

Company Registration No. 10178234 (England and Wales)

HIPPODROME HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021



HIPPODROME HOLDINGS 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	10178234
Registered office	Cranbourn Street London WC2H 7JH
Auditor	RSM UK Audit LLP Chartered Accountants Third Floor Priory Place New London Road Chelmsford CM2 0PP

HIPPODROME HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business and future developments

In 2021, Covid restrictions continued to have a severe impact on the operating performance of the business. We remained closed by Government order from 1 January 2021 until May 16, 2021, a total of 136 days. We were permitted to open our outdoor hospitality spaces from 15 April – attracting 14,000 customers and earning gross revenue of £322k, before full re-opening of the business on 17 May. For the five months to May 2021 the EBITDA loss totalled £4,288k, adding to the EBITDA loss for the year to December 2020 of £7,925k, a total loss across the pandemic period of £12,213k, before the exceptional forgiveness of certain debts as a result of the pandemic. Cash flow pressures from losses have been funded through a mixture of additional bank debt and tax deferrals agreed under HMRC tax deferral schemes agreed in the previous period. From 1 June 2021 to 31 December 2021, the business traded free of any Covid restrictions which were agreed in the prior period. Continued media coverage of Covid and rumours of further restrictions and lock downs, impacted customer confidence but despite this the company traded profitably in this period across all offers, demonstrating the resilience of the business and the loyalty of our customers.

The last two years have been difficult. A reorganization and redundancy programme in 2020, needed to limit the level of financial losses caused by Covid and the residual threat of further lock downs and restrictions throughout 2021, created an environment of perpetual uncertainty. Our staff reacted magnificently, continuing to smile whilst coping with changed work practices and procedures and continuing to deliver to our customers an unbeatable entertainment experience. This has continued into 2022. The business is trading profitably, all deferred taxes have been repaid and strong cashflow has kept us comfortably within banking covenants and facilitated the scheduled repayment of bank debt.

The general economic outlook for 2022 is dominated by high rates of inflation, difficulties in supply chain management and shortages in staff available for recruitment, needed as business levels recover. Customer attendance and spend remain strong and we have pushed forward with investments in new bar and food outlets opening in H2 2022. The prospects for the business are positive. We remain at the centre of entertainment in London and have continued to provide to our customers the experience that The Hippodrome is deservedly renowned for. With two 'Best Casino' awards already secured in 2022, we are more confident than ever that we are 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 group for the stakeholders of the group 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 continue to invest in our building. During the year we acquired the two additional units to complete the shop front along Cranbourn Street. We are introducing 3 new hospitality offerings opening in 2022.

HIPPODROME HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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. As the group has emerged from lockdown in May 21 the business has been better than we anticipated and continues to exceed expectation. Recruitment continues to be a challenge with many people leaving the industry post pandemic, as well as the continued impact of Brexit on the employee market. We are now starting to return to optimal staffing level and we will continue to invest in developing these staff and providing the training and resources for varied and rewarding career paths.

The group has invested heavily in employee engagement and training. We are in the process of redeveloping our staff appraisal processes to align across the group 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 group 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. We have financing in place for the next 2 years under the government backed CLBILS. We remain in communication with our providers to provide the most appropriate funding now the company has substantially recovered following the pandemic.

Detail in respect of preference shares is included in the below section on Financial risk and management objectives and policies

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

We are in the process of setting up a charitable trust to focus our charitable endeavours and have also set up a community group dedicated to managing our broader relationship to the community.

Principal risks and uncertainties

The group's activities are subject to risks and uncertainties. The principal risks and how the group 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 group. The group has in house Compliance and Risk departments, which ensure compliance with gaming regulations and industry best practice;

HIPPODROME HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 group seeks to minimise liquidity risk by maintaining adequate cash reserves;

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 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 group's key financial instruments are preference shares. The facility provides known interest costs for the long term. Consequently no hedging instruments are required. The group's operations expose it to a variety of financial risks that include the effects of changes in credit and liquidity risk. The group looks to maintain sufficient reserves to meet fluctuations in gaming results.

The group 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

	2021	2020
Revenue	£57.5m	£31.4m
EBITDA (before exceptionals)	£5.0m	(£7.9m)

Tax Burden £23.2m (£16.2m 2020)

The Casino Sector continues to be heavily taxed under the current UK tax system. During the financial year to December 2021 the group paid out £23.2m in duties, social security, PAYE, VAT and licensing costs.

The tax burden accounts for 40% of our turnover. The group employed an average of 573 employees (2020: 701) in addition to over 30 full time equivalents on a contracted basis.

Non financial performance measures

The group 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 present 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 group 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

30/06/2022
Date:

HIPPODROME HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the group is that of a gaming and entertainment establishment. The principal activity of the company is that of a holding company.

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 J Edwins
Mr J R Delf
Mr T Bowry-Blum

Results and dividends

The results for the year are set out on page 12.

No ordinary dividends were paid (2020: £Nil). The directors do not recommend payment of a further dividend (2020: £Nil).

Qualifying third party indemnity provisions

The group 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 group 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 group 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.

Employee involvement

The group'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 group's performance.

Auditor

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

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.

HIPPODROME HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Going concern

As at the balance sheet date the Group had an outstanding loan of £14.7m made under the CLBILS scheme, which replaced a previous facility and cash reserves of £22.5m. The business is fully open, trading profitably and generating cash.

The group is reporting net current liabilities of £4,882,915 (2020: £8,359,903) however, we have produced financial and cash flow forecasts and are confident we will meet all financial liabilities going forwards and will continue to trade within our covenants. The forecasts are produced on a prudent basis but make no adjustment in the event of another lockdown.

The directors consider the likelihood of this to be low but we retain an excellent relationship with the bank and have significant cash reserves to draw on. The directors therefore consider the business a going concern.

Matters of strategic importance

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Streamlined Energy & Carbon Reporting

Environmental Strategy

The Hippodrome Casino has on 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

Environmental Performance

		2021 kWh	2020 kWh	2021 kgCO2e	2020 kgCO2e
Gas	Hippodrome Casino	840,898.00	924,801.00	154,615.92	170,043.16
	Cranbourne Mansions	126,593.00	146,165.00	23,276.65	26,875.36
Total scope 1		967,491.00	1,070,966.00	177,892.57	196,918.52
Electricity	Cranbourne Mansions	104,024.00	82,878.30	24,252.16	19,322.25
	Hippodrome Casino	3,306,205.40	2,788,219.00	770,808.73	650,045.38
Total Scope 2		3,410,229.40	2,871,097.30	795,060.89	669,367.63
Total		4,377,720.40	3,942,063.30	972,953.46	866,286.15
Intensity Ratio (per Sq M)		608.78	548.19	135.30	120.47

HIPPODROME HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 remained closed until May 21 and managements focus has been on adapting to the new economic environment. This has hampered the company's ability to make significant change.

The committee which has been established to influence environmental impact is up and running and continues to look for opportunities.

The company has continued to allow employees to work from home where appropriate on a limited basis.

We are reviewing our benefits package to include opportunities for employees to obtain bikes under the Cycle to Work Scheme and Ultra Low Emmision Vehicles.

We continue to replace lightbulbs with energy efficient alternatives as they fail.

On behalf of the board



.....
Mr M King
Director

Date: 30/06/2022
.....

HIPPODROME HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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 group and company, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 HOLDINGS LIMITED

Opinion

We have audited the financial statements of Hippodrome Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidation Statement of Financial Position, Company Statement of Financial position, Consolidated Statement of Changes in Equity, Company 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 group's and of the parent company's 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 group's or 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 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 HOLDINGS LIMITED (CONTINUED)

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept 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 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 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.

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.

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

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 group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are 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

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 and compliance with laws and regulations as the areas where the financial statement 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.

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

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

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
Third Floor
Priory Place
New London Road
Chelmsford
CM2 0PP
30 June 2022
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HIPPODROME HOLDINGS LIMITED

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

	Notes	2021 £	2020 £
Turnover	3	57,503,885	31,433,821
Cost of sales		(23,782,216)	(12,109,619)
Gross profit		33,721,669	19,324,202
Administrative expenses		(33,667,133)	(38,538,018)
Other operating income	4	3,143,826	7,311,993
Operating profit/(loss)	5	3,198,362	(11,901,823)
Interest receivable and similar income	9	-	7,020
Interest payable and similar expenses	10	(1,803,882)	(2,324,279)
Other gains and losses	11	(8,600,855)	6,258,145
Loss before taxation		(7,206,375)	(7,960,937)
Tax on loss	12	(1,261,510)	1,851,917
Loss for the financial year		(8,467,885)	(6,109,020)

Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

HIPPODROME HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	13		15,190		15,190
Tangible assets	14		46,951,493		49,075,821
Investments	15		31,001		31,001
			<u>46,997,684</u>		<u>49,122,012</u>
Current assets					
Stocks	17	168,869		227,795	
Debtors	18	998,934		1,125,415	
Cash at bank and in hand		22,523,765		11,695,485	
		<u>23,691,568</u>		<u>13,048,695</u>	
Creditors: amounts falling due within one year	19	(28,574,483)		(21,408,598)	
Net current liabilities			(4,882,915)		(8,359,903)
Total assets less current liabilities			<u>42,114,769</u>		<u>40,762,109</u>
Creditors: amounts falling due after more than one year	20		(38,636,777)		(30,078,158)
Provisions for liabilities	23		(1,302,078)		(40,152)
Net assets			<u>2,175,914</u>		<u>10,643,799</u>
Capital and reserves					
Called up share capital	26		13,927		13,927
Other reserves	27		5,053,280		5,053,280
Profit and loss reserves	28		(2,891,293)		5,576,592
Total equity			<u>2,175,914</u>		<u>10,643,799</u>

30/06/2022

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

.....
Mr M King
Director

HIPPODROME HOLDINGS LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	2021 £	2020 £
Fixed assets			
Investments	15	14,414,987	14,414,987
Creditors: amounts falling due within one year	19	(4,434,293)	(2,451,954)
Net current liabilities		(4,434,293)	(2,451,954)
Total assets less current liabilities		9,980,694	11,963,033
Creditors: amounts falling due after more than one year	20	(13,125,000)	(14,625,000)
Net liabilities		(3,144,306)	(2,661,967)
Capital and reserves			
Called up share capital	26	13,927	13,927
Own shares	27	(1,000,000)	(1,000,000)
Profit and loss reserves	28	(2,158,233)	(1,675,894)
Total equity		(3,144,306)	(2,661,967)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £482,339 (2020 - £376,212 loss).

30/06/2022

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

.....
Mr M King
Director

HIPPODROME HOLDINGS LIMITED

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

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2020	13,927	5,053,280	11,685,612	16,752,819
Year ended 31 December 2020:				
Loss and total comprehensive income for the year	-	-	(6,109,020)	(6,109,020)
Balance at 31 December 2020	13,927	5,053,280	5,576,592	10,643,799
Year ended 31 December 2021:				
Loss and total comprehensive income for the year	-	-	(8,467,885)	(8,467,885)
Balance at 31 December 2021	13,927	5,053,280	(2,891,293)	2,175,914

HIPPODROME HOLDINGS LIMITED

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

	Share capital	Own shares	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2020	13,927	(1,000,000)	(1,299,682)	(2,285,755)
Year ended 31 December 2020:				
Loss and total comprehensive income for the year	-	-	(376,212)	(376,212)
Balance at 31 December 2020	13,927	(1,000,000)	(1,675,894)	(2,661,967)
Year ended 31 December 2021:				
Loss and total comprehensive income for the year	-	-	(482,339)	(482,339)
Balance at 31 December 2021	13,927	(1,000,000)	(2,158,233)	(3,144,306)

HIPPODROME HOLDINGS LIMITED

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

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	29	12,748,767		(1,890,146)	
Interest paid		(495,000)		(628,928)	
Income taxes refunded		665,447		399,680	
Net cash inflow/(outflow) from operating activities		12,919,214		(2,119,394)	
Investing activities					
Purchase of tangible fixed assets		(1,680,398)		(5,340,992)	
Interest received		-		7,020	
Net cash used in investing activities		(1,680,398)		(5,333,972)	
Financing activities					
Proceeds of new bank loans		2,500,000		1,150,000	
Repayment of bank loans		(2,875,000)		-	
Payment of finance leases obligations		(35,536)		(163,496)	
Net cash (used in)/generated from financing activities		(410,536)		986,504	
Net increase/(decrease) in cash and cash equivalents		10,828,280		(6,466,862)	
Cash and cash equivalents at beginning of year		11,695,485		18,162,347	
Cash and cash equivalents at end of year		22,523,765		11,695,485	

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Hippodrome Holdings 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 group consists of Hippodrome Holdings Limited and all of its subsidiaries, as listed in note 16. All subsidiaries are included in the consolidated accounts, other than Regent Street Services Limited, as this is not deemed to be material to the group.

The company's and the group'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.

The 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 for parent company information presented within the consolidated financial statements:

- 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 included within these consolidated financial statements and are available from the registered office, Cranbourn Street, London, WC2H 7JH.

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate those of Hippodrome Holdings Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. In those years when mergers take place, the whole of the results, assets, liabilities and shareholders' funds of the merged companies are consolidated, regardless of the actual merger date, and corresponding figures for the previous years are re-stated. The carrying value of the entities' assets and liabilities are not adjusted to fair value. Any difference between the nominal value of the shares received is taken to other reserves in equity.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The merger reserve arose due to a business combination under the merger method of accounting, incorporating the balance of the share premium reserve of Hippodrome Casino Limited as at the date of the business combination. On 18 July 2018, Hippodrome Casino Limited completed a bonus issue from its Share Premium reserve of 4,796,038 £1 Preference and A Preference shares. This has resulted in a reduction in the balance of the merger reserve as reported within the consolidated financial statements. On 10 April 2019, Hippodrome Holdings Limited acquired 203,729 Preference shares and 184,805 A Preference shares which has resulted in a further reduction in the balance of the merger reserve as reported within the consolidated financial statements.

Going concern

As at the balance sheet date the Group had an outstanding loan of £14.7m made under the CLBILS scheme and cash reserves of £22.5m. The business is fully open, trading profitably and generating cash.

The group is reporting net current liabilities of £4,882,915 (2020: £8,359,903) however we have produced financial and cash flow forecasts and are confident we will meet all financial liabilities going forwards and will continue to trade within our covenants. The forecasts are produced on a prudent basis but make no adjustment in the event of another lockdown.

The directors consider the likelihood of this to be low but we retain an excellent relationship with the bank and have significant cash reserves to draw on. The directors therefore consider the business a going concern.

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 food, beverage and tobacco, at selling price exclusive of Value Added Tax.

The Group 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.

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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% - 25% reducing balance
----------	----------------------------

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.

Fixed asset investments

In the separate accounts of the company, 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 group. 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 group reviews the carrying amounts of its tangible and intangible 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.

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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 stated at the lower of cost and estimated selling price less any sales costs. Provision is made for obsolete and slow moving items.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Financial instruments

The group 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 group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

Basic financial assets

Basic financial assets, which include trade and other debtors, 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. Any remeasurement gain or loss is recognised in profit and loss.

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 group 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.

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors (including accruals), bank loans 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. Financial liabilities classified as payable within one year are not amortised.

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.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group'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 group 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 group.

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.

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

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.

The company operates an employee share ownership plan (ESOP) trust and has de facto control of the shares held by the trust and bears their benefits and risks. The group records assets and liabilities of the trust as its own. Consideration paid by the ESOP scheme for shares of the company is deducted from equity. Finance costs and administrative expenses incurred by the company in relation to the ESOP are recognised on an accruals basis.

Retirement benefits

The group 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.

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 income statement 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 leased asset are consumed.

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

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.

This change in accounting estimate increased /(decreased) the carrying value of these financial liabilities by £8,600,855 (2020: (£6,168,145)).

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue

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

Turnover analysed by geographical market

	2021 £	2020 £
UK	57,503,885	31,433,821

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 group.

4 Government grants

Grants received of £3,143,626 (2020: £7,311,993) relates to income in respect of the government Coronavirus Job Retention Scheme to aid businesses with the financial impact of the COVID-19 pandemic.

5 Operating profit/(loss)

	Notes	2021 £	2020 £
Operating profit/(loss) for the year is stated after charging/(crediting):			
Government grants	4	(3,143,626)	(7,311,993)
Depreciation of owned tangible fixed assets		3,976,259	3,466,294
Depreciation of tangible fixed assets held under finance leases		23,737	29,670
Loss on disposal of tangible fixed assets		-	504,032
Impairment costs		104,969	-
Amount of stock written off		135,899	-
Bad debt expense		188,604	-
Exceptional item		(2,065,000)	-
Operating lease charges		3,765,026	3,520,235

Within administrative costs, a credit of £2,065,000 has been recognised which reflects amounts included within the opening balance trade creditors and accruals balances that were forgiven.

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

6 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	3,500	3,250
Audit of the financial statements of the company's subsidiaries	74,070	66,500
	<u>77,570</u>	<u>69,750</u>
For other services		
Taxation compliance services	13,275	10,400
All other non-audit services	40,251	10,575
	<u>53,526</u>	<u>20,975</u>

7 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Gaming and hospitality staff	552	680	-	-
Administrative staff	21	21	-	-
Total	<u>573</u>	<u>701</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	15,235,540	17,969,326	-	-
Social security costs	1,426,875	1,711,182	-	-
Pension costs	436,557	533,291	-	-
	<u>17,098,972</u>	<u>20,213,799</u>	<u>-</u>	<u>-</u>

Redundancy payments in the year amount to £Nil (2020: £1,308,954). This is not included in the wages and salaries figure disclosed above.

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

8 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	1,085,375	1,027,907
Company pension contributions to defined contribution schemes	31,488	29,656
	<u>1,116,863</u>	<u>1,057,563</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

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

	2021 £	2020 £
Remuneration for qualifying services	<u>331,005</u>	<u>315,167</u>

9 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	-	7,020
	<u>-</u>	<u>7,020</u>

10 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank loans and overdrafts and other charges	495,000	614,738
Interest on finance leases and hire purchase contracts	-	14,190
Interest on redeemable preference shares not classified as equity	1,308,882	1,695,351
	<u>1,803,882</u>	<u>2,324,279</u>

11 Other gains and losses

	2021 £	2020 £
Re-measurement of financial liabilities	(8,600,855)	6,258,145
	<u>(8,600,855)</u>	<u>6,258,145</u>

12 Taxation

	2021 £	2020 £
Current tax		
Adjustments in respect of prior periods	(416)	(660,778)
	<u>(416)</u>	<u>(660,778)</u>

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	841,067	(1,284,783)
Changes in tax rates	444,355	139,467
Adjustment in respect of prior periods	(23,496)	(45,823)
Total deferred tax	<u>1,261,926</u>	<u>(1,191,139)</u>
Total tax charge/(credit)	<u>1,261,510</u>	<u>(1,851,917)</u>

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

	2021 £	2020 £
Loss before taxation	<u>(7,206,375)</u>	<u>(7,960,937)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(1,369,211)	(1,512,578)
Tax effect of expenses that are not deductible in determining taxable profit	1,875,333	405,467
Tax effect of income not taxable in determining taxable profit	-	(1,189,047)
Change in unrecognised deferred tax assets	91,644	71,480
Adjustments in respect of prior years	(23,912)	(706,601)
Effect of change in corporation tax rate	444,355	139,467
Fixed asset differences	242,333	183,926
Other permanent difference	968	3,659
Losses carried back	-	752,310
Taxation charge/(credit)	<u>1,261,510</u>	<u>(1,851,917)</u>

The parent company has unutilised losses at 31 December 2021 of £1,025,223 (2020: £542,884) available to carry forward against future profits. A deferred tax asset of £256,306 (2020: £103,148) arising from losses has not been recognised in respect of these losses at a rate of 25% (2020: 19%).

A deferred tax asset of £546,160 (2020: £1,315,377) has been recognised in respect of losses of £2,874,526 carried forward in Hippodrome Casino Limited.

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Intangible fixed assets

Group	Software £
Cost	
At 1 January 2021 and 31 December 2021	15,190
Carrying amount	
At 31 December 2020 and 31 December 2021	15,190

The company had no intangible fixed assets at 31 December 2021 or 31 December 2020.

14 Tangible fixed assets

Group	Short leasehold property £	Equipment £	Fixtures and fittings £	Total £
Cost				
At 1 January 2021	52,845,067	15,085,272	3,571,601	71,501,940
Additions	-	1,691,547	184,121	1,875,668
At 31 December 2021	52,845,067	16,776,819	3,755,722	73,377,608
Depreciation and impairment				
At 1 January 2021	14,710,912	5,993,978	1,721,229	22,426,119
Depreciation charged in the year	1,761,689	1,806,111	432,196	3,999,996
At 31 December 2021	16,472,601	7,800,089	2,153,425	26,426,115
Carrying amount				
At 31 December 2021	36,372,466	8,976,730	1,602,297	46,951,493
At 31 December 2020	38,134,155	9,091,294	1,850,372	49,075,821

The company had no tangible fixed assets at 31 December 2021 or 31 December 2020.

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Equipment	290,214	118,681	-	-

The tangible fixed assets of the company have been pledged to secure borrowings of the company.

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	16	1,000	1,000	14,414,987	14,414,987
Unlisted investments		30,001	30,001	-	-
		<u>31,001</u>	<u>31,001</u>	<u>14,414,987</u>	<u>14,414,987</u>

Movements in fixed asset investments Group

	Shares in group undertakings £	Other investments other than loans £	Total £
Cost or valuation			
At 1 January 2021 and 31 December 2021	<u>1,000</u>	<u>30,001</u>	<u>31,001</u>
Carrying amount			
At 31 December 2021	<u>1,000</u>	<u>30,001</u>	<u>31,001</u>
At 31 December 2020	<u>1,000</u>	<u>30,001</u>	<u>31,001</u>

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 January 2021 and 31 December 2021	<u>14,414,987</u>
Carrying amount	
At 31 December 2021	<u>14,414,987</u>
At 31 December 2020	<u>14,414,987</u>

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect	
Hippodrome Casino Limited	UK	Gaming and entertainment establishment	Ordinary	100.00	-
Regent Street Services Limited	UK	Dormant	Ordinary	-	100.00

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

16 Subsidiaries (Continued)

There is also an Employee Benefit Trust (EBT) over which Hippodrome Casino Limited has de facto control. The assets and liabilities of the EBT are included in the consolidated statement of financial position (see note 34).

All of the above companies are incorporated in the United Kingdom. Regent Street Services Limited is excluded from the consolidation on the basis that the impact on the financial statements is immaterial.

The registered office of Hippodrome Casino Limited is Cranbourn Street, London, WC2H 7JH.

The registered office of Regent Street Services Limited is 3rd Floor, 1 London Square, Cross Lanes, Guildford, GU1 1UN.

17 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Finished goods and goods for resale	168,869	227,795	-	-

18 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	76,508	427,668	-	-
Corporation tax recoverable	321,922	325,000	-	-
Other debtors	155,133	17,505	-	-
Prepayments and accrued income	445,371	355,242	-	-
	998,934	1,125,415	-	-

19 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	21	1,500,000	375,000	1,500,000	375,000
Obligations under finance leases	22	59,688	48,836	-	-
Trade creditors		1,556,083	2,103,834	-	-
Amounts owed to group undertakings		-	-	2,934,293	2,076,954
Other taxation and social security		981,200	668,055	-	-
Other creditors		22,135,823	16,675,781	-	-
Accruals and deferred income		2,341,689	1,537,092	-	-
		28,574,483	21,408,598	4,434,293	2,451,954

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

19 Creditors: amounts falling due within one year (Continued)

Amounts owed to group undertakings are payable in full by way of a single payment due within five business days of the final settlement on the senior (bank) loan facilities. Interest is charged at a variable rate as determined and agreed by both parties from time to time.

20 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	21	13,125,000	14,625,000	13,125,000	14,625,000
Obligations under finance leases	22	148,882	-	-	-
Other borrowings	21	25,362,895	15,453,158	-	-
		<u>38,636,777</u>	<u>30,078,158</u>	<u>13,125,000</u>	<u>14,625,000</u>

21 Borrowings

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	14,625,000	15,000,000	14,625,000	15,000,000
Preference shares	25,362,895	15,453,158	-	-
	<u>39,987,895</u>	<u>30,453,158</u>	<u>14,625,000</u>	<u>15,000,000</u>
Payable within one year	1,500,000	375,000	1,500,000	375,000
Payable after one year	<u>38,487,895</u>	<u>30,078,158</u>	<u>13,125,000</u>	<u>14,625,000</u>

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

21 Borrowings (Continued)

The bank loan is secured by a debenture over the assets of the group.

£1,000,000 (2020: £1,000,000) of the bank debt was secured on a life policy in respect of J S Thomas.

Redeemable preference shares are comprised of 16,460,038 (2020: 16,460,038) Preference Shares of £1 each and 17,858,163 (2020: 17,858,163) 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 £12,164,805 (2020: £7,411,798).

'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 £13,198,090 (2020: £8,041,360).

Reconciliation of movements in preference shares:

	£
Carrying value of Preference and A Preference shares as at 1 January 2021	15,453,158
Interest charge in respect of preference shares	1,308,882
Re-measurement of expected future cash flows	8,600,855
Carrying value of Preference and A Preference shares as at 31 December 2021	<u>25,362,895</u>

22 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Less than five years	<u>208,570</u>	<u>48,836</u>	<u>-</u>	<u>-</u>

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

The company's significant leasing arrangements are in respect of various IT equipment including screens and CCTV.

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

23 Provisions for liabilities

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Deferred tax liabilities	24	1,302,078	40,152	-	-

24 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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:

Group	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	1,861,039	1,424,073
Tax losses	(546,160)	(1,315,377)
Short term timing differences	(12,801)	(68,544)
	<u>1,302,078</u>	<u>40,152</u>

The company has no deferred tax assets or liabilities.

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 January 2021	40,152	-
Charge to profit or loss	1,261,926	-
Liability at 31 December 2021	<u>1,302,078</u>	<u>-</u>

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

25 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>436,557</u>	<u>533,291</u>

The group 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 £78,632 (2020: £67,375) were payable to the fund at the year end and are included in creditors.

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

26 Share capital

	Group and Company			
	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary 'A1' shares of 0.1p each	4,576,594	4,576,594	4,577	4,577
Ordinary 'A2' shares of 0.1p each	4,477,079	4,477,079	4,477	4,477
Ordinary 'B' shares of 0.1p each	296,172	296,172	296	296
Ordinary 'C' shares of 0.1p each	4,576,594	4,576,594	4,577	4,577
	<u>13,926,439</u>	<u>13,926,439</u>	<u>13,927</u>	<u>13,927</u>

The Ordinary 'A1' shares have restricted dividend rights. The Ordinary 'A2' shares have full dividend rights. The shares rank pari passu in all other respects and carry full voting and capital distribution rights. They do not confer any rights of redemption.

The Ordinary 'B' shares carry full dividend and capital distribution rights. The Ordinary 'C' shares carry restricted dividend rights and a subordinate right on capital distribution. They do not confer any rights to vote and they are not redeemable.

27 Other reserves

The other reserve is made up of a merger reserve of £6,053,280 (2020: £6,053,280) and an ESOP reserve of (£1,000,000) (2020: (£1,000,000)).

The merger reserve arose due to a business combination under the merger method of accounting, incorporating the balance of the share premium reserve of Hippodrome Casino Limited as at the date of the business combination. On 18 July 2018, Hippodrome Casino Limited completed a bonus issue from its Share Premium reserve of 4,796,038 £1 Preference and A Preference shares. This has resulted in a reduction in the balance of the merger reserve as reported within the consolidated financial statements. On 10 April 2019, Hippodrome Holdings Limited acquired 203,729 Preference shares and 184,805 A Preference shares which has resulted in a further reduction in the balance of the merger reserve as reported within the consolidated financial statements.

The ESOP reserve represents the consideration paid for shares repurchased to be distributed to employees.

28 Profit and loss reserves

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

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

29 Cash generated from group operations

	2021 £	2020 £
Loss for the year after tax	(8,467,885)	(6,109,020)
Adjustments for:		
Taxation charged/(credited)	1,261,510	(1,851,917)
Finance costs	1,803,882	2,324,279
Investment income	-	(7,020)
Loss on disposal of tangible fixed assets	-	504,032
Depreciation and impairment of tangible fixed assets	3,999,996	3,495,964
Other gains and losses	8,600,855	(6,258,145)
Movements in working capital:		
Decrease in stocks	58,926	118,441
Decrease in debtors	123,403	1,093,955
Increase in creditors	5,368,080	4,799,285
Cash generated from/(absorbed by) operations	12,748,767	(1,890,146)

Major non cash transactions

During the year, interest totalling £1,308,882 (2020: £1,695,351) was charged to the consolidated statement of comprehensive income in relation to the preference shares.

30 Analysis of changes in net debt - group

	1 January 2021 £	Cash flows £	Other non- cash changes £	31 December 2021 £
Cash at bank and in hand	11,695,485	10,828,280	-	22,523,765
Borrowings excluding overdrafts	(30,453,158)	375,000	(9,909,737)	(39,987,895)
Obligations under finance leases	(48,836)	35,536	(195,270)	(208,570)
	(18,806,509)	11,238,816	(10,105,007)	(17,672,700)

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

31 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the group in respect of leases of its properties. The group'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 group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	3,005,000	3,005,000	-	-
Between one and five years	12,020,000	12,020,000	-	-
In over five years	33,315,000	36,320,000	-	-
	<u>48,340,000</u>	<u>51,345,000</u>	<u>-</u>	<u>-</u>

32 Directors' transactions

During the year the group paid £21,150 (2020: £17,976) in machine rental charges purchased from a company controlled by a director. At 31 December 2021, £3,348 (2020: £1,583) was owed by the group. All purchases are on an arms length basis.

33 Controlling party

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

HIPPODROME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

34 Employee benefits trust

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

	2021 £	2020 £
250,100 Ordinary 'B' shares of 0.1p each	1,000,000	1,000,000
Amount owed to Hippodrome Holdings Limited	(1,000,000)	(1,000,000)
	<u>-</u>	<u>-</u>

On 17 July 2018, the company ("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.

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.