Done Brothers (Cash Betting) Limited

Annual report and financial statements

Registered number 1277703

25 September 2022

Contents

Company information

Directors of the Company:	F Done N Barr M Stebbings
Company Secretary:	S Longden
Registered Office:	The Spectrum 56-58 Benson Road Birchwood Warrington WA3 7PQ
Auditor:	KPMG LLP 1 St Peter's Square Manchester M2 3AE

Strategic report

The directors present their annual strategic report, directors' report and the audited financial statements for the 52 week period ended 25 September 2022.

Principal activities

The principal activities of the Company continued to be the operation of a retail bookmaking estate trading under the Betfred name. The retail business consists of traditional Licensed Betting Offices (LBOs) situated at locations throughout the UK.

Performance of the business

The profit for the period after taxation was £27,055,000 *(2021: loss of £23,951,000)*.

An interim dividend of £70m was paid during the period *(2021: £nil)*. The directors do not recommend the payment of a final dividend for the period *(2021: £nil)*.

Key performance indicators

Key performance indicators continue to be used to monitor the business. All aspects of operations are subject to performance measurement and the Company is constantly looking to improve operating performance and reduce its operating costs to continue providing competitive products. The Company's key performance indicators are amounts wagered, net turnover, gross profit, pre-exceptional EBITDA and operating profit.

The Company's key financial performance indicators carefully monitored by the senior management team are:

£'000	2022	2021
Amounts wagered	**3,959,739**	2,323,762
Turnover	**418,840**	244,150
Gross profit	**325,219**	190,333
Pre-exceptional EBITDA	**64,201**	10,254
Operating profit/(loss)	**38,550**	(7,567)

The number of betting shops operating at 25 September 2022 was 1,083 *(2021: 1,118)*. The estate is constantly being monitored and shops are closed when management feel it is necessary to do so.

On an annualised gross basis, amounts wagered and turnover for the period has increased across the business as the prior year results were impacted by the closure of the shops for part of the year due to COVID-19.

Pre-exceptional EBITDA has also increased due to the impact of the closure of the shops for part of the prior year due to COVID-19.

The operating profit in the period of £38.6m *(2021: loss of £7.6m)* is after goodwill and licence amortisation of £5.4m *(2021: £5.6m)* and a charge to exceptional items of £13.6m *(2021: £4.1m)*. Exceptional items in the current period includes a net credit of £701,000 in relation to impairments and provisions; a charge of £240,000 relating to the write off of a related party loan; a charge of £3,625,000 relating to the write off of an amount due from a group undertaking; and a charge of £10,426,000 relating to the provision of amounts due from group undertakings which are no longer considered to be recoverable. Prior year exceptional items includes a net credit of £15,413,000 in relation to impairments and provisions; a charge of £7,396,000 relating to the provision of a related party loan; and a charge of £12,900,000 relating to the provision of an amount due from a group undertaking which was written off in the current period.

Strategic report *(continued)*

Non-GAAP measure: Earnings before interest, tax, depreciation, impairment, amortisation and exceptional items (EBITDA)

£'000	2022	2021
Operating profit/(loss)	**38,550**	(7,567)
Add back: depreciation of tangible fixed assets	**6,624**	8,081
Add back: amortisation of intangible fixed assets	**5,437**	5,637
Add back: exceptional items	**13,590**	4,103
EBITDA before exceptional items	**64,201**	10,254

Principal risks and uncertainties

The board and senior management team routinely monitor the risks that the business faces in its day to day operations and appropriate actions are taken to mitigate these risks. The following risks are considered pertinent to the business:

General economic risk

As with any other bookmaker the Company is susceptible to the risk of an economic downturn adversely affecting disposable income. Management monitors the situation closely.

Competitor risk

The Company faces competition in the main from other bookmakers, betting exchanges and internet gambling providers. Betting exchanges compete aggressively in that the prices offered are usually more favourable than those offered by traditional bookmakers. Management considers the commercial drivers of all the betting markets with its pricing in the light of this competition.

Bookmaking risk

The risk of incurring large losses on bets due to incorrect pricing is mitigated by the Company placing upper limits on bets, monitoring customers' betting patterns and using the latest information services available.

Regulatory risk

The regulatory, legislative and fiscal environment under which the Company operates can change at short notice, leading to additional costs of compliance. The board and senior management monitor this risk closely to ensure that the developments are known about and managed at the earliest opportunity.

Currency risk

Although primarily a sterling cash business the Company is exposed, to a limited extent, to the financial risks resulting from movements in foreign currency exchange rates. Whilst transactions in foreign currencies are not considered to be of a significant level the board would consider foreign exchange loss mitigation tools if necessary. It has not been considered necessary to date.

Liquidity risk

In order to maintain liquidity and to ensure that sufficient funds are available for expansion of the business and other future developments, the Company uses a mixture of debt finance.

Legislative risk

The gambling industry is particularly susceptible to legislative changes specifically in regard to taxation laws and rates, planning permission on new and existing stores, licensing regulations and changes in general government attitudes towards gambling.

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

Fraud risk

The Company is particularly susceptible to potentially fraudulent activity from customers including money laundering due to the high levels of cash transacting across the business. The Company has established policies and procedures in place with specific personnel focussed on detecting and deterring this sort of activity. The Company has a large Compliance Team and continues to be focussed on improving compliance. Despite these policies and procedures, which the Company continually strives to improve, the Company is always susceptible to this risk which could lead to future liabilities.

Brexit risk

The Company has not experienced any material impact on its operations as a result of Brexit.

COVID-19 risk

On 20 March 2020 all of the Company's Licenced Betting Offices (LBO's) were closed as a result of the COVID-19 restrictions imposed by the UK government. Most of the estate reopened on 13 June 2020 only for part of it to close again during local lockdowns from October 2020 and another national lockdown from January 2021. Most of the estate reopened on 12 April 2021. Although the impact on revenue and cash was significant, management have procedures in place to reduce the impact as much as possible should the estate suffer from future closures.

Section 172 Statement

This statement sets out how the Directors have approached and met their responsibilities under section 172 Companies Act 2006 and in particular how the Directors have satisfied themselves that they have acted in a way which is most likely to promote the success of the Company for the benefit of its members as a whole whilst also having regard for stakeholders interests. As such, the board have considered the following (amongst other things):

Shareholders

The Board gives significant consideration through the assessment of various board papers to the likely long term benefits to the Company when considering investment in new businesses, confirming that it is the Board's ultimate objective to deliver long term sustainable earnings growth to enhance total shareholder returns.

Employees

The Board and senior management team are actively involved in looking after the interests of our employees through training, development, diversity and inclusion, health and safety and working conditions. Senior management regularly engage with employees via email or the staff portal and meetings are held regularly, with all Heads of Department and various Board members in attendance. During these meetings our Head of HR gives an update on relevant employee topics. Our CEO regularly engages with the senior management team to give an update on what is going on in the business.

Suppliers

The Company has regular engagement with its suppliers and regularly reviews its payment policies and adherence to those policies when producing the six monthly supplier reports. All material contracts with suppliers are discussed at board level and in reaching final approval on decision for material contracts the Board has regard to a number of factors including: the business case and financial impact; the impact on our suppliers; and the long term reputation of the Company.

Customers

It is important that we look after the interests of our customers, which range from product availability, ethical behaviour, service, pricing and promoting responsible attitudes to gambling. The Company as part of its commitment to responsible and safer gambling engages through initiatives like Responsible Gambling Week, where responsible gambling messages dominate our websites, social media, retail premises and head office. Betfred is committed to responsible gambling and has produced a Safe Gambling Charter for Retail customers.

Strategic report *(continued)*

Community and the environment

We are committed to making a positive contribution to the communities within which we operate, including through payment of taxes, reducing our environmental impact through initiatives such as using LED lighting and moving to electric/hybrid vehicles. We donate money to various charities and the Company has a matched charity funding scheme, where the Company matches amounts that employees raise for their chosen charities.

Regulators, governments and wider industry groups

We engage on a regular and open basis with our regulators to ensure that they are all engaged in our operating practices and that we can help policymakers shape our industry environment to best serve our stakeholder group whilst operating in a legal and fair way.

By order of the board

N Barr

N Barr
Director

Date: 14th April 2023

The Spectrum
56-58 Benson Road
Birchwood, Warrington
Cheshire, WA3 7PQ

Directors' report

Directors

The directors who served the Company during the period were as follows:

F Done
N Barr
M Stebbings

Political and charitable donations

The Company made £173,000 *(2021: £146,000)* charitable donations during the period. These were to various recipients including local charities serving the communities in which the Company operates or to gambling related charities. The Company made no political donations in either the current or preceding period.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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.

By order of the board

NBarr

N Barr
Director

Date: 14th April 2023

The Spectrum
56-58 Benson Road
Birchwood, Warrington
Cheshire, WA3 7PQ

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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

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

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

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

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

KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Done Brothers (Cash Betting) Limited

Opinion

We have audited the financial statements of Done Brothers (Cash Betting) Limited ("the Company") for the 52 week period ended 25th September 2022 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including the accounting policies in note 1.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 25th September 2022 and of its profit for the period 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 as applied to other entities of public interest. 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").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources and/or metrics relevant to debt covenants over this period were:

- The impact of a general decline in the level of stakes and margin impacting on the levels of net revenue;
- The impact of significant changes in the regulatory environment affecting the Company's profitability.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 1.2 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks , and related sensitivities. We assessed the completeness of the going concern disclosure.

Independent auditor's report to the members of Done Brothers (Cash Betting) Limited *(continued)*

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 as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Consultation with forensic specialists to consider fraud risk factors.

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, and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as onerous lease provisions. On this audit we do not consider there to be a fraud risk relating to revenue as the majority of the Company's revenues are realized in cash at the balance sheet date which limits the opportunity for

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and those posted to certain unexpected account combinations.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement related to 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, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence 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.

Independent auditor's report to the members of Done Brothers (Cash Betting) Limited *(continued)*

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 or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law and regulation applicable to the gambling sector in which the Company operates. 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

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 Done Brothers (Cash Betting) Limited *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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.

Liam Finnigan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

Date: 14/4/2023

Profit and loss account and other comprehensive income
for the 52 week period ended 25 September 2022

	Note	**2022 £000**	2021 £000
Amounts wagered		**3,959,739**	2,323,762
Turnover	*2*	**418,840**	244,150
Betting duty		**(31,486)**	(18,549)
Machine gaming duty		**(41,557)**	(23,737)
Statutory betting levy		**(6,957)**	(3,996)
Commissions paid		**(13,621)**	(7,535)
Gross profit		**325,219**	190,333
Administrative expenses - before goodwill & licence amortisation		**(287,741)**	(241,279)
Administrative expenses - goodwill & licence amortisation	*12*	**(5,437)**	(5,637)
Exceptional items	*7*	**(13,590)**	(4,103)
Other operating income	*3*	**20,099**	53,119
Operating profit/(loss)	*3-7*	**38,550**	(7,567)
Loss from other fixed asset investments	*8*	**-**	(21,706)
Interest receivable and similar income	*9*	**2,633**	2,145
Interest payable and similar expenses	*10*	**(719)**	(1,342)
Profit/(loss) before taxation		**40,464**	(28,470)
Tax on profit/(loss)	*11*	**(13,409)**	4,519
Profit/(loss) after taxation		**27,055**	(23,951)
Other comprehensive income		**-**	-
Total comprehensive income for the financial period		**27,055**	(23,951)

The notes on pages 15 to 31 form an integral part of these financial statements.

Balance sheet
at 25 September 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Intangible assets	*12*		**12,804**		18,535
Tangible fixed assets	*13*		**27,815**		29,397
			40,619		47,932
Current assets					
Stock		**402**		326	
Debtors due within one year (including £56.7m due after more than one year *(2021: £45.0m)*)	*15*	**410,706**		334,936	
Cash at bank		**33,473**		104,914	
		444,581		440,176	
Creditors: amounts falling due within one year	*16*	**(369,653)**		(329,951)	
Net current assets			**74,928**		110,225
Total assets less current liabilities			**115,547**		158,157
Creditors: amounts falling after more than one year	*17*		**(1,253)**		(1,427)
Provisions for liabilities and charges	*19*		**(23,895)**		(23,386)
Net assets			**90,399**		133,344
Capital and reserves					
Called up equity share capital	*21*		**8**		8
Profit and loss account			**90,391**		133,336
Shareholders' funds			**90,399**		133,344

The notes on pages 15 to 31 form an integral part of these financial statements.

These financial statements were approved by the board of directors and were signed on its behalf by:

NBarr

N Barr
Director

Date: 14th April 2023

Registration number: 1277703

Statement of changes in equity
for the period ended 25 September 2022

	Called up share capital £000	Profit & Loss account £000	Total Shareholder Equity £000
Balance at 27 September 2020	8	157,287	157,295
Total comprehensive expense for the period			
Loss for the period	-	(23,951)	(23,951)
Total comprehensive expense for the period	-	(23,951)	(23,951)
Transactions with owners, recorded directly in equity			
Dividends paid	-	-	-
Balance at 26 September 2021	**8**	**133,336**	**133,344**

	Called up share capital £000	Profit & Loss account £000	Total Shareholder Equity £000
Balance at 26 September 2021	8	133,336	133,344
Total comprehensive income for the period			
Profit for the period	-	27,055	27,055
Total comprehensive income for the period	-	27,055	27,055
Transactions with owners, recorded directly in equity			
Dividends paid	-	(70,000)	(70,000)
Balance at 25 September 2022	**8**	**90,391**	**90,399**

The notes on pages 15 to 31 form an integral part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Done Brothers (Cash Betting) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland *("FRS 102")*. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The results presented cover a 52 week period ended 25 September 2022 *(2021: 52 week period ended 26 September 2021).*

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. The Company's ultimate parent undertaking, Betfred Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Betfred Group Limited are prepared in accordance with FRS 102 and are publicly available. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

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

The directors have prepared cash flow forecasts for the Group for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking into account severe but plausible downsides across the Group, the Company will have sufficient funds, through funding from its ultimate parent company, Betfred Group Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Betfred Group Limited and its subsidiaries not seeking repayment of the amounts currently due to the group, which at 25 September 2022 amounted to £309,632,000 and providing additional financial support during that period, if required. Betfred Group Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. 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.

Notes *(continued)*

1.3 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.4 Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments, discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments, discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.5 Other financial instruments

Financial instruments not considered to be basic financial instruments (other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

Notes *(continued)*

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.14 below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The depreciation is calculated as follows:

Freehold buildings	-	2.5% per annum
Leasehold buildings	-	Period of the lease
Plant, machinery and computer equipment	-	33.3% per annum
Fixtures and fittings	-	10% per annum
Motor vehicles	-	25% per annum
Office equipment	-	15% per annum
Alterations to premises	-	10% per annum

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.7 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Company recognises goodwill as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Notes *(continued)*

1.8 Intangible assets, goodwill and negative goodwill

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - up to 10 years

Other intangible assets

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Intangible assets are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods, as follows:

Betting licences - up to 10 years

1.9 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

Notes *(continued)*

1.9 Impairment excluding stocks and deferred tax assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10 Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

1.11 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.12 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes *(continued)*

1.13 Turnover

Amounts wagered does not represent the statutory revenue measure and comprise the gross takings receivable from customers in respect of individual bets placed in the Company's Licensed Betting Offices (LBOs). Winnings re-staked prior to being withdrawn from Fixed Odds Betting Terminals are grossed up into amounts wagered.

Turnover is measured at the fair value of the consideration received or receivable from customers being the net of amounts wagered less amounts paid or payable to winning customers.

The Company also acts as an affiliate of the Totepool and recognises commission on Totepool bets placed in the Company's LBOs.

1.14 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar expenses includes interest payable, finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions.

Other interest receivable and similar income includes interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Notes *(continued)*

1.15 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.16 Grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are recognised in other operating income when they become receivable.

1.17 Exceptional items

The Company categorises certain income or costs as Exceptional items which is not defined by FRS102. The Directors use this measure in order to assess the underlying operational performance of the Company to facilitate year-on-year comparison of the underlying trade of the business. The categorisation of Exceptional items may not be directly comparable with other companies' classification and the Directors do not intend these to be a substitute for, or superior to, FRS 102 measures. These Exceptional items are separately disclosed and are usually items that are significant in size or non-recurring in nature.

2 Turnover

The turnover and profit before tax are attributable to betting operations via retail outlets. New retail outlets are opened and/or purchased in accordance with the nature of the business. These are not considered to be acquisitions. All turnover originates from the United Kingdom.

Notes *(continued)*

3 Other operating income

	2022	2021
	£000	£000
Rental income	**828**	800
Royalties and service charges	**18,542**	14,822
Grant income receivable	**-**	36,171
Other income receivable	**729**	1,326
	20,099	53,119

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2022	2021
	£000	£000
Depreciation of tangible fixed assets	**6,624**	8,081
Loss on sale of tangible fixed assets	**891**	319
Amortisation of intangible assets	**5,437**	5,637
Operating lease land & buildings	**32,376**	34,766
Operating lease plant & machinery	**2,713**	3,135

Auditor's remuneration:

	2022	2021
	£000	£000
Auditor's remuneration - audit of the financial statements	**124**	113

5 Employee numbers and costs

The average number of staff employed by the Company, on a full time equivalent basis, during the financial period amounted to:

	2022	2021
	No.	No.
Number of office, management and sales staff	**4,929**	4,993

The aggregate payroll costs of the above were:

	2022	2021
	£000	£000
Wages and salaries	**130,643**	118,330
Social security costs	**10,431**	8,059
Other pension costs	**3,601**	3,443
	144,675	129,832

Notes *(continued)*

6 Directors' remuneration

The directors' aggregate emoluments in respect of qualifying services were:

	2022 £000	2021 £000
Aggregate emoluments	**1,013**	923
Company contributions to money purchase pension schemes	**6**	11
	1,019	934

The aggregate emoluments of the highest paid director were £369,000 *(2021: £350,000)* and company pension contributions of £3,000 *(2021: £5,000)* were made to a money purchase scheme on their behalf.

The number of directors who accrued benefits under company pension schemes was as follows:

	2022 No.	2021 No.
Money purchase scheme	**2**	2

7 Exceptional items

	2022 £000	2021 £000
Pre-operating profit		
Reversal of impairment of fixed assets	**(1,933)**	(3,475)
Impairment of fixed assets	**1,699**	1,234
Reversal of impairment of intangible assets - licences	**(400)**	(3,023)
Impairment of intangible assets - licences	**665**	901
Onerous lease provisions reversed during the period	**(3,403)**	(9,382)
Write off amounts due from related parties	**240**	7,396
Write off amounts due from group undertakings	**3,625**	-
Provision for amounts due from group undertakings	**10,426**	12,900
Other provisions made/(reversed) during the period	**2,671**	(1,668)
VAT credit	**-**	(780)
	13,590	4,103

Exceptional items amounted to a net charge of £13,590,000 *(2021: £4,103,000).* Exceptional items in the current period includes a net credit of £701,000 in relation to impairments and provisions; a charge of £240,000 relating to the write off of a related party loan; a charge of £3,625,000 relating to the write off of an amount due from a group undertaking; and a charge of £10,426,000 relating to the provision of amounts due from group undertakings which are no longer considered to be recoverable. Prior year exceptional items includes a net credit of £15,413,000 in relation to impairments and provisions; a charge of £7,396,000 relating to the provision of a related party loan; and a charge of £12,900,000 relating to the provision of an amount due from a group undertaking which was written off in the current period.

8 Other fixed asset investments

The Company held an investment in shares listed on the London Stock Exchange which were sold in the prior period resulting in a loss of £22,672,000 from their fair value.

The Company also invested in new shares in the prior period. The shares were then sold in the prior period resulting in a gain of £966,000.

Notes *(continued)*

9 Interest receivable and similar income

	2022 £000	2021 £000
Bank interest receivable	**200**	91
Net foreign exchange gains	**2**	-
Other interest receivable	**2,431**	2,054
	2,633	2,145

10 Interest payable and similar expenses

	2022 £000	2021 £000
Bank interest payable	**91**	67
Unwinding of discount on provisions	**628**	460
Net foreign exchange losses	**-**	66
Loan interest payable	**-**	290
Other interest payable	**-**	459
	719	1,342

11 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2022 £000	2022 £000	2021 £000	2021 £000
Current tax				
Current tax on income for the period	**13,511**		13,147	
Adjustments in respect of prior periods	**(6)**		65	
Total current tax		**13,505**		13,212
Deferred tax (see note 18)				
Origination and reversal of timing differences	**(96)**		(17,739)	
Adjustments in respect of prior periods	**-**		8	
Total deferred tax		**(96)**		(17,731)
Total tax		**13,409**		(4,519)

	2022 £000 Current tax	2022 £000 Deferred tax	2022 £000 Total tax	2021 £000 Current tax	2021 £000 Deferred tax	2021 £000 Total tax
Recognised in profit and loss account	**13,505**	**(96)**	**13,409**	13,212	(17,731)	(4,519)
Total tax	**13,505**	**(96)**	**13,409**	13,212	(17,731)	(4,519)

The deferred tax movement in the prior period relates primarily to the disposal of shares listed on the London Stock Exchange on which a fair value gain had previously been recognised. The chargeable gain on the disposal of these shares is included within the current tax charge in the prior period shown above.

Notes *(continued)*

11 Taxation *(continued)*

Reconciliation of effective tax rate

	2022 £000	2021 £000
Profit/(loss) for the period	**27,055**	(23,951)
Total tax expense/(credit)	**13,409**	(4,519)
Profit/(loss) excluding taxation	**40,464**	(28,470)
Tax using the UK corporation tax rate of 19% *(2021: 19%)*	**7,688**	(5,409)
Difference in tax rate on deferred tax balances	**(23)**	(857)
Group relief claimed not paid for	**-**	(1,453)
Non-deductible expenses	**3,750**	3,150
Under provided in prior periods	**(6)**	73
Other provisions	**2,000**	-
Non-taxable income	**-**	(23)
Total tax expense/(credit) included in profit or loss	**13,409**	(4,519)

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. The deferred tax assets and liabilities at 25 September 2022 have been calculated at 25% *(2021: 25%)*.

12 Intangible assets

	Goodwill £000	Licences £000	Favourable Leases £000	Total £000
Cost				
At 26 September 2021	71,710	20,824	487	**93,021**
Disposals	(739)	90	-	**(649)**
At 25 September 2022	**70,971**	**20,914**	**487**	**92,372**
Amortisation and impairment				
At 26 September 2021	61,000	13,005	481	**74,486**
Disposals	-	(620)	-	**(620)**
Charge for the period	2,978	2,457	2	**5,437**
Impairment of assets	-	665	-	**665**
Reversal of impairment	-	(400)	-	**(400)**
At 25 September 2022	**63,978**	**15,107**	**483**	**79,568**
Net book value				
At 26 September 2021	10,710	7,819	6	18,535
At 25 September 2022	**6,993**	**5,807**	**4**	**12,804**

During the period the Directors considered if there were any indicators of impairment of goodwill or other intangible assets. Goodwill was impaired by £nil *(2021: £nil)* and licences were impaired by £665,000 *(2021: £901,000)*. The impairment is charged to exceptional items.

Notes *(continued)*

13 Tangible fixed assets

	Properties £000	Software £000	Alterations to premises £000	Fixtures & fittings £000	Plant, machinery & equipment £000	Total £000
Cost						
At 26 September 2021	14,698	4,474	32,049	55,564	67,281	**174,066**
Additions	-	-	87	920	5,125	**6,132**
Disposals	(191)	-	(818)	(1,692)	(1,985)	**(4,686)**
At 25 September 2022	**14,507**	**4,474**	**31,318**	**54,792**	**70,421**	**175,512**
Depreciation and impairment						
At 26 September 2021	3,627	4,463	29,511	47,219	59,849	**144,669**
Charge for the period	303	11	959	2,480	2,871	**6,624**
Disposals	(81)	-	(813)	(1,631)	(837)	**(3,362)**
Impairment of assets	-	-	318	1,381	-	**1,699**
Reversal of impairment	-	-	(613)	(1,320)	-	**(1,933)**
At 25 September 2022	**3,849**	**4,474**	**29,362**	**48,129**	**61,883**	**147,697**
Net book value						
At 26 September 2021	11,071	11	2,538	8,345	7,432	29,397
At 25 September 2022	**10,658**	**-**	**1,956**	**6,663**	**8,538**	**27,815**

The net book value of properties comprises:

	2022 £000	2021 £000
Freeholds	**9,842**	10,223
Long leaseholds (over 50 years)	**802**	819
Short leaseholds	**14**	29
Total property	**10,658**	11,071

Contracted, but not accrued, capital commitments at 25 September 2022 were £nil *(2021: £nil)*.

Notes *(continued)*

14 Investments

The Company's subsidiaries are all dormant, their trade having been transferred to the Company from acquisition. The Company holds the following investments in dormant companies:

	Registered office address	Class of shares held	Ownership 2022	Ownership 2021
			%	%
Demmy the Bookmaker Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Hanley Racing Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Giftcircle Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
A&R Racing Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
The Chase Retail Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Betfred Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100
Done Management Limited	The Spectrum, 56-58 Benson Road, Birchwood, Warrington, Cheshire, WA3 7PQ	Ordinary	100	100

15 Debtors

	2022 £000	2021 £000
Trade debtors	**632**	536
Amounts owed by group undertakings	**388,540**	308,913
Amounts due from related parties	**4,374**	3,274
Prepayments and accrued income	**11,223**	11,544
Corporation tax	**770**	-
Deferred tax asset *(note 18)*	**4,098**	4,486
Other debtors	**1,069**	6,183
	410,706	334,936

Included within amounts owed by group undertakings is £54,225,000 *(2021: £41,690,000)* and within amounts due from related parties is £2,507,000 *(2021: £3,274,000)* which are not expected to be recovered in one year. The remaining amounts owed by group undertakings are interest free and are repayable on demand.

Notes *(continued)*

16 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	**10,944**	7,246
Amounts payable to winning customers	**3,996**	4,091
Amounts due to group undertakings	**309,632**	271,974
Corporation tax	**-**	915
Other taxation and social security	**21,518**	20,572
Unfavourable leases	**54**	54
Accruals and deferred income	**21,915**	23,859
Other creditors	**1,594**	1,240
	369,653	329,951

Amounts due to group undertakings are interest free and are repayable on demand.

17 Creditors: amounts falling due after more than one year

	2022 £000	2021 £000
Unfavourable leases	**173**	227
Accruals and deferred income	**1,019**	1,141
Other creditors	**61**	59
	1,253	1,427

18 Deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

	Assets 2022 £000	Assets 2021 £000	Liabilities 2022 £000	Liabilities 2021 £000	Net 2022 £000	Net 2021 £000
Accelerated capital allowances	**4,077**	4,466	**-**	-	**4,077**	4,466
Arising on business combinations	**-**	-	**(1,402)**	(1,886)	**(1,402)**	(1,886)
Short term timing differences	**21**	20	**-**	-	**21**	20
	4,098	4,486	**(1,402)**	(1,886)	**2,696**	2,600

Notes *(continued)*

19 Provisions for liabilities and charges

	Deferred tax £000	Dilapidation provision £000	Onerous lease provision £000	Other provisions £000	Total £000
Balance at 26 September 2021	1,886	4,169	17,331	-	23,386
Provisions made during the period	-	974	6,094	4,671	11,739
Provisions used/released during the period	(484)	(1,568)	(9,806)	-	(11,858)
Unwinding of discounted amount	-	-	628	-	628
Balance at 25 September 2022	**1,402**	**3,575**	**14,247**	**4,671**	**23,895**

The onerous lease provision is in relation to loss making shops within the Company shop profile. An associated impairment has been recorded in relation to assets dedicated to these shops.

The dilapidation provision is associated with the Company's retail estate.

Other provisions primarily comprise of provisions in respect of regulatory settlements. It is expected that approximately 60% of the balance will be settled in the next twelve months.

20 Employee Benefits

Defined contribution scheme

The Company operates two defined contribution pension plans.

The total expense relating to these plans in the current period was £3,601,000 *(2021: £3,443,000).*

21 Capital and reserves

Called up share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
75,000 ordinary shares of £0.10 each	**8**	8

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes *(continued)*

22 Commitments and contingencies

Commitments under operating leases:

Non-cancellable operating lease rentals are payable as follows:

	2022 £000	2021 £000
Land and buildings		
Within one year	**18,681**	21,397
Between one and five years	**37,879**	43,073
More than five years	**9,931**	9,619
	66,491	74,089
Other		
Within one year	**1,993**	1,522
Between one and five years	**3,533**	456
More than five years	-	-
	5,526	1,978

Contingencies:

The Company has guaranteed a £6,000,000 *(2021: £6,000,000)* facility on behalf of a related party.

The Company became an obligor to a wider group banking arrangement on 18 October 2022 and, as such, has entered into a cross guarantee in respect of the borrowings of the Betfred group of companies, headed by Betfred Group Limited. In addition the Company's assets are secured by a number of fixed and floating charges held by the financing parties of the banking arrangement.

Given the Company's's nature of business, the Company is susceptible to fraudulent customer activity, potential attempts of money laundering and legal proceedings which sometimes can give rise to future liabilities either by way of repayment of net winnings or by fines from regulatory authorities. Open regulatory cases as at the date of the financial statements are not expected to result in a material future outflow of economic benefit, however, the directors have performed an assessment and recorded suitable provisions, as outlined in Note 19, and there inherently remains the risk of potential future liabilities given the Company's nature of business.

23 Related parties

Administrative expenses

Excluding the rental costs referred to below, total expenses of £39,833,000 *(2021: £25,743,000)* were incurred in respect of entities in which Mr F Done, or close family members, have a controlling or beneficial interest. Included within this amount is £39,635,000 *(2021: £25,578,000)* paid to Sports Information Services (Holdings) Limited for TV streaming in the Company's LBOs. Betfred Group has a 5.99% holding in Sports Information Services (Holdings) Limited. Expenses were incurred on normal commercial terms. The amount owed to Sports Information Services (Holdings) Limited as at 25 September 2022 is £3,256,000 *(2021: £*3,337,000).

Rental costs

Rental costs include £2,058,000 *(2021: £2,102,000)* in respect of entities in which directors, a former director or members of their close families have a controlling or beneficial interest. Rents were made on normal commercial terms.

Notes *(continued)*

23 Related parties *(continued)*

Related Party Loans

Moneta Communications Holdings Limited had a facility with the Company and as at 25 September 2022 £2,141,000 (2021: £7,396,000) was outstanding. The loan carried interest at 3.25% + SONIA. A bad debt provision was charged against the loan in the prior period as it was deemed to be irrecoverable. Moneta Communications Limited was sold in the current period by its parent Moneta Communications Holdings Limited and therefore the loan has been written off in the current period and £2,841,000 of the amount previously provided has been recovered from the proceeds of the sale. Moneta Communications Holdings Limited is an entity in which Mr F Done or close

Gaming USA Limited also had a facility with the Company and as at 25 September 2022 £nil *(2021: £1,738,000)* was outstanding. An amount of £1,856,000 was written off in the period ended 25 September 2022 as it was deemed to be irrecoverable.

Done Energy One Limited also had a facility with the Company and as at 25 September 2022 £26,000 *(2021: £155,000)* was outstanding. An amount of £129,000 was written off in the period ended 25 September 2022 as it was deemed to be irrecoverable.

GGRecon Limited also has a facility with the Company and as at 25 September 2022 £2,207,000 *(2021: £1,381,000)* was outstanding. The loan carries interest at 3.25% + LIBOR. GGRecon Limited is an entity in which Mr F Done or close family has a beneficial interest.

24 Ultimate Parent Company and Parent Company of larger group

The Company is a subsidiary undertaking of Lightcatch Limited. Betfred Group Limited owns 100% of the share capital of Lightcatch Limited and is the ultimate parent of the Company. The ultimate controlling party is the Done family.

The largest group in which the results of the Company are consolidated is that headed by Betfred Group Limited, registered office address The Spectrum, 56-58 Benson Road, Birchwood, Warrington, WA3 7PQ. The smallest group in which they are consolidated is that headed by Lightcatch Limited, registered office address The Spectrum, 56-58 Benson Road, Birchwood, Warrington, WA3 7PQ. The consolidated financial statements of these groups are available to the public and may be obtained from The Spectrum, 56-58 Benson Road, Birchwood, Warrington, WA3 7PQ.

25 Accounting estimates and judgements

Key sources of estimation uncertainty

The Company is party to a number of non-cancellable leases on properties that are either loss making or closed. Judgement is applied in determining whether leases are onerous. Whilst every effort is made to profitably sub-let these properties, it is not always possible to do so. Where a lease is onerous to the Company, a provision is established for the difference between amounts contractually payable to the landlord and amounts contractually receivable from the tenant (if any). The principal element of uncertainty in these provisions is the future performance of the loss making stores, if the forecast loss/revenue on these stores were to change it would change the onerous lease provision. In addition, provisions exist for the expected future dilapidation cost on leasehold properties that are considered to be onerous, any related to stores recently closed, stores which are planned to close or are at high risk of closure in the future. Management maintain all properties to a high standard and carry out repairs whenever necessary during their tenure. Therefore if there is no risk of closure any provision would be minimal and management do not consider it necessary to hold dilapidation provisions for these properties. The Directors do not consider that there is a material untertainty in respect of the dilapidation provisions or other provisions. The Directors consider that their estimates are appropriate.

As part of the Groups ongoing growth strategy the Company has provided funding to fellow group companies overseas. In the Company financial statements these receivables equate to £54m at period end. The directors are required to conduct a formal review of these balances at period end which involves forecasting the future profitability of these overseas subsidiaries, which is inherently judgemental. As a result of this review an impairment of £10m has been recorded in the period.