Annual Report and Financial Statements

Coral Estates Limited

For the period ended 31 December 2021

Registered Number: 00726729

DIRECTORS AND ADVISORS

DIRECTORS
A Hicks
R Wood
B Dimmock
R Pitt-Brooke
T Taylor
A Davison
A Bower

COMPANY SECRETARY
Ladbrokes Coral Corporate Secretaries Limited

INDEPENDENT AUDITOR
KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

REGISTERED OFFICE
3rd Floor
One New Change
London
EC4M 9AF

STRATEGIC REPORT
for the year ended 31 December 2021

The directors present their Strategic Report for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES
The Company operates as an estates management and property investment company.

RESULTS AND DIVIDENDS
The loss for the financial period amounted to £143,000 (2020: loss of £146,000). No dividends have been paid or proposed (2020: £nil).

PRINCIPAL RISKS 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 are dealt with on pages 81 to 85 presented in the Annual Report 2021 of Entain plc.

RESULTS AND DIVIDENDS

The loss for the period includes £143,000 (2020: £146,000) of interest payable on a loan from another group company.

The directors do not recommend payment of a dividend on ordinary shares (2020: £nil).

SECTION 172 STATEMENT
This section of the strategic report describes how the directors have had regard to the matters set out in section 172(1) (a) to (f), and forms the statement required under section 414 C of the Companies Act 2006 (the "Act").

The role of the board of directors of the company plays an integral part in demonstrating how the directors have had regard to the matters set out in section 172(1). During the year the following primary tasks were undertaken by the board of directors of the company:

- Defining and establishing purpose and strategy including, where relevant, having regard to the purpose, strategy, culture and values defined by Entain plc.;
- Monitoring the potential significant operational challenges presented by the COVID-19 pandemic, having regard to the company's safe and reliable operations; and
- Assessing the principal and emerging risks relevant to the company.

In light of the role of the board, and their primary tasks and considerations throughout the year (as described above), the directors have discharged their duties under section 172(1) in a way that they considered, in good faith, is likely to promote the success of the company for the benefit of its members as a whole, having regard to the likely consequences of any decision in the long term and the broader interests of other stakeholders, as required by the Act. In doing so, the directors considered, amongst other matters:

a. The likely long-term consequences of the decision.
b. The need to foster the company's business relationships with others.
c. The impact of the company's operations on the community and the environment.
d. The desire to maintain the company's reputation for high standards of business conduct.
e. The need to act fairly between members of the company.

STRATEGIC REPORT (CONTINUED)
for the year ended 31 December 2021

SECTION 172 STATEMENT (continued)
The directors also considered the interests of a wider set of stakeholders. Further information on the process behind how the Entain plc board makes decisions that affect the stakeholders of its subsidiaries, including the company, can be found in Entain plc's Annual Report: https://entaingroup.com/investor-relations/financial-reports/

To support the directors in the discharge of their duties, and whilst making decisions on behalf of the company, the directors have access to Entain's central functions assurance support to identify matters which may have an impact on the proposed decision including, where relevant, the section 172 factors outlined above. To ensure the efficiency and effectiveness of engagement with key stakeholders identified by the company, certain stakeholder engagement is led by Entain group, particularly where the impact of a decision may impact the group's reputation.

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

A Bower
Director
28 September 2022

DIRECTORS' REPORT
for the year ended 31 December 2021

The directors present their annual report and audited financial statements for the year ended 31 December 2021. The prior period reported was for the year ended 31 December 2020.

DIRECTORS
The following served as directors during the period and up to the date of signing the financial statements:

R A Hicks
J Kerr (resigned 31 December 2021)
A Bower (appointed 31 December 2021)
R Wood

The below directors were appointed as alternative directors and each has full power to act for any of the above listed directors, when instructed to do so.

A Davison (appointed 14 January 2022)
T Taylor (appointed 14 January 2022)
R Pitt-Brooke (appointed 14 January 2022)
B Dimmock (appointed 14 January 2022, resigned 22 July 2022)

FUTURE DEVELOPMENTS
The Company plans to continue to operate as an estates management and property investment company.

FINANCIAL RISK MANAGEMENT

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

DIRECTORS' AND OFICERS' LIABILITY 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.

POLITICAL DONATIONS
Neither the Company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year (2020: £nil).

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

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 a number of leases held in its name 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.

GOING CONCERN (CONTINUED)

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, including the normalization of revenues against prior year periods with lockdowns. These revised forecasts indicate that the Group 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 2021 amounted to £4,190,000 and to continue to make available such funds as are needed by the company, until at least 12 months from the date of approval of the financial statements 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.

INDEPENDENT AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

STRATEGIC REPORT (CONTINUED)
for the year ended 31 December 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 101 *Reduced Disclosure Framework*.

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.

A Bower
Director
3rd Floor
One New Change
London
EC4M 9AF

28 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORAL ESTATES LIMITED

Opinion

We have audited the financial statements of Coral Estates Limited ("the company") for the year ended 31 December 2021 which comprise income statement, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss 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 their 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 their 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 group or 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 as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORAL ESTATES LIMITED (continued)

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.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual journal entries with a credit or debit entry to cash and unexpected credit entries to the profit and loss.

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 and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, 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.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law, recognising the nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORAL ESTATES LIMITED (continued)

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.

Directors' responsibilities

As explained more fully in their statement set out on page 6, 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.

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.

Hannah Roberts

Hannah Roberts *(Senior Statutory Auditor)*

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ
30 September 2022

INCOME STATEMENT
for the year ended 31 December 2021

	Notes	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Finance income	6	347	509
Finance cost	6	(490)	(655)
LOSS BEFORE TAXATION		(143)	(146)
Income tax	7	-	-
LOSS FOR THE FINANCIAL YEAR		(143)	(146)

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

The notes on pages 13 to 21 form an integral part of these financial statements.

BALANCE SHEET
as at 31 December 2021

	Notes	31 December 2021 £000	31 December 2020 £000
CURRENT ASSETS			
Trade and other receivables (including £43,564,000 (2020: £43,564,000) due after more than one year)	8	43,564	43,564
Finance lease receivable (including £4,503,000 (2020: £6,399,000) due after more than one year)	10	6,214	8,930
		49,778	52,494
CURRENT LIABILITIES			
Trade and other payables	9	(4,224)	(4,081)
Lease liabilities	10	(1,711)	(2,531)
		(5,935)	(6,612)
NET CURRENT ASSETS		43,843	45,882
NON-CURRENT LIABILITIES			
Lease liabilities	10	(4,503)	(6,399)
NET ASSETS		39,340	39,483
EQUITY			
Share capital	11	15,000	15,000
Retained earnings		24,340	24,483
TOTAL SHAREHOLDERS' FUNDS		39,340	39,483

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

The financial statements on pages 10 to 21 were approved by the Board of Directors on 28 September 2022 and are signed on its behalf by:

A Bower
Director

Registered Number: 00726729

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Called up Share capital £000	Retained Earnings £000	Total Shareholders' funds £000
At 1 January 2020	15,000	24,629	39,629
Loss for the financial year	-	(146)	(146)
At 31 December 2020	15,000	24,483	39,483
Loss for the financial year	-	(143)	(143)
At 31 December 2021	15,000	24,340	39,340

The notes on pages 13 to 21 form an integral part of these financial statements.

1. CORPORATE INFORMATION

Coral Estates Limited (the 'Company') is a private company limited by share capital, incorporated and domiciled in the United Kingdom. The principal activities of the Company are estates management and property investment.

The address of its registered office and principal place of business is disclosed within directors and advisors on page 1.

2. STATEMENT OF COMPLIANCE

The financial statements of Coral Estates Limited have been prepared in accordance with United Kingdom Accounting Standards which comply with Financial Reporting Standard 101 and the Companies Act 2006.

The financial statements cover the period for the year ended 31 December 2021. The comparative period covered the year ended 31 December 2020.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Balance sheet format

The balance sheet has been re-presented in accordance with the Companies Act schedule 1 format. Accordingly finance lease receivables due after more than one year are included within current assets. The comparative figures have been re-presented to reflect the revised balance sheet format.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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.

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 a number of leases held in its name, 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.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern (continued)

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, including the normalization of revenues against prior year periods with lockdowns. These revised forecasts indicate that the Group 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 2021 amounted to £4,190,000 and to continue to make available such funds as are needed by the company, until at least 12 months from the date of approval of the financial statements 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.

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 financial assets at amortised cost, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income. At 31 December 2021, the Company had only financial assets classified as financial assets at amortised cost.

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.

Exemptions for qualifying entities under FRS 101

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

- IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of IAS16.73 (e) comparative information
- IAS 8.30-31 Accounting Policies, Changes in Accounting Estimates and Errors;
- IAS 24 Related Party Disclosures
- the requirements of paragraph 17 of IAS 24;
- Paragraphs 113 (a), 114, 115, 118, 119a) to (c), 120 to 127 and 129 of IFRS 15 revenue from Contracts with Customers.
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exemptions for qualifying entities under FRS 101 (continued)

As the consolidated financial statements of Entain plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-Based Payments in respect of group settled share-based payments
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

New standards and IFRIC interpretations

From 1 January 2021 the Company 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.

Functional and presentation currency

The Company's functional and presentation currency is pound sterling and rounded to thousands.

Finance income
Finance income relates to interest received and is recognised in the profit and loss account on an accruals basis.

Borrowing costs
Borrowing costs on interest bearing loans are recognised in the profit and loss account on an accruals basis.

Taxation
Taxation expense for the period comprises of current and deferred tax. Tax is recognised in the profit and loss account. Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior period. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.
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.

(ii) Deferred taxation
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 probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised

(ii) Deferred taxation
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.

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

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

(ii) Deferred taxation (continued)

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 if it relates to items that are 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.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

The Company classifies financial assets at inception as loans and receivables, financial assets at fair value through income statement or financial assets at fair value through other comprehensive income. At 31 December 2021, 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 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. The company reviews indicators of impairment on an ongoing basis and where such indicators exist, the company makes an estimate of the asset's recoverable amount.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of the ownership of the asset are transferred to another party or control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Impairment of financial assets

Assets are carried at amortised cost. The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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 Company at the point of default.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Financial liabilities

The company determines the classification of financial liabilities at initial recognition. Financial liabilities comprise of interest bearing loans and borrowings.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably. Provisions are not recognised for future operating losses.

Leases

Company as a lessee

Leases, other than those with a lease period of less than one year or where the original cost of the asset acquired would be a negligible amount, 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 tangible fixed assets at cost and depreciated over their estimated useful lives, which equates to the lives of the leases, after taking into account anticipated residual values.

Company as a lessor

Operating lease rental income is recognised on a straight-line basis over the life of the lease. 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 income is recognised in interest income 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 the leases.

4. DIRECTORS' AND EMPLOYEES' REMUNERATION

The directors who have served during the period are also directors of other undertakings within the Group and spend an immaterial amount of their time on activities relating to the company. As such, none of their remuneration is considered to be for qualifying services to the company (2020: £nil).

The company does not have any employees (2020: none). Management services are provided to the company by a fellow subsidiary company. No charge is made for these services (2020: £nil).

5. AUDITOR'S REMUNERATION

The Auditor's remuneration has been paid by a fellow subsidiary company. The amount in respect of the company is £5,000 (2020: £5,000).

6. FINANCE INCOME/COST

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Finance lease interest	347	509
Total finance income	347	509

Interest payable to group companies	143	146
Finance lease interest	347	509
Total finance cost	490	655

7. INCOME TAX

a) The taxation charge is made up as follows:

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Current tax:		
UK Corporation tax	-	-
Deferred tax:		
Origination and reversal of timing differences – current year	-	-
Total deferred tax	-	-
Tax charge on profit before taxation	-	-

The company makes and receives no payment for group relief for the year (2020: nil).

b) Factors affecting the tax charge:

The tax on the loss (2020: loss) before taxation for the year differs from (2020: differs from) the average standard rate of corporation tax in the UK. The differences are reconciled below:

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Loss before taxation	(143)	(146)
Loss before taxation multiplied by average standard rate of corporation tax in the UK for the year of 19.00% (2020: 19.00%)	(27)	(28)
Group relief (claimed)/surrendered for nil payment	(283)	28
Transfer pricing adjustment	310	-
Tax charge for the period	-	-

c) Change in corporation tax rate

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 substantively enacted on 24 May 2021. Both the 19% and 25% rate have therefore been used in measuring deferred tax items, depending on the expected rate of reversal of any timing differences.

8. TRADE AND OTHER RECEIVABLES

	31 December 2021 £000	31 December 2020 £000
Amounts owed by group companies	43,564	43,564
	43,564	43,564

Amounts owed by group companies are unsecured and have no fixed date of repayment and accordingly are all recognised as current.

Amounts owed by group companies includes £43,564,000 due in more than one year (2020: £43,564,000).

9. CREDITORS: amounts falling due within one year

	31 December 2021 £000	31 December 2020 £000
Accruals and deferred income	34	34
Amounts owed to group companies	4,190	4,047
	4,224	4,081

Amounts owed to other group companies are unsecured and have no fixed date of repayment. Amounts owed by group companies bear interest at a rate linked to the group's borrowing costs.

10. Leases

	2021 £'000	2020 £'000
Current		
Lease liabilities	1,711	2,531
Non-current		
Lease liabilities	4,503	6,399
Total	6,214	8,930

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

	Within 1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000	Total £'000
2021					
Net present value	**1,711**	**1,220**	**2,008**	**1,275**	**6,214**
2020					
Net present value	2,531	1,712	2,787	1,900	8,930

The maturity of finance lease receivables as at 31 December 2021 are as follows:

	Within 1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000	Total £'000
2021					
Lease payments receivable	**1,711**	**1,220**	**2,008**	**1,275**	**6,214**
2020					
Lease payments receivable	2,531	1,712	2,787	1,900	8,930

11. SHARE CAPITAL

	Ordinary shares of £1 each	
	Number	£000
Allotted and fully paid:		
At 31 December 2021 and at 31 December 2020	15,000,000	15,000

12. CONTROLLING PARTIES

The immediate parent undertaking of the Company is Coral (Holdings) Limited, a company with registered address 3rd Floor, One New Change, London, EC4M 9AF and the ultimate parent undertaking is Entain plc, registered at 32 Athol Street, Douglas, Isle of Man, IM1 1JB. The largest and smallest group preparing consolidated group financial statements which include the Company is Entain plc for the year ended 31 December 2021.

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, EC4M 9AF.

13. RELATED PARTY TRANSACTONS

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries or the requirements of paragraph 17 of IAS 24 Key Management Compensation. There were no transactions with any other related parties in the year (2020: £nil).

14. SUBSEQUENT EVENTS

On 27 June 2022 the Company reduced the share capital from 15,000,000 ordinary shares of £1 each to 1 share of £1 each by cancelling and extinguishing all but one of the issued ordinary shares of £1 each in the Company, each of which is fully paid up.