

**Annual Report and  
Financial Statements**  
*Coral Group Trading Limited*

**For the year ended 31 December 2020**

**CORAL GROUP TRADING LIMITED**

**DIRECTORS AND ADVISORS**

**DIRECTORS**

S Smith  
C Sutters  
Ladbrokes Coral Corporate Director Limited

**COMPANY SECRETARY**

Ladbrokes Coral Corporate Secretaries Limited

**INDEPENDENT AUDITOR**

KPMG LLP  
Chartered Accountants and Statutory Auditor  
15 Canada Square  
London  
E14 5GL

**REGISTERED OFFICE**

3rd Floor  
One New Change  
London  
EC4M 9AF

## **CORAL GROUP TRADING LIMITED**

### **STRATEGIC REPORT – FOR THE YEAR ENDED 31 DECEMBER 2020**

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

#### **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The Company is a holding company within the Entain plc group and provides management services facilities to other group companies.

The Company's key financial performance indicators during the year were as follows:

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Amounts owed by group companies	<b>17,615</b>	5,770
Amounts owed to group companies	<b>(104,275)</b>	(92,711)

Due to the limited nature of the Company no other indicators are considered relevant.

#### **FUTURE DEVELOPMENTS**

There are no significant expected changes in activity or position in the coming years.

#### **PRINCIPAL RISK AND UNCERTAINTIES**

Entain plc reviews and evaluates key risks and uncertainties faced by the group as part of the reviews undertaken at its regular board meetings. The impact of risks and uncertainties of the company is considered as part of this review process.

The Company has no other significant risks or uncertainties other than those that arise from being a part of the Entain plc. The significant risks or uncertainties, including the Company's exposure to financial risk management and those arising from Brexit are dealt with on pages 72 to 75 presented in the Annual Report 2020 of Entain plc.

#### **S172 STATEMENT**

In performing their duties under the Companies Act 2006 the Board are required to describe how they have had regard to the matters set out in section 172(1)(a) to (f).

When making decisions throughout the year the directors have taken into consideration, and had regard to, the Company's shareholders, stakeholders, business relationships, employees, reputation for high standards, the community and environment and the impact of the Board's decision making on the long term success of the business.

The Company is a wholly owned subsidiary of Entain plc and therefore the directors have also considered the wider context in which the Company operates to adhere to the high standards of professionalism, culture, values, ethics, strategy, employee well-being, and environmental and social responsibility set by the Entain group.

In discharging their duties under section 172 the directors have access to the full resource, assistance, support and guidance offered by the Entain group and are committed to driving further improvements in shareholder and stakeholder engagement.

The 2020 annual report and accounts for Entain plc can be found here: <https://entaingroup.com/investor-relations/financial-reports/>

#### **FINANCIAL POSITION**

As at 31 December 2020 the company had net assets of £664,373,000 (31 December 2019: £664,369,000).

#### **MODERN SLAVERY**

Entain plc and its global subsidiaries ("The Group") recognise that companies have an obligation to ensure that their business and supporting supply chains are slavery free. The Group's full modern slavery statement can be found at <https://entaingroup.com/sustainability/modern-slavery-statement/>

On behalf of the board



S Smith

Director

15 December 2021

## **CORAL GROUP TRADING LIMITED**

### **DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their Directors' Report and the Company's audited financial statements for the year ended 31 December 2020. Comparative information is presented for the year ended 31 December 2019.

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

Directors:	S Smith C Sutters
Secretary :	Ladbrokes Coral Corporate Director Limited
Registered Office :	3 <sup>rd</sup> Floor One New Change, London, EC4M 9AF
Company Number:	3674996

#### **RESULTS AND DIVIDENDS**

The financial statements for the year show a profit for the financial year of £4,000 (2019: £1,335,000). The company has paid no dividends during the year (2019: £nil). The directors do not recommend payment of a further dividend for the year (2019: £nil).

A consideration of future developments can be found within the strategic report to these financial statements.

#### **FINANCIAL RISK MANAGEMENT**

The company's exposure to financial risk management is outlined in the Strategic Report.

#### **GOING CONCERN**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is a subsidiary of the Group headed by Entain plc (the Group) with the status as that of a holding company. Consequently, the ability of the Company to continue as a going concern is based on the ability of the Group to continue as a going concern.

The Group has prepared financial forecasts comprising operating profit, balance sheet and cash flows covering the 36-month period to 2024. In preparing these forecasts, the directors have assessed the impact of the Covid-19 outbreak on the business and have revised the cash flow forecasts for 2022 to take account of the consequent reduction in profits and net cash inflows. These revised forecasts indicate that the Company will remain within its present facilities and that there is sufficient covenant headroom even under the sensitised downside scenarios.

Entain plc has indicated its intention not to seek repayment of the amounts currently due to the group, which at 31 December 2020 amounted to £104,275,000 and to continue to make available such funds as are needed by the company, until at least 31 December 2022 and for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## **CORAL GROUP TRADING LIMITED**

### **DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

#### **EMPLOYEE INVOLVEMENT**

- i) The provision of information to employees is facilitated through quarterly Staff Council meetings, via the intranet and other multimedia formats, regular management meetings, staff notice boards and through regional initiatives with their own staff newspapers and circulars.
- ii) Consultation with employees takes place through regular departmental meetings, and for the field staff, manager meetings and cashier meetings, with views and feedback being obtained either direct or via the regional team meetings.
- iii) The financial and economic factors affecting the Company are brought to the attention of our staff through the Entain plc Group Annual Report and through information given via the intranet and other multimedia formats and through the publication of "The Score".

#### **DISABLED PERSONS**

The policies that the Company applied during the year were as follows:

- i) Full and fair consideration was given to disabled applicants for employment, having regard to their particular aptitudes and abilities.
- ii) If an employee becomes disabled, the objective is to continue the provision of suitable employment either in the same or an alternative position, with appropriate adjustments being made if necessary.
- iii) Disabled employees were to share equally in the opportunities for training, career development and promotion.

#### **POLITICAL DONATIONS**

Neither the Company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year (2019: £nil).

#### **DIRECTORS' INDEMNITIES AND INSURANCE**

Entain plc maintains a qualifying (as defined by law) directors' and officers' liability insurance. The above named directors, (except for the corporate directors) have received an indemnity from the group to the extent permitted by law throughout the period and up to the date of signing this report. Neither the indemnity nor the insurance will provide cover in situations where a director has acted fraudulently or dishonestly.

#### **STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR**

For all the directors at the time this report was approved, the following applies:

- a) so far as each director is aware, there is no relevant audit information of which the company's Auditor is unaware; and
- b) each director has taken all the steps that they ought to have taken as director in order to make themselves aware of any relevant audit information and to establish that the company's Auditor is aware of that information

#### **INDEPENDENT AUDITOR**

Pursuant to Section 487 of the Companies Act 2006, KPMG LLP will be deemed to be reappointed and will therefore continue in office following a resolution put to the shareholders at the Annual General Meeting.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the Board



S Smith  
Director

15 December 2021

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORAL GROUP TRADING LIMITED**

### **Opinion**

We have audited the financial statements of Coral Group Trading Limited ("the company") for the year ended 31 December 2020 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the Entain plc's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as provisions for impairment. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORAL GROUP TRADING LIMITED**

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included: unusual revenue pairings; unusual journals with a credit or debit to entry to cash; and, unusual journals in seldom used pairings.
- Evaluated the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORAL GROUP TRADING LIMITED**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Mark Flanagan (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

St Nicolas House

Park Row

Nottingham

NG1 6FQ

22 December 2021

**CORAL GROUP TRADING LIMITED****INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>Note</u>	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
<b>Revenue</b>		-	2,904
Operating expenses before separately disclosed items		-	(68)
<b>Profit before tax and finance income</b>	5	-	2,836
Interest receivable and similar income	6	-	209
Interest payable and similar expenses	7	-	(1,730)
<b>Profit before taxation</b>		-	1,315
Taxation	9	<b>4</b>	20
<b>Profit for the financial year</b>		<b>4</b>	<b>1,335</b>
Attributable to: Equity holders of the parent		<b>4</b>	<b>1,335</b>

All items dealt with in arriving at the profit before taxation relate to continuing operations.

There are no items of other comprehensive income in the period presented. Therefore, no separate statement of other comprehensive income has been prepared

The notes on pages 12 to 20 form an integral part of these financial statements.

**CORAL GROUP TRADING LIMITED****BALANCE SHEET AS AT 31 DECEMBER 2020**

Company number: 3674996

		<u>2020</u>	<u>2019</u>
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>
<b>NON CURRENT ASSETS</b>			
Investments in subsidiaries	10	<b>750,788</b>	750,788
Property plant and equipment	11	-	281
		<b>750,788</b>	751,069
<b>CURRENT ASSETS</b>			
Trade and other receivables	12	<b>17,615</b>	5,770
Cash at bank and in hand		<b>250</b>	250
		<b>17,865</b>	6,020
<b>TOTAL ASSETS</b>		<b>768,653</b>	757,089
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	<b>(104,280)</b>	(92,720)
<b>NET CURRENT LIABILITIES</b>		<b>(86,415)</b>	(86,700)
<b>NET ASSETS</b>		<b>664,373</b>	664,369
<b>EQUITY</b>			
Issued share capital	14	<b>90</b>	90
Retained Earnings		<b>664,283</b>	664,279
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>664,373</b>	664,369

The financial statements on pages 9 to 20 were approved by the board of directors on 15 December 2021 and were signed on its behalf by:



S Smith  
Director  
15 December 2021

**CORAL GROUP TRADING LIMITED**

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

	Called share capital	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000
At 1 January 2019	90	662,944	663,034
Profit for the year	-	1,335	1,335
At 31 December 2019	90	664,279	664,369
Profit for the year	-	4	4
<b>At 31 December 2020</b>	<b>90</b>	<b>664,283</b>	<b>664,373</b>

The notes on pages 12 to 20 form an integral part of these financial statements.

## **CORAL GROUP TRADING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **1. CORPORATE INFORMATION**

Coral Group Trading Limited ('the Company') is a private company limited by shares incorporated and domiciled in England and Wales within the United Kingdom. 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 2020 were authorised for issue in accordance with a resolution of the directors.

#### **2. BASIS OF PREPARATION**

These financial statements were prepared in accordance with The Companies Act 2006 as applicable to companies using Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. (FRS 102) and in accordance with applicable accounting standards. The financial statements are prepared under the historical cost convention.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of Entain plc.

The Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated. The Company's financial statements are individual entity financial statements.

The accounting policies which follow in note 1 set out those policies which apply in preparing the financial statements for the year ended 31 December 2019. These policies have been applied consistently other than those newly adopted in the year.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the exemptions set out below on the basis that it is a qualifying entity since its results are included in the consolidated financial statements of Ladbrokes Coral Group Limited which are available from 3rd Floor, One New Change, London, EC4M 9AF.

- Preparation of a cash flow statement
- Disclosure of related party transactions with and between wholly owned subsidiaries
- Disclosures relating to financial instruments.

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are addressed below.

##### **Recoverable amount of non-current assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**4.1 Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is a subsidiary of the Group headed by Entain plc (the Group) and responsible for reporting the trading results of a retail estate held by the Group in the United Kingdom (excluding Northern Ireland) and is therefore integral to the Group's business model. Consequently, the ability of the Company to continue as a going concern is based on the ability of the Group to continue as a going concern.

The Group has prepared financial forecasts comprising operating profit, balance sheet and cash flows covering the 36-month period to 2024. In preparing these forecasts, the directors have assessed the impact of the Covid-19 outbreak on the business and have revised the cash flow forecasts for 2022 to take account of the consequent reduction in profits and net cash inflows. These revised forecasts indicate that the Company will remain within its present facilities and that there is sufficient covenant headroom even under the sensitised downside scenarios.

Entain plc has indicated its intention not to seek repayment of the amounts currently due to the group, which at 31 December 2020 amounted to £104,275,000 and to continue to make available such funds as are needed by the company, until at least 31 December 2022 and for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**4.2 Investment in subsidiaries**

Investments in subsidiaries and joint ventures are held at historical cost less any provision for impairment.

Investment in subsidiaries are reviewed annually for impairment when indicators for impairment are identified, using a value in use calculation where the investment is considered a single cash generating unit. In determining value in use for the investment, future discounted cash flows from both possible and expected dividends are considered.

**4.3 Finance expense and income**

Finance expense and income arising on interest being on interest bearing financial instruments carried at amortised cost are recognised in the income statement using the effective interest rate method. Finance income represents income arising principally from loans to fellow group companies.

**4.4 Financial instruments**

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Borrowings are carried at their issue proceeds net of finance costs less amounts repaid. Finance costs are amortised over the life of the related borrowing.

**4.5 Financial liabilities**

Basic financial liabilities, including loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.6 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 loans and receivables, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income. At 31 December 2020, the Company had only financial assets classified as loans and receivables.

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. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest receivable in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses. The Company's financial assets include cash and short-term deposits and trade and other receivables.

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.

**4.7 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.

**4.8 Recoverable amount of non-current assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

**4.9 Income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or 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 taxable profit or loss.
- Deferred income tax assets are recognised only to the extent that it is probably that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## **CORAL GROUP TRADING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **4.9 Income tax (continued)**

The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment. Income tax is charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

#### **5. PROFIT BEFORE TAX AND FINANCE INCOME**

This is stated after charging:

	<u>2020</u>	<u>2019</u>
	<u>£'000</u>	<u>£'000</u>
Depreciation of property, plant and equipment	-	68

The audit fee for the Company of £2,500 has been borne by another Group company (2010: £2,500).

#### **6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<u>2020</u>	<u>2019</u>
	<u>£'000</u>	<u>£'000</u>
From group undertakings	-	209

#### **7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<u>2020</u>	<u>2019</u>
	<u>£'000</u>	<u>£'000</u>
Group interest	-	1,730

#### **8. DIRECTORS AND EMPLOYEES**

The directors who have served during the period are also directors of other undertakings within the group and their remuneration is paid by various subsidiaries of Entain plc. It is not practicable to identify the emoluments related solely to the Company and accordingly the aggregate amounts for remuneration for the directors of the Company paid across the entire Group are included below.

**CORAL GROUP TRADING LIMITED****NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)****9. TAXATION**

(a)	Tax credit in the income statement		
		<b>2020</b>	2019
		<b>£'000</b>	£'000
	<b>Current tax</b>		
	UK corporation tax	-	-
	<b>Total current tax</b>	<b>-</b>	<b>-</b>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	<b>(4)</b>	1
	Adjustment in respect of prior years	-	(21)
	<b>Total deferred tax</b>	<b>(4)</b>	<b>(20)</b>
	<b>Tax credit reported in the income statement</b>	<b>(4)</b>	<b>(20)</b>
(b)	Reconciliation of the total income tax credit		
		<b>2020</b>	2019
		<b>£'000</b>	£'000
	<b>Profit before taxation</b>	-	1,315
	Profit before taxation multiplied by standard rate of corporation tax in the UK of 17.50% (2019 – 19.00%)	-	250
	<b>Adjusted for the effects of:</b>		
	Non-taxable income	-	(28)
	Group relief claimed for nil consideration	<b>(4)</b>	(221)
	Adjustment in respect of prior years – deferred tax	-	(21)
	<b>Total tax on (loss)/profit reported in the income statement</b>	<b>(4)</b>	<b>(20)</b>

## (c) Change in corporation tax rate

In the Budget on 11 March 2020 the Chancellor announced that the standard rate of UK Corporation Tax would increase from the planned 17% rate to 19% on 1 April 2020. This change was substantively enacted on 17 March 2020 and therefore the deferred tax assets and liabilities at the balance sheet date are calculated at the substantively enacted rate of 19%.

In the Budget on 3 March 2021 the Chancellor announced that the standard rate of UK Corporation Tax would increase from the planned 19% rate to 25% on 1 April 2023. This change was enacted on 24 May 2021.

## (d) Deferred tax

Movements in the deferred tax liability during the period were as follows:

		£'000
	At 1 January 2020	(9)
	Origination and reversal of timing differences	4
	Adjustment in respect of prior years	-
	<b>At 31 December 2020</b>	<b>(5)</b>

The deferred tax liability included in the Company balance sheet consists of

		<b>2020</b>	2019
		<b>£'000</b>	£'000
	Fixed asset timing differences	<b>5</b>	9
	Deferred tax liability	<b>5</b>	9

**CORAL GROUP TRADING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

<b>10. INVESTMENTS IN SUBSIDIARIES</b>	<b>Shares in subsidiary investments £'000</b>	<b>Other Investments £'000</b>	<b>Total £'000</b>
<b>Net book value:</b>			
<b>At 1 January and 31 December 2020</b>	<b>745,654</b>	<b>5,134</b>	<b>750,788</b>

Other investments relate to a 15% holding in Hui 10, a company registered in China, for a consideration of £5,134,000.

There is not a material difference between the book values presented above and the historical cost of the investments held by the Company.

An impairment loss is recognized 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 where the investment is considered a single cash generating unit.

The expected cash flows generated by the assets are discounted using appropriate discount rates that reflect the time value of money and risks associate with the group of assets.

This below represents the Company's investment in the following subsidiary companies at 31 December 2020.

**CORAL GROUP TRADING LIMITED****NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)****10. INVESTMENTS IN SUBSIDIARIES (continued)**

The list below represents the Company's investment in the following subsidiary companies at 31 December 2020.

**Related Undertakings – (Direct)**

Country of incorporation	Registered office	Company	Holding	Proportion of voting rights and shares held	Nature of business
United Kingdom	3rd Floor One New Change, London, United Kingdom, EC4M 9AF	Coral (Holdings) Limited	Ordinary shares	100.0	Investment holding company
		Ladbrokes Coral Group Pension Trustee Limited	Ordinary shares	100.0	Dormant company

**Related Undertakings – (Indirect)**

Country of incorporation	Registered office	Company	Holding	Proportion of voting rights and shares held	Nature of business
United Kingdom	3rd Floor One New Change, London, United Kingdom, EC4M 9AF	Coral (Holdings) Limited	Ordinary shares	100.0	Investments holding company
		Coral Eurobet Limited	Ordinary shares	100.0	Inactive
		Coral Eurobet Holdings Limited	Ordinary shares	100.0	Investments holding company
		Coral Group Limited	Ordinary shares	100.0	Investments holding company
		Coral Limited	Ordinary shares	100.0	Investments holding company
		Brickagent Limited	Ordinary shares	100.0	Investments holding company
		Coral Racing Limited	Ordinary shares	100.0	Bookmaking company
		Coral Estates Limited	Ordinary shares	100.0	Bookmaking company
		Coral Stadia Limited	Ordinary shares	100.0	Bookmaking company
		Romford Stadium Limited	Ordinary shares	100.0	Bookmaking company
		Reuben Page Limited	Ordinary shares	100.0	Dormant company
		Coral (Stoke) Limited	Ordinary shares	100.0	Dormant company
		C L Jennings (1995) Limited	Ordinary shares	100.0	Dormant company
		Joe Jennings Limited	Ordinary shares	100.0	Dormant company
		Joe Jennings (1995) Limited	Ordinary shares	100.0	Dormant company
		Lightworld Limited	Ordinary shares	100.0	Dormant company

**CORAL GROUP TRADING LIMITED****NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)****10. INVESTMENTS IN SUBSIDIARIES (continued)****Related Undertakings – (Indirect)**

Country of incorporation	Registered office	Company	Holding	Proportion of voting rights and shares held	Nature of business
		Vegas Betting Limited	Ordinary shares	100.0	Dormant company
		Chas Kendall (Turf Accountants) Limited	Ordinary shares	100.0	Dormant company
		Bloxhams Bookmakers Limited	Ordinary shares	100.0	Dormant company
		J G Leisure Limited	Ordinary shares	100.0	Dormant company
		Choicebet Limited	Ordinary shares	100.0	Dormant company
		Forster's (Bookmakers) Limited	Ordinary shares	100.0	Dormant company
		Sports (Bookmakers) Limited	Ordinary shares	100.0	Dormant company
		Arthur Prince (Turf Accountants) Limited	Ordinary shares	100.0	Dormant company
		Reg. Boyle Limited	Ordinary shares	100.0	Dormant company

**11. PROPERTY, PLANT AND EQUIPMENT**

	Office Equipment £'000
<b>Cost:</b>	
At 31 December 2019	522
Transfer	(522)
At 31 December 2020	-
<b>Depreciation:</b>	
At 31 December 2019	241
Provided during the year	-
Transfer	(241)
At 31 December 2020	-
<b>Net book value:</b>	
At December 2020	-
At December 2019	281

## **CORAL GROUP TRADING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

#### **12. TRADE AND OTHER RECEIVABLES**

##### **(a) amounts falling due within one year**

	<b><u>31 December</u></b> <b><u>2020</u></b> <b>£'000</b>	<u>31 December</u> <u>2019</u> £'000
Amounts owed by group companies	<b>17,615</b>	5,770

Amounts owed by other group undertakings are included under amounts falling due within one year as they are repayable on demand and relate to trading and financing type transactions. These balances are repaid, and drawn down on a periodic basis.

#### **13. TRADE AND OTHER PAYABLES**

	<b><u>31 December</u></b> <b><u>2020</u></b> <b>£'000</b>	<u>31 December</u> <u>2019</u> £'000
Amounts owed to group companies	<b>104,275</b>	92,711
Deferred tax	<b>5</b>	9
	<b><u>104,280</u></b>	<u>92,720</u>

Amounts owed to group undertakings are included under amounts falling due within one year where they are subject to repayment at any time by either the Lender or the Borrower giving written notice to the other.

#### **14. CALLED UP SHARE CAPITAL**

Allotted, called up and fully paid:

	At 31 December 2020 and at 31 December 2019	
	Number	£
Ordinary shares of £0.0001 each	895,702,001	89,570

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

#### **15. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking of the Company as at 31 December 2020 is Coral Limited, a company with the registered address 3rd Floor, One New Change, London, EC4M 9AF and the ultimate parent undertaking is Entain plc, a company with registered address; 32 Athol Street, Douglas, Isle of Man, IM1 1JB. The only group preparing consolidated group financial statements which include the Company is Entain plc for the year ended 31 December 2020.

Copies of the Annual Report and Financial Statements for Entain plc can be obtained from the registered office of the company at 3rd Floor One New Change, London, United Kingdom, EC4M 9AF.