand across the business, with customers responding well to the new facilities. Subsequent to the year end, the Magic Mike show has reopened and remains popular with audiences in its new socially distanced form. The show will revert to its original form when social distancing regulations fall away. Forward ticket sales are strong.

Despite the disruption and costs suffered between March 2020 and May 2021 the business prospects in the medium term remain considerable. Early trading since reopening on 17 May 2021 demonstrates the potential and the positive contribution of the new spaces. We have other spaces to develop which will accommodate any increase in slot machine numbers that may arise as a result of the Gambling Review. We have concluded a refinancing package with our bankers, which has helped to fund the losses sustained during this long period of disruption and provide adequate working capital for our needs going forward. As restrictions ease through 2021, we remain confident that the business is well placed to take advantage of the operating environment as it develops.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of directors consider that they have acted in a manner most likely to promote the success of the company for the stakeholders of the company as a whole.

Customer

The business has always focused on strategies for long term success. At the heart of our strategy is the customer. We aim to provide a fun and accessible environment and deliver a world class customer experience. We are constantly investing in our unique building to substantially improve the offering to the customer.

HIPPODROME CASINO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Employees

Fundamental to the delivery of our vision are our staff. We strive to be a responsible employer and this is reflected in our approach to pay, benefits and the health, safety and wellbeing of our staff.

In 2020, as a result of UK Government restrictions intended to control the spread of Covid-19 we had no alternative but to enter into a redundancy consultation resulting in the loss of 254 positions, a third of our workforce. As the company has emerged from lockdown in May 21 the business has been better than we anticipated and we are actively recruiting to meet demand.

We seek to attract and retain the best staff talent. We will continue to invest in developing these staff and providing the training and resources for varied and rewarding career paths. Every staff member is invited to a presentation from key operational management where the vision of the company is outlined.

The company has invested heavily in employee engagement and training. We are in the process of redeveloping our staff appraisal processes to align across the company with a focus on employee development.

We have an active forum on the staff app where employees are encouraged to feedback ideas and views. Senior managers actively participate on the forum and engage with employees across the business.

Suppliers

The company maintains an excellent relationship with its suppliers. We pay 92% of our invoices within the agreed terms and work actively to resolve issues as they arise.

The directors are committed to the highest standards in relation to GDPR requirements and use third party consultants to ensure compliance prior to engagement.

Credit providers

We have a long standing relationship with our credit providers. There is an emphasis on openness and integrity in all our dealings and we have recently agreed a new financing deal over the next 3 years.

Regulators

Maintenance of the relevant licenses is key to the continued operation of the business and as such the relationship with the regulators is essential to the future success of the business. No key strategic decision is made without consideration of how such a decision would be perceived.

The company continues to invest in compliance. The internal team has expanded and we have invested in technological solutions to assist the team.

Community

The Directors are supportive of the local and wider community.

In addition the company contributes to a range of charities and community projects both in terms of financial commitments, or use of our facilities.

We also encourage our employees to contribute to a variety of charitable and fundraising events.

Principal risks and uncertainties

The company's activities are subject to risks and uncertainties. The principal risks and how the company manages them are outlined below but further information can be found in the directors report:

a. Loss of licenses – The gaming license is fundamental to our primary activity. The loss of such a license would have a material and adverse effect on the company. The company has in house Compliance and Risk departments, which ensure compliance with gaming regulations and industry best practice;

b. Cash flow –As with all businesses ensuring there is sufficient cash to meet its liabilities as they fall due is essential to the continued operation. We manage this risk with cash flow forecasting. The company seeks to minimise liquidity risk by maintaining adequate cash reserves;

HIPPODROME CASINO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

c. Covid-19 or similar– 2020 saw two full scale lockdowns, further closure under Tier 4 restrictions, and some conditions on opening which are very restrictive on trade. The business remained closed for the core business activities until 17 May 2021. The business has restructured so it is carrying less employment costs. We use flexible contracts where possible. We are still investigating ways of controlling or reducing fixed costs should further lockdowns occur.

Financial risk and management objectives and policies

The directors consider that the company's key financial instruments are preference shares. The facility provides known interest costs for the long term. Consequently no hedging instruments are required.

The company's operations expose it to a variety of financial risks that include the effects of changes in credit and liquidity risk. The company looks to maintain sufficient reserves to meet fluctuations in gaming results.

The company has implemented policies that require appropriate checks on potential customers and operates in strict compliance with the Gambling Act 2005 and industry guidelines on the provision of cheque cashing facilities.

Key performance indicators

The business monitors its progress against a number of KPI's including

	2020	2019
Revenue	£31.4m	£92.2m
EBITDA	(£7.9m)	£6.4m
Tax Burden	£16.2m	£34.4m

The Casino Sector continues to be heavily taxed under the current UK tax system. During the financial year to December 2020 the company paid out £16.2m in duties, social security, PAYE, VAT and licensing costs.

The tax burden accounts for 52% of our turnover. The company employed an average of 701 employees in addition to over 30 full time equivalents on a contracted basis.

Non financial performance measures

The company also monitors its progress against non-financial KPI's. We have an independent mystery shopper program. The customer experience across all operational departments is measured against preset criteria and we are fed back with a % score.

The score is scrutinized and acted upon to ensure a consistent excellent service across the entire business. The company also looks at key performance indicators such as attendance, visits per customer, time since last visit, drop and theoretical win. These KPI's have not been disclosed as we consider them to be market sensitive.

On behalf of the board

Mr M King
Director

Date

30th June 2021

HIPPODROME CASINO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company continued to be that of a gaming and entertainment establishment.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J S Thomas

Mr J D Thomas

Mr M King

Mr J Barnsley

Mr G Templer

(Resigned 1 November 2020)

Mr J Edwins

Mr J R Delf

Mr T Bowry-Blum

(Appointed 1 November 2020)

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2019: £Nil).

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Disabled persons

The company recognises its obligations towards disabled persons and endeavours to provide as much employment opportunity as the demands of the company's operations and the abilities of those persons allow.

Applications for employment from disabled persons are reviewed with care and every effort is made to find them, and any existing employees who become disabled, appropriate work and training where needed. It is policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of a person who does not suffer from a disability.

The company is committed to employee consultation at all levels and encourages their involvement in the development of the company's business. The company operates an in-house newsletter to underpin the employee communications programme.

Employee involvement

The company's policy is to consult and discuss with employees, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Auditor

The auditor, RSM UK Audit LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

HIPPODROME CASINO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

As at the balance sheet date the business was closed due to the Covid-19 pandemic. The impact on the business has been negative as outlined in more detail in the Fair Review of the Business. The business did reopen on the 17th May and demand has been strong.

On December 2020 we completed a refinancing exercise with Barclays, our bankers. As a result of the refining the term loan was increased from £13.8mil to £15mil. In addition we agreed a £10mil RCF facility which reduces to £7.5mil in December 2021. The purpose of the facility was to ensure that the business has sufficient headroom during the government imposed lockdowns.

We have prepared cashflow forecasts, up to and including 30 June 2022, which are prudent. The current cash position is very strong and the directors believe there will be sufficient headroom to meet all liabilities as they fall due for at least 12 months from the balance sheet date and beyond based upon even our most pessimistic forecast assumptions.

Whilst the balance sheet is showing current net liabilities our creditors include a gaming duty liability of £11mil which is subject to a Time To Pay arrangement with HMRC which unwinds throughout 2021 and 2022. We also have access to the £10mil RCF facility as well as a £2.5mil overdraft which we have forecast is more than sufficient to conclude on our going concern basis.

The directors have concluded therefore that preparing the accounts on a going concern basis is appropriate. These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

Matters of strategic importance

Certain information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic report in accordance with section 414C(11) of the Companies Act 2006.

Streamlined Energy & Carbon Reporting

Environmental Strategy

The Hippodrome Casino has an ongoing responsibility to both the local and global environment. We are committed to reducing our environmental impact and are in the early stages of a number of initiatives to reduce our environmental impact.

Both our staff and suppliers are encouraged to uphold this responsibility. Our strategy is to

- Comply with all relevant regulatory requirements
- Improved and reduce environmental impact
- Incorporate environmental considerations into the broader strategic direction of the business
- Increase employee awareness and provide training

HIPPODROME CASINO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Environmental performance

At 31st December 2020

		2020 kWh	2020 kgCO ₂ e
Gas	Hippodrome Casino	924,801.00	170,043.16
	Crystal Rooms	146,165.00	26,875.36
Total scope 1		1,070,966.00	196,918.52
Electricity	Cranbourne Mansions	82,878.30	19,322.25
	Crystal Rooms	101,462.00	23,654.85
	Hippodrome Casino	2,686,757.00	626,390.53
Total Scope 2		2,871,097.30	669,367.62
Total		3,942,063.30	866,286.14
Intensity Ratio (per Sq M)		548.19	120.47

The figures above have been provided by the companies energy brokers based upon amounts invoiced by the organisations suppliers. The figures have been converted into carbon emissions using 2020 Government Conversion Factors.

The company has been closed for much of 2020 which has restricted the companies ability to make meaningful changes. It has given the directors opportunity to reflect and consider the wider picture and the impact of the business both within the local picture and the wider world. Off the back of this the company has set up a committee whose focus is to assess measure and influence the companies environmental impact.

Environmental improvements over the year include

- Transformation of IT infrastructure in order to allow people to work from home in some capacity where appropriate
- Upgrades to air conditioning system in the main casino
- Improvements to storage and lockers to allow greater ease of cycle to work

On behalf of the board

Mr M King
Director

Date:

30th June 2021

HIPPODROME CASINO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 HIPPODROME CASINO LIMITED

Opinion

We have audited the financial statements of Hippodrome Casino Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 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

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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIPPODROME CASINO LIMITED (CONTINUED)

Matters on which we are required to report by exception

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 where 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' responsibilities statement set out on page 7, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIPPODROME CASINO LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating correspondence with external tax and VAT specialists and HMRC.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to operating a Casino including gambling licenses and adherence to legislation as set out and monitored by the Gambling Commission. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected relevant correspondence.

The audit engagement team identified the risk of management override of controls, revenue recognition, compliance with laws and regulations and accuracy of CJRS claims as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates applied through the financial statements. Additionally our procedures included reviewing cash controls and reconciliations performed by management, reviewing correspondence with key regulatory bodies and making enquiries of management and those charged with governance in respect of laws and regulations and performing detailed reviews and recalculation of furlough claims.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <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.

RSM UK Audit LLP

Andrew Monteith (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Marlborough House

Victoria Road South

Chelmsford

Essex, CM1 1LN

30 June 2021

HIPPODROME CASINO LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	31,433,821	92,248,635
Cost of sales		(12,109,619)	(41,045,724)
Gross profit		19,324,202	51,202,911
Administrative expenses		(38,538,018)	(48,155,301)
Other operating income	4	7,311,993	-
Operating (loss)/profit	5	(11,901,823)	3,047,610
Interest receivable and similar income	9	7,020	17,881
Interest payable and similar expenses	10	(2,609,473)	(3,230,970)
Other gains and losses	11	8,699,631	8,644,975
(Loss)/profit before taxation		(5,804,645)	8,479,496
Tax on (loss)/profit	12	1,851,917	(766,856)
(Loss)/profit for the financial year		(3,952,728)	7,712,640

HIPPODROME CASINO LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	13		15,190		15,190
Tangible assets	14		49,075,821		47,734,825
Investments	15		31,001		31,001
			<u>49,122,012</u>		<u>47,781,016</u>
Current assets					
Stocks	17		227,795		346,236
Debtors	18		3,202,369		4,809,014
Cash at bank and in hand			11,695,485		18,162,347
			<u>15,125,649</u>		<u>23,317,597</u>
Creditors: amounts falling due within one year	19		<u>(21,033,598)</u>		<u>(16,397,809)</u>
Net current (liabilities)/assets			<u>(5,907,949)</u>		<u>6,919,788</u>
Total assets less current liabilities			<u>43,214,063</u>		<u>54,700,804</u>
Creditors: amounts falling due after more than one year	20		(21,481,888)		(27,824,762)
Provisions for liabilities	23		(40,152)		(1,231,291)
Net assets			<u>21,692,023</u>		<u>25,644,751</u>
Capital and reserves					
Called up share capital	26		9,662,983		9,662,983
Profit and loss reserves	27		12,029,040		15,981,768
Total equity			<u>21,692,023</u>		<u>25,644,751</u>

The financial statements were approved by the board of directors and authorised for issue on 30 June 2021 and are signed on its behalf by:

Mr M King
Director

Mr J Edwins
Director

HIPPODROME CASINO LIMITED

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

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2019	9,662,983	8,269,128	17,932,111
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	7,712,640	7,712,640
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	9,662,983	15,981,768	25,644,751
Year ended 31 December 2020:			
Loss and total comprehensive income for the year	-	(3,952,728)	(3,952,728)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	<u>9,662,983</u>	<u>12,029,040</u>	<u>21,692,023</u>

HIPPODROME CASINO LIMITED

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

1 Accounting policies

Company information

Hippodrome Casino Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Cranbourn Street, London, WC2H 7JH.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;

The financial statements of the company are consolidated in the financial statements of Hippodrome Holdings Limited. These consolidated financial statements are available from its registered office, Cranbourn Street, London, WC2H 7JH.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Going concern

As at the balance sheet date the business was closed due to the Covid-19 pandemic. The impact on the business has been negative as outlined in more detail in the Fair Review of the Business. The business did reopen on the 17th May and demand has been strong.

On December 2020 we completed a refinancing exercise with Barclays, our bankers. As a result of the refining the term loan was increased from £13.8mil to £15mil. In addition we agreed a £10mil RCF facility which reduces to £7.5mil in December 2021. The purpose of the facility was to ensure that the business has sufficient headroom during the government imposed lockdowns.

We have prepared cashflow forecasts, up to and including 30 June 2022, which are prudent. The current cash position is very strong and the directors believe there will be sufficient headroom to meet all liabilities as they fall due for at least 12 months from the balance sheet date and beyond based upon even our most pessimistic forecast assumptions.

HIPPODROME CASINO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Whilst the balance sheet is showing current net liabilities our creditors include a gaming duty liability of £11mil which is subject to a Time To Pay arrangement with HMRC which unwinds throughout 2021 and 2022. We also have access to the £10mil RCF facility as well as a £2.5mil overdraft which we have forecast is more than sufficient to conclude on our going concern basis.

The directors have concluded therefore that preparing the accounts on a going concern basis is appropriate. These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

Turnover

Turnover is recognised in the financial statements at the point at which the goods are sold or the services performed. Turnover principally comprises net gaming wins together with revenue generated from the sale of tickets, food, beverage and tobacco, at selling price exclusive of Value Added Tax.

The company provides a customer loyalty programme in the form of reward points for customers to redeem against certain of the casino's services. The fair value of the loyalty scheme is assessed at the reporting date, based on the level of points accrued and management's assessment of the most likely redemption method. The amount to be deferred is included at the reporting date within accruals and released once the points have either been redeemed or expired.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% reducing balance
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Short leasehold property	straight line over the course of the lease
Equipment	20% reducing balance basis
Fixtures and fittings	20% reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

HIPPODROME CASINO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Provision is made for obsolete and slow moving items.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

HIPPODROME CASINO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors and amounts owed by group undertakings, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

When there is a change in the estimated future cash flows, the financial liability is subsequently re-measured using the original effective interest rate. Any remeasurement gain or loss is recognised in profit and loss.

HIPPODROME CASINO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire or if there has been a fundamental or substantive change to the underlying terms.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

HIPPODROME CASINO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

HIPPODROME CASINO LIMITED

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

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Depreciation

Depreciation charges to recognise consumption of economic benefits of tangible fixed assets by the entity are calculated based on rates of depreciation. Depreciation rates are determined by estimation of the diminution in the recoverable amounts in respect of tangible fixed assets over their estimated useful economic lives.

Re-measurement of financial instruments

The directors have assessed the substance of the company's Preference and A Preference shares and are of the view that these instruments are debt, as opposed to equity. Accordingly, they are presented as a component of liabilities and held at amortised cost.

In determining the carrying value of the liabilities as at the reporting date, the directors estimate the timing and quantum of future cash flows expected to arise in connection with the instruments and discount these back to their present value, using the original effective interest rate. Any revisions to the carrying value of the instruments as a result of changes to the directors' estimate of future cash flows are recorded as income or expense in the year of reassessment.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

Turnover analysed by geographical market

	2020 £	2019 £
UK	31,433,821	92,248,635

The analysis of turnover by class of business has not been given as in the opinion of the directors such disclosure would be seriously prejudicial to the interests of the company.

4 Government grants

Grants received of £7,311,993 (2019: £Nil) relates to income in respect of the government Coronavirus Job Retention Scheme to aid businesses with the financial impact of the COVID-19 pandemic.

HIPPODROME CASINO LIMITED

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

5 Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	-	480
Government grants	(7,311,993)	-
Depreciation of owned tangible fixed assets	3,466,294	3,203,210
Depreciation of tangible fixed assets held under finance leases	29,670	100,286
Loss on disposal of tangible fixed assets	504,032	146,504
Operating lease charges	3,520,235	3,720,796

6 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	66,500	53,000

Statutory information on remuneration for other services provided by the company's auditor and its associates is given on a consolidated basis in the group accounts of the parent company, Hippodrome Holdings Limited.

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
Gaming and hospitality staff	680	741
Administrative staff	21	21
	701	762

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	17,969,326	20,909,800
Social security costs	1,711,182	1,967,580
Pension costs	533,291	577,609
	20,213,799	23,454,989

Redundancy payments in the year amount to £1,308,954 (2019: £Nil). This is not included in the wages and salaries figure disclosed above.

HIPPODROME CASINO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	1,027,907	1,044,960
Company pension contributions to defined contribution schemes	29,656	6,360
	<u>1,057,563</u>	<u>1,051,320</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	<u>315,167</u>	<u>319,197</u>

9 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	<u>7,020</u>	<u>17,881</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>7,020</u>	<u>17,881</u>
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10 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank loans and overdrafts and other charges	238,526	363,724
Interest on finance leases and hire purchase contracts	14,190	19,466
Interest on redeemable preference shares not classified as equity	2,356,757	2,847,780
	<u>2,609,473</u>	<u>3,230,970</u>

Interest on redeemable preference shares includes interest of £661,406 (2019: £776,015) in respect of shares held by group undertakings.

HIPPODROME CASINO LIMITED

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

11 Other gains and losses

	2020 £	2019 £
Re-measurement of financial liabilities	8,699,631	8,644,975

12 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	-	661,194
Adjustments in respect of prior periods	(660,778)	29,755
Total current tax	(660,778)	690,949
Deferred tax		
Origination and reversal of timing differences	(1,284,783)	136,978
Changes in tax rates	139,467	-
Adjustment in respect of prior periods	(45,823)	(61,071)
Total deferred tax	(1,191,139)	75,907
Total tax (credit)/charge	(1,851,917)	766,856

The total tax (credit)/charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
(Loss)/profit before taxation	(5,804,645)	8,479,496
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(1,102,883)	1,611,104
Tax effect of expenses that are not deductible in determining taxable profit	531,134	711,854
Tax effect of income not taxable in determining taxable profit	(1,652,929)	(1,642,545)
Adjustments in respect of prior years	(706,601)	(31,316)
Effect of change in corporation tax rate	139,467	(16,114)
Group relief	-	(74,525)
Fixed asset differences	183,926	208,398
Other permanent difference	3,659	-
Losses carried back	752,310	-
Taxation (credit)/charge for the year	(1,851,917)	766,856

HIPPODROME CASINO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Taxation (Continued)

During the year, as a result of the change in the UK main corporation tax rate from 17% to 19% that was substantively enacted on 17 March 2020, the relevant deferred tax balances have been remeasured on this basis.

13 Intangible fixed assets

	Software £
Cost	
At 1 January 2020 and 31 December 2020	15,190
Carrying amount	
At 31 December 2020	15,190
At 31 December 2019	15,190

14 Tangible fixed assets

	Short leasehold property £	Equipment £	Fixtures and fittings £	Total £
Cost				
At 1 January 2020	52,283,639	11,466,465	6,348,078	70,098,182
Additions	561,428	4,732,212	47,352	5,340,992
Disposals	-	(1,113,405)	(2,823,829)	(3,937,234)
At 31 December 2020	52,845,067	15,085,272	3,571,601	71,501,940
Depreciation and impairment				
At 1 January 2020	12,949,223	5,897,091	3,517,043	22,363,357
Depreciation charged in the year	1,761,689	1,105,946	628,329	3,495,964
Eliminated in respect of disposals	-	(1,009,059)	(2,424,143)	(3,433,202)
At 31 December 2020	14,710,912	5,993,978	1,721,229	22,426,119
Carrying amount				
At 31 December 2020	38,134,155	9,091,294	1,850,372	49,075,821
At 31 December 2019	39,334,416	5,569,374	2,831,035	47,734,825

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2020 £	2019 £
Equipment	118,681	313,339

HIPPODROME CASINO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Tangible fixed assets (Continued)

The tangible fixed assets of the company have been pledged to secure borrowings of the parent company, Hippodrome Holdings Limited.

15 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	16	1,000	1,000
Unlisted investments		30,001	30,001
		<u>31,001</u>	<u>31,001</u>

Movements in fixed asset investments

	Shares in group undertakings £	Other investments other than loans £	Total £
Cost or valuation			
At 1 January 2020 & 31 December 2020	<u>1,000</u>	<u>30,001</u>	<u>31,001</u>
Carrying amount			
At 31 December 2020	<u>1,000</u>	<u>30,001</u>	<u>31,001</u>
At 31 December 2019	<u>1,000</u>	<u>30,001</u>	<u>31,001</u>

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Regent Street Services Limited	3rd Floor, 1 London Square, Cross Lanes, Guildford, GU1 1UN	Dormant	Ordinary shares	100.00 -

17 Stocks

	2020 £	2019 £
Finished goods and goods for resale	<u>227,795</u>	<u>346,236</u>

HIPPODROME CASINO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	427,668	447,441
Corporation tax recoverable	325,000	63,902
Amounts owed by group undertakings	2,076,954	2,850,741
Other debtors	17,505	45,585
Prepayments and accrued income	355,242	1,401,345
	<u>3,202,369</u>	<u>4,809,014</u>

The inter-company debtor is repayable in full by way of a single repayment due within five business days of the final settlement on the senior (bank) loan facilities within the parent company. Interest is charged at a variable rate as determined and agreed by both parties from time to time.

19 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Obligations under finance leases	22	48,836	212,332
Trade creditors		2,103,834	3,057,315
Taxation and social security		668,055	674,197
Other creditors		16,675,781	11,621,189
Accruals and deferred income		1,537,092	832,776
		<u>21,033,598</u>	<u>16,397,809</u>

20 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Other borrowings	21	<u>21,481,888</u>	<u>27,824,762</u>

21 Borrowings

	2020 £	2019 £
Preference shares	<u>21,481,888</u>	<u>27,824,762</u>
Payable after one year	<u>21,481,888</u>	<u>27,824,762</u>

HIPPODROME CASINO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 Borrowings (Continued)

Redeemable preference shares are comprised of 23,906,293 (2019: 23,906,293) Preference Shares of £1 each and 23,800,446 (2019: 23,800,446) Preference 'A' Shares of £1 each.

Both classes of preference shares may be redeemed at the company's option at any time without payment of a premium. On winding up both sets of preference shares rank equally ahead of only the ordinary shares and will be repaid at par and any accrued preferential dividends. No voting rights are allocated to either class of preference shares. The holders of the Preference Shares of £1 each are entitled to a fixed non-cumulative preferential dividend of 3% on the nominal value, provided there are sufficient profits available for the distribution of the entire (and not part) of the amount of the calculated dividend, with such distributable profits being determined with reference to the final audited accounts of the company for that year and also provided the group retain free cash flow in excess of £6,000,000.

Preference Shares are recognised as a basic financial liability and are measured at amortised cost using an effective interest rate. The total value of Preference Shares at amortised cost using the effective interest rate at the reporting date is £10,764,775 (2019: £13,943,248).

'A' Preference Shares are recognised as a basic financial liability and are measured at amortised cost using an effective interest rate. The total value of 'A' Preference Shares at amortised cost using the effective interest rate at the reporting date is £10,717,113 (2019: £13,881,514).

	£
Carrying value of Preference and A Preference shares as at 1 January 2020	27,824,762
Interest charge in respect of preference shares	2,356,757
Re-measurement of expected future cash flows	(8,699,631)
	<u>21,481,888</u>
Carrying value of Preference and A Preference shares as at 31 December 2020	<u>21,481,888</u>

22 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Less than five years	48,836	212,332
	<u>48,836</u>	<u>212,332</u>

Hire purchase agreements are secured against the assets to which they relate.

The company's significant leasing arrangements are in respect of leased gaming machines.

23 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	24	40,152	1,231,291
		<u>40,152</u>	<u>1,231,291</u>

HIPPODROME CASINO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

24 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	1,424,073	1,237,651
Tax losses	(1,315,377)	-
Short term timing differences	(68,544)	(6,360)
	<u>40,152</u>	<u>1,231,291</u>
Movements in the year:		2020 £
Liability at 1 January 2020		1,231,291
Credit to profit or loss		(1,191,139)
Liability at 31 December 2020		<u>40,152</u>

The deferred tax liability set out above is expected to reverse by £nil within the next 12 months.

25 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>533,291</u>	<u>577,609</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £67,375 (2019: £67,164) were payable to the fund at the year end and are included in creditors.

HIPPODROME CASINO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

26 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
9,053,673 Ordinary 'A' shares of £1 each	9,053,673	9,053,673
296,172 Ordinary 'B' shares of 1p each	2,961	2,961
606,349 Deferred shares of £1 each	606,349	606,349
	<u>9,662,983</u>	<u>9,662,983</u>

The Ordinary 'A' Shares have attached full voting, rights to dividend and capital distribution (including on winding up) rights (subject to provisions in the Articles of Association). The Ordinary 'A' Shares do not confer any rights of redemption.

Ordinary 'B' Shares are entitled to a dividend payable and distribution on a winding up in line with Ordinary 'A' Shares. The Ordinary 'B' Shares are non-voting.

The Deferred shares have attached to them capital distribution (including on winding up) rights (subject to provisions in the Articles of Association). The Deferred shares do not confer any rights to vote or receive a dividend and are not redeemable.

27 Profit and loss reserves

Profit and loss account reserve represents cumulative profit and loss net of distributions to owners.

The Profit and Loss reserves combines realised gains and losses with certain unrealised gains and losses linked to the re-measurement of equity instruments treated as debt. The balance on the distributable element of the profit and loss reserves as at 31 December 2020 was a deficit of £14,377,308 (2019: £4,081,706 deficit).

28 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company in respect of leases of its properties. The company's operating leases have non-cancellable terms of 30 years from inception of the lease. Lease costs are renegotiated at various break points over the term of the lease. Leases include minimum increases based on market rates up to each break point in the lease.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	3,005,000	3,005,000
Between one and five years	12,020,000	12,020,000
In over five years	36,320,000	39,325,000
	<u>51,345,000</u>	<u>54,350,000</u>

HIPPODROME CASINO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

29 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020 £	2019 £
Acquisition of tangible fixed assets	-	2,451,087

30 Directors' transactions

During the year the company paid £17,976 (2019: £36,839) in machine rental charges purchased from World Bingo Tech Limited, a company controlled by J S Thomas. At 31 December 2020, £1,583 (2019: £5,233) was owed by the company to World Bingo Tech Limited. All purchases are on an arms length basis.

31 Ultimate controlling party

The immediate and ultimate parent undertaking is Hippodrome Holdings Limited, a company incorporated in England and Wales, which is both the smallest and largest group for which consolidated accounts are prepared including Hippodrome Casino Limited and are available from its registered office Cranbourn Street, London, WC2H 7JH.

J S Thomas and J D Thomas are still considered to be the ultimate controlling parties by virtue of their shareholdings in Hippodrome Holdings Limited.

32 Employee benefits trust

The assets and liabilities of the Employee Benefit Trust included in the balance sheet of the company are:

	2020 £	2019 £
250,100 Ordinary 'B' shares of 0.1p each in Hippodrome Holdings Limited	1,000,000	1,000,000
Amount owed to Hippodrome Casino Limited	(1,000,000)	(1,000,000)
	-	-

On the 17 July 2018, the company's parent, Hippodrome Holdings Limited ("HHL"), entered into a Share Purchase Agreement ("the SPA") with Peter McNally, a former shareholder of the group, and Link Trustees (Jersey) Limited, the corporate trustee of The Hippodrome Casino Employee Benefit Trust ("the EBT"), to acquire 250,100 0.1p Ordinary B non-voting shares previously issued by HHL. The funds required to pay the purchase price and acquire the shares in accordance with the SPA have been loaned to the EBT by HHL under the terms of a separate loan agreement dated 17 July 2018. Funds totalling £1,000,000 were ultimately advanced by Hippodrome Casino Limited to the EBT via a cash advance on 17 July 2018. As at 31 December 2020, a balance of £1m is reported as due to HCL and included in debtors.

The EBT has been assessed by the directors as an intermediate payment arrangement and have been consolidated into the entity only financial statements of the sponsoring entity, HHL.

HIPPODROME CASINO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

33 Events after the reporting date

Subsequent to the balance sheet date amounts included with trade creditors and accruals were forgiven. No adjustments have been recognized within the financial statements in respect of this.