REGISTERED NUMBER: 09368918 (England and Wales)

GROUP STRATEGIC REPORT,

REPORT OF THE DIRECTORS AND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

FOR

BET 21 LIMITED

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

BET 21 LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS:	C S Elsey N D Burt
REGISTERED OFFICE:	2 Jardine House Harrovian Business Village Bessborough Road Harrow HA1 3EX
REGISTERED NUMBER:	09368918 (England and Wales)
AUDITORS:	Barber & Company (Statutory Auditors) A trading name of PCM Accounting Limited 2 Jardine House Harrovian Business Village Bessborough Road Harrow Middlesex HA1 3EX

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report of the company and the group for the year ended 31 December 2021.

REVIEW OF BUSINESS
Principal activity

The principal activity of the group during the period under review, was that of off-course and on-line bookmaker.

Business Review

The group's established off-course bookmaking business is carried out through it's subsidiary company, Megabet UK Limited.

The continued prevalence of Covid-19 led to long closures of betting shops across the UK - for the second year almost a third of the trading days were lost.

Unlike the economy-wide lockdowns in 2020, sporting events continued to varying degrees and there were concerns that traditional retail customers would be lost to online bookmakers. However, when betting shops were allowed to partially re-open in mid-April and fully open in mid-May, business levels exceeded all reasonable expectations, evidencing the longevity of High Street betting shops providing a social hub for the customers.

To minimise the business risk the group furloughed retail staff and made use of the government initiatives of business rates discounts and retail property grants. During the lockdown periods without income, government financial assistance and the support of key suppliers allowed the business to minimise the impact.

Megabet UK Limited trades from 47 stores across England. The impact of Covid on both 2020 and 2021 results makes meaningful historic comparison difficult. However, the Directors are very satisfied with part-year trading results and the underlying KPI.

The CVA process undertaken in July, 2019 continues to be a success with the business secure and cash generative despite the difficult conditions.

During the year, the business received a VAT reclaim of c.£3m from HMRC in an industry-led case that dated back to 2003. However, the proceeds were largely offset by HMRC debt in the CVA and conditional success fees to advisors and the previous shareholders.

In September 2022 Megabet UK Limited reached agreement with the CVA creditors to enable the company to pay an additional contribution into the fund and exit the CVA two years ahead of plan. With a clean and early exit from the CVA, the Directors anticipate being able to achieve more competitive trading arrangements with suppliers.

In early 2022 the company completed a rebrand to the Betzone trading name following expiry of a licensing arrangement for the Megabet name.

Despite the impact of the pandemic, the Board of Megabet UK Limited are satisfied with the underlying business metrics and look forward with cautious optimism.

On 17th March, 2021, the group acquired the entire issued share capital of Betzone Limited, a company incorporated within the United Kingdom on 27th October, 2020. Betzone Limited was acquired for £100, being its issued share capital ant that date, and had not traded at the time of the acquisition. The principal activity of Betzone Limited is that of on-line bookmaker.

PRINCIPAL RISKS AND UNCERTAINTIES

Covid-19

The further lockdowns in both 2020 and 2021 and the continued risk of emerging variants require a cautious view on maintaining cash balances, particularly if future government support may not be as comprehensive as in the previous two years. However, the management team have gained valuable experience from the previous lockdowns and are now well-drilled in both Covid-hygiene and cost-management.

Cashflow management and forecasting continue to be valuable tools in minimising financial risks.

Economic risk

Inflation rates, utility costs and the risk of recession continue to impact key supplies, staffing and general contracts.

Financial Risk management

The Group's principal financial instruments comprise cash and cash equivalents. The directors do not consider that there is any significant credit risk due to the nature of the business.

In order to maintain liquidity and have funding available for future developments the company maintains surplus funds in readily accessible bank and deposit accounts.

Bookmaking Risk management

To maximise profits and minimise financial risk, the Group actively manages trading risk by maintaining staking limits to levels appropriate to its size of business. The betting patterns of high-risk customers are monitored and reviewed at regular periods.

Being consistent that the Group is primarily a cash-based business, the Directors have integrated a wide range of security tools into the business processes to minimise the opportunity for customers or staff fraud.

The company has installed high quality alarms, CCTV and other physical security features to help protect the welfare of staff and customers from physical security breaches.

Competitor risk

Whilst the Group faces strong competition on the High Street from National Bookmakers, the Directors remain confident in their ability to provide a highly competitive offering to customers. The Board and senior management constantly monitor and review the strategic and promotional activity of the Group's peers and have the ability to react quickly to any significant changes.

The continued growth of the internet and mobile platforms provides a threat to business levels within the shop estate. Rolling-year trends and comparatives are routinely measured and the board remain vigilant for new ideas and technologies that will improve the experience of our retail customers.

Business environment and outlook

Cost pressures are likely to result in rationalisation within the industry and present opportunities for acquisition, divestment, and the benefits of consolidation. The Directors are continually reviewing strategic options.

ENGAGEMENT WITH EMPLOYEES

Employees are updated on a regular basis on business developments through formal Quarterly Business Meetings with Regional Managers, off-site training meetings, intranet publications, updates and newsletters.

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

KEY PERFORMANCE INDICATORS
Financial key performance indicators

The board consider EBITDA and cash generation to be key performance measures. Whilst 2020 was a highly disrupted year, the Board are satisfied that good progress has been made during difficult trading conditions.

For Megabet UK Limited, EBITDA in 2021 was £1.35m (2020 - £0.89m).

Other key performance indicators

In attrition to the financial key performance indicators, the Group is committed to supporting, managing and measuring compliance to the Gambling Commission's three key licencing objectives:

- Keep crime out of gambling,
- Ensure that gambling is conducted fairly and openly, and
- Protect children and vulnerable people from being harmed or exploited by gambling.

These objectives are incorporated into training and working practices and compliance monitored by senior management on a routine and regular basis.

ON BEHALF OF THE BOARD:

C S Elsey - Director

12 October 2022

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2021.

PRINCIPAL ACTIVITY
The principal activity of the group in the year under review was that of off-course and on-line bookmaker.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2021.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

C S Elsey
N D Burt

RESULTS AND DIVIDENDS
The group profit for the year, after taxation, amounted to £514,127 (2020: £415,401).

No dividends were paid and the directors do not recommend the payment of any further dividends for the year.

SUBSIDIARY COMPANIES
On 28th March, 2019, BET 21 Limited acquired the entire share capital of Megabet UK Limited.

On 17th March, 2021, BET 21 Limited acquired the entire share capital of Betzone Limited.

DISABLED EMPLOYEES
In accordance with the Group Equal Opportunities Policy, recruitment, training and development of employees is undertaken to meet the requirements of the job role regardless of gender, ethnic origin, age, religion, sexual orientation or disability. The policy recognises that people with disabilities can often be denied a fair chance at work because of misconceptions about their capabilities and seeks to enhance the opportunities available by attempting, wherever possible, to overcome obstacles, such as the need to modify equipment, restructure jobs or to improve access to premises, providing such action does not compromise health and safety standards.

DISCLOSURE IN THE STRATEGIC REPORT
The company has chosen in accordance with Section 414C(II) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the Company's Strategic Report, the information required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 group'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 group's auditors are aware of that information.

AUDITORS
The auditors, Barber & Company (Statutory Auditors), will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

C S Elsey - Director

12 October 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BET 21 LIMITED

Opinion
We have audited the financial statements of Bet 21 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, 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 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 group's and of the parent company affairs as at 31 December 2021 and of the group's profit 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group's and the parent 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 directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Statement of Directors' Responsibilities set out on pages five and six, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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 our procedures are capable of detecting irregularities, including fraud is detailed below:

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant:

- The Companies Act 2006;
- Financial Reporting Standard 102;
- UK employment legislation;
- UK health and safety legislation;
- Gambling Act;
- Horse Racing Board;
- General Data Protection Regulations; and
- UK tax legislation

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We understood how the Company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal and compliance procedures. The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. He did not identify any issues in this area.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries posted outside of the normal working patterns of the accounts team, or with unusual descriptions or account combinations.

As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- The application of inappropriate judgements or estimation to manipulate the financial position in the calculation of the year end provisions;
- The posting of unusual journals and complex transactions; or
- The use of management override of controls to manipulate results.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BET 21 LIMITED

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 a Report of the Auditors 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.

Christopher Horsley (Senior Statutory Auditor)
for and on behalf of Barber & Company (Statutory Auditors)
A trading name of PCM Accounting Limited
2 Jardine House
Harrovian Business Village
Bessborough Road
Harrow
Middlesex
HA1 3EX

12 October 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31.12.21 £	31.12.20 £
REVENUE	4	**11,316,023**	9,746,436
Cost of sales		**7,371,072**	6,345,182
GROSS PROFIT		**3,944,951**	3,401,254
Administrative expenses		**5,239,424**	4,647,936
		(1,294,473)	(1,246,682)
Other operating income	5	**1,560,882**	1,779,680
OPERATING PROFIT	7	**266,409**	532,998
Exceptional administrative expenses	8	**(2,305,488)**	-
Exceptional other operating income	8	**3,001,947**	-
		962,868	532,998
Interest receivable and similar income		**176,915**	2,190
		1,139,783	535,188
Interest payable and similar expenses	9	**72,204**	46,052
PROFIT BEFORE TAXATION		**1,067,579**	489,136
Tax on profit	10	**(4,513)**	259
PROFIT FOR THE FINANCIAL YEAR		**1,072,092**	488,877
OTHER COMPREHENSIVE LOSS			
Adjustments on consolidation		**(557,965)**	(73,476)
Income tax relating to other comprehensive loss		**-**	-
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX		**(557,965)**	(73,476)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**514,127**	415,401
Profit attributable to:			
Owners of the parent		**1,072,092**	488,877
Total comprehensive income attributable to:			
Owners of the parent		**514,127**	415,401

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2021

	Notes	31.12.21 £	31.12.21 £	31.12.20 £	31.12.20 £
FIXED ASSETS					
Intangible assets	12		**169,547**		319,992
Property, plant and equipment	13		**1,163,703**		1,185,543
Investments	14		**-**		-
			1,333,250		1,505,535
CURRENT ASSETS					
Inventories	15	**38,916**		16,832	
Debtors	16	**1,864,874**		530,601	
Cash at bank		**2,342,275**		1,357,554	
		4,246,065		1,904,987	
CREDITORS					
Amounts falling due within one year	17	**2,726,176**		1,209,651	
NET CURRENT ASSETS			**1,519,889**		695,336
TOTAL ASSETS LESS CURRENT LIABILITIES			**2,853,139**		2,200,871
CREDITORS					
Amounts falling due after more than one year	18		**(173,711)**		(300,834)
PROVISIONS FOR LIABILITIES	21		**(892,131)**		(872,558)
NET ASSETS			**1,787,297**		1,027,479
CAPITAL AND RESERVES					
Called up share capital	22		**171**		166
Share premium	23		**1,072,109**		826,423
Retained earnings	23		**715,017**		200,890
SHAREHOLDERS' FUNDS			**1,787,297**		1,027,479

The financial statements were approved by the Board of Directors and authorised for issue on 12 October 2022 and were signed on its behalf by:

C S Elsey - Director

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2021

	Notes	31.12.21 £	£	31.12.20 £	£
FIXED ASSETS					
Intangible assets	12		-		-
Property, plant and equipment	13		-		-
Investments	14		**2,183,919**		1,625,855
			2,183,919		1,625,855
CURRENT ASSETS					
Debtors	16	**496,291**		274,112	
Cash at bank		**74,633**		844	
		570,924		274,956	
CREDITORS					
Amounts falling due within one year	17	**726,334**		45,214	
NET CURRENT (LIABILITIES)/ASSETS			**(155,410)**		229,742
TOTAL ASSETS LESS CURRENT LIABILITIES			**2,028,509**		1,855,597
CREDITORS					
Amounts falling due after more than one year	18		-		42,500
NET ASSETS			**2,028,509**		1,813,097
CAPITAL AND RESERVES					
Called up share capital	22		**171**		166
Share premium	23		**1,072,109**		826,423
Retained earnings	23		**956,229**		986,508
SHAREHOLDERS' FUNDS			**2,028,509**		1,813,097
Company's (loss)/profit for the financial year			**(30,279)**		1,190,498

The financial statements were approved by the Board of Directors and authorised for issue on 12 October 2022 and were signed on its behalf by:

C S Elsey - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2020	166	(214,511)	826,423	612,078
Changes in equity				
Total comprehensive income	-	415,401	-	415,401
Balance at 31 December 2020	166	200,890	826,423	1,027,479
Changes in equity				
Issue of share capital	5	-	245,686	245,691
Total comprehensive income	-	514,127	-	514,127
Balance at 31 December 2021	171	715,017	1,072,109	1,787,297

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2020	166	(203,990)	826,423	622,599
Changes in equity				
Total comprehensive income	-	1,190,498	-	1,190,498
Balance at 31 December 2020	166	986,508	826,423	1,813,097
Changes in equity				
Issue of share capital	5	-	245,686	245,691
Total comprehensive income	-	(30,279)	-	(30,279)
Balance at 31 December 2021	171	956,229	1,072,109	2,028,509

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31.12.21 £	31.12.20 £
Cash flows from operating activities			
Cash generated from operations	1	**(500,741)**	(1,186,438)
Interest paid		**(72,204)**	(46,052)
Tax paid		**(23,455)**	(9,616)
Net cash from operating activities		**(596,400)**	(1,242,106)
Cash flows from investing activities			
Purchase of intangible fixed assets		**(7,310)**	-
Purchase of tangible fixed assets		**(262,271)**	(377,573)
Interest received		**176,915**	2,190
Net cash from investing activities		**(92,666)**	(375,383)
Cash flows from financing activities			
New loans in year		**-**	50,000
Loan repayments in year		**-**	(194,822)
Amount withdrawn by directors		**(19,043)**	(40,125)
Share issue		**245,691**	-
Government grants received		**1,447,139**	1,685,705
Net cash from financing activities		**1,673,787**	1,500,758
Increase/(decrease) in cash and cash equivalents		**984,721**	(116,731)
Cash and cash equivalents at beginning of year	2	**1,357,554**	1,474,285
Cash and cash equivalents at end of year	2	**2,342,275**	1,357,554

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.21	31.12.20
	£	£
Profit before taxation	1,067,579	489,136
Depreciation charges	345,867	475,429
Profit on disposal of fixed assets	-	(15,693)
Movement on provisions	19,573	120,423
Adjustments on consolidation	(557,965)	(73,476)
Government grants	(1,447,139)	(1,685,705)
Finance costs	72,204	46,052
Finance income	(176,915)	(2,190)
	(676,796)	(646,024)
Increase in inventories	(22,084)	-
(Increase)/decrease in trade and other debtors	(1,300,226)	114,147
Increase/(decrease) in trade and other creditors	1,498,365	(654,561)
Cash generated from operations	(500,741)	(1,186,438)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	2,342,275	1,357,554

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	1,357,554	1,479,360
Bank overdrafts	-	(5,075)
	1,357,554	1,474,285

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.21	Cash flow	At 31.12.21
	£	£	£
Net cash			
Cash at bank	1,357,554	984,721	2,342,275
	1,357,554	984,721	2,342,275
Debt			
Debts falling due within 1 year	(7,500)	(42,500)	(50,000)
Debts falling due after 1 year	(42,500)	42,500	-
	(50,000)	-	(50,000)
Total	1,307,554	984,721	2,292,275

1. STATUTORY INFORMATION

Bet 21 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 General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied.

Basis of consolidation
The consolidated financial statements present the results of the company and its subsidiary ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the aquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at fair values at the date of acquisition. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date that control ceases.

Related party exemption
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Turnover
Revenue represents stakes received by the group in respect of bookmaking transactions placed on events which occurred before the period end, less the amounts paid to winning customers.

Stakes received are not recognised as turnover until the result of the event(s) on which the stake is placed is known. The amount is included as deferred income until this time.The policy is considered reasonable as it matches the stake with any payout made.

Goodwill
Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income, over its useful economic life.

continued...

2. ACCOUNTING POLICIES - continued

Other intangible assets
Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	4	years
Licences	-	10	years

Tangible fixed assets
Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management.

At each reporting date the Group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Land is not depreciated.

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	2%
Leasehold property	-	Over the lease period
Motor vehicles	-	25%
Fixtures and fittings	-	12.5 to 20%
Computer equipment	-	25 to 50%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Stocks
Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial instruments
The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

continued...

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefit and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were incurred in the research phase only.

Foreign currencies

Foreign currency transactions are translated into functional currency using the spot rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historic cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

continued...

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits
Defined contribution pension plan

The group operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position.The assets of the plan are held separately from the Group in independently administered funds.

Exceptional items
Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

Provisions for liabilities
Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Onerous leases
Where the unavoidable cost of a lease exceeds the economic benefit expected to be received from it, a provision is made for the value of the obligations under the lease.

continued...

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the accounts in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates. The key estimates and assumptions used in these consolidated accounts are set out below.

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provision is based on various factors, such as experience with previous tax submissions. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and future taxable profits together with assessment of the effect of future tax planning strategies.

Provisions against underperforming shops

Each shop is considered to be a Cash Generating Unit (CGU) for the Group as they are able to generate revenue individually. Each CGU is assessed at each period end to ascertain whether there are any indications of impairment or whether onerous lease provisions are required. These calculations are based on the future cash flow projections of each shop on an individual basis, based on management's best estimations from their prior knowledge of each shop and the expected performance going forward.

Dilapidations

Each shop that has an ongoing lease has been allocated a provision against dilapidations that it is contractually to pay for at the end of its lease period. There is a proportion of estimation and uncertainty over the amounts that will be eventually be paid, however management have provided for amounts based on prior knowledge and its expectations of amounts to be paid.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives by taking into account residual values, where appropriate. The actual lives of the asset and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

4. REVENUE

The revenue and profit before taxation are attributable to the one principal activity of the group.

An analysis of revenue by class of business is given below:

	31.12.21	31.12.20
	£	£
Gross amounts wagered	**73,672,302**	49,817,250
Less: Winning bets paid out	**(62,356,279)**	(40,070,814)
	11,316,023	9,746,436

continued...

5. OTHER OPERATING INCOME

	31.12.21	31.12.20
	£	£
Rents receivable	23,811	23,525
Sundry income	89,932	70,450
Government grants	1,447,139	1,685,705
	1,560,882	1,779,680

The above grant income relates to the Coronavirus Job Retention Scheme.

6. EMPLOYEES AND DIRECTORS

	31.12.21	31.12.20
	£	£
Wages and salaries	3,863,872	3,625,912
Social security costs	304,420	259,579
Other pension costs	83,908	77,205
	4,252,200	3,962,696

The average number of employees during the year was as follows:

	31.12.21	31.12.20
Sales	193	192
Administration	22	18
	215	210

	31.12.21	31.12.20
	£	£
Directors' remuneration	266,066	188,239
Directors' pension contributions to money purchase schemes	13,559	11,628

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	3	2

Information regarding the highest paid director for the year ended 31 December 2021 is as follows:

	31.12.21
	£

continued...

7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.12.21	31.12.20
	£	£
Other operating leases	37,258	19,359
Depreciation - owned assets	284,111	349,790
Profit on disposal of fixed assets	-	(15,693)
Goodwill amortisation	7,950	73,435
Development costs amortisation	1,602	-
Computer software amortisation	52,203	52,203
Auditor's remuneration - Audit services	27,600	26,000
Foreign exchange differences	1,190	5,131
Other operating lease rentals	1,040,706	880,048

8. EXCEPTIONAL ITEMS

	31.12.21	31.12.20
	£	£
Exceptional administrative expenses	(2,305,488)	-
Exceptional other operating income	3,001,947	-
	696,459	-

The above other operating income relates to a VAT reclaim from historic years. The administrative expenses relate to settlement with HMRC over duties and other taxes.

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.21	31.12.20
	£	£
Bank interest payable	22,468	7,586
Other interest payable	49,736	38,466
	72,204	46,052

10. TAXATION

Analysis of the tax (credit)/charge
The tax (credit)/charge on the profit for the year was as follows:

	31.12.21	31.12.20
	£	£
Current tax:		
UK corporation tax	1,251	259
Deferred tax:		
Deferred tax - Timing differences	9,240	-
Deferred tax - Deferred tax asset	(15,004)	-
Total deferred tax	(5,764)	-
Tax on profit	(4,513)	259

continued...

10. TAXATION - continued

Reconciliation of total tax (credit)/charge included in profit and loss

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

	31.12.21	31.12.20
	£	£
Profit before tax	**1,067,579**	489,136
Profit multiplied by the standard rate of corporation tax in the UK of 19 % (2020 - 19 %)	**202,840**	92,936
Effects of:		
Expenses not deductible for tax purposes	**59,557**	8,781
Capital allowances in excess of depreciation	**(22,901)**	(9,983)
Utilisation of tax losses	**(238,245)**	(91,475)
Deferred tax - Timing differences	**9,240**	-
Deferred tax - Deferred tax asset	**(15,004)**	-
Total tax (credit)/charge	**(4,513)**	259

Tax effects relating to effects of other comprehensive income

		31.12.21	
	Gross	**Tax**	**Net**
	£	**£**	**£**
Adjustments on consolidation	**(557,965)**	**-**	**(557,965)**

		31.12.20	
	Gross	Tax	Net
	£	£	£
Adjustments on consolidation	(73,476)	-	(73,476)

11. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

continued...

12. INTANGIBLE FIXED ASSETS

Group

	Goodwill	Development costs	Computer software	Totals
	£	£	£	£
COST				
At 1 January 2021	3,258,862	96,000	396,240	3,751,102
Additions	-	7,310	-	7,310
Disposals	-	(96,000)	-	(96,000)
At 31 December 2021	3,258,862	7,310	396,240	3,662,412
AMORTISATION				
At 1 January 2021	3,250,912	-	180,198	3,431,110
Amortisation for year	7,950	1,602	52,203	61,755
At 31 December 2021	3,258,862	1,602	232,401	3,492,865
NET BOOK VALUE				
At 31 December 2021	-	5,708	163,839	169,547
At 31 December 2020	7,950	96,000	216,042	319,992

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold property	Long leasehold	Fixtures and fittings
	£	£	£
COST			
At 1 January 2021	255,599	399,599	3,089,551
Additions	-	9,328	185,048
Disposals	-	-	(605,341)
At 31 December 2021	255,599	408,927	2,669,258
DEPRECIATION			
At 1 January 2021	40,779	235,111	2,303,632
Charge for year	3,860	67,989	177,332
Eliminated on disposal	-	-	(605,341)
At 31 December 2021	44,639	303,100	1,875,623
NET BOOK VALUE			
At 31 December 2021	210,960	105,827	793,635
At 31 December 2020	214,820	164,488	785,919

continued...

13. PROPERTY, PLANT AND EQUIPMENT - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2021	15,840	1,804,633	5,565,222
Additions	-	67,895	262,271
Disposals	(15,840)	(1,075,899)	(1,697,080)
At 31 December 2021	-	796,629	4,130,413
DEPRECIATION			
At 1 January 2021	15,840	1,784,317	4,379,679
Charge for year	-	34,930	284,111
Eliminated on disposal	(15,840)	(1,075,899)	(1,697,080)
At 31 December 2021	-	743,348	2,966,710
NET BOOK VALUE			
At 31 December 2021	-	53,281	1,163,703
At 31 December 2020	-	20,316	1,185,543

14. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2021	1,625,855
Additions	558,064
At 31 December 2021	2,183,919
NET BOOK VALUE	
At 31 December 2021	2,183,919
At 31 December 2020	1,625,855

continued...

14. **FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

Megabet UK Limited
Registered office: Pinetree Business Centre, Pinetree Centre, Durham Road, Birtley, Chester Le Street, DH3 2TD
Nature of business: Bookmaker

Class of shares:	% holding
Ordinary Shares of £1 each	100.00

	31.12.21	31.12.20
	£	£
Aggregate capital and reserves	**1,968,786**	840,237
Profit for the year	**1,128,549**	427,710

Betzone Limited
Registered office: 2 Jardine House, The Harrovian Business Village, Bessborough Road, Harrow, Middlesex, HA1 3EX
Nature of business: On-line Bookmaker

Class of shares:	% holding
Ordinary shares of £1 each	100.00

	31.12.21
	£
Aggregate capital and reserves	**(26,078)**
Loss for the year	**(26,178)**

15. **STOCKS**

	Group	
	31.12.21	31.12.20
	£	£
Stocks	**38,916**	16,832

16. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Trade debtors	**79,311**	-	-	-
Amounts owed by group undertakings	-	-	**249,908**	71,937
Other debtors	**1,214,568**	81,451	**28,265**	3,100
Directors' current accounts	**169,916**	150,873	**169,916**	150,873
Corporation tax	**63,206**	48,202	**48,202**	48,202
Prepayments and accrued income	**337,873**	250,075	-	-
	1,864,874	530,601	**496,291**	274,112

continued...

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.21	31.12.20	**31.12.21**	31.12.20
	£	£	**£**	£
Bank loans and overdrafts (see note 19)	**50,000**	7,500	**50,000**	7,500
Trade creditors	**688,013**	235,653	**-**	-
Corporation tax	**14,551**	21,751	**14,551**	21,751
Social security and other taxes	**635,835**	388,029	**471**	431
Other creditors	**893,607**	161,862	**648,612**	1,536
Accruals and deferred income	**444,170**	394,856	**12,700**	13,996
	2,726,176	1,209,651	**726,334**	45,214

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31.12.21	31.12.20	**31.12.21**	31.12.20
	£	£	**£**	£
Bank loans (see note 19)	**-**	42,500	**-**	42,500
Other creditors	**173,711**	258,334	**-**	-
	173,711	300,834	**-**	42,500

19. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31.12.21	31.12.20	**31.12.21**	31.12.20
	£	£	**£**	£
Amounts falling due within one year or on demand:				
Bank loans	**50,000**	7,500	**50,000**	7,500
Amounts falling due between one and two years:				
Bank loans - 1-2 years	**-**	10,000	**-**	10,000
Amounts falling due between two and five years:				
Bank loans - 2-5 years	**-**	32,500	**-**	32,500

20. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	31.12.21	31.12.20
	£	£
Within one year	**750,877**	808,000
Between one and five years	**1,177,798**	1,554,863
In more than five years	**304,356**	474,241
	2,233,031	2,837,104

21. **PROVISIONS FOR LIABILITIES**

	Group	
	31.12.21	31.12.20
	£	£
Deferred tax	**9,240**	-
Other provisions		
Dilapidations	**828,909**	851,792
Onerous leases	**53,982**	20,766
	882,891	872,558
Aggregate amounts	**892,131**	872,558

Group

	Deferred tax
	£
Provided during year	**9,240**
Balance at 31 December 2021	**9,240**

22. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**31.12.21**	31.12.20
			£	£
1,709,800	Ordinary	£.0001	**171**	166

continued...

23. RESERVES

Group

	Retained earnings £	Share premium £	Totals £
At 1 January 2021	200,890	826,423	1,027,313
Profit for the year	1,072,092		1,072,092
Cash share issue	-	245,686	245,686
Adjustments on consolidation	(557,965)	-	(557,965)
At 31 December 2021	715,017	1,072,109	1,787,126

Company

	Retained earnings £	Share premium £	Totals £
At 1 January 2021	986,508	826,423	1,812,931
Deficit for the year	(30,279)		(30,279)
Cash share issue	-	245,686	245,686
At 31 December 2021	956,229	1,072,109	2,028,338

24. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 December 2021 and 31 December 2020:

	31.12.21 £	31.12.20 £
C S Elsey		
Balance outstanding at start of year	66,662	49,174
Amounts advanced	19,043	17,488
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	85,705	66,662
R Sharman		
Balance outstanding at start of year	84,211	61,575
Amounts advanced	-	22,636
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	84,211	84,211

Interest is charged at commercial rates on loans to sharehholder / directors of BET 21 Limited. During September, 2022, all shareholder / director loans have been formally written off.

At the year end, Megabet UK Limited (100% owned subsidiary) owed £1,857 to directors of the company. No interest is charged.

continued...

25. SUBSIDIARY GUARANTEE

BET 21 Limited has guaranteed the liabilities of Betzone Limited in order that they qualify for the exemption from preparing individual audited accounts under section 479A of the Companies Act 2006 in respect of the period ended 31st December, 2021.

At 31st December, 2021, the liabilities of Betzone Limited amounted to £226,293, of which £199,909 was owed to BET 21 Limited.