Consolidated income statement

for the year ended 31 December 2021

	Notes	2021 Underlying items £m	2021 Separately disclosed Items (note 6) £m	2021 Total £m	2020 Underlying items £m	2020 Separately disclosed items (note 6) £m	2020 Total £m
Net Gaming Revenue		3,886.3	–	3,886.3	3,628.5	–	3,628.5
VAT/GST		(56.3)	–	(56.3)	(66.9)	–	(66.9)
Revenue	5	3,830.0	–	3,830.0	3,561.6	–	3,561.6
Cost of sales	7	(1,394.2)	–	(1,394.2)	(1,253.0)	–	(1,253.0)
Gross profit		2,435.8	–	2,435.8	2,308.6	–	2,308.6
Administrative costs	7	(1,789.2)	(128.3)	(1,917.5)	(1,718.9)	(170.6)	(1,889.5)
Contribution		1,851.5	–	1,851.5	1,740.2	–	1,740.2
Administrative costs excluding marketing		(1,204.9)	(128.3)	(1,333.2)	(1,150.5)	(170.6)	(1,321.1)
Group operating profit/(loss) before share of results from joint ventures and associates		646.6	(128.3)	518.3	589.7	(170.6)	419.1
Share of results from joint ventures and associates	16,17	(162.5)	–	(162.5)	(60.2)	–	(60.2)
Group operating profit/(loss)		484.1	(128.3)	355.8	529.5	(170.6)	358.9
Finance expense	8	(77.1)	(5.8)	(82.9)	(76.5)	(5.3)	(81.8)
Finance income	8	2.1	–	2.1	2.3	–	2.3
Gains/(losses) arising from change in fair value of financial instruments	8	62.0	–	62.0	(61.8)	–	(61.8)
Gains/(losses) arising from foreign exchange on debt instruments	8	56.2	–	56.2	(42.9)	–	(42.9)
Profit/(loss) before tax		527.3	(134.1)	393.2	350.6	(175.9)	174.7
Income tax	10	(90.1)	(27.5)	(117.6)	(63.0)	2.1	(60.9)
Profit/(loss) from continuing operations		437.2	(161.6)	275.6	287.6	(173.8)	113.8
Loss for the year from discontinued operations after tax	21	(5.6)	(9.3)	(14.9)	(14.4)	(20.0)	(34.4)
Profit/(loss) for the year		431.6	(170.9)	260.7	273.2	(193.8)	79.4
Attributable to:							
Equity holders of the parent		420.2	(170.9)	249.3	251.6	(193.8)	57.8
Non-controlling interests		11.4	–	11.4	21.6	–	21.6
		431.6	(170.9)	260.7	273.2	(193.8)	79.4
Earnings per share on profit for the year							
from continuing operations		54.3p[1]		45.1p	63.5p		15.8p
From profit for the year	12	53.3p[1]		42.6p	61.0p		9.9p
Diluted earnings per share on profit for the year from continuing operations		53.8p[1]		44.7p	62.8p		15.6p
From profit for the year	12	52.8p[1]		42.2p	60.4p		9.8p
Memo							
EBITDAR[2]		898.8	19.2	918.0	862.1	141.4	1,003.5
Rent and associated costs[3]		(17.1)	–	(17.1)	(19.0)	–	(19.0)
EBITDA		881.7	19.2	900.9	843.1	141.4	984.5
Share based payments		(12.3)	–	(12.3)	(14.8)	–	(14.8)
Depreciation, amortisation and impairment		(222.8)	(147.5)	(370.3)	(238.6)	(312.0)	(550.6)
Share of results from joint ventures and associates		(162.5)	–	(162.5)	(60.2)	–	(60.2)
Group operating profit/(loss)		484.1	(128.3)	355.8	529.5	(170.6)	358.9

1. The calculation of underlying earnings per share has been adjusted for separately disclosed items, and for the removal of foreign exchange volatility arising on financial instruments as it provides a better understanding of the underlying performance of the Group. See note 12 for further details.
2. Included within the Income Statement and Memo above are certain non-statutory measures. The use of these items and the reconciliation to their statutory equivalents is provided above and on page 66 of the report.
3. Rent and associated costs include VAT and rent not captured by IFRS 16. These are predominantly driven by VAT on rental charges not being recoverable and held over leases.

The notes on pages 157 to 203 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Profit for the year		260.7	79.4
Other comprehensive (expense)/income:			
Items that may be reclassified to profit or loss:			
Currency differences on translation of foreign operations		(128.3)	137.7
Total items that may be reclassified to profit or loss		(128.3)	137.7
Items that will not be reclassified to profit or loss:			
Re-measurement of defined benefit pension scheme	30	31.2	(0.2)
Tax on re-measurement of defined benefit pension scheme	10	(10.9)	0.1
Share of associate other comprehensive (expense)/income	17	–	0.3
Total items that will not be reclassified to profit or loss		20.3	0.2
Other comprehensive (expense)/income for the year, net of tax		(108.0)	137.9
Total comprehensive income for the year		152.7	217.3
Attributable to:			
Equity holders of the parent:		141.3	195.7
Non-controlling interests		11.4	21.6

The notes on pages 157 to 203 form an integral part of these consolidated financial statements.

Consolidated balance sheet

(Company number 4685V)

At 31 December 2021

	Notes	2021 £m	2020 £m
Assets			
Non-current assets			
Goodwill	13	3,217.0	3,061.1
Intangible assets	13	2,152.5	2,105.4
Property, plant and equipment	15	467.2	470.2
Interest in joint venture	16	9.7	6.2
Interest in associates and other investments	17	58.4	29.4
Trade and other receivables	18	3.0	3.8
Other financial assets	26	0.3	4.4
Deferred tax assets	10	141.4	129.8
Retirement benefit asset	30	95.1	64.2
		6,144.6	5,874.5
Current assets			
Trade and other receivables	18	539.8	475.8
Income and other taxes recoverable		23.1	13.6
Derivative financial instruments	26	57.4	–
Cash and cash equivalents	19	487.1	706.7
		1,107.4	1,196.1
Assets in disposal group classified as held for sale	21	–	199.1
Total assets		7,252.0	7,269.7
Liabilities			
Current liabilities			
Trade and other payables	20	(695.8)	(687.4)
Balances with customers	27	(205.9)	(241.1)
Lease liabilities	22	(78.2)	(89.8)
Interest bearing loans and borrowings	23	(121.1)	(14.1)
Corporate tax liabilities		(59.1)	(66.4)
Provisions	24	(43.5)	(49.4)
Derivative financial instruments	26	–	(26.1)
Other financial liabilities	26	(36.1)	(147.5)
		(1,239.7)	(1,321.8)
Non-current liabilities			
Interest bearing loans and borrowings	23	(2,161.3)	(2,085.7)
Lease liabilities	22	(215.5)	(248.2)
Deferred tax liabilities	10	(408.0)	(331.7)
Provisions	24	(6.4)	(19.5)
Other financial liabilities	26	(52.6)	(9.3)
		(2,843.8)	(2,694.4)
Liabilities in disposal group classified as held for sale	21	–	(172.0)
Total liabilities		(4,083.5)	(4,188.2)
Net assets		3,168.5	3,081.5
Equity			
Issued share capital	28	4.8	4.8
Share Premium		1,207.3	1,206.6
Merger Reserve		2,527.4	2,527.4
Translation reserve		63.4	191.7
Retained earnings		(635.8)	(901.3)
Equity shareholders' funds		3,167.1	3,029.2
Non-controlling interests	35	1.4	52.3
Total shareholders' equity		3,168.5	3,081.5

The financial statements on pages 152 to 203 were approved by the Board of Directors on 3 March 2022 and signed on its behalf by

J Nygaard-Andersen
Chief Executive Officer

R Wood
Deputy Chief Executive Officer/Chief Financial Officer

Consolidated statement of changes in equity

for the year ended 31 December 2021

	Issued share capital £m	Share premium £m	Merger Reserve £m	Translation reserve[1] £m	Retained earnings £m	Equity shareholders' funds £m	Non-controlling Interests (note 35) £m	Total Shareholders' equity £m
At 1 January 2020	4.8	1,198.0	2,527.4	54.0	(971.4)	2,812.8	43.1	2,855.9
Profit for the year	–	–	–	–	57.8	57.8	21.6	79.4
Other comprehensive income	–	–	–	137.7	0.2	137.9	–	137.9
Total comprehensive income	–	–	–	137.7	58.0	195.7	21.6	217.3
Share options exercised	–	8.6	–	–	–	8.6	–	8.6
Share-based payments charge	–	–	–	–	12.1	12.1	–	12.1
Equity dividends (note 11)	–	–	–	–	–	–	(12.4)	(12.4)
At 31 December 2020	4.8	1,206.6	2,527.4	191.7	(901.3)	3,029.2	52.3	3,081.5
At 1 January 2021	**4.8**	**1,206.6**	**2,527.4**	**191.7**	**(901.3)**	**3,029.2**	**52.3**	**3,081.5**
Profit for the year	–	–	–	–	249.3	249.3	11.4	260.7
Other comprehensive income	–	–	–	(128.3)	20.3	(108.0)	–	(108.0)
Total comprehensive income	–	–	–	(128.3)	269.6	141.3	11.4	152.7
Share options exercised	–	0.7	–	–	–	0.7	–	0.7
Share-based payments charge	–	–	–	–	6.9	6.9	–	6.9
Business combinations (note 32)	–	–	–	–	(50.0)	(50.0)	14.2	(35.8)
Purchase of non-controlling interests (note 35)	–	–	–	–	39.0	39.0	(52.0)	(13.0)
Equity dividends (note 11)	–	–	–	–	–	–	(24.5)	(24.5)
At 31 December 2021	**4.8**	**1,207.3**	**2,527.4**	**63.4**	**(635.8)**	**3,167.1**	**1.4**	**3,168.5**

1. The translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries with non-Sterling functional currencies.

The notes on pages 157 to 203 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Cash generated by operations	29	803.8	864.8
Income taxes paid		(98.7)	(59.2)
Net finance expense paid		(73.3)	(95.3)
Net cash generated from operating activities		631.8	710.3
Cash flows from investing activities:			
Acquisitions		(449.8)	–
Cash acquired on business combinations		22.3	–
Cash disposed on sale of business		(53.7)	–
Purchase of intangible assets		(106.4)	(101.6)
Purchase of property, plant and equipment		(69.8)	(62.6)
Proceeds from the sale of property, plant and equipment including disposal of shops		1.9	6.9
Purchase of investments in associates and other investments		(29.4)	–
Investment in joint ventures		(164.4)	(61.8)
Net cash used in investing activities		(849.3)	(219.1)
Cash flows from financing activities:			
Proceeds from issue of ordinary shares		0.7	8.6
Net proceeds from borrowings		797.2	–
Repayment of borrowings		(566.1)	(43.5)
Settlement of derivative financial instruments and other financial liabilities		(149.8)	(11.3)
Payment of lease liabilities		(87.9)	(85.9)
Equity dividends paid[1]		(24.5)	(12.4)
Net cash used in financing activities		(30.4)	(144.5)
Net (decrease)/increase in cash and cash equivalents		(247.9)	346.7
Effect of changes in foreign exchange rates		(14.8)	13.0
Cash and cash equivalents at beginning of the year		749.8	390.1
Cash and cash equivalents at end of the year[2]		487.1	749.8

1. Equity dividends paid represent dividends paid to non-controlling interests of £24.5m (2020: £12.4m).
2. Cash and cash equivalents at the beginning of the year include £43.1m of cash within assets in disposal group classified as held for sale.

The notes on pages 157 to 203 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2021

1 Corporate information

Entain PLC ("the Company") is a company incorporated and domiciled in the Isle of Man on 5 January 2010 whose shares are traded publicly on the London Stock Exchange. The principal activities of the Company and its subsidiaries ("the Group") are described in the strategic report. The consolidated financial statements of the Group for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 3 March 2022.

The nature of the Group's operations and its principal activities are set out in note 5.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and with the Isle of Man Companies Act 2006 applicable to companies reporting under IFRSs. The accounting policies set out in this section as detailed have been applied consistently year on year other than for the changes in accounting policies set out in note 3.

Going concern

The Group financial statements are prepared under the historical cost convention unless otherwise stated. In adopting the going concern basis of preparation in the financial statements, the Directors have considered the current trading performance of the Group, the financial forecasts and the principal risks and uncertainties, including the ongoing impact of Covid-19. In addition, the Directors have considered all matters discussed in connection with the long-term viability statement including the modelling of "severe but plausible" downside scenarios such as legislation changes impacting the Group's Online business and new lockdowns affecting the Group's Retail operations.

Despite the net current liability position, the level of the Group's available cash (c£400m), available financing facilities (including an undrawn revolving credit facility of c£500m) and the forecast covenant headroom even under the sensitised downside scenarios, the Directors believe that the Group is well placed to manage the risks and uncertainties that it faces. As such, the Directors have a reasonable expectation that the Group will have adequate financial resources to continue in operational existence and have, therefore, considered it appropriate to adopt the going concern basis of preparation in the financial statements.

The consolidated financial statements are presented in Pounds Sterling (£). All values are in millions (£m) rounded to one decimal place except where otherwise indicated. The separately disclosed items have been included within the appropriate classifications in the consolidated income statement. Further details are given in note 6.

3 Changes in accounting policies

From 1 January 2021 the Group has not been required to adopt, for the first time, any new standards, interpretations, or amendments as there have been no new issues effective in the reporting year.

4 Summary of significant accounting policies

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group at 31 December each year. The consolidation has been performed using the results to 31 December for all subsidiaries, using consistent accounting policies. With the exception of a small number of immaterial subsidiaries, the financial statements of those subsidiaries are prepared to 31 December. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee.

All intragroup transactions, balances, income and expenses are eliminated on consolidation.

Subsidiaries are consolidated, using the acquisition method of accounting, from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred from the Group. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at fair value at the date of acquisition. Any excess of the cost of acquisition over the fair values of the separately identifiable net assets acquired is recognised as goodwill. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

4.2 Critical accounting estimates and judgements

The preparation of financial information requires the use of assumptions, estimates and judgements about future conditions. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

4 Summary of significant accounting policies (continued)

4.2 Critical accounting estimates and judgements (continued)

Judgements

Management believes that the areas where judgement has been applied are:

- accounting for uncertain tax positions (note 18); and
- separately disclosed items (note 6).

Accounting for uncertain tax positions

The Group is subject to various forms of tax in a number of jurisdictions. Given the nature of the industry within which the Group operates, the tax and regulatory regimes are continuously changing and, as such, the Group is exposed to a small number of uncertain tax positions. Judgement is applied in or order to adequately provide for uncertain tax positions where it is believed that it is more likely than not that an economic outflow will arise. In particular, during 2021 judgement has been applied in the Group's accounting for Greek tax and further disclosure is given in note 18.

Separately disclosed items

To assist in understanding the underlying performance of the Group, management applies judgement to identify those items that are deemed to warrant separate disclosure due to either their nature or size. Whilst not limited to, the following items of pre-tax income and expense are generally disclosed separately:

- amortisation of acquired intangibles resulting from IFRS 3 "Business Combinations" fair value exercises;
- profits or losses on disposal, closure, or impairment of non-current assets or businesses;
- corporate transaction and restructuring costs;
- legal, regulatory and tax litigation;
- changes in the fair value of contingent consideration; and
- the related tax effect of these items.

Any other non-recurring items are considered individually for classification as separately disclosed by virtue of their nature or size. During 2021 the Group separately disclosed a net charge on continuing operations of £134.1m including £144.2m of amortisation of acquired intangibles resulting from IFRS 3.

The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Group.

The separately disclosed items have been included within the appropriate classifications in the consolidated income statement. Further details are given in note 6.

Estimates

Management believes that the area where significant estimates have been made within the financial statement are:

- accounting for business combinations (note 32).

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.

Further information about key assumptions concerning the future and other key sources of estimation uncertainty are set out below;

Business combinations

For business combinations, the Group estimates the fair value of the consideration transferred, which can include assumptions about the future business performance of the business acquired and an appropriate discount rate to determine the fair value of any contingent consideration.

The Group then estimates the fair value of assets acquired and liabilities assumed in the business combination, including any separately identifiable intangible assets. These estimates also require inputs and assumptions including future earnings, customer attrition rates and discount rates. The Group engages external experts to support the valuation process, where appropriate. IFRS 3 "Business Combinations" allows the Group to recognise provisional fair values if the initial accounting for the business combination is incomplete.

The fair value of contingent consideration recognised in business combinations is reassessed at each reporting date, using updated inputs and assumptions based on the latest financial forecasts for the relevant business. Fair value movements and the unwinding of the discounting is recognised within the income statement as a separately disclosed item. See note 6 and note 32 for further details.

4 Summary of significant accounting policies (continued)

4.2 Critical accounting estimates and judgements (continued)

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the separately identifiable assets, liabilities and contingent liabilities at the date of acquisition. In accordance with IFRS 3 Business Combinations, goodwill is not amortised but reviewed for impairment at the first reporting period after acquisition and then annually thereafter. As such it is stated at cost less any provision for impairment of value. Any impairment is recognised immediately in the consolidated income statement and is not subsequently reversed.

On acquisition, any goodwill acquired is allocated to cash generating units for the purpose of impairment testing. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposal is included in the carrying amount of the assets when determining the gain or loss on disposal.

4.3 Other accounting policies

Intangible assets

Intangible assets acquired separately are capitalised at cost and those acquired as part of a business combination are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. The costs relating to internally generated intangible assets, principally software costs, are capitalised if the criteria for recognition as assets are met. Other expenditure is charged in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of these intangible assets are assessed to be either finite or indefinite. All indefinite lived assets are subject to an annual impairment review from the year of acquisition. Where amortisation is charged on assets with finite lives, this expense is taken to the consolidated income statement through the "operating expenses, depreciation and amortisation" line item. Useful lives are reviewed on an annual basis.

A summary of the policies applied to the Group's intangible assets is as follows:

Retail licences	Lower of 15 years, or duration of licence
Software - purchased & internally capitalised costs	2-15 years
Trademarks & brand names	10-15 years, or indefinite life
Customer relationships	3-15 years

The useful lives of all intangible assets are reviewed at each financial period end. Impairment testing is performed annually for intangible assets which are not subject to systematic amortisation and where an indicator of impairment exists for all other intangible assets.

An intangible asset is derecognised on disposal, with any gain or loss arising (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the consolidated income statement in the year of disposal.

Pensions and other post-employment benefits

The Group's defined benefit pension plans, the Ladbrokes Pension Plan and the Gala Coral Pension Plan hold assets separately from the Group. The pension cost relating to both plans are assessed in accordance with the advice of independent qualified actuaries using the projected unit credit method.

Actuarial gains or losses are recognised in the consolidated statement of comprehensive income in the period in which they arise.

Any past service cost is recognised immediately. The retirement benefit asset recognised in the balance sheet represents the fair value of scheme assets less the value of the defined benefit obligations.

In accounting for the Group's defined benefit pension plans, it is necessary for management to make a number of estimates and assumptions each year. These include the discount rates, inflation rates and life expectancy. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Where actual experience differs to these estimates, actuarial gains and losses are recognised directly in other comprehensive income. Refer to note 30 for details of the values of assets and obligations and key assumptions used. Although the Group anticipates that plan surpluses will be utilised during the life of the plans to address member benefits, the Group recognises its pension surplus in full on the basis that it does not consider there to be substantive restrictions on the return of residual plan assets in the event of a winding up of the plans after all member obligations have been met.

The Group's contributions to defined contribution schemes are charged to the consolidated income statement in the period to which the contributions relate.

There is a degree of estimation involved in predicting the ultimate benefits payable under defined benefit pension arrangements. The pension scheme liabilities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to uncertainty. See note 30 for details on sensitivity analysis performed around these estimates.

The Group's defined benefit pension schemes both have a net asset position when measured on an IAS 19 basis. Judgement is applied, based on legal, actuarial, and accounting guidance in IFRIC 14, regarding the amounts of net pension asset that is recognised in the consolidated balance sheet. Further details are given in note 30.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

Impairment

On acquisition, any goodwill acquired is allocated to cash generating units for the purpose of impairment testing. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposal is included in the carrying amount of the assets when determining the gain or loss on disposal.

An impairment review is performed for goodwill and other indefinite life assets on at least an annual basis. For all other non-current assets an impairment review is performed where there are indicators of impairment. This requires an estimation of the recoverable amount which is the higher of an asset's fair value less costs to sell and its value in use. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from each cash generating unit and to discount cash flows by a suitable discount rate in order to calculate the present value of those cash flows. Estimating an asset's fair value less costs to sell is determined using future cashflow and profit projections as well as industry observed multiples and publicly observed share prices for similar gambling companies. See note 14 for details on sensitivity analysis performed around these estimates.

Within UK and European Retail, the cash generating units are generally an individual Licensed Betting Office ("LBO") and therefore, impairment is first assessed at this level for licences, right of use ("ROU") assets and property, plant and equipment, with any impairment arising booked to licences and property, plant and equipment on a pro-rata basis.

Impairment losses are recognised in the consolidated income statement.

Investments in joint ventures

A joint venture is an entity in which the Group holds an interest on a long-term basis, and which is jointly controlled by the Group and one or more other venturers under a contractual agreement.

Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement.

The Group's share of results of joint ventures is included in the Group consolidated income statement using the equity method of accounting. Investments in joint ventures are carried in the Group consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the entity less any impairment in value. The carrying value of investments in joint ventures includes acquired goodwill.

If the Group's share of losses in the joint venture equals or exceeds its investment in the joint venture, the Group does not recognise further losses, unless it has obligations to continue to provide financial support to the joint venture.

Investments in associates

Associates are those businesses in which the Group has a long-term interest and is able to exercise significant influence over the financial and operational policies but does not have control or joint control over those policies.

The Group's share of results of associates is included in the Group's consolidated income statement using the equity method of accounting. Investments in associates are carried in the Group's consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the entity less any impairment in value. The carrying value of investments in associates includes acquired goodwill. If the Group's share of losses in the associate equals or exceed its investments in the associate, the Group does not recognise further losses, unless it has obligations to continue to provide financial support to the associate.

Property, plant and equipment

Land is stated at cost less any impairment in value.

Buildings, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is applied using the straight-line method to specific classes of asset to reduce them to their residual value over their estimated useful economic lives.

Land and buildings	Lower of 50 years, or estimated useful life of the building, or lease. Indefinite lives are attached to any freehold land held and therefore it is not depreciated
Plant and equipment	3-5 years
Fixtures and fittings	3-10 years

Right of Use ("ROU") assets arising under lease contracts are depreciated over the lease term (as defined in IFRS 16) being the period to the expiry date of the lease, unless it is expected that a break clause will be exercised when the lease term is the period to the date of the break.

The carrying values of property, plant and equipment are reviewed for impairment where an indicator of impairment exists as to whether there are events or changes in circumstances indicating that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

The recoverable amount of property, plant and equipment is the greater 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An item of property, plant and equipment is derecognised upon disposal, with any gain or loss arising (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the consolidated income statement in the year of disposal.

Leases

The Group has applied IFRS 16 only to those contracts that were previously identified as a lease under IAS 17 Leases, any contracts not previously identified as leases have not been reassessed for the purposes of adopting IFRS 16. Accordingly, the definition of a lease under IFRS 16 has only been applied to contracts entered into on or after 1 January 2019.

Leases, other than those with a lease period of less than one year at inception, or where the original cost of the asset acquired would be a negligible amount (see note 22), are capitalised at the inception at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

ROU assets are included within property, plant and equipment at cost and depreciated over their estimated useful lives, which normally equates to the lives of the leases, after considering anticipated residual values.

ROU assets which are sub-leased to customers are classified as finance leases if the lease agreements transfer substantially all the risks and rewards of usage to the lessee. All other sub-leases are classified as operating leases. When assets are subject to finance leases, the present value of the sub-lease is recognised as a receivable, net of allowances for expected credit losses and the related ROU asset is de-recognised. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance lease income. Finance lease interest income is recognised over the term of the lease using the net investment method (before tax) so as to give a constant rate of return on the net investment in sub-leases. Operating lease rental income is recognised on a straight-line basis over the life of the lease.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, short-term deposits with an original maturity of less than three months (and customer balances).

Financial assets

Financial assets are recognised when the Group becomes party to the contracts that give rise to them. The Group classifies financial assets at inception as financial assets at amortised cost, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income.

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, financial assets at amortised cost are measured at fair value net of transaction costs.

Trade receivables are generally accounted for at amortised cost. Expected credit losses are recognised for financial assets recorded at amortised cost, including trade receivables. Expected credit losses are calculated by using an appropriate probability of default, taking accounts of a range of possible future scenarios and applying this to the estimated exposure of the Group at the point of default.

Financial assets at fair value through profit or loss include derivative financial instruments. Financial assets through profit or loss are measured initially at fair value with transaction costs taken directly to the consolidated income statement. Subsequently, the fair values are remeasured, and gains and losses are recognised in the consolidated income statement.

Financial assets at fair value through other comprehensive income comprise equity investments that are designated as such on acquisition. These investments are measured initially at fair value. Subsequently, the fair values are remeasured, and gains and losses are recognised in the consolidated statement of comprehensive income.

Financial liabilities

Financial liabilities comprise trade and other payables, interest bearing loans and borrowings, contingent consideration, ante-post bets, guarantees and derivative financial instruments. On initial recognition, financial liabilities are measured at fair value net of transaction costs where they are not categorised as financial liabilities at fair value. Financial liabilities measured at fair value include contingent consideration, derivative financial instruments, ante-post bets and guarantees.

Financial liabilities at fair value are measured initially at fair value, with transaction costs taken directly to the consolidated income statement. Subsequently, the fair values are remeasured and gains and losses from changes therein are recognised in the consolidated income statement.

Trade and other payables are held at amortised cost and include amounts due to clients representing customer deposits and winnings, which is matched by an equal and opposite amount within cash and cash equivalents.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

All interest-bearing loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Group has transferred its contractual right to receive the cash flows from the financial assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party, and either:

- substantially all the risks and rewards of ownership have been transferred; or
- substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Derivative financial instruments

The Group uses derivative financial instruments such as cross currency swaps, foreign exchange swaps and interest rate swaps, to hedge its risks associated with interest rate and foreign currency fluctuations. Derivative financial instruments are recognised initially and subsequently at fair value. The gains or losses on remeasurement are taken to the consolidated income statement.

Derivative financial instruments are classified as assets where their fair value is positive, or as liabilities where their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance expense.

Foreign currency translation

The presentational currency of Entain PLC and the functional currencies of its UK subsidiaries are Pounds Sterling (£).

Other than Sterling the main functional currencies of subsidiaries are the Euro (€), the US Dollar ($) and the Australian Dollar (A$). At the reporting date, the assets and liabilities of non-Sterling subsidiaries are translated into Pounds Sterling (£) at the rate of exchange ruling at the balance sheet date and their cash-flows are translated at the weighted average exchange rates for the year. The post-tax exchange differences arising on the retranslation are taken directly to other comprehensive income.

Transactions in foreign currencies are initially recorded in the subsidiary's functional currency and translated at the foreign currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign currency rate of exchange ruling at the balance sheet date.

All foreign currency translation differences are taken to the consolidated income statement. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

On disposal of a foreign entity, the deferred cumulative retranslation differences previously recognised in equity relating to that particular foreign entity are recognised in the consolidated income statement as part of the profit or loss on disposal.

The following exchange rates were used in 2021 and 2020:

	2021		2020	
Currency	Average	Year end	Average	Year end
Euro (€)	1.159	1.190	1.131	1.112
US Dollar ($)	1.375	1.354	1.286	1.365
Australian Dollar (A$)	1.832	1.862	1.876	1.765

Income tax

Deferred tax is provided on all temporary differences at the balance sheet date, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes except:

- on the initial recognition of goodwill;
- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the tax profit; and
- associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Interest or penalties payable and receivable in relation to income tax are recognised as an income tax expense or credit in the consolidated income statement.

Income tax expenses are recognised within profit and loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity.

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated balance sheet.

Equity instruments and dividends

Equity instruments issued by the Company are recorded at the fair value of proceeds received net of direct issue costs.

Final dividends proposed by the Board of Directors and unpaid at the year end are not recognised in the financial statements until they have been approved by shareholders at the Annual General Meeting. Interim dividends are recognised when paid.

Revenue

The Group reports the gains and losses on all betting and gaming activities as revenue, which is measured at the fair value of the consideration received or receivable from customers less free bets, promotions, bonuses and other fair value adjustments. Revenue is net of VAT/GST. The Group considers betting and gaming revenue to be out of the scope of IFRS 15 Revenue, and accounts for those revenues within the scope of IFRS 9 Financial Instruments.

For licensed betting offices (LBOs), on course betting, Core Telephone Betting, mobile betting, Digital businesses (including sportsbook, betting exchange, casino, games, other number bets), revenue represents gains and losses, being the amounts staked and fees received, less total payouts recognised on the settlement of the event. Open betting positions ("Ante-post") are carried at fair value and gains and losses arising on these positions are recognised in revenue. See note 26 for details of ante-post positions at the year end.

The following forms of revenue are accounted for within the scope of IFRS 15 Revenue. Revenue from the online poker business reflects the net income (rake) earned from poker hands completed by the year end. In the case of the greyhound stadia, revenue represents income arising from the operation of the greyhound stadia in the year, including sales of refreshments, net of VAT. Given the nature of these revenue streams they are not considered to be subject to judgement over the performance obligations, amount received or timing of recognition.

Government assistance

Receipts from government assistance programs such as, furlough, are recorded as reductions in the costs against which they have been received. See note 7 for more details.

Finance expense and income

Finance expense and income arising on interest bearing financial instruments carried at amortised cost are recognised in the consolidated income statement using the effective interest rate method. Finance expense includes the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price. All finance expenses are recognised over the availability period.

Share-based payment transactions

Certain employees (including Directors) of the Group receive remuneration in the form of equity settled share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of equity settled transactions is measured by reference to the fair value at the date on which they are granted. Further details of which are given in note 31. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Entain PLC (market conditions).

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

The cost of equity settled transactions is recognised in the consolidated income statement, with a corresponding credit in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors of the Group at that date, based on the best available estimate of the number of equity instruments, will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share as shown in note 12.

4.4 Future accounting developments

The standards and interpretations that are issued, but not yet effective, excluding those relating to annual improvements, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. None of these are expected to have a significant effect on the consolidated financial statements of the Group as set out below:

IAS 1	Presentation of Financial Statements	Amendments to the classification of liabilities as current or non-current	1 January 2023
		Amendments to IAS1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments	
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Amendments to clarify between changes in accounting estimates and changes in accounting policies	1 January 2023
IAS 12	Income Taxes	Amendments to the measurement techniques for current and deferred taxes	1 January 2023
IAS 16	Property, Plant and Equipment	Amendments to the definition of sales proceeds and related costs	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Amendments to the definition of costs to fulfil an onerous contract	1 January 2022
IAS 41	Agriculture	Amendments to the measurement techniques for biological assets	1 January 2022
IFRS 3	Business Combinations	Updating a reference to the Conceptual Framework	1 January 2022
IFRS 17	Insurance Contracts	Original issue	1 January 2023

5 Segment information

The Group's operating segments are based on the reports reviewed by the Executive management team (which is collectively considered to be the Chief Operating Decision Maker (CODM)) to make strategic decisions, and allocate resources.

IFRS 8 requires segment information to be presented on the same basis as that used by the CODM for assessing performance and allocating resources. The Group's operating segments are now aggregated into the five reportable segments as detailed below. This represents a change from 2020 with our former UK and European Retail segments now combined to form one Retail segment and a New Opportunities segment created to reflect the investment strategy in innovation and new products and verticals as previously communicated. Both changes are in line with the changes in the Group's reporting to the executive management team (CODM), with the Retail consolidation also a product of our Retail segment displaying consistent trading patterns and risk profiles across territories and all geographies now reporting into the Deputy Chief Executive Officer/Chief Financial Officer.

- Online: comprises betting and gaming activities from online and mobile operations. Sports Brands include bwin, Coral, Crystalbet, Eurobet, Ladbrokes and Sportingbet; Gaming Brands include CasinoClub, Foxy Bingo, Gala, Gioco Digitale, partypoker and PartyCasino, Optibet and Ninja;
- Retail: comprises betting and retail activities in the shop estates in Great Britain, Northern Ireland, Jersey, Republic of Ireland, Belgium and Italy;
- New opportunities: Unikrn and innovation spend;
- Corporate: includes costs associated with Group functions including Group executive, legal, Group finance, US joint venture, tax and treasury; and
- Other segments: includes activities primarily related to telephone betting, Stadia and on course pitches.

The Executive management team of the Group has chosen to assess the performance of operating segments based on a measure of net revenue, EBITDAR, EBITDA, and operating profit with finance costs and taxation considered for the Group as a whole. See page 66 of this annual report for further considerations of the use of Non-GAAP measures. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

5 Segment information (continued)

The segment results for the year ended 31 December were as follows:

2021	Online £m	Retail £m	All other segments £m	New Opportunities £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR[1]	3,066.5	791.1	32.8	–	–	(4.1)	3,886.3
VAT/GST	(56.3)	–	–	–	–	–	(56.3)
Revenue	3,010.2	791.1	32.8	–	–	(4.1)	3,830.0
Gross Profit	1,871.5	535.8	28.5	–	–	–	2,435.8
Contribution[2]	1,294.7	529.0	27.8	–	–	–	1,851.5
Operating costs excluding marketing costs	(393.7)	(447.5)	(22.1)	(8.8)	(80.6)	–	(952.7)
Underlying EBITDAR before separately disclosed items	901.0	81.5	5.7	(8.8)	(80.6)	–	898.8
Rental costs	(2.0)	(14.6)	(0.1)	–	(0.4)	–	(17.1)
Underlying EBITDA before separately disclosed items	899.0	66.9	5.6	(8.8)	(81.0)	–	881.7
Share based payments	(5.3)	(1.9)	(0.1)	–	(5.0)	–	(12.3)
Depreciation and Amortisation	(116.7)	(102.4)	(2.9)	(0.4)	(0.4)	–	(222.8)
Share of joint ventures and associates	(1.0)	–	0.4	–	(161.9)	–	(162.5)
Operating profit/(loss) before separately disclosed items	776.0	(37.4)	3.0	(9.2)	(248.3)	–	484.1
Separately disclosed items (note 6)	(154.0)	1.4	(1.7)	–	26.0	–	(128.3)
Group operating profit/(loss)	622.0	(36.0)	1.3	(9.2)	(222.3)	–	355.8
Net finance income							37.4
Profit before tax							393.2
Income tax							(117.6)
Profit for the year from continuing operations							275.6
Loss for the year from discontinued operations after tax (note 21)							(14.9)
Profit for the year after discontinued operations							260.7

1. Included within NGR are amounts of £82.6m (2020: £116.6m) in relation to online poker services and £20.5m (2020: £14.9m) arising from the operation of greyhound stadia recognised under IFRS 15 Revenue.
2. Contribution represents gross profit less marketing costs and is a key performance metric used by the Group, particularly in Online.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

5 Segment information (continued)

2020 Re-presented	Online £m	Retail £m	All other segments £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR	2,747.5	857.1	27.8	–	(3.9)	3,628.5
VAT/GST	(66.9)	–	–	–	–	(66.9)
Revenue	2,680.6	857.1	27.8	–	(3.9)	3,561.6
Gross Profit	1,708.7	577.5	22.4	–	–	2,308.6
Contribution[1]	1,147.4	571.7	21.1	–	–	1,740.2
Operating costs excluding marketing costs	(342.5)	(456.1)	(25.0)	(54.5)	–	(878.1)
Underlying EBITDAR before separately disclosed items	804.9	115.6	(3.9)	(54.5)	–	862.1
Rental costs	(1.4)	(17.3)	(0.3)	–	–	(19.0)
Underlying EBITDA before separately disclosed items	803.5	98.3	(4.2)	(54.5)	–	843.1
Share based payments	(4.3)	(1.5)	–	(9.0)	–	(14.8)
Depreciation and Amortisation	(120.1)	(115.8)	(2.7)	–	–	(238.6)
Share of joint ventures and associates	0.1	–	0.3	(60.6)	–	(60.2)
Operating profit/(loss) before separately disclosed items	679.2	(19.0)	(6.6)	(124.1)	–	529.5
Separately disclosed items (note 6)	(304.5)	226.3	–	(92.4)	–	(170.6)
Group operating profit/(loss)	374.7	207.3	(6.6)	(216.5)	–	358.9
Net finance expense						(184.2)
Profit before tax						174.7
Income tax						(60.9)
Profit for the year from continuing operations						113.8
Loss for the year from discontinued operations after tax (note 21)						(34.4)
Profit for the year after discontinued operations						79.4

1. Contribution represents gross profit less marketing costs and is a key performance metric used by the Group, particularly in Online.

Geographical information

Revenue by destination and non-current assets on a geographical basis for the Group, are as follows:

	2021		2020 re-presented	
	Revenue £m	**Non-current assets[3] £m**	Revenue £m	Non-current assets[3] £m
United Kingdom	**1,754.5**	**3,007.2**	1,675.5	3,116.4
Australia	**458.1**	**507.0**	383.3	557.8
Italy	**392.4**	**483.0**	353.6	428.4
Rest of Europe[1]	**966.2**	**1,807.0**	962.9	1,569.0
Rest of the world[2]	**258.8**	**103.6**	186.3	4.5
Total	**3,830.0**	**5,907.8**	3,561.6	5,676.1

1. Rest of Europe is predominantly driven by markets in Germany, Belgium and Georgia.
2. Rest of the world is predominantly driven by the market in Brazil.
3. Non-current assets excluding other financial assets, deferred tax assets and retirement benefit assets.

6 Separately disclosed items

	2021 £m	2020 £m
Amortisation of acquired intangibles[1]	**144.2**	307.0
Integration costs[2]	**17.3**	25.1
Corporate transaction costs[3]	**9.4**	–
Tax litigation/ one-off legislative impacts[4]	**(80.2)**	(223.5)
Legal and onerous contract provisions[5]	**26.2**	8.9
Profit on disposal of property, plant and equipment[6]	**(1.9)**	(6.9)
Movement in fair value of contingent consideration[7]	**6.1**	42.4
Issue costs write off[8]	**5.8**	5.3
Impairment loss[9]	**3.3**	5.0
Triennial restructuring costs	**–**	8.3
Other one-off items[10]	**3.9**	4.3
Total before tax	**134.1**	175.9
Tax on separately disclosed items[11]	**27.5**	(2.1)
Separately disclosed items for the year from continuing operations	**161.6**	173.8
Separately disclosed items for the year from discontinued operations (note 21)	**9.3**	20.0
Separately disclosed items for the year after discontinued operations	**170.9**	193.8

1. Amortisation charges in relation to acquired intangible assets arising from the various acquisitions made by the Group in recent years, including Ladbrokes Coral, Crystalbet, Enlabs, Portugal and Unikrn.
2. Final costs associated with the integration of the Ladbrokes Coral Group and legacy GVC businesses, including redundancy costs.
3. During the year, the Group incurred a number of transaction costs associated with M&A activity including Enlabs, Portugal and Unikrn as well as the approaches for the Entain Group by US based betting and gaming businesses.
4. In November 2021, the Athens Administrative Court of Appeal found in favour of the Group on the 2010/11 Greek Tax case. The ruling stipulated that the previous amounts paid by the Group plus interest were now due to Entain. Whilst the Greek authorities have appealed the decision by the courts, the Group has recognised the full receivable due under the court ruling including reversing charges previously recognised in the Income Statement in respect of 2010/11. The credit of £80.2m recognised also includes £7.1m in respect of the final amount received in respect of the UK VAT claim (2020: £223.0m).
5. Includes costs associated with complying with the HMRC investigation as well as a provision for potential settlement costs on matters associated with past trading activity.
6. Relates to the sale of various retail assets.
7. Costs associated with discount unwind and movements in the fair value of contingent consideration on acquisition activity from previous years.
8. Issue costs written off on the refinancing of US denominated loans and the Group's revolving credit facility in the year.
9. During the current year, the Group recorded a non-cash impairment charge against certain leased assets which are now vacant and against assets relating to the disposed Betdaq business.
10. Relates predominantly to the one-off costs associated with Covid-19.
11. The tax charge on separately disclosed items of £27.5m (2020: credit of £2.1m) represents -20.5% (2020: 1.2%) of the separately disclosed items incurred of £134.1m (2020: £175.9m). This is lower than the expected rate of 19.0% (2020: 19.0%) as certain corporate transaction costs and integration costs are non-deductible for tax purposes, as well as the impact of significant elements of amortisation of acquired intangibles being subject to lower overseas tax rates. In addition, the changes in future UK and Gibraltar corporation tax rates have been applied to deferred tax liabilities recognised against acquired intangibles resulting in a current year charge.

The items above reflect incomes and expenditures which are either exceptional in nature or size or are associated with the amortisation of acquired intangibles. The Directors believe that each of these items warrants separate disclosure as they do not form part of the day to day underlying trade of the Group and are not expected to persist beyond the short term (excluding the amortisation of acquired intangibles).

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

7 Administrative costs

Profit before tax, net finance expense and separately disclosed items has been arrived at after charging:

	2021 £m	2020 £m
Betting tax and Machine Games Duty	837.3	767.1
Revenue share arrangements	440.3	386.6
Software royalties	116.1	91.6
Other cost of sales	0.5	7.7
Cost of sales	1,394.2	1,253.0
Salaries and payroll-related expenses (note 9)	575.4	514.9
Property expenses	63.1	62.7
Content and levy expenses	137.5	136.1
Marketing expenses	584.3	568.4
Depreciation and amortisation – owned assets	169.0	176.2
Depreciation and amortisation – leased assets	53.8	62.4
Other operating expenses	206.1	198.2
Administrative costs	1,789.2	1,718.9
Separately disclosed items before tax and finance expense (note 6)	128.3	170.6
Total	3,311.7	3,142.5

During the year the Group benefited from £48.7m (2020: £62.9m) of government support in the form of furlough receipts across the various countries in which the Group operates, predominantly the UK and the Republic of Ireland. There are no ongoing obligations on the Group for the amounts received which have been recorded as a reduction to salaries and payroll-related expenses within underlying trading.

Fees payable to KPMG were as follows:

	2021 £m	2020 £m
Audit and audit-related services:		
Audit of the parent Company and Group financial statements	0.6	0.6
Audit of the Company's subsidiaries	1.9	1.5
Audit-related assurance services	0.5	0.4
Total fees	3.0	2.5

8 Finance expense and income

	2021 £m	2020 £m
Bank loans and overdrafts	(63.3)	(60.2)
Interest on lease liabilities[1]	(13.8)	(16.3)
Issue costs write off (note 6)	(5.8)	(5.3)
Total finance expense	(82.9)	(81.8)
Interest receivable	2.1	2.3
Gains/(losses) arising on financial derivatives	62.0	(61.8)
Gains/(losses) arising on foreign exchange on debt instruments	56.2	(42.9)
Net finance income/(expense)	37.4	(184.2)

1. Interest on lease liabilities of £13.8m (2020: £16.3) is net of £0.2m of sub-let interest receivable (2020: £0.4m).

9 Employee staff costs

The average monthly number of employees (including Executive Directors) was:

	2021 Number	2020 Number
Online	8,929	6,447
Retail	14,363	16,806
Other	428	463
Corporate[1]	918	271
	24,638	23,987

1. Certain central functions have been recategorised to sit within a centralised corporate segment rather than within a divisionalised one.

The number of people employed by the Group at 31 December 2021 was 25,554 (2020: 23,573).

	2021 £m	2020 £m
Wages and salaries	503.1	444.2
Redundancy costs[1]	6.0	9.1
Social security costs	41.6	40.3
Other pension costs (note 30)[2]	16.3	15.6
Share-based payments (note 31)	12.3	14.8
	579.3	524.0

1. Included within redundancy costs are £3.4m (2020: £6.7m) which are included within separately disclosed items.
2. Included within other pension costs are £0.5m (2020: £2.4m) which are included within separately disclosed items.

In addition to salary, employees may qualify for various benefit schemes operated by the Group. Eligibility for benefits is normally determined according to an employee's length of service and level of responsibility. The amounts of some benefits are proportionate to individual salary.

Benefits may include insured benefits that can cover private healthcare for the employee and their immediate family, long-term disability, personal accident and death in service cover. Company cars, including fuel benefits, are provided predominantly to meet job requirements but also to certain executives.

Staff costs are stated net of furlough receipts as discussed in note 7.

10 Income tax

Analysis of expense for the year:

	2021 £m	2020 £m
Current income tax:		
– UK	97.4	89.1
– adjustments in respect of previous years	(6.8)	7.2
Deferred tax:		
– relating to origination and reversal of temporary differences	32.3	(33.9)
– adjustments in respect of previous years	(5.3)	(2.8)
Income tax expense reported in the income statement	117.6	59.6
Income tax expense is attributable to		
Profit from continuing operations	117.6	60.9
Loss from discontinued operations	–	(1.3)
	117.6	59.6
Deferred tax charged/(credited) directly to other comprehensive income	10.9	(0.1)

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

10 Income tax (continued)

A reconciliation of income tax expense (2020: expense) applicable to profit (2020: profit) before tax at the UK statutory income tax rate to the income tax expense (2020: expense) for the years ended 31 December 2021 and 31 December 2020 is as follows:

	2021 £m	2020 £m
Profit from continuing operations before income tax	393.2	174.7
Loss from discontinued operations before tax	(14.9)	(35.7)
Profit before tax	378.3	139.0
Corporation tax expense thereon at 19.00%	71.9	26.4
Adjusted for the effects of:		
– Lower effective tax rates on overseas earnings	(10.7)	(6.9)
– Non-deductible expenses	7.0	10.6
– Fair value adjustment to contingent consideration	1.2	5.9
– Goodwill impairment	–	2.4
– Impact of additional 50% deduction for marketing expenditure in Gibraltar	(18.4)	–
– Increase in unrecognised tax losses	50.5	18.5
– (Decrease)/increase in unrecognised deferred interest	(0.4)	2.2
– Revaluation of deferred tax balances following increase in UK and Overseas tax rates	28.3	–
– Difference in current and deferred tax rates	0.3	(3.9)
Adjustments in respect of prior years:		
– Deferred tax prior year adjustments	(5.3)	(2.8)
– Current tax adjustments	(6.8)	7.2
Income tax expense	117.6	59.6
Reported as:		
– expense in consolidated income statement (before separately disclosed items)	90.1	63.0
– expense/(credit) in consolidated income statement (tax on separately disclosed items) (note 6)	27.5	(3.4)
Income tax expense	117.6	59.6

Deferred tax

Deferred tax at 31 December relates to the following:

	Deferred tax liabilities		Deferred tax assets	
	2021 £m	2020 £m	2021 £m	2020 £m
Property, plant and equipment	–	–	(62.3)	(58.6)
Intangible assets	333.0	284.7	(27.3)	(19.8)
Retirement benefit assets	33.3	22.6	–	–
Losses	–	–	(27.0)	(27.2)
Other temporary difference	41.7	24.4	(24.8)	(24.2)
Deferred tax liabilities/ (assets)	408.0	331.7	(141.4)	(129.8)

10 Income tax (continued)

Movements in deferred tax during the year ended 31 December 2021 were recognised as follows:

Net deferred tax liabilities/(assets)

	Property, plant and equipment £m	Intangible assets £m	Retirement benefit assets £m	Losses £m	Other temporary differences £m	Total £m
At 31 December 2020	(56.1)	304.9	23.4	(33.2)	(5.2)	233.8
Income statement	0.1	(48.7)	(0.7)	6.7	5.9	(36.7)
Other comprehensive income	–	–	(0.1)	–	–	(0.1)
Exchange adjustment	(0.2)	6.3	–	(0.7)	(0.5)	4.9
At 31 December 2021	(56.2)	262.5	22.6	(27.2)	0.2	201.9
Income statement	(6.9)	24.2	(0.2)	(0.9)	10.8	27.0
Other comprehensive income	–	–	10.9	–	–	10.9
Arising on business combinations (note 32)	–	25.0	–	–	7.2	32.2
Exchange adjustment	0.8	(6.0)	–	1.1	(1.3)	(5.4)
At 31 December 2021	(62.3)	305.7	33.3	(27.0)	16.9	266.6

Amounts presented on the consolidated balance sheet:

	2021 £m	2020 £m
Deferred tax liabilities	408.0	331.7
Deferred tax assets	(141.4)	(129.8)
Net deferred tax liability	266.6	201.9

Deferred tax assets are considered recognisable based on the ability of future offset against deferred tax liabilities or against future taxable profits.

As at 31 December 2021, the Group had £1,621.6m (2020: £1,660.7m) of gross unrecognised deferred tax assets. This unrecognised deferred tax asset consists of £213.3m of capital losses (2020: £213.3m), £1,408.7m of trading losses (2020: £1,407.2m), £nil of deferred interest relief (2020: £40.2m) and £0.4m of other deferred tax assets (2020: £nil). These assets have not been recognised as they are not expected to be utilised in the foreseeable future.

There are no significant unrecognised taxable temporary differences associated with investments in subsidiaries.

The standard rate of UK corporation tax throughout the period was 19.0%.

In the UK Budget on 3 March 2021, the Chancellor announced that the standard rate of UK Corporation Tax would be increased from 19% to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021. Both the 19% and the 25% rate have therefore been used in measuring the UK deferred tax items at the date of this Report, depending on the expected date of reversal of any timing differences. The impact of the UK Corporation Tax increase in this Report is a credit of £13.0m to Underlying Items, and a charge of £10.6m to Separately Disclosed Items.

In the Gibraltar Budget on 20 July 2021, the Chief Minister announced that the standard rate of Gibraltar Corporate Income Tax would be increased from 10% to 12.5% with effect from 1 August 2021. This was substantively enacted on 26 July 2021. The 12.5% rate has therefore been used in measuring the Gibraltar deferred tax items at the date of this Report. The impact of the Gibraltar Corporate Income Tax increase in this Report is a credit of £5.8m to Underlying Items, and a charge of £36.7m to Separately Disclosed Items. The Gibraltar Budget also introduced a temporary enhanced tax deduction for qualifying business marketing and promotion costs, which will apply for the years ending 31 December 2021 and 31 December 2022. This was substantively enacted on 30 July 2021. The impact of this temporary measure in this Report is a credit of £18.4m to Underlying Items.

The Group's future tax charge, and effective tax rate, could be affected by a number of factors including the mix of profits arising in each country, changes to statutory corporate tax rates and the impact of continuing global tax reforms.

The Group has noted the OECD's work on the taxation of the digital economy and the EU Proposal for a Council Directive on ensuring a global minimum level of taxation for multinational groups, issued on 22 December 2021. If implemented, these are expected to apply to the Group from the year ended 31 December 2023. The Group expects this to increase the future Effective Tax Rate on Underlying Items. It is not yet possible to quantify the impact these changes will have until further details on the proposals and their implementation become available.

The deferred tax assets and liabilities are measured at the tax rates of the respective territories which are expected to apply to the year in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax on retirement benefit assets is provided at 35.0%, which is the rate applicable to refunds.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

11 Dividends

The dividends in the year of £24.5m relate entirely to dividends paid out to non-controlling interests (2020: £12.4m).

12 Earnings per share

Basic earnings per share has been calculated by dividing the profit for the year attributable to shareholders of the Company of £249.3m (2020: £57.8m) by the weighted average number of shares in issue during the year of 585.7m (2020: 583.7m).

At 31 December 2021, there were 586.6m €0.01 ordinary shares in issue.

The calculation of adjusted earnings per share which removes separately disclosed items and foreign exchange gains and losses arising on financial instruments has also been disclosed as it provides a better understanding of the underlying performance of the Group. Separately disclosed items are defined in note 4 and disclosed in note 6.

Total earnings per share

Weighted average number of shares (millions)	2021	2020
Shares for basic earnings per share	585.7	583.7
Potentially dilutive share options and contingently issuable shares	5.4	6.2
Shares for diluted earnings per share	591.1	589.9

Total profit	2021 £m	2020 £m
Profit attributable to shareholders	249.3	57.8
– from continuing operations	264.2	92.2
– from discontinued operations	(14.9)	(34.4)
(Gains)/losses arising from financial instruments	(62.0)	61.8
(Gains)/losses arising from foreign exchange debt instruments	(56.2)	42.9
Associated tax charge on gains arising from financial instruments and foreign exchange debt instruments	9.9	–
Separately disclosed items net of tax (note 6)	170.9	193.8
Adjusted profit attributable to shareholders	311.9	356.3
– from continuing operations	317.5	370.7
– from discontinued operations	(5.6)	(14.4)

	Standard earnings per share		Adjusted earnings per share	
Earnings per share (pence)	2021	2020	2021	2020
Basic earnings per share				
– from continuing operations	45.1	15.8	54.3	63.5
– from discontinued operations	(2.5)	(5.9)	(1.0)	(2.5)
From profit for the period	42.6	9.9	53.3	61.0
Diluted earnings per share				
– from continuing operations	44.7	15.6	53.8	62.8
– from discontinued operations	(2.5)	(5.8)	(1.0)	(2.4)
From profit for the period	42.2	9.8	52.8	60.4

The earnings per share presented above is inclusive of the performance from the US joint venture BetMGM. Adjusting for the removal of the BetMGM performance would result in a basic adjusted earnings per share of 81.9p (2020: 73.9p) and a diluted adjusted earnings per share of 81.1p (2020: 73.1p) from continuing operations.

13 Goodwill and intangible assets

	Goodwill £m	Licences £m	Software £m	Customer relationships £m	Trade-marks & brand names £m	Total £m
Cost						
At 1 January 2020	3,238.8	15.7	595.9	935.9	1,925.7	6,712.0
Exchange adjustment	128.3	–	11.3	20.6	30.3	190.5
Additions	–	–	101.6	–	–	101.6
Disposals and assets classified as held for sale	(14.9)	–	(169.5)	(7.9)	(2.0)	(194.3)
At 31 December 2020	3,352.2	15.7	539.3	948.6	1,954.0	6,809.8
Exchange adjustment	(132.8)	(0.3)	(28.0)	(22.5)	(32.7)	(216.3)
Additions	–	12.8	96.7	–	–	109.5
Additions from business combinations (note 32)	273.1	22.3	21.1	78.9	96.2	491.6
Disposals and assets classified as held for sale	–	(0.8)	(8.2)	–	–	(9.0)
Reclassification	–	–	1.1	–	–	1.1
At 31 December 2021	**3,492.5**	**49.7**	**622.0**	**1,005.0**	**2,017.5**	**7,186.7**
Accumulated amortisation and impairment						
At 1 January 2020	272.4	6.3	379.3	593.2	96.4	1,347.6
Exchange adjustment	18.7	–	6.0	17.4	6.8	48.9
Amortisation charge	–	1.1	115.8	262.2	39.3	418.4
Disposals	–	–	(169.1)	(1.2)	(1.3)	(171.6)
At 31 December 2020	291.1	7.4	332.0	871.6	141.2	1,643.3
Exchange adjustment	(15.6)	(0.1)	(22.3)	(19.4)	(8.6)	(66.0)
Amortisation charge	–	6.8	102.7	89.8	48.0	247.3
Impairment charge	–	–	1.6	–	–	1.6
Disposals and assets classified as held for sale	–	(0.8)	(8.2)	–	–	(9.0)
At 31 December 2021	**275.5**	**13.3**	**405.8**	**942.0**	**180.6**	**1,817.2**
Net book value						
At 31 December 2020	3,061.1	8.3	207.3	77.0	1,812.8	5,166.5
At 31 December 2021	**3,217.0**	**36.4**	**216.2**	**63.0**	**1,836.9**	**5,369.5**

At 31 December 2021, the Group had not entered into contractual commitments for the acquisition of any intangible assets (2020: £nil).

Included within trade-marks & brand names are £1,398.4m (2020: £1,398.4m) of intangible assets considered to have indefinite lives. These assets relate to the UK Ladbrokes and Coral brands which are considered to have indefinite durability that can be demonstrated, and their value can be readily measured. The brands operate in longstanding and profitable market sectors. The Group has a strong position in the market and there are barriers to entry due to the requirement to demonstrate that the applicant is a fit and proper person with the "know-how" required to run such operations.

Goodwill reflects the value by which consideration exceeds the fair value of net assets acquired as part of a business combination including the deferred tax liability arising on acquisitions.

Licences comprise the cost of acquired betting shop licences.

Software relates to the cost of acquired software, through purchase or business combination, and the capitalisation of internally developed software. Additions of £96.7m (2020: £101.6m) include £46.0m of internally capitalised costs (2020: £31.1m).

Customer relationships, trade-marks and brand names relate to the fair value of customer lists, trade-marks and brand names acquired as part of business combinations, primarily relating to the bwin, Ladbrokes Coral Group plc and Enlabs businesses.

An impairment charge of £1.6m (2020: £nil) has been made against assets relating to the disposed Betdaq business. See notes 6 and 14 for further details of the impairment charge.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

14 Impairment testing of goodwill and indefinite life intangible assets

An impairment loss is recognised for any amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Within UK and European Retail, the cash generating units ("CGUs") are generally an individual Licensed Betting Office ("LBO") and therefore, impairment is first assessed at this level for licences (intangibles) and property, plant and equipment, with any impairment arising booked to licences and property, plant and equipment on a pro-rata basis. Since goodwill and brand names have not been historically allocated to individual LBOs, a secondary assessment is then made to compare the carrying value of the segment against the recoverable amount with any additional impairment then taken against goodwill first.

For Online the CGU is the relevant geographical location or business unit, for example Australia, European digital (defined as websites hosted by proprietary platforms based in European constituent countries), Digital (defined as websites hosted by Entain proprietary platforms) etc. and any impairments are made firstly to goodwill, next to any capitalised intangible asset and then finally to property, plant and equipment. The expected cash flows generated by the assets are discounted using appropriate discount rates that reflect the time value of money and risks associated with the group of assets.

For both tangible and intangible assets, the future cash flows are based on the forecasts and budgets of the CGU or business discounted to reflect time value of money. The key assumptions within the UK and European Retail budgets are OTC wagers (customer visits and spend per visit), the average number of machines per shop, gross win per shop per week, salary increases, the potential impact of the shop closures and the fixed costs of the LBOs. The key assumptions within the budgets for Online are the number of active customers, net revenue per head, win percentage, marketing spend, revenue shares and operating costs.

The value-in-use calculations use cash flows based on detailed, board approved, financial budgets prepared by management covering a three-year period. These forecasts have been extrapolated over years 4 to 8 representing a declining growth curve from year 3 until the long term forecast growth rate is reached. The growth rates used from years 4-8 range from 0% to 16%. From year 9 onwards long term growth rates used are between 0% and 2.0% (2020: between 0% and 3.0%) and are based on the long term GDP growth rate of the countries in which the relevant CGUs operate or the relevant outlook for the business. An 8-year horizon is considered appropriate based on the Group's history of underlying profit as well as ensuring there is an appropriate decline to long term growth rates from those growth rates currently observed in our key markets. A 0% growth rate has been used for the UK Retail operating segment due to the ongoing uncertainty following Covid-19. All key assumptions used in the value-in-use calculations reflect the Group's past experience unless a relevant external source of information is available.

The discount rate calculation is based on the specific circumstances with reference to the WACC and risk factors expected in the industry in which the Group operates.

The pre-tax discount rates used and the associated carrying value of goodwill by CGU is as follows:

Goodwill	2021 %	2020 %	2021 £m	2020 £m
Digital	10.9	9.1	2,121.5	2,101.1
UK Retail	10.9	9.1	76.4	76.4
Australia	11.7	10.6	331.2	349.5
European Retail	9.3 – 11.5	8.5 – 10.4	153.0	163.7
European Digital	10.9 – 11.5	9.9 – 10.4	332.0	355.2
Enlabs	12.7	n/a	187.7	–
All other segments	10.9	9.1	15.2	15.2
			3,217.0	3,061.1

It is not practical or material to disclose the carrying value of individual licences by LBO.

Impairment recognised during the year

Impairments of intangible assets and property, plant and equipment are recognised as separately disclosed items within operating expenses.

During the current year, the Group recorded a non-cash impairment charge of £3.3m (2020: £5.0m) on certain head office locations which are now vacant (within the Retail segment), and against assets relating to the disposed Betdaq business (within All other segment).

Sensitivity analysis

A reduction to 0% for the terminal growth rate applied to the cashflows (with other assumptions remaining constant) would result in no additional impairment to any CGU.

A 5% decrease in all cash flows used in the discounted cash flow model for the value in use calculation (with other assumptions remaining constant) would result in no additional impairment to any CGU.

A 0.5pp increase in discount rates used in the discounted cash flow model for the value in use calculation (with all other assumptions remaining constant) would result in no additional impairment to any CGU.

No other reasonable change in assumptions to the CGUs would cause any additional impairment.

14 Impairment testing of goodwill and indefinite life intangible assets (continued)

Impairment testing across the business

<table>
<tr><th></th><th>Licences/ franchisees</th><th>PPE & Software</th><th>Customer relationships</th><th>Goodwill</th><th>Brand name</th></tr>
<tr><td>Digital</td><td colspan="4">Digital Impairment review</td><td rowspan="2">Combined Digital/ UK Retail Impairment review</td></tr>
<tr><td>UK Retail</td><td colspan="2">UK Retail site by site Impairment review</td><td colspan="2">UK Retail – Impairment review</td></tr>
<tr><td>ROI</td><td colspan="2">ROI site by site Impairment review</td><td colspan="3">ROI Impairment review</td></tr>
<tr><td>Eurobet Digital</td><td colspan="4">Eurobet Digital Impairment review</td><td rowspan="2">Eurobet Impairment review</td></tr>
<tr><td>Eurobet Retail</td><td colspan="4">Eurobet Retail Impairment review</td></tr>
<tr><td>Belgium Digital</td><td colspan="4">Belgium Digital Impairment review</td><td rowspan="2">Belgium Impairment review</td></tr>
<tr><td>Belgium Retail</td><td colspan="4">Belgium Digital Impairment review</td></tr>
<tr><td>Australia</td><td colspan="5">Australia Impairment review</td></tr>
<tr><td>Enlabs</td><td colspan="5">Enlabs Impairment review</td></tr>
</table>

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

15 Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Leased assets £m	Total £m
Cost					
At 1 January 2020	29.6	78.6	237.5	439.8	785.5
Exchange adjustment	–	2.4	3.7	3.5	9.6
Additions	13.9	13.0	31.6	70.9	129.4
Disposals and assets classified as held for sale	(17.0)	(4.6)	(72.9)	(2.8)	(97.3)
Reclassification	–	–	(18.1)	18.1	–
At 31 December 2020	26.5	89.4	181.8	529.5	827.2
Exchange adjustment	(0.6)	(2.7)	(12.0)	(5.6)	(20.9)
Additions	14.9	16.8	38.1	52.0	121.8
Additions from business combinations (note 32)	0.2	2.0	0.2	0.9	3.3
Disposals and assets classified as held for sale	(14.2)	(1.9)	(19.8)	(4.5)	(40.4)
Reclassification	-	(1.1)	–	–	(1.1)
At 31 December 2021	**26.8**	**102.5**	**188.3**	**572.3**	**889.9**
Accumulated depreciation					
At 1 January 2020	21.2	15.7	90.3	190.4	317.6
Exchange adjustment	–	1.4	2.0	0.4	3.8
Depreciation charge	10.3	12.9	41.6	62.4	127.2
Impairment	–	–	–	5.0	5.0
Disposals and assets classified as held for sale	(17.0)	(4.6)	(72.9)	(2.1)	(96.6)
Reclassification	–		(7.1)	7.1	–
At 31 December 2020	14.5	25.4	53.9	263.2	357.0
Exchange adjustment	(0.6)	(2.1)	(10.6)	(2.0)	(15.3)
Depreciation charge	11.6	16.9	28.7	62.5	119.7
Impairment	–	–	–	1.7	1.7
Disposals and assets classified as held for sale	(14.2)	(1.9)	(19.8)	(4.5)	(40.4)
At 31 December 2021	**11.3**	**38.3**	**52.2**	**320.9**	**422.7**
Net book value					
At 31 December 2020	12.0	64.0	127.9	266.3	470.2
At 31 December 2021	**15.5**	**64.2**	**136.1**	**251.4**	**467.2**

At 31 December 2021, the Group had not entered into contractual commitments for the acquisition of any property, plant and equipment (2020: £nil).

In the preceding year the Group reclassified certain leased assets that were previously held within fixtures and fittings to be presented within Leased assets.

Included within fixtures, fittings and equipment are assets in the course of construction which are not being depreciated of £8.3m (2020: £38.8m), relating predominantly to the new till system in UK Retail.

An impairment charge of £1.7m (2020: £5.0m) has been made against office buildings included within leased assets in the year. See notes 6 and 14 for further details.

15 Property, plant and equipment (continued)

Analysis of leased assets:

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 January 2020	433.4	6.4	439.8
Exchange adjustment	3.3	0.2	3.5
Additions	40.3	30.6	70.9
Disposals and assets classified as held for sale	(0.8)	(2.0)	(2.8)
Reclassification	–	18.1	18.1
At 31 December 2020	476.2	53.3	529.5
Exchange adjustment	(5.5)	(0.1)	(5.6)
Additions	51.1	0.9	52.0
Additions from business combinations	0.9	–	0.9
Disposals and assets classified as held for sale	(2.0)	(2.5)	(4.5)
At 31 December 2021	**520.7**	**51.6**	**572.3**
Accumulated depreciation			
At 1 January 2020	188.2	2.2	190.4
Exchange adjustment	0.3	0.1	0.4
Depreciation charge	56.6	5.8	62.4
Impairment	5.0	–	5.0
Disposals and assets classified as held for sale	(0.3)	(1.8)	(2.1)
Reclassification	–	7.1	7.1
At 31 December 2020	249.8	13.4	263.2
Exchange adjustment	(1.9)	(0.1)	(2.0)
Depreciation charge	52.2	10.3	62.5
Impairment	1.7	–	1.7
Disposals and assets classified as held for sale	(2.0)	(2.5)	(4.5)
At 31 December 2021	**299.8**	**21.1**	**320.9**
Net book value			
At 31 December 2020	226.4	39.9	266.3
At 31 December 2021	**220.9**	**30.5**	**251.4**

16 Interest in joint venture

	Share of joint venture's net assets £m
Cost	
At 1 January 2020	6.0
Additions	61.8
Exchange adjustment	(1.0)
Share of loss after tax	(60.6)
At 31 December 2020	6.2
Additions	164.4
Exchange adjustment	1.0
Share of loss after tax	(161.9)
At 31 December 2021	**9.7**

The joint venture represents the Group's investment in BetMGM set up in the US in which a 50% stake is held.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

16 Interest in joint venture (continued)

Summarised financial information in respect of the Group's joint venture's net assets is set out below:

	2021 £m	2020 £m
Non-current assets	103.5	42.2
Cash and cash equivalents	208.1	45.0
Other current assets	67.8	15.5
Current assets	275.9	60.5
Balances with customers	(132.6)	(16.2)
Other current liabilities	(227.4)	(67.1)
Current liabilities	(360.0)	(83.3)
Non-current liabilities	–	(7.0)
Net assets	19.4	12.4
Group's share of net assets	9.7	6.2

Summarised statement of comprehensive income	2021 £m	2020 £m
Revenue	617.9	135.5
Depreciation and amortisation	(12.0)	(3.5)
Other operating expenses	(929.7)	(253.2)
Income tax	–	–
Loss for the year	(323.8)	(121.2)
Group's share of loss	(161.9)	(60.6)

There are no contingent liabilities relating to the Group's interest in the joint venture (2020: £nil).

The risks associated with the Group's interest in joint ventures are aligned to the same risks the Group is exposed to on the basis that they operate wholly within the betting and gaming market.

The Group has committed to further investment in BetMGM over the course of 2022, with $225.0m additional contributions expected ($450.0m split between both joint venture partners). This will take the Group's total investment to $550m ($1.1bn across both joint venture partners).

17 Interest in associates and other investments

	Share of associates' net assets £m	Other investments £m	Total £m
Cost			
At 1 January 2020	19.0	10.9	29.9
Additions	–	0.2	0.2
Revaluation loss	–	(1.7)	(1.7)
Share of profit after tax	0.4	–	0.4
Share of other comprehensive income	0.3	–	0.3
Foreign exchange	(0.4)	0.7	0.3
At 31 December 2020	19.3	10.1	29.4
Revaluation loss	–	(2.3)	(2.3)
Arising on business combinations (note 32)	–	2.9	2.9
Additions	25.6	3.8	29.4
Share of loss after tax	(0.6)	–	(0.6)
Foreign exchange	(0.1)	(0.3)	(0.4)
At 31 December 2021	**44.2**	**14.2**	**58.4**

17 Interest in associates and other investments (continued)

Associates

Summarised financial information in respect of the associates is set out below:

	2021 £m	2020 £m
Non-current assets	43.3	14.1
Current assets	132.9	106.5
Current liabilities	(72.7)	(51.5)
Net assets	103.5	69.1
Group's share of net assets	44.2	19.3
Revenue for the year	193.5	197.2
Profit/(loss) for the year	0.3	(1.7)
Other comprehensive (expense)/income	(1.2)	1.3
Total comprehensive expense	(0.9)	(0.4)
Group's share of total comprehensive (expense)/income	(0.6)	0.7

Further details of the Group's associates are listed in note 34.

The financial year end of Sports Information Services (Holdings) Limited (SIS), an associate of the Group, is 31 March. The Group has included the results for SIS for the 12 months ended 31 December 2021.

In the year the Group acquired four new associates; Gran Casino Dinant SA, Infiniti Casino Oostende NV, Leaderbet NV and Draw & Code Limited. All associates are private companies and there are no quoted market price available for their shares.

The risks associated with associate investments considered to be aligned to the same risks the Group is exposed to on the basis that they operate wholly within the betting and gaming market.

Other investments of £14.2m (2020: £10.1m) consist of investments which have no fixed maturity date or coupon rate.

18 Trade and other receivables

	2021 £m	2020 £m
Trade receivables	22.5	12.8
Other receivables	461.6	385.8
Finance lease receivable	4.1	4.9
Prepayments	54.6	76.1
	542.8	479.6

Trade and other receivables are presented on the Balance Sheet as follows:

	2021 £m	2020 £m
Current	539.8	475.8
Non-current	3.0	3.8
Total	542.8	479.6

Trade receivables are non-interest bearing and are generally on 30-90 day terms. Trade receivables are reviewed for impairment on an ongoing basis, taking account of the ageing of outstanding amounts and the credit profile of customers. Impaired receivables, including all trade receivables that are a year old, are provided for in an allowance account. Impaired receivables are derecognised when they are assessed as irrecoverable. The expected credit losses arising from receivables are not considered to be significant.

The balance of other receivables consists of the receivable for Greek tax of €227.5m (2020: €145.0m), amounts receivable from payment service providers of £130.8m (2020: £172.4m), and other smaller items such as regulatory deposits, security deposits, rent deposits and balances due from affiliates and partners.

Greek tax

In November, The Athens Administrative Court of Appeal ruled in favour of the Group on the 2010/11 Greek Tax Assessment, a ruling which has subsequently been appealed by the Greek authorities. Following the ruling, the Group is now entitled to recover all amounts paid under the 2010/11 Assessment plus interest and, as such, a receivable of €227.5m has been recorded.

Whilst the Group expects to be successful in defending the appeal by the Greek authorities, should the Greek Supreme Administrative Court rule in favour of the Greek tax authorities, then the Group may become liable for the full 2010/11 Assessment plus interest. Whilst the outcome of the appeal hearing, which is not expected until 2024, remains uncertain, the Group remains confident that the Supreme Court will also find in favour of the Group.

Notes to the consolidated financial statements continued

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19 Cash and cash equivalents

	2021 £m	2020 £m
Cash and short-term deposits	487.1	706.7

Additional to the cash balance above, in the prior year, were amounts of £43.1m included within assets classified as held for sale.

Cash and cash equivalents in the consolidated statement of cash flows comprises cash at bank with a maturity of three months or less, overdrafts net of short term investments and includes £69.4m (2020: £36.3m) restricted in respect of customer accounts.

20 Trade and other payables

Current trade and other payables comprise:

	2021 £m	2020 £m
Trade payables	66.7	47.1
Other payables	112.7	103.3
Social security and other taxes	208.1	229.7
Accruals	308.3	307.3
	695.8	687.4

21 Assets held for sale and discontinued operations

During the year the Group disposed of its interest in its spread betting business recognising a loss on disposal of £9.3m in 2021. Inclusive of the loss on disposal, the results for the year for the discontinued operation were:

	2021 £m	2020 £m
Revenue	11.0	13.8
Cost of sales	(6.9)	(7.6)
Gross profit	4.1	6.2
Administrative costs	(9.7)	(20.6)
Operating loss	(5.6)	(14.4)
Separately disclosed items	(9.3)	(21.3)
Loss before tax	(14.9)	(35.7)
Income tax credit	–	1.3
Loss for the year from discontinued operations after tax	(14.9)	(34.4)

Separately disclosed items consist of £9.3m (2020: provision of £10.0m) relating to a loss on disposal (including tax), £nil (2020: £3.4m) relating to amortisation of acquired intangibles, £nil (2020: £19.3m) relating to impairment and £nil (2020: £11.4m gain) relating to movement in fair value of contingent consideration.

21 Assets held for sale and discontinued operations (continued)

Items classified as held-for-sale on the balance sheet are disclosed below:

	2021 £m	2020 £m
Non-current assets		
Property, plant and equipment	–	0.7
Current assets		
Trade and other receivables	–	155.3
Cash and cash equivalents	–	43.1
	–	198.4
Assets classified as held for sale	–	199.1
Current liabilities		
Trade and other payables	–	(12.7)
Balances with customers	–	(155.0)
Other financial liabilities	–	(4.3)
Liabilities classified as held for sale	–	(172.0)

22 Lease liabilities

	2021 £m	2020 £m
Current		
Lease liabilities	78.2	89.8
Non-current		
Lease liabilities	215.5	248.2
Total lease liabilities	293.7	338.0

The Group's leasing activity consists of leases on property, cars, Self Service Betting Terminals and office equipment. The majority of those relate to the leasing of LBOs within the Retail estates and office buildings.

Each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments on gaming machines based on a percentage of revenue) are excluded from the measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see note 15).

Leases of vehicles and IT equipment are generally limited to a new lease term of 3 to 5 years. Leases of property generally have a lease term ranging from 5 years to 10 years, with some legacy leases extending out to 20 years and beyond. Most new leases of property are now generally expected to be limited to no more than 10 years, with a break option after no more than 5 years, except in special circumstances.

The maturity analysis of lease liabilities at 31 December 2021 is as follows:

					Minimum lease payments due
	Within 1 year £m	1-2 years £m	2-5 years £m	> 5 years £m	Total £m
2021					
Net present value	78.2	52.4	103.6	59.5	293.7
2020					
Net present value	89.8	67.6	108.5	72.1	338.0

The Group secures the use of its retail premises primarily through taking out leases for these premises. Typically, the leases are for a duration between 5 and 10 years. In respect of the UK property portfolio there is commonly a right to negotiate replacement leases on expiry, by virtue of the Landlord and Tenant Act 1954. Details of undiscounted amounts payable under leases are set out in note 25.

Certain lease payments are not recognised as a liability. This arises when the Group continues to pay rents and occupy properties after the lease has expired. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments and irrecoverable VAT are not permitted to be recognised as lease liabilities and are expensed as incurred.

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

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22 Lease liabilities (continued)

Amounts paid for short term and low value leases not included within the lease liability are immaterial.

The Group incurs no expense in relation to variable lease payments (2020: £nil).

Details of total cash outflow relating to leases, are disclosed in the Consolidated Statement of Cash Flows.

Group as Lessor:

Finance lease receivables are included in the statement of financial position within trade and other receivables and are as follows:

	2021 £m	2020 £m
Current	1.1	1.1
Non-current	3.0	3.8

The maturity analysis of lease receivables, including the undiscounted lease payments to be received are as follows:

	Minimum lease payments due				
	Within 1 year £m	1-2 years £m	2-5 years £m	> 5 years £m	Total £m
2021					
Lease payments receivable	1.2	1.7	0.7	1.1	4.7
Interest	(0.1)	(0.2)	(0.1)	(0.2)	(0.6)
Present value of lease payments receivable	1.1	1.5	0.6	0.9	4.1
2020					
Lease payments receivable	1.3	1.1	1.9	1.3	5.6
Interest	(0.2)	(0.1)	(0.2)	(0.2)	(0.7)
Present value of lease payments receivable	1.1	1.0	1.7	1.1	4.9

Operating lease commitments – Group as lessor

A number of the sublease agreements for unutilised space in the UK shop estate are not classified as finance leases within IFRS 16. These non-cancellable leases have remaining lease terms of between one and nine years. The future minimum rentals receivable under these non-cancellable operating leases at 31 December are as follows:

	2021 £m	2020 £m
Within one year	0.5	0.6
After one year but not more than five years	0.7	0.8
After five years	0.1	0.3
	1.3	1.7

23 Interest bearing loans and borrowings

	2021 £m	2020 £m
Current		
Euro denominated loans	7.2	2.8
USD denominated loans	8.1	5.9
Sterling denominated loans	105.8	5.4
	121.1	14.1
Non-current		
Euro denominated loans	945.1	1,011.0
USD denominated loans	810.7	563.6
Sterling denominated loans	405.5	511.1
	2,161.3	2,085.7

As at 31 December 2021 there were £515.0m (2020: £480.0m) of committed bank facilities of which £nil (2020: £nil) were drawn down.

24 Provisions

	Property provisions[1] £m	Restructuring provisions[2] £m	Litigation and regulation provisions[3] £m	Total £m
At 1 January 2020	13.0	9.1	67.4	89.5
Provided	12.3	6.7	24.0	43.0
Utilised	(8.9)	(12.5)	(40.0)	(61.4)
Released	(1.6)	–	(3.0)	(4.6)
Exchange adjustment	–	–	2.4	2.4
At 31 December 2020	14.8	3.3	50.8	68.9
Provided	**8.0**	**3.7**	**32.5**	**44.2**
Utilised	**(9.4)**	**(6.2)**	**(34.3)**	**(49.9)**
Released	**(4.7)**	**–**	**(8.1)**	**(12.8)**
Exchange adjustment	**–**	**–**	**(3.2)**	**(3.2)**
Reclassification	**0.4**	**–**	**2.3**	**2.7**
At 31 December 2021	**9.1**	**0.8**	**40.0**	**49.9**

1. The Group is party to a number of leasehold property contracts. Provision has been made against the unavoidable non-rent costs on those leases where the property is now vacant. Provisions have been based on management's best estimate of the minimum future cash flows to settle the Group's obligations, considering the risks associated with each obligation, discounted at a risk-free interest rate of 1%. The periods of vacant property commitments range from 1 to 14 years (2020: 1 to 15 years). As a result of the implementation of IFRS 16 the rental elements of certain property provisions are now included within lease liabilities.
2. Restructuring provisions relate to redundancy costs provided in association with ongoing merger and acquisition activities.
3. Litigation and regulation provisions relate to estimates for potential liabilities which may arise in the Group as a result of customer claims and past practices. Whilst the nature of legal claims means that the timing of settlement can be uncertain, we expect all claims to be settled in the next 1 to 2 years. Whilst the provisions are based on management's best estimate of the likely liability for obligations that exist at the year end date, the maximum potential exposure is not expected to be materially different to the provision made.

Of the total provisions at 31 December 2021, £43.5m (2020: £49.4m) is current and £6.4m (2020: £19.5m) is non-current. Provisions expected to be settled in greater than 1 year are discounted at the risk free rate.

25 Financial risk management objectives and policies

The Group's treasury function provides a centralised service for the provision of finance and the management and control of liquidity, foreign exchange rates and interest rates. The function operates as a cost centre and manages the Group's treasury exposures to reduce risk in accordance with policies approved by the Board.

The Group's principal financial instruments comprise bank loans, overdrafts, loan notes, bonds, financial guarantee contracts, and cash and short-term deposits, together with certain derivative financial instruments. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade receivables, trade payables and accruals that arise directly from its operations. Details of derivatives are set out in note 26.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken other than betting and gaming transactions and for the purposes of currency trading as part of the discontinued Intertrader business (note 21). Activity of this nature is only undertaken by the customer and is not speculative activity of the Group. The Group's exposure to ante-post betting and gaming transactions is not significant.

The main financial risks for the Group are exchange rate risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments.

Interest rate risk

The Group is exposed to interest rate risk on certain of its interest-bearing loans and borrowings and on cash and cash equivalents.

The Group's policy for the year ended 31 December 2021 was to maintain a minimum of 20.0% (2020: 20.0%) of total borrowings at fixed interest rates to reduce its sensitivity to movements in variable short-term interest rates. The Group anticipates revisiting this policy upon the maturity of its fixed term bonds during 2022. At 31 December 2021, £500.0m (2020: £500.0m) or 22.0% (2020: 24.0%) of the Group's borrowings were at fixed rates excluding those relating to leases.

Interest on financial instruments at floating rates is repriced at intervals of less than six months. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

25 Financial risk management objectives and policies (continued)

The table below demonstrates the sensitivity to reasonably possible changes in interest rates on income for the year when this movement is applied to the carrying value of financial liabilities:

	Profit before tax	
Effect on:	2021	2020
25 basis points increase	3.8	4.2

Foreign currency risk

Given the multi-national nature of the business, the Group is exposed to foreign exchange gains and losses on its trading activities, the net assets of its overseas subsidiaries and its non-GBP denominated financing facilities. The primary currencies that the Group is exposed to fluctuations in are the Euro, Australian Dollar and US Dollar.

Whilst the Group does not actively hedge the foreign exposure on its trading cashflows, it continuously monitors exposures to individual currencies, taking remediating actions as necessary to manage any significant risks as they arise. In the event that the Group anticipates large transactions in currencies other than GBP, then forward exchange contracts are taken out to manage the potential foreign exchange exposure.

The Group's exposure to the translation of net assets on foreign currency subsidiaries into its reporting currency are partially offset by the opposite exposure on the Groups financing facilities providing a natural economic hedge, even though the Group does not apply hedge accounting. The Group's policy on borrowings is broadly aligned to the underlying cashflows of the business.

The Group has financing facilities in GBP, Euro and US Dollars. As the Group's overseas subsidiaries largely report in Euros, the Group has taken out a swap contract to hedge the US dollar debt into Euros in order to align the foreign currency exposure on the Group's financing facilities with that on the net assets of its subsidiaries.

A 5% weakening in the Euro would reduce Group operating profit by £29.5m (2020: £22.0m) and net assets by £3.1m (2020: £7.6m) when applied to the results of year in question.

A 5% weakening in the Australian Dollar would reduce Group operating profit by £5.6m (2020: £3.9m) and net assets by £27.9m (2020: £22.7m) when applied to the results of year in question.

Credit risk

The Group is not subject to significant concentration of credit risk, with exposure spread across a large number of counterparties and customers.

Receivable balances are monitored on an ongoing basis. Any changes to credit terms are assessed and authorised by senior management on an individual basis.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Credit risk in respect of cash and cash equivalents is managed by restricting those transactions to banks that have a defined minimum credit rating and by setting an exposure ceiling per bank.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings with a range of maturities. The Group's policy on liquidity is to ensure that there are sufficient medium-term and long-term committed borrowing facilities to meet the medium-term funding requirements. At 31 December 2021, there were undrawn committed borrowing facilities of £515.0m (2020: £480.0m). Total committed facilities had an average maturity of 3.2 years (2020: 3.0 years).

The total gross contractual undiscounted cash flows of financial liabilities, including interest payments, fall due as follows. Cash flows in respect of financial guarantee contracts reflect the probability weighted cash flows.

2021	On demand or within 1 year £m	1-2 years £m	2-5 years £m	> 5 years £m	Total £m
Interest bearing loans and borrowings	199.5	1,471.9	73.9	794.1	2,539.4
Other financial liabilities	37.9	0.4	90.6	1.4	130.3
Trade and other payables	487.7	–	–	–	487.7
Lease liabilities	87.8	59.7	115.9	67.1	330.5
Total	812.9	1,532.0	280.4	862.6	3,487.9

25 Financial risk management objectives and policies (continued)

2020	On demand or within 1 year £m	1-2 years £m	2-5 years £m	> 5 years £m	Total £m
Interest bearing loans and borrowings	74.6	643.4	1,575.0	–	2,293.0
Other financial liabilities	13.7	177.4	0.6	1.0	192.7
Trade and other payables	457.7	–	–	–	457.7
Lease liabilities	99.5	79.6	124.6	81.2	384.9
Total	645.5	900.4	1,700.2	82.2	3,328.3

Details of discounted contractual cash flows of leasing liabilities are set out in note 22.

Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a credit quality that enables the Group to raise funds at an economic interest rate and to maintain healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, adjust borrowings, return capital to shareholders or issue new shares.

The Group monitors capital using a net debt to EBITDA ratio (before separately disclosed items). The ratio at 31 December 2021 was 2.4 times (2020: 2.1 times). See note 27 for further details.

The Group's funding policy is to raise funds centrally to meet the Group's anticipated requirements. These are planned so as to mature at different stages in order to reduce refinancing risk. The Board reviews the Group's capital structure and liquidity periodically.

26 Financial instruments and fair value disclosures

The table below analyses the Group's financial instruments into their relevant categories:

31 December 2021	Amortised cost £m	Assets/ (liabilities) at fair value through profit and loss £m	Assets at fair value through other comprehensive income £m	Total £m
Assets				
Non-current:				
Other investments	2.0	3.3	8.9	14.2
Other financial assets	0.3	–	–	0.3
Current:				
Trade and other receivables	484.1	–	–	484.1
Derivative financial instruments	–	57.4	–	57.4
Cash and short-term investments (including customer funds)	487.1	–	–	487.1
Total	973.5	60.7	8.9	1,043.1
Liabilities				
Current:				
Customer balances	(205.9)	–	–	(205.9)
Interest bearing loans and borrowings	(121.1)	–	–	(121.1)
Trade and other payables	(487.7)	–	–	(487.7)
Other financial liabilities[1]	–	(36.1)	–	(36.1)
Lease liabilities (note 22)	(78.2)	–	–	(78.2)
Non-current:				
Interest bearing loans and borrowings	(2,161.3)	–	–	(2,161.3)
Other financial liabilities[1]	(2.6)	(50.0)	–	(52.6)
Lease liabilities (note 22)	(215.5)	–	–	(215.5)
Total	(3,272.3)	(86.1)	–	(3,358.4)
Net financial (liabilities)/assets	(2,298.8)	(25.4)	8.9	(2,315.3)

Notes to the consolidated financial statements continued

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26 Financial instruments and fair value disclosures (continued)

31 December 2020	Amortised cost £m	Assets/ (liabilities) at fair value through profit and loss £m	Assets at fair value through other comprehensive income £m	Total £m
Assets				
Non-current:				
Other investments	2.1	2.9	5.1	10.1
Other financial assets	4.4	–	–	4.4
Current:				
Trade and other receivables	268.2	–	–	268.2
Cash and short-term investments (including customer funds)	706.7	–	–	706.7
Total	981.4	2.9	5.1	989.4
Liabilities				
Current:				
Customer balances	(241.1)	–	–	(241.1)
Interest bearing loans and borrowings	(14.1)	–	–	(14.1)
Trade and other payables	(457.7)	–	–	(457.7)
Derivative financial instruments	–	(26.1)		(26.1)
Other financial liabilities[1]	–	(147.5)	–	(147.5)
Lease liabilities (note 22)	(89.8)	–	–	(89.8)
Non-current:				
Interest bearing loans and borrowings	(2,085.7)	–	–	(2,085.7)
Other financial liabilities	(2.2)	(7.1)	–	(9.3)
Lease liabilities (note 22)	(248.2)	–	–	(248.2)
Total	(3,138.8)	(180.7)	–	(3,319.5)
Net financial (liabilities)/assets	(2,157.4)	(177.8)	5.1	(2,330.1)

1. Other financial liabilities include £70.8m deferred and contingent consideration (2020: £142.1m), £2.6m of financial guarantees (2020: £2.2m) and £15.3m of ante-post liabilities (2020: £12.5m).

Fair value hierarchy

IFRS 13 requires financial assets and liabilities recorded at fair value to be categorised in three levels according to the inputs used in the calculation of their fair value:

- Level 1 – uses quoted prices as the input to fair value calculations
- Level 2 – uses inputs other than quoted prices, that are observable either directly or indirectly
- Level 3 – uses inputs that are not observable

The following tables illustrate the Group's financial assets and liabilities measured at fair value after initial recognition at 31 December 2021 and 31 December 2020:

	Level 1 £m	Level 2 £m	Level 3 £m	2021 Total £m
Assets measured at fair value				
Derivative financial instruments	–	57.4	–	57.4
Other investments	–	2.2	10.0	12.2
	–	59.6	10.0	69.6
Liabilities measured at fair value				
Other financial liabilities	–	–	(86.1)	(86.1)
Net assets/(liabilities) measured at fair value	–	59.6	(76.1)	(16.5)

26 Financial instruments and fair value disclosures (continued)

				2020
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets measured at fair value				
Other investments	–	2.9	5.1	8.0
Liabilities measured at fair value				
Derivative financial instruments	–	(26.1)	–	(26.1)
Other financial liabilities	–	–	(154.6)	(154.6)
Net liabilities measured at fair value	–	(23.2)	(149.5)	(172.7)

There have been no transfers of assets or liabilities recorded at fair value between the levels of the fair value hierarchy.

Included within other financial assets and derivative financial instruments measured at fair value are; the Group's currency swaps held against debt instruments as an asset of £57.4m (2020: liability of £26.1m), investments in Hui 10 and R&S Technology, designated as fair value through other comprehensive income, of £5.1m (2020: £5.1m) and £3.8m (2020: £nil) respectively, an investment in Scout Gaming of £1.1m (2020: £nil) and a convertible equity instrument with Visa Inc. for £2.2m (2020: £2.9m), both designated as fair value through profit and loss. The fair value of the investments at 31 December 2021 and 31 December 2020 are not materially different to their original cost.

Contingent consideration

Contingent consideration arises through business combinations, the fair value for which is reassessed at each reporting date using updated inputs and assumptions based on the latest financial forecasts of each respective business. As at 31 December 2021 contingent consideration included within other financial liabilities was £70.8m (2020: £142.1m) arising from the historical transactions involving the Group's operations in Africa, earn-out arrangements in Portugal and Australia (Neds) and amounts payable to Dusk Till Dawn in respect of PartyPoker (2020: Dusk Till Dawn, Neds and Crystalbet). The valuation of the contingent consideration in relation to the Group's African business is subject to estimation uncertainty as the amount payable is based on future profitability. Whilst the amount recorded of £50m represents management's best estimate of the likely payment based on internal forecasts, the maximum amount payable is capped at $309.9m. The valuation of the remaining contingent consideration is based largely on historical trading performance and therefore involves limited estimation uncertainty.

Ante-post

Ante-post liabilities are valued using methods and inputs that are not based upon observable market data. The principal assumptions relate to anticipated gross win margins on unsettled bets. There are no reasonably probable changes to assumptions or inputs that would lead to material changes in the fair value determined, although the final value will be determined by future sporting results.

27 Net debt

The components of the Group's net debt are as follows:

	2021 £m	2020 £m
Current assets		
Cash and short-term deposits	**487.1**	749.8
Current liabilities		
Interest bearing loans and borrowings	**(121.1)**	(14.1)
Non-current liabilities		
Interest bearing loans and borrowings	**(2,161.3)**	(2,085.7)
Accounting net debt	**(1,795.3)**	(1,350.0)
Cash held on behalf of customers	**(205.9)**	(396.1)
Fair value swaps held against debt instruments (derivative financial assets)	**57.4**	(26.1)
Deposits/ short-term investments	**20.3**	171.2
Balances held with payment service providers	**130.8**	172.4
Adjusted net debt	**(1,792.7)**	(1,428.6)
Lease liabilities	**(293.7)**	(338.0)
Net debt including lease liabilities	**(2,086.4)**	(1,766.6)

Cash held on behalf of customers represents the outstanding balance due to customers in respect of their online gaming wallets. Included within this balance is £nil (2020: £155.0m) classified as held for sale. Included within deposits is £nil (2020: £149.5m) classified as held for sale.

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28 Share capital

	Number of €0.01 ordinary shares	Total €m	Total £m
Authorised:			
At 31 December 2020 and 31 December 2021	773,000,000	7.7	6.4
Issued and fully paid:			
At 1 January 2020	582,331,946	5.9	4.8
Exercise of share options	2,745,701	–	–
At 31 December 2020	585,077,647	5.9	4.8
Exercise of share options	1,472,572	–	–
At 31 December 2021	586,550,219	5.9	4.8

The Company's share capital consists entirely of ordinary shares, accordingly all shares rank pari passu in all respects.

See note 31 for further information on terms and amounts of shares reserved for issue under options.

29 Notes to the statement of cash flows

29.1 Reconciliation of profit/(loss) to net cash inflow from operating activities:

	2021 £m	2020 £m
Profit before tax from continuing operations	393.2	174.7
Net finance (income)/expense	(37.4)	184.2
Profit before tax and net finance expense from continuing operations	355.8	358.9
Loss before tax and net finance expense from discontinued operations	(14.9)	(35.7)
Profit before tax and net finance expense including discontinued operations	340.9	323.2
Adjustments for:		
Impairment	3.3	34.3
Loss/(profit) on disposal	7.3	(6.9)
Depreciation of property, plant and equipment	120.0	127.5
Amortisation of intangible assets	247.3	421.8
Share based payments charge	12.3	14.8
Increase in other financial assets	–	(2.3)
Increase in trade and other receivables	(73.7)	(161.2)
Increase in other financial liabilities	3.5	25.2
Increase in trade and other payables	1.9	33.4
Decrease in provisions	(18.5)	(22.7)
Share of results from joint venture and associate	162.5	60.2
Other non-cash items	(3.0)	17.5
Cash generated by operations	803.8	864.8

29.2 Cash flows arising from discontinued operations:

	2021 £m	2020 £m
Cash (used in)/generated from operating activities	(5.3)	20.8
Cash (used in)/ generated by investing activities[1]	(27.5)	0.1
Cash generated from financing activities	–	–
Net cash (outflow)/inflow arising from discontinued operations	(32.8)	20.9

1. Included within cash used in investment activities is £23.3m of cash disposed with business.

29 Notes to the statement of cash flows (continued)

29.3 Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2021 £m Other loans and borrowings	Lease liabilities	Total	2020 £m Other loans and borrowings	Lease liabilities	Total
Balance at 1 January	2,099.8	338.0	2,437.8	2,116.0	363.5	2,479.5
Changes from financing cashflows						
Proceeds from borrowings, net of issue costs	797.2	–	797.2	–	–	–
Repayment of borrowings	(566.1)	–	(566.1)	(43.5)	–	(43.5)
Repayment of lease liabilities[1]	–	(88.1)	(88.1)	–	(86.2)	(86.2)
Total changes from financing cashflows	231.1	(88.1)	143.0	(43.5)	(86.2)	(129.7)
Other changes						
Interest expense	63.3	14.0	77.3	64.2	16.7	80.9
Interest paid[2]	(61.4)	(14.0)	(75.4)	(81.1)	(16.7)	(97.8)
New lease liabilities	–	52.0	52.0	–	70.9	70.9
Finance fees	5.8	–	5.8	1.3	–	1.3
Remeasurement adjustments	–	(5.5)	(5.5)	–	(13.4)	(13.4)
Total other changes	7.7	46.5	54.2	(15.6)	57.5	41.9
Arising through business combinations	–	0.9	0.9	–	–	–
The effect of changes in foreign exchange	(56.2)	(3.6)	(59.8)	42.9	3.2	46.1
Balance at 31 December	2,282.4	293.7	2,576.1	2,099.8	338.0	2,437.8

1. In addition to the above, the Group received £0.2m (2020: £0.3m) in respect of lease receivables resulting in a net repayment of finance leases of £87.9m (2020: £85.9m).
2. In addition to the above, the Group received £2.1m (2020: £2.3m) of interest income resulting in a net finance expense paid of £73.3m (2020: £95.3m).

Non cash movements include amounts acquired as a result of business combinations and the amortisation of issue costs incurred in respect of debt instruments.

30 Retirement benefit schemes

Defined contribution schemes

During the year the Group charged contributions of £16.0m (2020: £13.4m) to the consolidated income statement in relation to the defined contribution pension schemes.

Defined benefit plans

Judgement is applied, based on legal, actuarial, and accounting guidance in IFRIC 14, regarding the amounts of net pension asset that is recognised in the consolidated balance sheet.

The Group has two defined benefit plans, the Ladbrokes Pension Plan, which is now in a buy-out position, and the Gala Coral Pension Plan which is a final salary pension plan for UK employees and closed to new employees and future accrual.

At retirement each member's pension is related to their "career average earning" for the Gala Coral Pension Plan. The weighted average duration of the expected benefit payments from the Plan is around 18 years (2020: 19 years) for the Gala Coral Pension Plan.

The Plans' assets are held separately from those of the Group. The Plans are approved by HMRC for tax purposes, and are managed by independent Trustees. The Plans are subject to UK regulations, which require the Group and Trustees to agree a funding strategy and contribution schedule at least every three years. Under the current contribution schedule in place, the Group does not pay contributions to Gala Coral Pension Plan but are paying the administrative costs. As the Ladbrokes Pension Plan is in a buy-out position the Group has no future funding obligations or ongoing administrative costs.

There is a risk to the Group that adverse circumstances, such as a disconnect between changes in asset investment values and required funding obligations, could lead to a requirement for the Group to make additional contributions to fund any deficit that arises. As at the date of signing the financial statements no such event has arisen.

The results of the latest formal actuarial valuation 30 June 2019 for the Gala Coral Pension Plan was updated to 31 December 2021 by an independent qualified actuary in accordance with IAS 19 (Revised) Employee Benefits. The value of the defined benefit obligation and current service cost have been measured using the projected unit credit method, as required by IAS 19 (Revised). Actuarial gains and losses are recognised immediately through other comprehensive income.

During the year, the Group finalised the buy-out of the Ladbrokes pension scheme with the assets and liabilities of the scheme passed to a third party. As the Group has extinguished its obligations to the IAS 19 liabilities, only the residual assets remaining in the scheme are now recorded.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

30 Retirement benefit schemes (continued)

The amounts recognised in the balance sheet are as follows:

	2021 (Coral) £m	2021 (Ladbrokes) £m	2021 Total £m	2020 (Coral) £m	2020 (Ladbrokes) £m	2020 Total £m
Present value of funded obligations	(430.5)	–	(430.5)	(450.1)	(385.1)	(835.2)
Fair value of plan assets	518.6	7.0	525.6	506.9	392.5	899.4
Net asset	88.1	7.0	95.1	56.8	7.4	64.2
Disclosed in the balance sheet as: Retirement benefit asset	88.1	7.0	95.1	56.8	7.4	64.2

The Group has considered the appropriate accounting treatment in respect of the pension plan surplus, considering the current agreement with the Trustees, and concluded the recognition of the surplus is appropriate. Whilst the trustees have discretionary rights over the use of any surplus, the nature of the obligations in the plans that any surplus that exists once all liabilities have been settled are expected to be for the benefit of the Group.

The amounts recognised in the income statement are as follows:

	2021 (Coral) £m	2021 (Ladbrokes) £m	2021 Total £m	2020 (Coral) £m	2020 (Ladbrokes) £m	2020 Total £m
Analysis of amounts charged to the Income Statement						
Separately disclosed items	–	0.5	0.5	–	2.4	2.4
Other administrative expenses	0.6	–	0.6	(0.1)	1.2	1.1
Net interest on net asset	(0.7)	(0.1)	(0.8)	(1.2)	(0.1)	(1.3)
Total charge/(credit) recognised in the Income Statement	(0.1)	0.4	0.3	(1.3)	3.5	2.2

The actual return on plan assets over the year was a £23.1m gain (2020: £111.0m).

The amounts recognised in the statement of comprehensive income are as follows:

	2021 (Coral) £m	2021 (Ladbrokes) £m	2021 Total £m	2020 (Coral) £m	2020 (Ladbrokes) £m	2020 Total £m
Actual return on assets less interest on plan assets	21.4	(7.0)	14.4	54.6	40.3	94.9
Actuarial gains on defined benefit obligation due to changes in demographic assumptions	–	–	–	0.2	10.4	10.6
Actuarial gains/(losses) on defined benefit obligation due to changes in financial assumptions	15.4	6.1	21.5	(63.3)	(52.5)	(115.8)
Experience adjustments on benefit obligation	(5.6)	0.9	(4.7)	4.1	6.0	10.1
Actuarial gains/(losses) recognised in the statement of comprehensive income	31.2	–	31.2	(4.4)	4.2	(0.2)

Changes in the present value of the defined benefit obligation are as follows:

	2021 (Coral) £m	2021 (Ladbrokes) £m	2021 Total £m	2020 (Coral) £m	2020 (Ladbrokes) £m	2020 Total £m
At 1 January	(450.1)	(385.1)	(835.2)	(396.0)	(357.5)	(753.5)
Interest on obligation	(5.3)	(2.6)	(7.9)	(7.8)	(7.0)	(14.8)
Actuarial gains due to changes in demographic assumptions	–	–	–	0.2	10.4	10.6
Actuarial gains/(losses) due to changes in financial assumptions	15.4	6.1	21.5	(63.3)	(52.5)	(115.8)
Experience adjustments on obligations	(5.6)	0.9	(4.7)	4.1	6.0	10.1
Scheme buy-out	–	368.4	368.4	–	–	–
Benefits paid	15.1	12.3	27.4	12.7	15.5	28.2
At 31 December	(430.5)	–	(430.5)	(450.1)	(385.1)	(835.2)

30 Retirement benefit schemes (continued)

Changes in the fair value of plan assets are as follows:

	2021 (Coral) £m	2021 (Ladbrokes) £m	2021 Total £m	2020 (Coral) £m	2020 (Ladbrokes) £m	2020 Total £m
At 1 January	506.9	392.5	899.4	455.9	364.2	820.1
Interest on plan assets	6.0	2.7	8.7	9.0	7.1	16.1
Administrative expenses	(0.6)	(0.5)	(1.1)	0.1	(3.6)	(3.5)
Actual return less interest on plan assets	21.4	(7.0)	14.4	54.6	40.3	94.9
Scheme buy-out	–	(368.4)	(368.4)	–	–	–
Benefits paid	(15.1)	(12.3)	(27.4)	(12.7)	(15.5)	(28.2)
At 31 December	518.6	7.0	525.6	506.9	392.5	899.4

The Group does not expect to contribute to either plan in 2022. The Group will however continue to meet the administrative expenses of the Gala Coral Pension Plan scheme.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2021 (Coral) %	2021 (Ladbrokes) %	2020 (Coral) %	2020 (Ladbrokes) %
Equities and Diversified Growth Funds	25.2	–	26.9	–
Insurance policy	–	–	–	98.1
Liability Driven Investment	69.3	–	69.5	1.2
Private credit	5.1	–	3.2	–
Cash and cash equivalents	0.4	100.0	0.4	0.7

The Plan assets are held exclusively within instruments with quoted market prices in an active market with the exception of the holdings in a private credit asset and in 2020 an insurance policy. At 31 December 2021 these represented c5.1% (2020: c.42.8%) of the Plan's total assets.

The Plan does not invest directly in property occupied by the Group or in financial securities issued by the Group. Although, as the Plan holds pooled investment vehicles, there may at times be indirect employer related investment. At 31 December 2021 these represented less than 0.1% (2020: 0.1%) of the Plan's total assets.

The investment strategy is set by the Trustees of the Plans in consultation with the Group. For the Gala Coral Plan the current long-term strategy is to invest in a low-risk matching bond portfolio with a relatively small investment in return seeking funds. With respect to the Ladbrokes pension plan the majority of investment was previously held within an insurance policy that guarantees the payments of future pension liabilities. The Ladbrokes Plan now holds only cash and cash equivalents.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages where appropriate):

		2021 (Coral) % p.a.	2021 (Ladbrokes) % p.a.	2020 (Coral) % p.a.	2020 (Ladbrokes) % p.a.
Discount rate		1.8	n/a	1.2	1.2
Price inflation (CPI)		2.3	n/a	1.9	1.9
Price inflation (RPI)		3.3	n/a	2.9	2.9
Future pension increases	– LPI 5% (CPI)	3.2	n/a	2.9	2.9
	– LPI 2.5% (CPI)	2.2	n/a	2.1	2.1

Post-retirement mortality assumed for most members is based on the standard SAPS mortality table with the CMI 2018 projections which considers future improvements, adjusted to reflect plan specific experience.

The assumption used implies that the expected lifetime of members for the two schemes is:

	2021 (Coral)	2021 (Ladbrokes)	2020 (Coral)	2020 (Ladbrokes)
Male aged 65 for year ended	86.5	86.5	86.4	86.5
Female aged 65 for year ended	88.6	88.9	88.5	88.9

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

30 Retirement benefit schemes (continued)

Changes to the assumptions will impact the amounts recognised in the consolidated balance sheet and the consolidated statement of comprehensive income in respect of the Plan. For the significant assumptions, the following sensitivity analysis provides an indication of the impact on the defined benefit obligation for the year ended 31 December 2021:

	2021 (Coral) %	2021 (Ladbrokes) %	2020 (Coral) %	2020 (Ladbrokes) %
– 0.5% p.a. decrease in the discount rate	9.8	–	10.3	9.1
– 0.5% p.a. increase in price inflation	6.9	–	7.7	4.7
– One year increase in life expectancy	4.6	–	4.5	4.1

These sensitivities have been calculated to show the movement in the defined benefit obligation in isolation, and assuming no other changes in market conditions at the accounting date. This is unlikely in practice, for example, a change in discount rate is unlikely to occur without any movement in the value of the assets held by the Plan.

31 Share-based payments

The following options to purchase €0.01 Ordinary Shares in the Group were granted, exercised, forfeited or existing at the year end:

Date of grant	Exercise price	Existing at 1 January 2021	Granted in the year	Cancelled or forfeited in the year	Exercised in the year	Existing at 31 December 2021	Exercisable at 31 December 2021	Vesting criteria
16 Dec 2016	422p	630,561	–	–	(176,423)	454,138	454,138	Note a
30 Mar 2017	422p	50,000	–	–	(50,000)	–	–	Note a
28 Dec 2017	0p	335,645	–	–	(309,828)	25,817	25,817	Note b
19 Sep 2018	0p	1,100,321	–	(224,632)	(835,745)	39,944	39,944	Note c
26 Mar 2019	0p	2,375,286	–	(318,566)	–	2,056,720	–	Note d
10 Jun 2020	0p	1,727,301	–	(216,116)	–	1,511,185	–	Note e
24 Mar 2021	0p	–	1,124,620	(2,295)	–	1,122,325	–	Note f
04 May 2021	1264p	–	957,613	–	–	957,613	–	Note g
Total Schemes		6,219,114	2,082,233	(761,609)	(1,371,996)	6,167,742	519,899	

Note a: 2016 MIP Scheme – These equity settled awards were issued on completion of the acquisition of bwin.party. The options vest and became exercisable, subject to the satisfaction of a performance condition, over 30 months, with one-ninth vesting six months after the date of grant and a further ninth vesting at each subsequent quarter. The options lapse, if not exercised, on 2 February 2026. The performance condition is comparator total shareholder return ("TSR") of the Group against the FTSE 250. Each ninth of the shares will have its TSR condition reviewed from the date of grant until the relevant testing date. To the extent the TSR is not met at that time, it is tested again the following quarter and, if necessary, at the end of the 30-month vesting period. In order to vest, the TSR of the Group must rank at median or above against the FTSE 250.

Note b: 2017 LTIP Scheme – These equity settled awards were awarded to certain Directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on both cumulative Earnings Per Share ("EPS") exceeding 180 euro cents, with a pro-rata increase in the amount vesting between 180 cents and 214 cents, and TSR performance conditions being met which are split with equal weighting.

Note c: 2018 LTIP Scheme – These equity settled awards were awarded to certain Directors and employees and vest over a three-year period from the date of grant. The number of awards that vested was conditional on both cumulative 3 year Earnings Per Share ("EPS") exceeding 191p, with a pro-rata increase in the amount vesting between 191p and 224p, and TSR performance conditions being met which are split with equal weighting.

Note d: 2019 LTIP Scheme – These equity settled awards were awarded to certain Directors and employees and vest over a three-year period from the date of grant. The number of awards that vested was conditional on both cumulative 3 year Earnings Per Share ("EPS") exceeding 184p, with a pro-rata increase in the amount vesting between 184p and 214p, and TSR performance conditions being met which are split with equal weighting.

Note e: 2020 LTIP Scheme – These equity settled awards were awarded to certain Directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on both cumulative 3 year Earnings Per Share ("EPS") exceeding 267p, with a pro-rata increase in the amount vesting between 267p and 295p, and certain TSR performance conditions being met which are split with the weighting of one third based on EPS and two thirds relating to TSR conditions. There were also a number of restricted share plan shares issued during 2020 against which service conditions apply.

Note f: 2021 LTIP Scheme – These equity settled awards were awarded to certain Directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on both cumulative 3 year Earnings Per Share ("EPS") exceeding 255p, with a pro-rata increase in the amount vesting between 255p and 296p, and certain TSR performance conditions being met which are split with the weighting of one third based on EPS and two thirds relating to TSR conditions.

Note g: 2021 Employee Sharesave scheme – During 2021 the Group set up an Employee Sharesave scheme. Under this scheme employees of the Group are able to subscribe up to a maximum of £100 a month in share purchases at a discount of 20% for a vesting period of three years. The shares will vest conditional upon continued employment at the end of the three years.

The charge to share-based payments within the consolidated income statement in respect of these options in 2021 was £12.3m (2020: £14.8m) which related entirely to equity settled options.

Weighted average exercise price of options

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 31 December 2021	Number of options 31 December 2021	Weighted average exercise price 31 December 2020	Number of options 31 December 2020
Outstanding at the beginning of the year	52p	6,219,114	154p	9,236,748
Granted during the year	570p	2,082,233	0p	2,045,307
Exercised during the year	70p	(1,371,996)	414p	(2,745,701)
Cancelled or forfeited in the year	0p	(761,609)	0p	(2,317,240)
Outstanding at the end of the year	31p	6,167,742	52p	6,219,114
Exercisable at the end of the year	369p	519,899	295p	1,016,206

31 Share-based payments (continued)

The options outstanding at 31 December 2021 have a weighted average contractual life of 1.2 years (31 December 2020: 1.3 years).

Valuation of options

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The Group engaged third-party valuation specialists to provide a fair value for the options.

All LTIP plans are valued using both a Black Scholes valuation model and Monte Carlo valuation for the cumulative EPS and TSR conditions respectively.

Fair value of share options and assumptions:

Date of grant	Share price at date of grant (£)	Exercise price (£)	Expected volatility %	Exercise multiple	Expected dividend yield	Risk free rate %	Fair value at measurement date (£)
Dec 16	6.48	4.22	28%-30%	n/a	n/a	–	1.43 – 1.94
Dec 17	9.34	–	26.6%	n/a	n/a	0.40%	7.39 – 9.34
Sep 18	9.14	–	33.7%	n/a	n/a	1.00%	4.58 – 9.14
Mar 19	4.96	–	31.5%	n/a	n/a	0.70%	1.90 – 4.96
Jun 20	7.86	–	33.2%	n/a	n/a	0.30%	3.54 – 7.86
Mar 21	15.25	–	52.8%	n/a	2.0%	0.01%	10.03 – 11.27
May-21	16.46	12.64	51.3%	n/a	2.0%	0.02%	6.75

32 Business Combinations

Business combinations are accounted for using the acquisition method. Identifiable assets and liabilities acquired, and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The identification and valuation of intangible assets arising on business combinations is subject to a degree of judgement. We engaged independent third parties, including Duff & Phelps to assist with the identification and valuation process. Duff & Phelps have utilised a Relief from Royalty Method and the Excess Earnings Method approach to determine the fair value of acquired intangibles. This was performed in accordance with the Group's policies. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets acquired is recorded as goodwill. Costs related to the acquisition are expensed as incurred, see note 6 for details.

Summary of acquisitions:

Enlabs

On 30 March, the Group acquired 95.9% of the share capital of Enlabs AB. The acquisition of the share capital resulted in control being obtained and as a result Enlabs is consolidated as a subsidiary from this date forward. Enlabs operates predominantly via an online platform across sports betting and gaming markets and provides the Entain Group with access to the regulated Baltic markets. Consideration consisted of £304.5m for its 95.9% share in Enlabs with £14.2m recognised as a non-controlling interest within equity for the 4.1% of remaining holding not acquired by the Group. During Q4 the Group acquired the remaining share capital of Enlabs AB leaving a small non-controlling interest in one of the historic acquisitions performed by Enlabs prior to the Entain acquisition.

Bet.pt

On 31 March, the Group acquired 100% of the share capital of Entertainment Technologies Group Limited which owns the Bet.pt business, an online sports betting and gaming business operating in Portugal. The acquisition of the Bet.pt brand provides the Group with access to the regulated Portuguese market. In accordance with IFRS 3, as control has been obtained, the business has been consolidated from this point forwards. Including relevant adjustments for the net debt acquired with the business and potential payments under contingent arrangements, consideration amounted to £51.3m.

Impala

During the year, the Group established a 51% owned subsidiary GVC (Impala) Limited, subsequently renamed Impala Digital Limited, ("Impala Digital"). On 29 March 2021, Impala Digital acquired the trade and assets of a B2B business operating in the African betting and gaming market for $40m. This acquisition provides the Entain Group with a platform with which the Group can access the African market. In accordance with IFRS 3, as the Entain Group exercises control, Impala Digital has been consolidated within the Group financial statements.

The shareholder agreement for Impala Digital provides an opportunity for the Group to purchase the remaining 49% of share capital. Based on the expectation that the second completion requirements will be met, a financial liability has been recorded at £50.0m at acquisition. The estimate of the financial liability was based on forecast results and the likely payment due under the second completion conditions with £50m still provided at the year end. The shareholder agreement contains a cap of $309.9m in relation to the second purchase.

Notes to the consolidated financial statements continued

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32 Business Combinations (continued)

Finnplay

On 1 April 2021, the Group acquired 100% of the share capital of Finnplay Technologies Oy, the platform provider for the Ninja brand of Enlabs for £10.3m. In accordance with IFRS 3, the business has been consolidated from this point forwards.

Unikrn

On 19 October 2021, the Group acquired the trade and assets of the Unikrn business for $72.2m. Unikrn provides the Group with a platform and expertise to enter the esports market. In accordance with IFRS 3 the Unikrn businesses results are consolidated from the point of acquisition.

Given the proximity of some of the acquisitions to the period end and as permitted by IFRS 3 "Business Combinations", the fair value of the acquired identifiable assets and liabilities have been presented on a provisional basis. Fair values were determined on the basis of an initial assessment performed by an independent professional expert.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Provisional fair value £m
Intangible assets (excluding goodwill)	218.5
Property, plant and equipment	3.3
Investments	2.9
Trade and other receivables	12.6
Cash and cash equivalents	22.3
Deferred tax asset	0.5
Deferred tax liability	(32.7)
Trade and other payables	(31.3)
Lease liabilities	(0.9)
Total	**195.2**
Net assets acquired	195.2
Goodwill	273.1
Total net assets acquired	**468.3**
Consideration:	
Cash	436.5
Non-controlling interests	14.2
Deferred and contingent consideration	17.6
Total consideration	**468.3**

The acquired businesses contributed revenues of £99.4m and profit before tax of £19.9m.

Had the acquisitions occurred on the first day of the financial year the revenue for the Group would have been £3,916.1m with a profit before tax of £401.1m.

Non-controlling interests have been stated at their fair value on acquisition, which has been determined by reference to the amount paid for the Group's controlling interest.

Included in the valuation of goodwill is the value attributed to acquired workforce, and the benefit of future trading potential including synergies arising as part of the acquisition.

33 Commitments and contingencies

Contingent liabilities

Guarantees have been given in the ordinary course of business in respect of loans and derivative contracts granted to subsidiaries amounting to £500.0 million (31 December 2020: £500.0 million).

33 Commitments and contingencies (continued)

HMRC investigation

On 28 November 2019, one of our UK subsidiaries, GVC Holdings (UK) Limited, received a production order from HM Revenue & Customs ("HMRC") requiring it to provide information relating to the group's former Turkish facing online gambling business, sold in 2017. At that time, the Group understood that HMRC's investigation was directed at a number of former third party suppliers, relating to the processing of payments for online gambling in Turkey. On 21 July 2020, GVC Holdings Plc announced that HMRC was widening the scope of its investigation and was examining potential corporate offending by the GVC group. It had previously been understood that no Group company was a subject of HMRC's investigation. Through ongoing engagement with HMRC we understand that the Group remains a corporate suspect and that the offences under investigation include, but are not limited to, offences under sections 1 and 7 of the Bribery Act 2010. The Group continues to co-operate fully with HMRC's enquiries, which are ongoing.

In addition to the items discussed above, the Group is subject to number of other potential litigation claims that arise as part of the normal course of business and continue to arise in 2022. Provision has not been made against these claims as they are either not considered likely to result in an economic outflow or they do not represent an obligation at the year end date. Consistent with any claims of this nature there can be uncertainty with the final outcome.

For a discussion of the current position of the Group in relation to Greek tax, refer to note 18.

34 Related party disclosures

Other than its associates and joint venture, the related parties of the Group are the Executive Directors, Non-Executive Directors and members of the Executive Committee of the Group.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates and joint venture and other related parties are disclosed below.

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	2021 £m	2020 £m
Equity investment		
– Joint venture[1]	164.4	61.8
Sundry expenditure		
– Associates[2]	59.3	56.6

1. Equity investment in BetMGM.
2. Payments in the normal course of business made to Sports Information Services (Holdings) Limited and bwin eK Neugersdorf.

Details of related party outstanding balances:

	2021 £m	2020 £m
Other amounts outstanding		
– Associates	0.1	0.1

Terms and conditions of transactions with related parties

Sales to, and purchases from, related parties are made at market prices and in the ordinary course of business. Outstanding balances at 31 December 2021 are unsecured and settlement occurs in cash. For the year ended 31 December 2021, the Group has not raised any provision (2020: £nil) for doubtful debts relating to amounts owed by related parties as the payment history has been good. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with Directors and key management personnel of the Group

For details of Directors' remuneration please refer to the Directors' remuneration table included on pages 134 to 140 of this report.

The remuneration of key management personnel is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Key management personnel comprise Executive Directors, Non-Executive Directors and members of the Executive management team. Further information about the remuneration of individual Directors is provided in the Directors' remuneration report.

	2021 £m	2020 £m
Short-term employee benefits	9.7	5.8
Share-based payments	5.2	7.3
Total compensation paid to key management personnel	14.9	13.1

Peter Isola is a director of Europort (International) Holdings Limited and Europort Five Limited, a property firm in Gibraltar which charged rental expenses of £2.6m to the Group during the year (2020: £2.5m).

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

34 Related party disclosures continued

The consolidated financial statements include the financial statements of Entain plc and its subsidiaries. The companies listed below are those which were part of the Group at 31 December and therefore the results, cash flows and balance sheets of all subsidiaries listed are consolidated into the Group financial statements, furthermore the results of joint ventures and associates are accounted for in accordance with the policy set out in note 4.

Subsidiaries based in the United Kingdom

		% equity interest	
Registered address	Company	2021	2020
3rd Floor One New Change, London, United Kingdom, EC4M 9AF	Arthur Prince (Turf Accountants) Limited(5)	100.0	100.0
	Bartletts Limited(5)	100.0	100.0
	Birchgree Limited(4)(6)	100.0	100.0
	Bloxhams Bookmakers Limited(5)	100.0	100.0
	Brickagent Limited(5)	100.0	100.0
	Cashcade Limited(6)	100.0	100.0
	CE Acquisition 1 Limited(4)(6)	100.0	100.0
	Chas Kendall (Turf Accountant) Limited(5)	100.0	100.0
	Choicebet Limited(5)	100.0	100.0
	C L Jennings (1995) Limited(5)	100.0	100.0
	Competition Management Services Co. Limited(5)	97.5	97.5
	Coral (Holdings) Limited(4)(6)	100.0	100.0
	Coral (Stoke) Limited(5)	100.0	100.0
	Coral Estates Limited(6)	100.0	100.0
	Coral Eurobet Limited(6)	100.0	100.0
	Coral Eurobet Holdings Limited(4)(6)	100.0	100.0
	Coral Group Limited(4)(6)	100.0	100.0
	Coral Group Trading Limited(4)(6)	100.0	100.0
	Coral Limited(4)(6)	100.0	100.0
	Coral Racing Limited(4)(6)	100.0	100.0
	Coral Stadia Limited(4)(5)	100.0	100.0
	E.F. Politt & Son Limited(5)	100.0	100.0
	Entain Services Limited(5)	100.0	100.0
	Forestal Land, Timber and Railways Company Limited (The)(5)	100.0	100.0
	Forster's (Bookmakers) Limited(5)	100.0	100.0
	Gable House Estates Limited(5)	100.0	100.0
	Ganton House Investments Limited(6)	100.0	100.0
	Greatmark Limited(5)	100.0	100.0
	Electraworks Maple Limited(5)	100.0	100.0
	Entain Holdings (UK) Limited(1)(2)(4)	100.0	100.0
	Entain Marketing (UK) Limited(4)	100.0	100.0
	Hillford Estates Limited(5)	97.5	97.5
	Impala Digital Limited(3)(4)	51.0	–
	Hindwain Limited(6)	100.0	100.0
	Interactive Sports Limited(6)	100.0	100.0
	J G Leisure Limited(5)	100.0	100.0
	J. Ward Hill & Company(5)	100.0	100.0
	Jack Brown (Bookmaker) Limited(6)	100.0	100.0
	Jerusalem Development (Mamilla) Co. Limited(5)	100.0	100.0
	Jerusalem Development Corporation (Holdings) Limited(4)(5)	100.0	100.0
	Joe Jennings (1995) Limited(5)	100.0	100.0
	Joe Jennings Limited(5)	100.0	100.0
	Krullind Limited(5)	100.0	100.0
	Ladbroke & Co., Limited(5)	100.0	100.0
	Ladbroke (Rentals) Limited(5)	100.0	100.0
	Ladbroke City & County Land Company Limited(4)(5)	100.0	100.0

34 Related party disclosures continued

Registered address	Company	% equity interest 2021	2020
	Ladbroke Coral Corporate Director Limited(5)	100.0	100.0
	Ladbroke Coral Corporate Secretaries Limited(5)	100.0	100.0
	Ladbroke Dormant Holding Company Limited(4)(5)	100.0	100.0
	Ladbroke Entertainments Limited(6)	100.0	100.0
	Ladbroke Group(4)(5)	100.0	100.0
	Ladbroke Group Homes Limited(5)	100.0	100.0
	Ladbroke Group International(5)	100.0	100.0
	Ladbroke Group Properties Limited(4)(5)	100.0	100.0
	Ladbroke Land Limited(5)	100.0	100.0
	Ladbroke Leasing (South East) Limited(5)	100.0	100.0
	Ladbroke Racing (South East) Limited(5)	100.0	100.0
	Ladbroke US Investments Limited(4)(5)	100.0	100.0
	Ladbrokes (CLJEA) Limited(5)	100.0	100.0
	Ladbrokes (CLJHC) Limited(5)	100.0	100.0
	Ladbrokes (CLJSW) Limited(5)	100.0	100.0
	Ladbrokes Betting & Gaming Limited(2)(3)(4)	100.0	100.0
	Ladbrokes Contact Centre Limited(5)	100.0	100.0
	Ladbrokes Coral Group Life Benefits Trustee Limited(5)	100.0	100.0
	Ladbrokes Coral Group Limited(2)(4)	100.0	100.0
	Ladbrokes CPCB Limited(5)	100.0	100.0
	Ladbrokes E-Gaming Limited(5)	100.0	100.0
	Ladbrokes Group Finance plc(2)	100.0	100.0
	Ladbrokes Group Holdings Limited(4)(5)	100.0	100.0
	Ladbrokes Investments Holdings Limited(4)(5)	100.0	100.0
	Ladbrokes IT & Shared Services Limited(5)	100.0	100.0
	Ladbrokes PT Limited(5)	100.0	100.0
	Ladbrokes Trustee Company Limited(6)	100.0	100.0
	Lightworld Limited(4)(5)	100.0	100.0
	London & Leeds Estates Limited(5)	93.5	93.5
	Margolis and Ridley Limited(5)	100.0	100.0
	New Angel Court Limited(5)	100.0	100.0
	Paddington Casino Limited(5)	100.0	100.0
	Reg.Boyle Limited(5)	100.0	100.0
	Reuben Page Limited(4)(5)	100.0	100.0
	Romford Stadium Limited(5)	100.0	100.0
	Rousset Capital Limited(6)	100.0	100.0
	Sabrinet Limited(5)	100.0	100.0
	Sponsio Limited(4)(5)	100.0	100.0
	Sporting Odds Limited(2)(3)	100.0	100.0
	Sportingbet (IT Services) Limited(5)	100.0	100.0
	Sportingbet (Management Services) Limited(5)	100.0	100.0
	Sportingbet (Product Services) Limited(5)	100.0	100.0
	Sportingbet Holdings Limited(5)(6)	100.0	100.0
	Sportingbet Limited(5)(6)	100.0	100.0
	Sports (Bookmakers) Limited(5)	100.0	100.0
	Techno Land Improvements Limited(5)	100.0	100.0
	Town and County Factors Limited(5)	100.0	100.0
	Travel Document Service(4)(5)	100.0	100.0
	Vegas Betting Limited(5)	100.0	100.0
	Ventmear Limited(5)	100.0	100.0

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

34 Related party disclosures continued

Registered address	Company	% equity interest 2021	2020
35 Great St. Helen's London, United Kingdom EC3A 6AP	Techno Limited	84.0	84.0
77A Andersonstown Road Belfast BT11 9AH	Ladbrokes (Northern Ireland) (Holdings) Limited(4)(6)	100.0	100.0
	Ladbrokes (Northern Ireland) Limited(5)	100.0	100.0
	North West Bookmakers Limited(2)(3)	100.0	100.0

Subsidiaries based overseas

Registered address	Company	% equity interest 2021	2020
Belmont Chambers Road Town Tortola British Virgin Islands	Creative Trend Limited	100.0	100.0
	CTL Holdings International Limited(4)	100.0	100.0
	SRL Holdings International Limited(4)	100.0	100.0
	Sunrise Resources Limited	100.0	100.0
Jayla Place, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	Westman Holdings Limited	100.0	100.0
13/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong, China	GVC Technology Consulting (Asia) Co Limited	100.0	100.0
Inchalla, Alderney, GY9 3UL, Guernsey	ElectraWorks (Alderney) Limited	100.0	100.0
1st Floor, Otter House Naas Road, Dublin 22 Ireland	Ladbroke (Ireland) Limited(2)(3)(4)	100.0	100.0
25/28 North Wall Quay, Dublin 1, D01 H104, Ireland	Fort Anne Limited(1)	100.0	100.0
	M.L.B. Limited	100.0	100.0
Menahem Begin Road 121 &125 Tel Aviv, Jaffa, Israel	Gala Interactive (Services) Limited	100.0	100.0
	GVC Impala R&D Limited	51.0	–
	Ladbrokes Israel Limited(2)	100.0	100.0
Via Alessandro Marchetti No.105 Rome 00148, Italy	Eurobet Holding SRL(4)	100.0	100.0
	Eurobet Italia SRL(2)(3)	100.0	100.0
1st Floor, Liberation House Castle Street, St. Helier, JE1 1GL, Jersey	Ladbroke (Channel Islands) Limited(3)	100.0	100.0
461-473 Lutwyche Road Lutwyche Queensland QLD 4030 Australia	Gaming Investments Pty Limited(4)	100.0	100.0
	Entain Australia Pty Ltd(2)(3)	100.0	100.0
	LB Australia Holdings Pty Limited(4)	100.0	100.0
	Neds.com.au Pty Ltd	100.0	100.0
	Neds International Pty Ltd(2)(3)	100.0	100.0
IFC 5, ST. HELIER, JE1 1ST, Jersey	GVC Finance Limited	100.0	100.0
	Maple Court Investments (Jersey) Limited(5)	100.0	100.0
	PartyGaming Finance Limited	100.0	100.0
Chaussée de Wavre 1100/3 1160 Auderghem Belgium	Ladbroke Belgium S.A.(4)	100.0	100.0
	Pari Mutuel Management Services S.A.	100.0	100.0
	Redsports.be SPRL	100.0	100.0
	S.A. Derby N.V.(2)(3)(4)	100.0	100.0
	Tierce Ladbroke S.A.(3)	100.0	100.0
29 Avenue Lavoisier, 1300 Wavre, Belgium	Professional Gaming Services Sprl	100.0	100.0
6F Tower 3 Double Dragon Plaza EDSA Ext. cor. Macapagal Avenue, Pasay City, Philippines	InteractiveSports Asia Limited Inc.	100.0	100.0
	NCH Customer Support Services, Inc	100.0	100.0

34 Related party disclosures continued

Registered address	Company	% equity interest 2021	2020
24A 18th Street Menlo Park, Pretoria 0081, South Africa	Ladbrokes (SA) (Pty) Limited	60.0	60.0
Castello 82 4 IZQ, 28006, Madrid, Spain	Ladbrokes Betting and Gaming Spain, S.A.	100.0	100.0
270 E. Park Street, Suite 1 Butte, Montana 59701	Ladbrokes Holdco, Inc.[4]	100.0	100.0
608 Lander Street Reno Nevada 89509, United States	Stadium Technology Group, LLC[3]	100.0	100.0
15 Agion Omologiton, Nicosia, 1080, Cyprus	Bellingrath Enterprises Limited	100.0	100.0
1565 Carling Avenue, Suite 400, Ottawa, Ontario K1Z 8R1	Canada Limited	100.0	100.0
19 Boulevard Malesherbes, 75008, Paris, France	B.E.S. S.A.S	100.0	100.0
2nd Floor, St Mary's Court, 20 Hill Street, Douglas, IM1 1EU, Isle of Man	Cozy Games Management Limited[5]	100.0	100.0
32 Athol Street, Douglas, IM1 1JB, Isle of Man	Entain (IOM) Limited[1]	100.0	100.0
820 Bear Tavern Road, Trenton, New Jersey, 08628, USA	bwin.party (USA) Inc	100.0	100.0
	bwin.party entertainment (NJ) LLC	90.0	90.0
	bwin.party services (NJ) Inc	100.0	100.0
701 S. Carson Street, Suite 200, Carson City, 89701, Nevada	Ladbrokes Subco LLC	100.0	100.0
Harborside Plaza 3, 210 Hudson Street, Jersey City, New Jersey 07311	GVC Holdings (USA) Inc	100.0	100.0
50 Raffles Place, 32-01 Singapore Land Tower, Singapore (048623)	Cozy Games Pte Limited	100.0	100.0
	Florent Pte Limited	100.0	100.0
55 Nikola Vaptsarov Blvd, Office Park Expo 2000, Building Phase 4, Floor 3, Lozenets Area, Sofia 1407, Bulgaria	GVC Services (Bulgaria) EOOD	100.0	100.0
5th Floor, Divyasree Omega, Block - B, Hitec City Road, Kondapur, Hyderabad, Andhra Pradesh, 500081, India	IVY Comptech Private Limited	100.0	100.0
6th Floor, Divyashree omega, Block-B, Plot No. 13/E, Survey no.13(part), Kondapur, Hyderabad, 500081, Andhra Pradesh, India	IVY Foundation Limited	100.0	100.0
	IVY Global Shared Services Private Limited	100.0	100.0
	IVY Software Development Services Private Limited	100.0	100.0
85 St John Street, Valletta, VLT 1165, Malta	Entain Holdings (Malta) Limited	100.0	100.0
	Gaming VC Corporation Limited	100.0	99.0
	bwin.gr Limited[2]	100.0	99.0
	Headlong 2 Limited[1]	100.0	100.0
	Scandic Bookmakers Limited	100.0	99.0
	Spread Your Wings Bravo Limited	100.0	99.0
	VistaBet Limited[2]	100.0	100.0
68, Tower Road, Sliema, SLM – 1606, Malta	Entertainments Technologies Group Limited[4]	100.0	–
Avenida de Fuencarral 44, Edificio Tribeca 1, modulo B, CP 28108, Alcobendas, Madrid, Spain	Winner Apuestas S.A.	100.0	100.0
Bertolt - Brecht - Allee 24, 01309, Dresden, Germany	DSG Deutsche Sportwelt GmbH	100.0	100.0

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

34 Related party disclosures continued

Registered address	Company	% equity interest 2021	2020
Schwanthalerstrasse 73, 80336 Munich, Germany	Entain (Germany) GmbH	100.0	–
Box 3095, 350 33 Växjö, Sweden	Webdollar Sweden AB	100.0	100.0
c/o Kilpatrick Townsend & Stockton Advokat KB, Box 5421, 114 84 Stockholm, Sweden	bwin.party Games AB	100.0	100.0
Calle Amador de los Ríos n°1, 6 planta, 28010 Madrid, Spain	bwin Interactive Marketing Espana S.L.	100.0	100.0
c/o The Corporation Trust Company, 1209 Orange Street, County of New Castle, Wilmington, Delaware, 19801, USA	GVC Finance LLC(1)	100.0	100.0
Calle Josep Plá, número 2, planta 5ªD, Edificio Torre Diagonal Litoral, 08019, Barcelona	Javari Marketing Consultancy Services S.L.	100.0	100.0
Century House, 12 Victoria Street, Alderney, GY9 3UF, Channel Islands	Interactive Sports (C.I.) Limited	100.0	100.0
Emancipatie Boulevard Dominico F. “Don” Martina 29, Curaçao	GVC Services BV	100.0	100.0
Fruebjergvej 3, Copenhagen, 2100, Denmark	Interactive Sports (Denmark) ApS	100.0	100.0
Lagoas Park, Edificio 11, Piso 0 Sul, 2740-244, Porto Salvo, Portugal	Infield – Servicos de Consultoria Marketing Unipessoal LDA.	100.0	100.0
Av. Dos Combatentes, no. 43-5 A, 1600-042 Lisbon, Portugal	Gobet Entretenimento SA(3)	100.0	–
	Entain Operations Portugal SA	100.0	–
Marxergasse 1b, 1030 Vienna, Austria	bwin.party services (Austria) GmbH	100.0	100.0
	Websports Entertainment Marketing Services GmbH	100.0	100.0
Penthouse, Palazzo Spinola Business Centre, Number 46, St Christopher Street, Valletta, VLT 1464, Malta	bwin (Deutschland) Limited	100.0	100.0
	bwin Holdings (Malta) Limited(1)	100.0	100.0
	bwin.party services (Malta) Limited	100.0	100.0
	bwin.party holding Malta Limited	100.0	100.0
	bwin.party International Malta Limited	100.0	100.0
	ElectraWorks (France) Limited	100.0	100.0
	ElectraWorks (Kiel) Limited	100.0	100.0
	ElectraWorks (Malta) PLC	100.0	100.0
	ElectraWorks (Svenska) Limited	100.0	100.0
	ElectraWorks Europe Ltd	100.0	100.0
	Gamebookers (Deutschland) Limited	100.0	100.0
	Ladbrokes (Deutschland) Limited	100.0	100.0
	Martingale Europe Limited	100.0	100.0
	Martingale Malta 2 Limited	100.0	100.0
	Sportingbet (Deutschland) Limited	100.0	100.0
Oficina nr.201-2015, edeficio@3, ruta 8, km. 17,500, Uruguay	Gomifer S.A.	100.0	100.0
Quay House, South Esplanade St, Peter Port, Guernsey, GY1 4EJ, PO Box 132	Longfrie Limited	100.0	100.0
Sea Meadow House, Blackburne Highway, Road Town, Tortola, British Virgin Islands, PO BOX 116	Wavecrest Providers Limited(5)	100.0	100.0
Suite 4, Constantia House, Steenberg Office Park, Constantia, 7800, South Africa	Main Street 1013 Pty Limited	100.0	100.0
	SBT Software Operations (SA) (Pty)	100.0	100.0

34 Related party disclosures continued

		% equity interest	
Registered address	Company	2021	2020
Vake District, Kavtaradze Str., No 5, Entrance 2, Floor 2, Office Space No 2, Tbilisi, Georgia	MARS LLC(2)(3)	100.0	51.0
Via Gaetano Previati 9, 20149, Milan, Italy	bwin European Markets Holding SpA	100.0	100.0
	bwin Italia S.R.L.(3)	100.0	100.0
Rruga Dervish Hirna, Ada Tower, nr.pasurie 6/55-N, 8160 Albania	LevTech Shpk	51.0	–
Suite 6, Atlantic Suites, Europort Avenue, Gibraltar	Balltree (International) Limited(5)	100.0	100.0
	Bingo Marketing Limited	100.0	100.0
	bwin.party holdings Limited	100.0	100.0
	bwin.party services (Gibraltar) Limited	100.0	100.0
	Claymore Interactive Entertainment Holdings Limited(5)	100.0	100.0
	Coral Interactive (Gibraltar) Limited(5)	100.0	100.0
	ElectraGames Limited	100.0	100.0
	ElectraWorks Limited(2)(3)	100.0	100.0
	Entain Holdings Limited(5)	100.0	100.0
	Gala Coral Interactive (Gibraltar) Limited(4)(5)	100.0	100.0
	Gala Interactive (Gibraltar) Limited(4)(5)	100.0	100.0
	Greyjoy Limited	100.0	100.0
	Entain Corporate Services Limited	100.0	100.0
	Entain Holdings (Gibraltar) Limited(1)	100.0	100.0
	Entain Operations Limited	100.0	100.0
	EntainTrustees Limited	100.0	100.0
	IGM Domain Name Services Limited	100.0	100.0
	ISG (Gibraltar) Limited	100.0	100.0
	ITL Holdings Limited	100.0	100.0
	LC International Limited(2)(3)(4)	100.0	100.0
	PartyGaming IA Limited(5)	100.0	100.0
Stora Gatan 46, Sigtuna Kommun, 19330, Sweden	Baltic Gaming AB	100.0	–
	Enlabs AB(4)	100.0	–
	Entraction AB	97.0	–
	Kama Net AB(3)	100.0	–
	Lifland Gaming AB	100.0	–
	NLI AB	100.0	–
	Score24 AB(3)	100.0	–
120, The Strand, Unit 6. Triq Ix-Xatt, Gzira GZR, 1027, Malta	BestBet Limited(3)	100.0	–
	Elec Games C1 Limited(3)	100.0	–
	Elec Games Holdings Limited(4)	100.0	–
	Elec Games Limited(3)	100.0	–
	Future Lead Generation Limited(4)	100.0	–
	Lifland Holdings Limited(4)	100.0	–
	Ninja Global Limited(3)	100.0	–
	West African Gaming Limited(5)	100.0	–
Royal Park Serviced Office, Frosundaviks alle 15, 16903 Solna, Sweden	Scout Gaming AB(3)	100.0	–
Zalgurio g. 96-101, Vilnius, Lithuania	UAB Baltic Bet(3)	100.0	–
Republic of Belarus, 220039, Minsk, 20 Chkalov Str. Premise 98, Office 1	OOO Optibet(3)	100.0	–
Office 13, 39 Dzhona Makkeina Street, Kyiv, 01042, Ukraine	Ninja Casino TOB	100.0	–

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

34 Related party disclosures continued

		% equity interest	
Registered address	Company	2021	2020
Setekles iela, 2B, Riga, LV-1050, Latvia	SIA Laimz(3)	100.0	–
	SIA Optibet(3)	100.0	–
Unioninkatu 24, Helsinki, 00130, Finland	Finnplay Technologies Oy	100.0	–
			–
Lootsa tn 1a, Lasnamae Linnaosa, 11415, Estonia	Ninja Global OU(5)	100.0	–
	Optiwin OU(3)	100.0	–

1. Company that is directly owned by Entain PLC.
2. Company that forms part of the Group as at 31 December 2021 and which, principally affected the Group's reported results for the year.
3. Trading entity engaged in activity associated with betting and gaming.
4. Holding company.
5. Dormant company.
6. Company which the Group expects to exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A. As a result, the Group guarantees all outstanding liabilities to which the subsidiary is subject.

Joint ventures

		% equity interest	
Registered address	Company	2021	2020
Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808	BetMGM, LLC	50.0	50.0

Associates

		% equity interest	
Country of incorporation	Company	2021	2020
China	Asia Gaming Technologies (Beijing) Co., Ltd(1)	49.0	49.0
	Asia Gaming Technologies (Tianjin) Co., Ltd(1)	49.0	49.0
	Asia Gaming Technologies Limited	49.0	49.0
Germany	bwin E.K. Neugersdorf	50.0	50.0
Belgium	Gran Casino de Dinant SA	20.0	–
	Infiniti Casino Oostende NV	20.0	–
	Leaderbet NV	20.0	–
United Kingdom	Draw & Code Limited	40.0	–
	Games For Good Causes PLC	36.3	36.3
	Lucky Choice Limited(2)	66.6	66.6
	Sports Information Services (Holdings) Limited	23.4	23.4

1. Subsidiary of Asia Gaming Technologies Limited.
2. Entain PLC hold 66.6% of the equity of the investment. The associate is not consolidated in the Group financial statements on the basis that the Group does not exercise management control over the associate.

35 Non-controlling interests

During the year the Group acquired a non-controlling interest in Enlabs AB as a result of the acquisition disclosed in note 32. Subsequently, the Group purchased the remaining non-controlling interests in Crystalbet (acquired in 2018) and Enlabs AB. Following the purchase of the non-controlling interest in Enlabs AB and Crystalbet, the Group continues to hold non-controlling interests in Entraction AB (a subsidiary of Enlabs AB) and Impala Digital Limited.

At 31 December 2020 non-controlling interests consisted principally of Crystalbet.

The total assets relating to subsidiaries with a non-controlling interest were £54.5m (2020: £42.4m) of which there were related liabilities of £37.1m (2020: £25.3m).

The profit attributable to non-controlling interests was £11.4m (2020: £21.6m).

The balance of retained earnings attributable to non-controlling interest is disclosed in the table below:

	Total £m
As at January 2020	43.1
Profit attributable to non-controlling interests	21.6
Payment of dividends	(12.4)
As at 31 December 2020	**52.3**
Profit attributable to non-controlling interests	**11.4**
Business combinations	**14.2**
Purchase of non-controlling interests	**(52.0)**
Payment of dividends	**(24.5)**
As at 31 December 2021	**1.4**

36 Subsequent Events

Given the more certain medium-term outlook, the Group has taken the decision to repay the £44m received under the Coronavirus Job Retention Scheme (“furlough scheme”) in FY21. The scheme was a sensible and highly welcome policy intervention that helped us, as one of the country’s largest retailers, to maintain the livelihoods of more than 14,000 retail colleagues on full pay. We have kept the situation under review since we first made use of the scheme and are pleased to be in a position to repay these monies.

Following the year end, the Group announced the acquisition of Deis Ltd ("Avid Gaming") for CAD300 million from Middlebrook Investments Limited. Avid Gaming owns Sports Interaction, Canada's leading online sports betting brand. It is headquartered in Jersey (Channel Islands), with offices in the Mohawk Territory of Kahnawà:ke and Ireland.

Company income statement

for the year ended 31 December 2021

	Note	2021 £m	2020 £m
Other operating income		14.6	12.2
Dividends received		192.5	–
Operating expense	5	(16.5)	(11.5)
Operating profit before separately disclosed items		190.6	0.7
Separately disclosed items	6	(12.1)	(31.2)
Profit/(loss) before tax and net finance expense		178.5	(30.5)
Finance expense	7	(3.5)	(2.8)
Finance income	7	14.4	22.9
Gains/(losses) arising from change in fair value of financial instruments	7	77.4	(59.8)
Losses arising from foreign exchange on debt instruments	7	(0.1)	(10.5)
Profit/(loss) before tax		266.7	(80.7)
Income Tax	8	0.6	–
Profit/(loss) for the year		267.3	(80.7)

All items included above relate to continuing operations.

There were no other items of comprehensive income in the year.

The notes on pages 207 to 211 form an integral part of these financial statements.

Company balance sheet

(Company number 4685V)

at 31 December 2021

	Note	2021 £m	2020 £m
Assets			
Non-current assets			
Investments	10	4,372.1	4,008.6
Trade and other receivables	11	650.9	–
Interest bearing loans and borrowings	13	6.8	6.7
		5,029.8	4,015.3
Current assets			
Trade and other receivables	11	97.5	1,013.6
Derivative financial assets		57.3	–
Interest bearing loans and borrowings	13	–	0.6
Cash and cash equivalents		0.3	2.9
		155.1	1,017.1
Total assets		5,184.9	5,032.4
Liabilities			
Current liabilities			
Trade and other payables	12	(744.3)	(875.3)
Derivative financial liability		(7.5)	(26.0)
		(751.8)	(901.3)
Net current (liabilities)/assets		(596.7)	115.8
Non-current liabilities			
Trade and other payables	12	(594.0)	(566.9)
		(594.0)	(566.9)
Net assets		3,839.1	3,564.2
Shareholders' equity			
Called up share capital	15	4.8	4.8
Share premium account		1,207.3	1,206.6
Merger reserve		2,527.4	2,527.4
Retained earnings		99.6	(174.6)
Total shareholders' equity		3,839.1	3,564.2

Under the Companies Act 2006 section 49 (Isle of Man), the Directors are satisfied that the Company satisfies the solvency test for distributions to be made.

The notes on pages 207 to 211 are an integral part of these financial statements.

The financial statements on pages 204 to 211 were approved by the Board of Directors on 3 March 2022 and signed on its behalf by

J Nygaard-Andersen
Chief Executive Officer

R Wood
Deputy Chief Executive Officer/Chief Financial Officer

Company statement of changes in equity

for the year ended 31 December 2021

	Called up share capital £m	Share premium account £m	Merger Reserve account £m	Retained earnings £m	Total £m
At January 2020	4.8	1,198.0	2,527.4	(106.0)	3,624.2
Loss for the year	–	–	–	(80.7)	(80.7)
Total comprehensive expense	–	–	–	(80.7)	(80.7)
Share options exercised	–	8.6	–	–	8.6
Share-based payments charge	–	–	–	12.1	12.1
At 31 December 2020	4.8	1,206.6	2,527.4	(174.6)	3,564.2
Profit for the year	–	–	–	**267.3**	**267.3**
Total comprehensive expense	–	–	–	**267.3**	**267.3**
Share options exercised	–	**0.7**	–	–	**0.7**
Share-based payments charge	–	–	–	**6.9**	**6.9**
At 31 December 2021	**4.8**	**1,207.3**	**2,527.4**	**99.6**	**3,839.1**

The notes on pages 207 to 211 form an integral part of these financial statements.

Notes to the Company financial statements

for the year ended 31 December 2021

1 General information

Entain PLC ("the Company") is a limited company incorporated and domiciled in the Isle of Man. The address of its registered office and principal place of business is disclosed in the Directors' report.

The financial statements of the Company for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 3 March 2022.

The Company has taken advantage of the exemption from preparing a cash flow statement under paragraph 8(g) of the disclosure exemptions from EU-adopted IFRS for qualifying entities included in Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The Entain PLC consolidated financial statements for the year ended 31 December 2021 contain a consolidated statement of cash flows.

The Company is exempt under paragraph 8(k) of the disclosure exemptions from EU-adopted IFRS included in FRS 101 for qualifying entities from disclosing related party transactions with entities that form part of the Entain PLC group of which Entain PLC is the ultimate parent undertaking.

The Company's financial statements are presented in Pounds Sterling (£). All values are in millions (£m) rounded to one decimal place except where otherwise indicated. The Company's financial statements are individual entity financial statements.

2 Basis of preparation

These financial statements were prepared in accordance with FRS 101 and Isle of Man Companies Act 2006. The financial statements are prepared on a going concern basis under the historical cost convention except for certain financial liabilities measured at fair value. For details on the going concern considerations made, see note 2 of the consolidated financial statements.

The accounting policies which follow in note 3 set out those policies which apply in preparing the financial statements for the year ended 31 December 2021 and have been applied consistently to all years presented.

The Company has taken advantage of the following disclosure exemptions under FRS 101 in respect of:

(a) IFRS 3 Business Combinations;

(b) the requirements of IFRS 7 Financial Instruments: Disclosures;

(c) IFRS 13 Fair Value Measurement;

(d) Share-based payments;

(e) Intra-Group-related party transactions;

(f) Related party transactions.

For details of audit fees, see note 7 of the consolidated financial statements.

The Directors have identified that it is appropriate to present the majority of amounts owed by other Group undertakings as non-current assets; this is on the basis that whilst all amounts due from Group companies are repayable on demand the expectation is that only £97.5m will be settled within one year of the balance sheet date. In making this assessment in the current year, the Directors have identified that the majority of the £1,009.8m amount receivable from Group companies in the comparative period should also have been presented as non-current assets. The Directors consider that the key metrics to the users of the Company financial statements are total assets and net assets and as this change has no impact on either of these metrics, and no impact on the Company's reported profit or loan covenants, the Directors have concluded that the impact on the financial statements is not material and therefore the prior year balance has not been restated.

3 Summary of significant accounting policies

Investments

Investments comprise interests in subsidiary companies and are held as non-current assets stated at cost less provision for impairment.

The Company assesses these investments for impairment wherever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Cash and cash equivalents

Cash and short term deposits in the balance sheet consist of cash at banks and in hand, short-term deposits with an original maturity of less than three months.

Financial assets

Financial assets are recognised when the Company becomes party to the contracts that give rise to them.

The Company classifies financial assets at inception as either financial assets at fair value or loans and receivables. Financial assets at fair value through profit or loss are measured initially at fair value, with transaction costs taken directly to income statement. Subsequently, the fair values are remeasured and gains and losses from changes therein are recognised in the income statement.

Notes to the Company financial statements continued

for the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

Financial assets (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, loans and receivables are measured at fair value plus directly attributable transaction costs. Subsequently, such assets are measured at amortised cost, using the effective interest (EIR) method, less any allowance for impairment.

Financial liabilities

Financial liabilities comprise predominantly amounts due to other Group companies. On initial recognition, financial liabilities are measured at fair value plus transaction costs where they are not categorised as financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs taken directly to the income statement. Subsequently, the fair values are remeasured and gains and losses from changes therein are recognised in the income statement.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Company has transferred its contractual right to receive the cash flows from the financial assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party, and either:

- Substantially all the risks and rewards of ownership have been transferred; or
- Substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Current and deferred income tax

The Company is tax resident in the United Kingdom.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is recognised using the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply then the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are only recognised to the extent it is probable that there will be suitable taxable profits from which they can be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax balances are not discounted.

Foreign currency translation

Transactions in foreign currencies are initially recorded in Pounds Sterling (£) at the foreign currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pounds Sterling (£) at the rates of exchange ruling at the balance sheet date (the closing rate).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Dividends

Final dividends proposed by the Board of Directors and unpaid at the year end are not recognised in the financial statements until they have been approved by shareholders at the Annual General Meeting. Interim dividends are recognised when paid.

3 Summary of significant accounting policies (continued)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

Share-based payments

The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted (see note 31 of the consolidated financial statements for further details).

The cost of equity settled transactions is recharged to the respective employing entities.

Separately disclosed items

To assist in understanding its underlying performance, the Company has defined the following items of pre-tax income and expense as separately disclosed items as they reflect items which are exceptional in nature or size.

The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Company.

The separately disclosed items have been included within the appropriate classifications in the income statement. Further details are given in note 6.

Finance expense and income

Finance expense and income arising on interest bearing financial instruments carried at amortised cost are recognised in the income statement using the effective interest rate method. Finance expense includes the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price. All finance expenses are recognised over the availability period.

4 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make assumptions, estimates and judgements that affect the amounts reported as assets and liabilities as at the balance sheet date and the amounts reported as revenues and expenses during the year. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported. In this regard, management believes that the accounting policies where estimation is applied are those that relate to:

Investment in subsidiaries

The carrying value of investments is calculated as the initial cost at recognition less any provisions for impairment. The values used in any impairment review are based on the same principles and methods as described in the Group accounting policies and in note 14 of the Consolidated Financial Statements.

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.

5 Operating profit before separately disclosed items

This is stated after crediting/(charging):

	2021 £m	2020 £m
Management fees	14.6	12.2
Audit fees	(0.6)	(0.6)

6 Separately disclosed items

	2021 £m	2020 £m
Integration costs	–	0.2
Legal and onerous contract provisions	4.5	6.2
Movement in fair value of contingent consideration	2.3	19.5
Issue costs write off	5.3	5.3
	12.1	31.2

Notes to the Company financial statements continued

for the year ended 31 December 2021

7 Finance expense and income

	2021 £m	2020 £m
Loan interest income	5.9	7.0
Intercompany interest	8.5	15.9
Loan interest expense	(3.5)	(2.8)
Gains/(losses) arising from change in fair value of financial instruments	77.4	(59.8)
Losses arising from foreign exchange on debt instruments	(0.1)	(10.5)
Net finance income/(expense)	88.2	(50.2)

8 Income tax

The tax credit for the year presented is £0.6m (2020: £nil).

A reconciliation of income tax applicable to profit (2020: loss) before tax at the UK statutory income tax rate to the income tax for the years ended 31 December 2021 and 31 December 2020 is as follows:

	2021 £m	2020 £m
Profit/(loss) before tax	266.7	(80.7)
Corporate tax credit thereon at 19.00%	50.7	(15.3)
Adjusted for the effects of:		
– Non-taxable income	(36.6)	(4.3)
– Non-deductible expenses	1.5	6.8
– Group relief claimed	(15.6)	–
– Tax losses carried forward	–	12.8
– Overseas tax credit	(0.6)	–
Income tax credit	(0.6)	–

There is no deferred tax present on the balance sheet for either periods presented.

9 Dividends

Please see note 11 of the Consolidated Financial Statements.

10 Investments

	Total £m
Cost and net book value	
At 1 January 2020	3,950.9
Additions	57.7
At 31 December 2020	4,008.6
Cost and net book value	
At 1 January 2021	4,008.6
Additions	363.5
At 31 December 2021	**4,372.1**

Subsidiaries and other related entities are listed in note 34 of the Consolidated Financial Statements.

Additions in the year predominantly relate to the acquisition of Enlabs.

11 Trade and other receivables

	2021 £m	2020 £m
Amounts due from Group companies	742.6	1,009.8
Other debtors	3.3	1.6
Prepayments	2.5	2.2
	748.4	1,013.6

Amounts of £650.9m (2020: £nil) are not expected to be called upon within the next 12 months following the approval of these financial statements and have therefore been classified as non-current assets within the Balance Sheet.

Other amounts owed by other Group undertakings are included under amounts falling due within one year as they are repayable on demand, unsecured, and accumulate interest in a range between 0% and 4% plus IBOR.

12 Trade and other payables

	2021 £m	2020 £m
Current		
Amounts due to Group companies	739.5	872.8
Other payables	4.8	2.5
	744.3	875.3
Non-Current		
Amounts due to Group companies	594.0	566.9

Amounts owed to other Group undertakings are included under amounts falling due within one year as they are repayable on demand, unsecured, and accumulate interest in a range between 0% and 4% plus IBOR.

13 Interest bearing loans and borrowings

	2021 £m	2020 £m
Current		
Euro denominated loans	–	2.1
USD denominated loans	–	(0.1)
Sterling denominated loans	–	(2.6)
	–	(0.6)
Non-current		
Euro denominated loans	–	–
USD denominated loans	–	–
Sterling denominated loans	(6.8)	(6.7)
	(6.8)	(6.7)

As at 31 December 2021 there were £590.0m (2020: £535.0m) of committed bank facilities against which £51.0m (2020: £55.0m) has been utilised for letters of credit. Of the remaining balance £nil (2020: £nil) was drawn down. Fees in the year relating to the undrawn facility were £6.8m (2020: £6.7m).

14 Financial risk management objectives and policies

The financial risk management objectives and policies applied by the Company are in line with those of the Group as disclosed in note 25 to the Consolidated Financial Statements.

15 Called up share capital

Details of the share capital of the Company are given in note 28 of the Consolidated Financial Statements.

16 Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly-owned subsidiaries. See note 34 of the Consolidated Financial Statements for disclosure of remuneration of key management personnel.

17 Subsequent Events

For details of subsequent events affecting the Company, see note 36 of the Consolidated Financial Statements.

Glossary
Definition of terms

Definition of terms

AAMS	Automated accounts management systems
Adjusted fully diluted EPS cents	Fully diluted earnings per share based on adjusted PBT
Adjusted PBT	Profit before exceptional items, amortisation associated with acquisition, dividends from previously sold businesses
AR	Augmented reality
ARC™	Advanced Responsibility and Care™, the Group's safer betting and gaming technology programme
B2B	Business-to-business
B2C	Business-to-consumer
BI	Business intelligence
CAGR	Compound annual growth rate
CGUs	Cash-generating units
CMS	Customer marketing services
Constant currency basis	Each month in the prior period re-translated at the current periods exchange rate
Contribution	Revenue less betting taxes, payment service provider fees, software royalties, affiliate commissions, revenue share and marketing costs
Contribution margin	Contribution as a percentage of NGR
CRM	Customer relationship management
CS	Customer services
DTR	Disclosure and transparency rules
EPS	Earnings per share
ESG	Environmental, social and governance
GGY	Gross gaming revenue
GHG	Greenhouse gas
GVC / GVC Holdings PLC	The Group's former name before becoming Entain plc in December 2021
H2GC	H2 Gambling Capital – independent providers of betting and gaming market data and estimates
IA	Internal audit and risk management
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IOT	Internet of things
KPIs	Key performance indicators
KYC	Know your customer – customer verification tools
Ladbrokes Coral	Ladbrokes Coral Group Plc
LTIP	Long-term incentive plan
MIP	Management incentive plan
Net debt	Cash and cash equivalents (including amounts recorded as assets in disposal groups classified as held for sale), less customer liabilities less interest bearing loans and borrowings
Net Gaming Revenue ("NGR")	Revenue before deducting VAT
NGR YTD	Net Gaming Revenue in the year to date
RET	Research, education and treatment associated with responsible gambling
Revenue	Net Gaming Revenue less VAT (imposed by certain EU jurisdictions on either sports or gaming revenue)
Sports Gross Win Margin	Sports wagers less payouts
Sports Gross Win Margin %	Sports Gross Win Margin divided by Sports wagers
Sports Net Gaming Revenue ("Sports NGR")	Sports Gross Win Margin less free bets and promotional bonuses
Sports Wagers	Gross bets placed by customers on sporting events
TCFD	Taskforce for Climate-related Financial Disclosures
Underlying EBITDA	Stated pre separately disclosed items
VR	Virtual reality

Shareholder information

Annual General Meeting

The Company's 2022 AGM will be held on Friday 24 June at 10:00 at The Brewery, 52 Chiswell Street, London EC1Y 4SD. Details of each resolution to be considered at the meeting and voting instructions will be provided in the Notice of Meeting that will be available on the Company's website at **www.entaingroup.com.** The voting results of the 2022 AGM will be available on the Company's website at **www.entaingroup.com** shortly after the meeting.

Communications

Information about the Company, including financial results and details of the current share price, is available on the website, **www.entaingroup.com.**

Shareholding contacts

For any queries regarding your shareholding, please contact our registrars Link Asset Services.

Share fraud warning

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money. Should you receive any unsolicited calls or documents to this effect, you are advised not to give out any personal details or to hand over any money without ensuring that the organisation is authorised by the UK Financial Conduct Authority ("FCA") and undertaking further research.

If you are unsure or you think you have been targeted, you should report the organisation to the FCA. For further information, please visit the FCA's website at www.fca.org.uk, email consumer.queries@fca.org.uk or call the FCA consumer helpline on 0800 111 6768 (freephone), 0300 500 8082 (from the UK) or +44 20 7066 1000 (if calling from outside the UK).

Corporate information

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Entain plc

Company number

4685V

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Legal advisors

Freshfields Bruckhaus Deringer

DQ Advocates

Principal UK Bankers

Barclays Bank PLC

The Royal Bank of Scotland plc

Future trading updates and financial calendar

7 April	Q1 trading update
7 July	Post close trading update
11 August	Interim results
13 October	Q3 trading update

Entain plc
Incorporated in the Isle of Man
under number 4685V

www.entaingroup.com

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