

# **Annual Report and Financial Statements**

*Birchgree Limited*

**For the year ended 31 December 2020**

**BIRCHGREE LIMITED**

(Company No. 01566128)

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**DIRECTORS AND ADVISORS**

**DIRECTORS**

S Smith

C Sutters

**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

## **BIRCHGREE LIMITED**

(Company No. 01566128)

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### **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 and certain of its direct subsidiary undertakings act as investment holding companies for Entain plc subsidiaries. The principal activity of the Company's direct trading subsidiaries is the operation of Licensed Betting Operators. There have been no changes in the Company's activities during the year.

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

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Loss for the financial year	<b>(118,744)</b>	(114,076)
Investments	<b>4,053,589</b>	4,053,589
Amounts owed to group companies	<b>(3,232,412)</b>	(3,113,668)
Total shareholders' funds	<b>821,177</b>	939,921

Due to the limited activities undertaken by the Company no other key performance indicators are deemed to be relevant.

#### **FUTURE DEVELOPMENTS**

The Company does not anticipate any changes in its activity in the forthcoming year.

#### **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 £821,177,000 (31 December 2019: £939,921,000).

**BIRCHGREE LIMITED**

(Company No. 01566128)

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**STRATEGIC REPORT – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

**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

## **BIRCHGREE LIMITED**

(Company No. 01566128)

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### **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 Secretaries Limited

Registered Office: 3rd Floor, One New Change, London, EC4M 9AF

Company Number: 01566128

### **RESULTS AND DIVIDENDS**

The financial statements for the year show a loss for the financial year of £118,744,000 (2019: £114,076,000). 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 principal activity being that of a holding company within the group. 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 £3,232,412,000 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.

### **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.

## **BIRCHGREE LIMITED**

(Company No. 01566128)

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

#### **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

#### **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 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.

On behalf of the Board



S Smith  
Director

15 December 2021

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIRCHGREE LIMITED**

### **Opinion**

We have audited the financial statements of Birchgree 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 loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 judgments 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 BIRCHGREE 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 BIRCHGREE 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

**BIRCHGREE LIMITED**

(Company No. 01566128)

**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>Note</u>	<b>2020</b> <b>£'000</b>	2019 £'000
Income from investments	9	<b>749,315</b>	-
Write off of investments	9	<b>(749,315)</b>	-
<b>Result before tax and interest costs</b>		<b>-</b>	<b>-</b>
Interest payable and similar expenses	6	<b>(118,744)</b>	(114,076)
<b>Loss before taxation</b>	5	<b>(118,744)</b>	(114,076)
Taxation	8	-	-
<b>Loss for the financial year</b>		<b>(118,744)</b>	(114,076)

All items dealt with in arriving at the loss on ordinary activities before taxation relate to continuing operations.

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

The notes on pages 12 to 19 form an integral part of these financial statements.

**BIRCHGREE LIMITED**

(Company No. 01566128)

**BALANCE SHEET AT 31 DECEMBER 2020**

		<b><u>2020</u></b>	<b><u>2019</u></b>
	<u>Note</u>	<b>£'000</b>	<b>£'000</b>
<b>NON CURRENT ASSETS</b>			
Investments in subsidiaries	9	<b>4,053,589</b>	4,053,589
		<b>4,053,589</b>	4,053,589
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	<b>(3,232,412)</b>	(3,113,668)
<b>NET ASSETS</b>			
		<b>821,177</b>	939,921
<b>EQUITY</b>			
Issued share capital	11	-	-
Retained Earnings		<b>821,177</b>	939,921
<b>TOTAL SHAREHOLDERS' EQUITY</b>			
		<b>821,177</b>	939,921

The financial statements on pages 9 to 19 were approved by the board of directors on 15 December 2021 and were signed on its behalf by:



S Smith  
Director  
15 December 2021

**BIRCHGREE LIMITED**

(Company No. 01566128)

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

	<b>Issued share capital</b>	<b>Retained earnings</b>	<b>Total shareholders' funds</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 31 December 2018</b>	-	<b>1,053,997</b>	<b>1,053,997</b>
Loss for the year	-	(114,076)	(114,076)
<b>At 31 December 2019</b>	-	<b>939,921</b>	<b>939,921</b>
Loss for the year	-	(118,744)	(118,744)
<b>At 31 December 2020</b>	-	<b>821,177</b>	<b>821,177</b>

The notes on pages 12 to 19 form an integral part of these financial statements.

## **BIRCHGREE LIMITED**

(Company No. 01566128)

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

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

Birchgree 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 101 Reduced Disclosure Framework (FRS 101) 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 the group headed by Entain plc which itself prepares consolidated group financial statements.

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 2020. These policies have been applied consistently other than those newly adopted in the year.

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;
- 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.

As the consolidated financial statements of Entain Plc (formerly known as GVC Holdings Plc) include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

#### **New standards and IFRIC interpretations**

The Company has adopted the following IFRSs in these financial statements:

- Amendments to IAS 8; Accounting Policies, Changes in Accounting Estimates and Errors.
- Amendments to IAS 39; Financial Instruments
- Amendments to IFRS 3; Business Combinations
- Amendments to IFRS 7; Financial Instruments, Disclosures
- Amendments to IFRS 9; Financial Instruments.

These new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 31 December 2020, did not have a material impact on the company.

**NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)****3. KEY JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date.

**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 companies of assets.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Financial liabilities**

Financial liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of financial liabilities at initial recognition. Financial liabilities comprise of interest-bearing loans.

**Investment in subsidiaries**

Investments in subsidiaries 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.

**4.1 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) with the principal activity being that of a holding company within the group. 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 £3,232,412,000 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.

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

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

**4.1 Going Concern (continued)**

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.

**4.3 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.

**4.4 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.

**4.5 Finance expense and income**

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

**BIRCHGREE LIMITED**

(Company No. 01566128)

**NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.6 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.

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. Loss on ordinary activities before taxation**

The audit fee for the Company of £1,500 has been borne by another group company (2019: £1,500).

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<u>2020</u>	<u>2019</u>
	£'000	£'000
Interest payable to group undertakings	<u>118,744</u>	114,076
	<u>118,744</u>	<u>114,076</u>

**7. DIRECTORS' REMUNERATION**

The directors who have served during the year 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 (2019: £nil).

All operations of the Company are undertaken by employees of other group companies and their respective emoluments have not been included in these financial statements.



**BIRCHGREE LIMITED**

(Company No. 01566128)

**NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)****8. TAXATION****Tax charge in the income statement**

There is no charge or credit for taxation in the current year (2019: £nil).

**Reconciliation of tax charge in the income statement**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Loss before taxation	<b>(118,744)</b>	(114,076)
Corporation tax credit thereon at 19.00% (2019: 19.00%)	<b>(22,561)</b>	(21,674)
Adjusted for the effects of:		
Income from investments	<b>124,370</b>	-
Write off of investments	<b>(124,370)</b>	-
Group relief surrendered to other group companies for nil consideration	<b>22,561</b>	21,674
<b>Current and total tax charge</b>	<b>-</b>	-

**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.

**9. INVESTMENTS****£'000****Cost**

At 1 January 2020	6,023,831
Additions	749,315
<b>At 31 December 2020</b>	<b>6,773,146</b>

**Impairment Provisions**

At 1 January 2020	(1,970,242)
Impairment charge	(749,315)
<b>At 31 December 2020</b>	<b>(2,719,557)</b>

**Net book value**

<b>At 31 December 2019 and 2020</b>	<b>4,053,589</b>
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On 9 September 2020 a dividend in specie was paid by the Company's investment Ladbroke's Group Holdings Limited by way of a share transfer of 4,257,916 shares in Ladbroke's Investments Holdings Limited, representing 42.57916% of the investment with a book value of £749,315,000. Following this the Company became the sole shareholder of Ladbroke's Investments Holdings Limited.

Subsequent to the above transaction, Ladbroke's Group Holdings Limited had no remaining asset or liabilities and therefore the Company impaired its remaining investment of £749,315,000. On 23 March 2021 Ladbroke's Group Holdings Limited was dissolved, accordingly the costs and related impairment provision of £749,315,000 will be derecognised in the year ending 31 December 2021.

**BIRCHGREE LIMITED**

(Company No. 01566128)

**NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)****9. INVESTMENTS IN SUBSIDIARIES (continued)****Subsidiaries based in the United Kingdom**

Registered address	Company	% equity interest	
		2020	2019
3rd Floor	Bartletts Limited	100.0	100.0
One New Change,	Chequered Racing Limited	100.0	100.0
London,	E.F. Politt & Son Limited	100.0	100.0
United Kingdom,	Ganton House Investments Limited	100.0	100.0
EC4M 9AF	Greatmark Limited	100.0	100.0
	Jack Brown (Bookmaker) Limited	100.0	100.0
	Krullind Limited	100.0	100.0
	Ladbroke & Co., Limited	100.0	100.0
	Ladbroke (Course) Limited	100.0	100.0
	Ladbroke City & County Land Company Limited	100.0	100.0
	Ladbroke Group	100.0	100.0
	Ladbroke Group International	100.0	100.0
	Ladbrokes Group Holdings Limited	100.0	100.0
	Ladbrokes Investment Holdings Limited	100.0	57.4
	Ladbroke Leasing (South East) Limited	100.0	100.0
	Ladbroke Racing (Reading) Limited	100.0	100.0
	Ladbroke Racing (South East) Limited	100.0	100.0
	Ladbroke US Investments Limited	100.0	100.0
	Ladbrokes (CLJEA) Limited	100.0	100.0
	Ladbrokes (CLJHC) Limited	100.0	100.0
	Ladbrokes (CLJSW) Limited	100.0	100.0
	Ladbrokes Betting & Gaming Limited	100.0	100.0
	Ladbrokes Contact Centre Limited	100.0	100.0
	Ladbrokes CPCB Limited	100.0	100.0
	Ladbrokes PT Limited	100.0	100.0
	Maple Court Investments Limited	100.0	100.0
	Margolis and Ridley Limited	100.0	100.0
	Sabrinet Limited	100.0	100.0
	Sponsio Limited	100.0	100.0
	Travel Document Service	100.0	100.0
	Ventmear Limited	100.0	100.0
	Arthur Prince (Turf Accountants) Limited	100.0	100.0
	Bloxhams Bookmakers Limited	100.0	100.0
	Brickagent Limited	100.0	100.0
	CE Acquisition 1 Limited	100.0	100.0
	Chas Kendall (Turf Accountant) Limited	100.0	100.0
	Choicebet Limited	100.0	100.0
	C L Jennings (1995) Limited	100.0	100.0
	Coral (Holdings) Limited	100.0	100.0
	Coral (Stoke) Limited	100.0	100.0
	Coral Estates Limited	100.0	100.0
	Coral Eurobet Limited	100.0	100.0
	Coral Eurobet Holdings Limited	100.0	100.0
	Coral Group Limited	100.0	100.0
	Coral Group Trading Limited	100.0	100.0
	Coral Limited	100.0	100.0
	Coral Racing Limited	100.0	100.0
	Coral Stadia Limited	100.0	100.0
	Forster's (Bookmakers) Limited	100.0	100.0
	Gala Coral Nominees Limited	100.0	100.0
	Gala Coral Pension Trustee Limited	100.0	100.0
	Gala Coral Properties Limited	100.0	100.0
	Gala Coral Secretaries Limited(	100.0	100.0
	J G Leisure Limited	100.0	100.0
	Joe Jennings (1995) Limited	100.0	100.0
	Joe Jennings Limited	100.0	100.0
	Lightworld Limited	100.0	100.0
	Reg.Boyle Limited	100.0	100.0
	Reuben Page Limited	100.0	100.0
	Romford Stadium Limited	100.0	100.0
	Sports (Bookmakers) Limited	100.0	100.0
	Vegas Betting Limited	100.0	100.0
77A Andersonstown Road,	Ladbrokes (Northern Ireland) (Holdings) Limited	100.0	100.0
Belfast	Ladbrokes (Northern Ireland) Limited	100.0	100.0
BT11 9AH	North West Bookmakers Limited	100.0	100.0

**BIRCHGREE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)****9. INVESTMENTS IN SUBSIDIARIES (continued)****Subsidiaries based overseas**

Registered address	Company	% equity interest	
		2020	2019
Belmont Chambers	Creative Trend Limited	100.0	100.0
Road Town	CTL Holdings International Limited	100.0	100.0
Tortola	SRL Holdings International Limited	100.0	100.0
British Virgin Islands	Sunrise Resources Limited	100.0	100.0
13/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong China	Ladbrokes Lottery (Asia) Co. Limited	100.0	100.0
57/63 Line Wall Road Gibraltar	Balltree (International) Limited	100.0	100.0
	Bingo Marketing Limited	100.0	100.0
	Coral Interactive (Gibraltar) Limited	100.0	100.0
	Gala Coral Interactive (Gibraltar) Limited	100.0	100.0
	Gala Interactive (Gibraltar) Limited	100.0	100.0
	LC International Limited	100.0	100.0
	Ladbrokes Sportsbook Limited Partnership	100.0	100.0
Inchalla, Alderney GY9 3UL, Guernsey	Exchange Platform Solutions Limited	100.0	100.0
1 <sup>st</sup> Floor, Otter House Naas Road Dublin 22 Ireland	Dara Properties Limited	100.0	100.0
	Harney Bookmakers Limited	100.0	100.0
	Ladbroke (Ireland) Limited	100.0	100.0
	Ladbroke Leisure (Ireland) Limited	100.0	100.0
	Ladbrokes Payments (Ireland) Limited	100.0	100.0
	M D Betting Limited	100.0	100.0
Arthur Cox Building Earlsfort Terrace Dublin 2 Ireland	Gala Coral Interactive (Ireland) Limited	100.0	100.0
4 <sup>th</sup> Floor, IFSC House Custom House Quay Dublin 1, Ireland	Ladbroke Services (Ireland) Limited	100.0	100.0
Menahem Begin 125 Tel Aviv, Israel	Gala Interactive (Services) Limited	100.0	100.0
Via Alessandro Marchetti No.105 Rome 00148 Italy	Brickagent Italia SRL	100.0	100.0
	Eurobet Holding SRL	100.0	100.0
	Eurobet Italia SRL	100.0	100.0
1 <sup>st</sup> Floor, Liberation House Castle Street, St. Helier JE1 1GL, Jersey	IHF (Jersey) Limited	100.0	100.0
	Ladbroke (Channel Islands) Limited	100.0	100.0
13 Castle Street, St Helier JE4 5UT, Jersey	Maple Court Investments (Jersey) Limited	100.0	100.0
Cagayan Economic Zone Sta. Ana, Cagayan Philippines	NCH Customer Support Services, Inc	100.0	100.0
Castello 82 4 IZQ, 28006 Madrid, Spain	Ladbrokes Betting and Gaming Spain, S.A.	100.0	100.0

**BIRCHGREE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)****10. TRADE AND OTHER PAYABLES**

	<u>2020</u>	<u>2019</u>
	<u>£'000</u>	<u>£'000</u>
Amounts owed to group companies	<u><b>3,232,412</b></u>	<u>3,113,668</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.

**11. CALLED UP SHARE CAPITAL**

	<u>2020</u>	<u>2019</u>
	<u>£</u>	<u>£</u>
Issued, called up and fully paid:		
100 (2019: 100) ordinary shares of £1 each	<u><b>100</b></u>	<u>100</u>

**12. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries or the requirements of paragraph 17 of IAS 24 Key Management Compensation. There were no transactions with any other related parties in the year (2019: £nil).

**13. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking of the Company as at 31 December 2020 is Ladbroke's Coral Group 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.