

**Merkur Casino Holdings UK Limited  
(formerly Praesepe Holdings Limited)**

Annual Report and Financial Statements

For the year ended 31 December 2020

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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## COMPANY INFORMATION

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<b>Directors</b>	B Lungen S Bruns
<b>Registered number</b>	07833708
<b>Registered office</b>	Seebeck House 1A Seebeck Place Knowlhill Milton Keynes Buckinghamshire MK5 8FR
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG

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# **MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)**

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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### Introduction

The directors present the strategic report for Merkur Casino Holdings UK Limited (formerly Praesepe Holdings Limited) (the Company) for the year ended 31 December 2020.

### Business review

#### Principal activity

The Company's principal activity is to act as a holding company, providing administration functions to the companies it holds in return for charging a management fee. The subsidiary companies are engaged in the provision of leisure services and entertainment facilities. The Company also acts as a holding company for Praesepe Limited, which in turn acts as a holding company for the Group's non-trading companies and Merkur Technical Support UK Limited (formerly Praesepe Service Limited).

A list of all companies in the Merkur Casino Holdings Group ("Group") is shown in note 15 to these financial statements.

During the Coronavirus pandemic, the venues operated by the Group were mandated to close under National lockdowns, and under tier 3 and tier 4 local restriction plans. This has had a material impact on the business during 2020, and up to the date of signing of these financial statements.

The directors are not aware, at the date of this report, of any likely major changes in the Company's principal activities in the forthcoming year.

#### Principal risks and uncertainties

Management continually monitor the key risks (as disclosed in the directors' report) facing the Company together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

#### Covid-19

Further to the global outbreak of Coronavirus disease (COVID-19) in 2020, the directors of the Company continue to assess the situation within the UK and the potential risk to the operation of the business on a daily basis. At the time of signing of these accounts, all Adult Gaming Centres (AGCs) and Bingo venues in the UK have just reopened after a period of national government lockdown regulation. This came into effect on 19 December 2020 and ended on Monday 17 May 2021.

Ahead of reopening, the directors took all necessary measures as advised by the NHS, WHO and the UK government, both within the venues and at head office. This includes social distancing; promoting hygiene standards and providing facilities to enable this; appropriate use of PPE; and advising any employees who are showing symptoms of the virus to remain at home.

The Company has accessed all financial support available to it during the pandemic and also has full financial support from the UK group's parent company – Merkur Casino GmbH. As such, the directors do not foresee any impact on the going concern of the company as a result of the Coronavirus pandemic.

#### Regulation

The changing environment within the gambling and leisure industry, which has arisen as a result of government legislation, represents a key risk to the future profitability of the Company. It is the belief of the directors that appropriate strategies have been put in place, and are being further developed, to ensure the Company is able to take advantage of favourable circumstances which may arise in the sector, or alternatively to minimise the effect of any adverse developments which could affect Company profitability.

Further information on the risks and strategies are disclosed in the Directors' report and the consolidated financial statements of Merkur Casino UK Limited, the ultimate parent undertaking in the United Kingdom.

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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### Financial key performance indicators

Management use a range of performance measures to monitor and manage the business. The performance measures are split into financial and non-financial key performance indicators as set out below.

The Operating result (including exceptional items) for the year was a loss of £3.2m (2019: loss of £8.0m). The difference in the value of the loss is due to impairment charges that have been recognised as exceptional items in each year.

Creditor days for the Company were 24 for the year (2019: 25 days).

### Financial position at the reporting date

The statement of financial position shows that the Company's net assets at the year-end decreased by £3.9m, from £40.7m to £36.8m predominantly as a result of an impairment charge in respect of the Company's investment in a subsidiary company. The investment value of Merkur Bingo and Casino Entertainment UK Limited (formerly Beacon Bingo Limited) had increased during the year following the settlement of historic VAT claims that were previously contingent and therefore had not been recognised in the company's financial statements.

### Business development during the year

In 2020, the Company directors focused on improving the profitability of the Adult Gaming Centre ('AGC') and Bingo Club estate in the Company's trading subsidiaries, despite the uncertainty from the pandemic. A tremendous effort was needed in managing the periods of closure and the negative impact arising from the measures implemented by the UK government to handle the crisis.

A project to define the technical and style standards of the group commenced in 2019 (the 'Future Venues' project). In 2019, a total of twenty-nine venues were refurbished with a further twenty-five venues refurbished during 2020. The total investment by the end of 2020 stands at £17.6m (2019: £8.1m). In 2019, the subsidiaries saw an increase in revenue at these venues of 15.2%. It is not possible to reliably measure the impact in 2020 due to the Covid-19 related closure periods.

In addition to improvements made to the existing estate during 2020, the Group commenced a new project ('Merkur Slots') aimed at increasing the presence of the Merkur brand on the High Street. This has had a positive impact on market share and established a solid growth trajectory across the business. During 2020, a total of twenty Merkur Slots venues were opened. Potential venues will continue to be reviewed during 2021, with investment being made in suitable sites as leases are agreed.

Machine mix and content are under continuous review, with 30% of the machine estate being replaced in the subsidiaries in 2019 with state-of-the-art machines. We have been unable to quantify the effect of this on revenue during 2020, due to the aforementioned closures, but anticipate that keeping up to date with the latest machines and content will keep us competitive in the market in the future.

The directors of the Company expect that the regulatory regime surrounding customer welfare pertaining to gambling machines is expected to strengthen but are confident that the Company's subsidiaries will implement any additional social responsibility measures required.

At the end of the year, the number of operating venues in subsidiary undertakings stood at 171, which included 3 Bingo Clubs (2019: 161 which included 5 Bingo Clubs).

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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### Statement by the Directors in performance of their Statutory duties in accordance with s172(1) of the Companies Act 2006

The Directors, in accordance with s172 of the UK Companies Acts 2006, must comply with the duties outlined in summary as follows:

A Director of a company must act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees,
- c) the need to foster the company's business relationships with suppliers, customers and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the company.

In discharging their duties, the directors have regard to such factors and take them into consideration when decisions are made. It is acknowledged that not every decision made will necessarily result in a positive outcome for all stakeholders. However, by considering the Company's purpose, objectives and values together with its strategic priorities and having a process in place for decision-making, the Directors aim to ensure that their decisions are consistent and fair.

In the normal course of business, authority for day-to-day management of the Company is delegated to executives with management engaged in settling, approving and overseeing execution of the business strategy and related policies. We review matters relating to financial and operational performance, business strategy, key risks, stakeholder related matters, diversity and inclusion, health and safety and legal, governance and regulatory matters. This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and through presentations to the Board.

Much of the activity of the Company is driven by the activities of the Merkur Casino Holdings Group and as such stakeholders of that Group are considered stakeholders of the Company. The key stakeholders are our customers, employees, suppliers, the local communities in which it operates and regulators. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the Directors when making decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and the spread of both our stakeholders and operations means that generally our stakeholder engagement takes place at an operational level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact than by working alone as an individual company.

#### Customers

Key aspects of the engagement with our customers are the customer experience, player protection and, most recently, Covid-19 safety. We are continually investing in the customer experience from new and relevant gaming machines to refreshed and improved gaming environments.

The 'Future Venues' project delivered a further 25 refurbished venues in 2020 with each providing a new and exciting environment for our customers along with a new service offering. Additionally, 2020 saw the introduction of the 'Merkur Slots' venues which is expanding the Merkur brand and providing new gaming opportunities to customers often in areas where the Group has not previously had a presence.

The Directors continue to seek improved standards with respect to player protection and safer gambling. Examples of this are noted in the Directors' Report.

Covid-19 has had a significant impact on the Merkur Casino Holdings Group during the year. Ensuring that venues remain compliant with related Government guidelines has been a key focus for the Directors and was essential in ensuring a safe environment in which our customers could enjoy their experience.

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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### Statement by the Directors in performance of their Statutory duties in accordance with s172(1) of the Companies Act 2006 (continued)

#### Employee engagement

The Directors are fully committed to ensuring engagement with employees across all regions of the business is sought and factored into their decision-making process. The measures in place to engage with the Company's employees are described in full in the Directors' Report. Through this engagement the Directors are able to gather opinions and ideas from the wider employee population, identify any gaps in communication or areas of concern and consider these in their decision-making process.

During the Covid-19 pandemic and as a result of Government requirements, we closed all venues at various points during the year which impacted employees directly. Regular communications with employees ensured that we remained in contact with them, kept them aware of the situation with respect to re-opening and Government advice and initiatives as well as ensured that the wellbeing of employees was tracked and assessed.

Ensuring that Company's office and venues remain compliant with related Government guidelines was essential in ensuring a safe environment in which our employees could return to work in following closures.

#### Suppliers

At a Group level, we have a dedicated procurement function which engages with our suppliers with the aim of optimising the working relationships between the parties.

The strong relationships built with suppliers has been maintained and built on throughout the Covid-19 pandemic as we worked with our suppliers to address the challenges faced by us and them during this time.

#### Local communities

Community links remain important and the Directors continue to actively encourage participation in the Company's corporate social responsibility agenda. The Merkur Casino Holdings Group supports a range of local charities as well as four major charities, namely Great Ormond Street Hospital, Days of Sunshine, Teenage Cancer Trust and The Royal Marsden Cancer charity.

During periods when the Merkur Casino Holdings Group was unable to trade many staff were placed on 'furlough'. Many of these employees participated in local volunteering initiatives to support their local communities during their time on furlough.

#### Regulators

Throughout 2020, we continued to build relationships and maintain an open dialogue with regulators and local authorities. This has included:

- embedded measures within our venues to support the National strategy to Reduce Gambling Harms,
- working with stakeholders, customers and regulators to help public understanding of the gaming offers it provides,
- participating in trade bodies' representations to political and regulatory bodies to ensure that such stakeholders clearly understand the positive contribution that its business provides to the economy.

#### Environment

The Merkur Casino Holdings Group is focussed on ensuring that it reduces its impact on the environment. This has seen the use of the period of mandated venue closures to review the maintenance requirements and, where possible, accelerate the replacement of older less efficient or less environmentally friendly equipment with more efficient and environmentally friendly equipment. Further details of this may be seen in the Energy and Carbon Reporting section of the Directors' Report in the Merkur Casino UK Limited financial statements.

This report was approved by the board on 02 July 2021 and is signed on its behalf.

B Lungen  
Director



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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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The directors present their report and the audited financial statements of the company for the year ended 31 December 2020.

### Future developments

In 2021 the directors will continue to focus on improving the profitability of the AGC and Bingo estate in the relevant subsidiaries. Plans will be put in place to close operations where a profit cannot be achieved. The directors are also looking at opportunities to increase the number of venues through new sites that will be identified and acquired over the next 5 years. Potential venues will continue to be reviewed during 2021, with investment being made in suitable sites as leases are agreed.

### Results and dividends

The loss for the year, after taxation, amounted to £3,891,000 (2019: £829,000).

The directors do not recommend the payment of a dividend (2019: £nil).

### Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, therefore they continue to adopt the going concern basis for accounting in preparing the annual financial statements. Additional financial support is also available from the group's parent company if required.

For further information regarding the directors' assessment of the going concern status of the Company, refer to the accounting policies note 2.3 in the financial statements.

### Charitable and political donations

The Company made charitable donations during the year of £120,000 (2019: £126,000).

During the year the Company made no political donations (2019: £nil).

### Business risk

#### Regulatory risk

The current political and social environment continues to perceive the gambling industry in a concerned light and there is a risk that such negative publicity may lead to adverse changes in regulation and legislation. The Company and its subsidiaries work hard to ensure that they actively provide and promote an environment in which customers play safely.

The board challenge management and staff to continually raise standards of operation, safer gambling, and player protection initiatives. An example of this is the G4 audit, for which the Company was awarded accreditation in August 2020. The actions taken from this audit have focussed the business to further improve the staff training on Customer Interaction and Gambling Harm, develop machine training to enable staff to advise customers on the types of machine games, how they play and to provide them with an informed choice and to increase resource within our Learning and Development team to support the delivery of the face to face training to employees.

We have developed a six-week classroom and in venue induction programme for all new employees, this involves enhanced Customer Interaction training including role play scenarios.

We have engaged with YGAM and Betknowmore to develop City & Guilds accredited training that focuses on identifiers of harm.



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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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### Regulatory risk (continued)

Measures embedded within our venues to support the National strategy to Reduce Gambling Harms include:

- Safer Gambling campaigns both internal and participation in Safer Gambling Week
- Point of sale safer gambling machine messaging on B3 and Cat C
- Playright gambling management tool
- Customer Interactions and self-exclusion scheme
- Think 25 Policy
- Age Verification Tests

The directors also work with stakeholders, customers and regulators to help public understanding of the gaming offerings it provides, participating in trade bodies' representations to political and regulatory bodies to ensure that such stakeholders clearly understand the positive contribution that its business provides to the economy.

All staff undertake relevant training for their roles to ensure that a good understanding of the objectives of compliance and the obligations of their role is maintained.

### Financial risk

#### Liquidity

The management of the Company's cash and borrowing requirements are undertaken by the Group to maximise interest income and minimise interest expense, whilst ensuring that the Company has sufficient liquid resources to meet the operating needs of its business.

#### Interest rate

The Company is exposed to cash flow interest rate risk on floating rate deposits, bank overdrafts and loans.

#### Foreign currency

The Company's foreign currency exposures arise from transactions with its German parent, related party companies and overseas suppliers. The Group believes the materiality of these transactions do not warrant hedging of foreign currency risks.

#### Credit

The principal activities of the Company mean that cash is generated on a regular and even basis during the year and there is no assumption of credit risk.

### **Directors**

The directors who served during the year and to the date of this report were:

B Lungen  
S Bruns

### **Directors' indemnity**

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted or alleged to have been done or omitted, by them as officers or employees of the Company.

Appropriate directors' and officers' liability cover is in place in respect of all of the Company's directors.

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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### Events after the statement of financial position date

#### Trading

As at 31 December, all of the Group's AGC, FEC and Bingo venues were closed due to local tier restrictions. Following UK Government rules implemented from 4 January 2021, all of the Group's venues in the UK have remained closed for the first part of 2021. The venues reopened on Monday 17 May 2021, which was in line with the planned easing of restrictions "roadmap" communicated by the UK Government. The directors do not anticipate any further periods of national lockdown.

#### Rebranding

As part of a UK group-wide rebranding exercise, the Company changed its name on 18 May 2021 to Merkur Casino Holdings UK Limited. This brand change will bring the company in line with the Gauselmann groups' overall branding strategy and will utilise the internationally recognised Merkur sun logo. The operation and main trading activity of this company does not change as a result of this exercise.

### Employee consultation

The Merkur Casino UK Limited ("MCUK") Group to which the Company belongs routinely provides information to its employees through a variety of mediums, ensuring that information is disseminated regarding financial performance and/or matters affecting the business as a whole.

This is achieved through 1:1, departmental and regional meetings, regular business bulletins and weekly or monthly employee newsletters. Performance targets and indicators are published each week to inform employees of financial performance to budget both weekly and cumulatively; and staff participate in incentive and bonus schemes to achieve financial targets throughout the year.

All employees are actively informed and encouraged to participate in activities relating to the organisation's corporate social responsibility agenda which has previously included support of the gaming industry's charity CHIPs (Children's Happiness Involves People) to which the Group has contributed over £1m in past years by way of local and national fundraising activities and charitable donations. From 2019, the Group supported the BACTA charitable trust, which allowed the Group to support more local charities, as well as four major charities including Great Ormond Street Hospital, Days of Sunshine, Teenage Cancer Trust and The Royal Marsden Cancer charity.

The constituent members of the MCUK Group ("Group") are shown in the consolidated financial statements of Merkur Casino UK Limited, which are publicly available.

### Employment of disabled persons

The Company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career development within the Company and its subsidiaries. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

### Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 1 & 2.

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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### 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 directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law 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, directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditor

The directors have confirmed that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Grant Thornton UK LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 02 July 2021 and signed on its behalf.

B Lürigen  
Director



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# **MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)**

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)**

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### **Opinion**

We have audited the financial statements of Merkur Casino Holdings UK Limited (formerly Praesepe Holdings Limited) (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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# **MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)**

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)**

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### **Other information (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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### Auditor's responsibilities for the audit of the financial statements (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Company secretary. We corroborated our enquiries through our review of board minutes.
- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by meeting with management from relevant parts of the business to understand where management considered there was a susceptibility to fraud.
- Audit procedures performed by the engagement team included:
  - evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
  - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
  - identifying and testing related party transactions
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding of the legal and regulatory requirements specific to the entity/regulator entity including:
    - the provisions of the applicable legislation;
    - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules; and
- the applicable statutory provisions
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

### Use of our report

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.



**Nicholas Watson BSc ACA**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
**London**  
**Date: 02 July 2021**

# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Administrative expenses		(12,087)	(13,094)
Exceptional administrative expenses	12	(4,918)	(7,907)
Other operating income	4	13,808	13,035
<b>Operating loss</b>	5	(3,197)	(7,966)
Income from shares in group undertakings	15	-	8,299
(Loss) / Profit before interest and taxation		(3,197)	333
Interest receivable and similar income	9	1,410	912
Interest payable and similar charges	10	(2,084)	(2,198)
<b>Loss on ordinary activities before taxation</b>		(3,871)	(953)
Taxation on loss on ordinary activities	11	(20)	124
<b>Loss for the financial year</b>		(3,891)	(829)
Other comprehensive income for the year		-	-
<b>Total comprehensive loss for the year</b>		(3,891)	(829)

The notes on pages 15 to 34 form part of these financial statements.

**MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)**  
**REGISTERED NUMBER: 07833708**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Intangible assets	13	75	42
Tangible assets	14	971	295
Investments	15	61,001	61,001
		<u>62,047</u>	<u>61,338</u>
<b>Current assets</b>			
Debtors: Amounts falling due within one year	16	43,779	49,477
Cash at bank and in hand	17	10,857	1,932
		<u>54,636</u>	<u>51,409</u>
Creditors: Amounts falling due within one year	18	(26,064)	(43,034)
<b>Net current assets</b>		<u>28,572</u>	<u>8,375</u>
<b>Total assets less current liabilities</b>		<u>90,619</u>	<u>69,713</u>
Creditors: Amounts falling due after more than one year	19	(53,558)	(28,758)
<b>Provisions for liabilities</b>			
Other provisions	22	(232)	(235)
		<u>(232)</u>	<u>(235)</u>
<b>Net assets</b>		<u><u>36,829</u></u>	<u><u>40,720</u></u>
<b>Capital and reserves</b>			
Called up share capital	24	-	-
Capital contribution reserve	23	4,701	4,701
Profit and loss account	23	32,128	36,019
		<u><u>36,829</u></u>	<u><u>40,720</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 02 July 2021.

  
**B Lünden**  
 Director

The notes on pages 15 to 34 form part of these financial statements.



# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

	Called up share capital £000	Capital contribution reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2020	-	4,701	36,019	40,720
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(3,891)	(3,891)
<b>Total comprehensive loss for the year</b>	-	-	(3,891)	(3,891)
<b>At 31 December 2020</b>	-	4,701	32,128	36,829

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £000	Capital contribution reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2019	-	4,701	36,848	41,549
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(829)	(829)
<b>Total comprehensive loss for the year</b>	-	-	(829)	(829)
<b>At 31 December 2019</b>	-	4,701	36,019	40,720

The notes on pages 15 to 34 form part of these financial statements.

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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### 1. General information

Merkur Casino Holdings UK Limited (formerly Praesepe Holdings Limited) is a private limited company, limited by shares, incorporated in England and Wales. The address of its registered office and principal place of business are disclosed in the company information.

The principal activities of the Company are to act as a holding company for Merkur Slots UK Limited (formerly Cashino Gaming Limited), Mirage Centres Limited, Praesepe Limited, Merkur Bingo and Casino Entertainment UK Limited (formerly Beacon Bingo Limited), Baleday Limited and William Clark (Holdings) Limited.

The financial statements are presented in Sterling, which is also the functional currency of the Company, and rounded to the nearest £'000.

### 2. Accounting policies

#### 2.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the 'Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' and the Companies Act 2006.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements as the Company is included within the consolidated accounts of Merkur Casino UK Limited, which are publicly available. These financial statements present information about the Company as an individual undertaking and not about its group.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the 'FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7;
- the requirements of Section 9 Consolidated and Separate Financial Statements paragraph 9.3.

This information is included in the consolidated financial statements of Merkur Casino UK Limited ("MCUK") as at 31 December 2020 and these financial statements may be obtained from Seebeck House, 1A Seebeck Place, Knowlhill, Milton Keynes, Buckinghamshire, MK5 8FR.

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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### 2. Accounting policies (continued)

#### 2.3 Going Concern

The directors have received a letter of support from Merkur Casino GmbH, an intermediate parent company, confirming ongoing financial support for at least 12 months from the approval of these financial statements. The directors are satisfied that Merkur Casino GmbH is able to provide this support.

The directors have reviewed the Company's and wider MCUK Group's budgets and forecasts for the next 12 months from the date of this report, its liquid resources and its medium term plans and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

#### 2.4 Intangible Assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. Intangible assets are amortised using the straight-line method. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Software	-	3 to 5 years
Licenses	-	10 years
Lease premiums	-	period of lease

#### 2.5 Other operating income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Income is measured as the fair value of the consideration received, excluding discounts.

##### Rental Income

Operating lease income from properties is recognised in the Statement of Comprehensive Income on a straight-line basis over the lease term.

##### Management charges

Management fees to other group companies represents the recharge of administration and management costs incurred by the Company. Management fees are recognised in the Statement of Comprehensive Income when the management services are provided.

#### 2.6 Tangible Fixed Assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance costs are charged to the Statement of Comprehensive Income during the period in which they are incurred.

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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### 2. Accounting policies (continued)

#### 2.6 Tangible Fixed Assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Short Term Leasehold Property	- Period of lease
Plant & Machinery	- 5 years
Motor vehicles	- 4 years
Fixtures & Fittings	- 3 to 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

#### 2.7 Investments

Investments held as fixed assets are shown at cost less provision for impairment. Where there is an indication that an investment may be impaired, the carrying value of the investment is tested for impairment. An impairment loss is recognised for the amount by which the investment's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an investment's fair value less costs to sell and value in use.

#### 2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.9 Finance Costs

Finance costs relating to finance leases and hire purchase contracts are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds if the associated capital instrument.

Finance costs relating to loans from the Company's overseas parent Merkur Casino GmbH, are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Finance costs relating to loans from other Group companies are calculated on the average balance outstanding using an estimated market rate of interest, and charged to the Statement of Comprehensive Income.

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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### 2. Accounting policies (continued)

#### 2.10 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and the useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the statement of comprehensive income over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rental income from operating leases is credited to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight-line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

#### 2.11 Interest Income

Interest income relating to loans to other Group companies are calculated on the average balance outstanding using an estimated market rate of interest and recognised in the Statement of Comprehensive Income.

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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### 2. Accounting policies (continued)

#### 2.12 Financial Instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds basic financial instruments, which comprise cash and cash equivalents, other receivables, trade and other payables and intercompany balances. The Company has chosen to apply the provisions of Section 11 Basic Financial Instruments and Section 12 Other Financial Instruments in full.

#### **Financial assets – classified as basic financial instruments.**

##### *(i) Cash and cash equivalents*

Cash and cash equivalents include cash in hand and deposits held with banks.

##### *(ii) Other receivables*

Other receivables are initially recognised at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

At the end of each reporting period, the Company assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in the Statement of Comprehensive Income.

##### *(iii) Trade and other payables, loans and borrowings – classified as basic financial instruments*

Trade and other payables and loans and borrowings are initially measured at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

Loans with an interest rate higher or lower than the market rate of interest are measured at the present value at inception of the loan by discounting the loan cash flows over the term using the market rate of interest. The difference arising on the initial recognition of the loan is recognised in equity as a capital contribution.

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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### 2. Accounting policies (continued)

#### 2.13 Foreign Currency Translation

The Company's functional currency is Sterling.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

#### 2.14 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

#### 2.15 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Full provision is made for deferred tax assets and liabilities arising from all the timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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### 2. Accounting policies (continued)

#### 2.16 Exceptional Items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

#### 2.17 Pensions

The Group operates two defined contribution plans into which the employees of Merkur Casino Holdings UK Limited (formerly Praesepe Holdings Limited) are included. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income of the employing Company when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

#### 2.18 Provisions

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that requires probable settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation. The provision is discounted using the risk-free rate of interest pertaining to the duration of the provision. Where a provision represents the present value of the obligation, it is not discounted.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the date of the Statement of Financial Position of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are made, they are charged to the provision held in the Statement of Financial Position.

#### 2.19 Government Grants

Government Grants are recognised using the accrual model and where there is reasonable assurance that the grant will be received. The Company measures Grants at the fair value of the asset received or receivable.

Grants that compensate the Company for expenses incurred are recognised in the Statement of Comprehensive Income, in other operating income, in the periods in which the expenses are recognised by the Company. A grant that becomes receivable for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs shall be recognised in other operating income in the period in which it becomes receivable.



# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires the use of judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the accounting policies, including intangible fixed assets (2.4), tangible fixed assets (2.6) and provisions (2.18).

#### *Intangible and tangible fixed assets*

The application of the accounting policies in these areas requires the use of accounting estimates and judgments in determining the recoverable amount of cash generating units to which the goodwill, intangible assets and tangible assets are associated. The recoverable amount is the higher of the fair value less costs of disposal and value in use. Estimates of fair value less cost of disposal are performed internally by experienced senior management supported by knowledge of similar transactions and advice from external experts where appropriate. Value in use is calculated using estimated cash flows projections from financial budgets, discounted by selecting an appropriate rate.

#### *Provisions*

In calculating onerous property lease provisions, estimates are made of the discounted cash flows associated with each property and its associated operations including sub-let income together with any estimate of dilapidation obligations.

In calculating the property dilapidations provision for leases in use in the business, management have estimated a cost per square metre on which to base the future dilapidations cost. The estimate is based on prior experience of dilapidation costs incurred. The provision is not discounted as it represents the present value of the obligation based on current estimates of the cost of repairs.

### 4. Other operating income

	2020 £000	2019 £000
Rents receivable from other group companies	367	240
Sundry income	-	20
Restatement of the carrying value of the parent company loan	1,626	-
Government grants receivable	394	-
Fees receivable from group companies for management and administration services	11,421	12,775
	<u>13,808</u>	<u>13,035</u>

#### *Restatement of the carrying value of the parent company loan*

A group loan with an interest rate of 1% per annum has been recognised at inception using the market rate of 4.22%. In November 2020, a loan of £11,000,000 was obtained under the Coronavirus Large Business Interruption Loan Scheme ("CLBILs"). Under the scheme no interest or loan repayments can be made regarding group loans until the CLBILs loan is repaid in 2 years. Consequently, it was necessary to re-measure the net present value of the loan using the revised cash flows. The change to the value of the loan of £1,626,000 has been credited to the statement of comprehensive income.

# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

### 4. Other operating income (continued)

#### *Government grants receivable*

Government grants receivable relate to income due as a result of the Coronavirus Job Retention Scheme.

### 5. Operating loss

The operating loss is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible fixed assets – owned	78	138
Amortisation of intangible assets	29	55
Loss on disposal of fixed assets	-	131
Defined contribution pension cost	210	190
Other operating leases	<u>954</u>	<u>586</u>

### 6. Auditor's remuneration

	2020 £000	2019 £000
Audit fees payable to the Company's auditors	<u>15</u>	<u>12</u>

The Company bears the cost of audit fees for other companies in the Merkur Casino UK group. Details of amounts incurred by the Company on behalf of other group companies can be found in the respective financial statements for each Company.

Fees paid to the auditors in respect of tax services and other non-audit fees amounted to £15,000 (2019: £113,000).

### 7. Employees

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	6,139	6,272
Social security costs	804	922
Pension costs (note 25)	210	190
	<u>7,153</u>	<u>7,384</u>

Amounts received under the Coronavirus Job Retention Scheme ('Furlough') are accounted for as Government Grants and are included within other operating income (note 4). Employees designated as 'furloughed workers' are eligible to have 80 per cent of their wage costs paid up to a maximum of £2,500 per month. The total values of these Grants claimed by the Company in the period to 31 December 2020 were:

	2020 £000
Wages and salaries	365
Social security costs	23
Pension costs	<u>6</u>
	<u>394</u>

# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

### 7. Employees (continued)

The average monthly number of full-time equivalent employees during the year was as follows:

	Number	Number
Management and administration	<u>96</u>	<u>86</u>

### 8. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	<u>359</u>	<u>331</u>
	<u>359</u>	<u>331</u>

During the year retirement benefits were accruing to no directors (2019: none) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £359,000 (2019: £331,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £nil (2019: £nil).

### 9. Interest receivable and similar income

	2020 £000	2019 £000
Interest receivable from group companies	1,396	901
Bank interest receivable	<u>14</u>	<u>11</u>
	<u>1,410</u>	<u>912</u>

### 10. Interest payable and similar charges

	2020 £000	2019 £000
Loans from group undertakings	1,838	1,891
Finance leases and hire purchase contracts	246	306
Other interest payable	<u>-</u>	<u>1</u>
	<u>2,084</u>	<u>2,198</u>

Under FRS 102, where loans are obtained at interest rates lower than market rate, the loan must be measured on inception at the present value of future cash payments discounted at a market rate of interest of a similar financial liability.

A group loan with an interest rate of 1% per annum has been recognised at inception using the market rate of 4.22%. Consequently, additional interest of £879,000 has been charged to the statement of comprehensive income (2019: £1,067,000). Further details are provided in Note 20 to these financial statements.

# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

### 11. Taxation

	2020 £000	2019 £000
<b>Corporation tax</b>		
Current tax on loss for the year	-	-
Adjustments in respect of previous periods	-	-
<b>Total current tax</b>	-	-
<b>Deferred taxation</b>		
Origination and reversal of temporary timing differences	104	22
Arising on rate change	(22)	-
Adjustments in respect of prior periods	(62)	-
Deferred tax asset recognised in the year	-	(146)
<b>Total deferred taxation</b>	20	(124)
<b>Taxation on loss on ordinary activities</b>	20	(124)

The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	(3,871)	(953)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(735)	(181)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	881	1,783
Group income not taxable	-	(1,577)
Other differences leading to a decrease in the tax charge	(22)	(3)
Deferred tax asset recognised in the year	(42)	(146)
Adjustment in respect of prior periods	(62)	-
<b>Total tax charge / (credit) for the year</b>	20	(124)

#### Factors that may affect future tax charges

No deferred tax asset has been recognised in relation to other temporary timing differences (2019: £188,000). Details are provided in note 21.

#### Changes in tax legislation

Under the Finance Act 2020, plans to change the rate of Corporation Tax from 19% to 17% from April 2020 were abolished. Deferred tax has therefore been calculated using 19%, the Corporation tax rate that has been substantively enacted at the reporting date.

In the Budget 2021, which was published on 3 March 2021, the Government announced that plans to increase Corporation Tax from 19% to 25% from April 2023. The change to the Corporation Tax rate of 25% from April 2023 has subsequently been substantively enacted. The overall effect of this change, had it been applied at the balance sheet date, is immaterial to these financial statements.

# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

### 12. Exceptional items

	2020 £000	2019 £000
HM Revenue and Customs costs	-	(293)
Impairment of investment in William Clark (Holdings) Ltd	-	8,200
Impairment of investment in Merkur Bingo and Casino Entertainment UK Limited (formerly Beacon Bingo Limited) (Note 15)	4,918	-
	<u>4,918</u>	<u>7,907</u>

#### HM Revenue and Customs costs

In 2018 the Group was the subject of an investigation by HM Revenue and Customs regarding the Group's requirement for employees to provide and pay for parts of their own uniform, and the impact of that policy on the requirement to pay the national minimum wage. As a result of the investigation, the Group agreed that the uniform policy has inadvertently resulted in some employees being paid less than the national minimum wage. Therefore, the Group recognised an accrual for the cost of underpaid wages payable to past and current employees, and the cost of tax penalties which could be levied. At the end of 2018, the liability was estimated at £450,000. In 2019 the actual liability was determined and a credit of £293,000 released to the Statement of Comprehensive Income.

### 13. Intangible assets

	Software £000	Licences £000	Total £000
<b>Cost</b>			
At 1 January 2020	242	3	245
Additions	62	-	62
At 31 December 2020	<u>304</u>	<u>3</u>	<u>307</u>
<b>Amortisation</b>			
At 1 January 2020	202	1	203
Charge for the year	29	-	29
At 31 December 2020	<u>231</u>	<u>1</u>	<u>232</u>
<b>Net book value</b>			
At 31 December 2020	<u>73</u>	<u>2</u>	<u>75</u>
At 31 December 2019	<u>40</u>	<u>2</u>	<u>42</u>

The amortisation charge for the year is included in the Statement of Comprehensive Income under administrative expenses.

# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

### 14. Tangible assets

	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>					
At 1 January 2020	18	1	652	76	747
Additions	-	-	40	2,232	2,272
Transfers to other group companies	-	-	-	(1,518)	(1,518)
Disposals	-	-	(1)	-	(1)
At 31 December 2020	18	1	691	790	1,500
<b>Depreciation</b>					
At 1 January 2020	15	1	436	-	452
Charge for the period	1	-	77	-	78
Disposals	-	-	(1)	-	(1)
At 31 December 2020	16	1	512	-	529
<b>Net book value</b>					
At 31 December 2020	<u>2</u>	<u>-</u>	<u>179</u>	<u>790</u>	<u>971</u>
At 31 December 2019	<u>3</u>	<u>-</u>	<u>216</u>	<u>76</u>	<u>295</u>

### Fixed Asset Review

During the year the Group carried out a review of the carrying value of fixed assets in each Company and a physical verification of assets. As a result of the review, assets included in the financial statements which related to other group companies were transferred to the respective Companies at net book value.

### Assets held under finance leases

During the year, the Company did not purchase gambling machines on behalf of the MCUK Group under finance lease agreements (2019: £1,655,000). In the previous year, the machines were recharged to its subsidiaries at cost where they were capitalised. The finance lease creditor has been retained in the Company. Details of the gambling machines purchased for each subsidiary is provided in the respective financial statements.

# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

### 15. Fixed asset investments

Cost or valuation	Investments in subsidiaries £000
At 1 January 2020	69,701
Additions	4,918
At 31 December 2020	<u>74,619</u>
<b>Impairment</b>	
At 1 January 2020	8,700
Charge for the year	4,918
At 31 December 2020	<u>13,618</u>
<b>Net book value</b>	
<b>At 31 December 2020</b>	<u><b>61,001</b></u>
At 31 December 2019	<u>61,001</u>

During the year, Merkur Bingo and Casino Entertainment UK Limited (formerly Beacon Bingo Limited), a subsidiary undertaking, was successful in a VAT claim with HMRC. Due to the age of this claim £4,918,000 of the total monies received were payable to the previous owners of Merkur Bingo and Casino Entertainment UK Limited (formerly Beacon Bingo Limited). The payment to the previous owners has been recorded as an increase in the investment in Merkur Bingo and Casino Entertainment UK Limited (formerly Beacon Bingo Limited). At 31 December 2020, the Company reviewed the cost of investment in Merkur Bingo and Casino Entertainment UK Limited (formerly Beacon Bingo Limited) and, as a result, an impairment of £4,918,000 was booked.

During the year the Company received no dividends (2019: £3,468,000 from William Clark (Holdings) Limited, £4,090,000 from Baleday Limited and £741,000 from Mirage Centres Limited).

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Shares	Holding	Principal activity
Merkur Slots UK Limited	Ordinary	100 %	Adult Gaming Centre operator
Baleday Limited	Ordinary	100 %	Non-trading company
Merkur Bingo and Casino Entertainment Ltd	Ordinary	100 %	Proprietor of bingo clubs
Praesepe Limited	Ordinary	100 %	Intermediate holding company
Classic Leisure (Northern) Limited*	Ordinary	100 %	Non-trading company
Thomas Holdings Limited*	Ordinary	100 %	Non-trading company
Cashino Gaming (E&J) Limited*	Ordinary	100 %	Non-trading company
United Leisure Limited*	Ordinary	100 %	Non-trading company
William Clark (Holdings) Limited	Ordinary	100 %	Intermediate holding company
Mayfair Acquisitionco Limited *	Ordinary	100 %	Non-trading company
William Clark Limited*	Ordinary	100 %	Non-trading company
Dolphin Gaming Limited*	Ordinary	100 %	Non-trading company
Mirage Centres Limited	Ordinary	100 %	Non-trading company
Merkur Technical Support UK Limited*	Ordinary	66 %	Maintenance services group

\*Denotes entities which are not directly owned by Merkur Casino Holdings UK Limited (formerly Praesepe Holdings Limited). All subsidiaries are based in the UK.

# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

### 16. Debtors: amounts falling due within one year

	2020 £000	2019 £000
Trade debtors	-	82
Amounts owed by group undertakings	42,859	48,711
Amounts owed by related parties	-	89
Deferred taxation (note 21)	104	124
Other debtors	400	50
Prepayments and accrued income	416	421
	<u>43,779</u>	<u>49,477</u>

The amounts owed by Group undertakings relating to finance leased asset are unsecured at an interest rate of 4.22% (2019: 4.22%); all other amounts owed to Group undertakings are unsecured at an interest rate of 1.25% (2019: 1.25%). All have no fixed terms for repayment, and interest is rolled-up into the total loan balance.

### 17. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	<u>10,857</u>	<u>1,932</u>

### 18. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Loan from Merkur Casino GmbH (note 20)	-	19,300
Trade creditors	832	447
Amounts owed to group undertakings	20,741	17,146
Amounts owed to related parties	-	550
Taxation and social security	1,149	525
Obligations under finance lease and hire purchase contracts	2,052	2,524
Other creditors	285	50
Accruals and deferred income	1,005	2,492
	<u>26,064</u>	<u>43,034</u>

The amounts owed to Group undertakings are unsecured at an interest rate of 1.25% (2019: £1.25%); They have no fixed terms for repayment, and interest is rolled-up into the loan balance.



# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

### 19. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Loan from Merkur Casino GmbH (note 20)	49,310	23,501
Net obligations under finance leases and hire purchase contracts	4,248	5,257
	<u>53,558</u>	<u>28,758</u>

The obligations under finance leases due after more than one year are split £2,010,000 (2019: £2,606,000) due between one and two years, £2,238,000 (2019: £2,717,000) due between two and five years and £nil (2019: £nil) due after more than five years.

### 20. Loans

Analysis of the maturity of loans is given below:

	2020 £000	2019 £000
<b>Amounts falling due within one year</b>		
Loan from Merkur Casino GmbH	-	19,300
<b>Amounts falling due 2-5 years</b>		
Loan from Merkur Casino GmbH	49,310	23,501
<b>Amounts falling due after more than 5 years</b>		
Loan from Merkur Casino GmbH	-	-
	<u>49,310</u>	<u>42,801</u>

All loans from the ultimate parent undertaking are unsecured.

In 2017, Merkur Casino GmbH redenominated a long-term Euro loan into Sterling at a value of £48,027,000. The loan has an interest rate of 1%, which is at a lower interest rate than could be obtained from a third-party bank in the UK.

Under FRS 102, where loans are obtained at interest rates lower than market rate, the loan must be measured at fair value, which is calculated by discounting the cash payments of the loan by the market rate of interest for a similar loan.

At inception, the fair value of the loan using a discount rate of 4.22%, which is considered to be the market rate, was £43,326,000. The difference arising on initial recognition of the loan amounting to £4,701,000 has been recognised within equity as a capital contribution.

During the year to 31 December 2020, the Company made principal repayments of £6,000,000 (2019: £7,200,000) on the above loan.

On 12 November 2020, the parent company, Merkur Casino UK Limited, entered into loan agreements with NatWest Bank for a fixed term of two years. Consequently, all loans received by the Company from Merkur Casino GmbH were subordinated to be paid not earlier than the loans owing by the parent company to NatWest Bank.

Under FRS 102, where there is a change to the cash flows regarding loans obtained at interest rates lower than market rate, a recalculation of the fair value of the loan is required, using the market value interest rate at the date of inception of the loan. The change to the fair value of the loan is reported through the statement of comprehensive income.

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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### 20. Loans (continued)

A gain to the statement of comprehensive income of £1,626,000 has been recognised in the year with a corresponding decrease to the carrying value of the loan.

Additional interest charges have also been recognised in the statement of comprehensive income, being the difference between the market rate of 4.22% and the actual interest rate of 1%. The additional interest was £879,000 (2019: £1,067,000).

Other loans from Merkur Casino GmbH are measured at amortised cost and, as of April 2020, interest is charged at 3% on all loans. The Company had obtained loans of £3,000,000 and £5,000,000 in 2018 at interest rates of 2% and 2.5% respectively. In 2019 a loan of £4,100,000 was obtained at an interest rate of 2.5%. In 2020 loans of £5,000,000 and £8,000,000 were obtained from Merkur Casino GmbH at interest rates of 3%.

### 21. Deferred taxation asset

	2020 £000	2019 £000
At 1 January	124	-
(Charged) / Credited to profit or loss	(20)	124
At 31 December	104	124

The deferred tax asset is made up as follows:

Accelerated capital allowances	94	84
Tax losses	7	-
Other timing differences	3	40
	104	124

At 31 December 2020, there is no unrecognised deferred tax asset. At 31 December 2019 a deferred tax asset of £32,000 stated at 17% had not been recognised in the financial statements of the Company due to uncertainty surrounding the timing of the reversal of the temporary differences in accordance with the Company's accounting policy.

In the prior year, the unprovided deferred tax consists of accelerated capital allowances of £32,000.

# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

### 22. Provisions

	<b>Dilapidations £000</b>	<b>Total £000</b>
At 1 January 2020	235	235
Additions	14	14
Utilisation during the year	(4)	(4)
Released during the year	(13)	(13)
At 31 December 2020	<u>232</u>	<u>232</u>

As part of the Company's property leasing arrangements there is an obligation to repair damages which occur during the life of the lease, such as wear and tear. The provision is based on the charge that could reasonably be expected to arise at the end of, or during, the respective lease terms and represents the accrued charge from the inception of the lease to 31 December 2020. The provision is expected to be utilised at various dates up to May 2022.

The provision is not discounted as it represents the present value of the obligation based on current estimates of the cost of repairs.

### 23. Reserves

#### Profit & loss account

The profit and loss reserve represents accumulated profits and losses of the Company.

#### Capital contribution reserve

On 15 December 2017 the Group recognised a capital contribution of £4,701,000 arising on the redenomination of a long-term Euro loan into Sterling, which had been provided at an interest rate lower than the market rate of interest. Details of this transaction are provided in note 20.

### 24. Share capital

	<b>2020 £</b>	<b>2019 £</b>
<b>Shares classified as equity</b>		
<b>Authorised, allotted, called up and fully paid</b>		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

The Company has one class of ordinary shares which carry voting rights but no right to fixed income.

### 25. Pension commitments

The Group operates two defined contribution pension schemes into which the employees of Merkur Casino Holdings UK Limited (formerly Praesepe Holdings Limited) are included. The pension charge for the year represents contributions payable by the Company to the funds and amounted to £210,000 (2019: £190,000). At the end of the year there were employer and employee contributions outstanding of £16,000 (2019: £24,000).

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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### 26. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Not later than 1 year	436	495
Later than 1 year and not later than 5 years	1,165	1,501
Later than 5 years	355	495
<b>Total</b>	<u>1,956</u>	<u>2,491</u>

### 27. Government Grants and Assistance

During the year to 31 December 2020, the Company received the following Government Grants:

	2020 £000
Coronavirus Job Retention Scheme (see note 4)	<u>394</u>
	<u>394</u>

### 28. Related party transactions

The Company is a wholly owned subsidiary of Merkur Casino UK Limited ("MCUK") and is included in the consolidated financial statements of that company. Consequently, the Company has taken advantage of the exemption, under the terms of FRS 102 Section 33 Related Party Disclosures, from disclosing related party transactions with wholly owned entities that are part of the MCUK Group.

During the year, the Company entered into transactions with other group companies which are under the common control of the Ultimate Parent company, Gauselmann AG. Under the terms of FRS 102 Section 33 Related Party Disclosures, an exemption from disclosing these transactions has been taken.

### 29. Controlling party

As at 31 December 2020 the immediate parent company was Merkur Casino UK Limited, an intermediate holding company.

The immediate parent and the controlling company of MCUK is Merkur Casino GmbH, a Company registered in Germany.

The smallest group in which the results of the Company are consolidated is that headed by Merkur Casino UK Limited. Copies of the Merkur Casino UK Limited financial statements may be obtained from The Secretary, Merkur Casino UK Limited, Seebeck House, 1A Seebeck Place, Knowlhill, Milton Keynes, Buckinghamshire, MK5 8FR.

The largest group in which the results of the Company are consolidated is that headed by Gauselmann AG, the ultimate controlling party.

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# MERKUR CASINO HOLDINGS UK LIMITED (FORMERLY PRAESEPE HOLDINGS LIMITED)

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

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### 30. Events after the end of the reporting period

#### Trading

As at 31 December, all of the Group's AGC, FEC and Bingo venues were closed due to local tier restrictions. Following UK Government rules implemented from 4 January 2021, all of the Group's AGCs and Bingo venues in the UK have remained closed for the first part of 2021. The venues reopened on Monday 17 May 2021, which was in line with the planned easing of restrictions "roadmap" communicated by the UK Government. The directors do not anticipate any further periods of national lockdown.

#### Rebranding

As part of a UK group-wide rebranding exercise, the Company changed its name on 7 April 2021 to Merkur Casino Holdings UK Limited. This brand change will bring the company in line with the Gauselmann groups' overall branding strategy and will utilise the internationally recognised Merkur sun logo. The operation and main trading activity of this company does not change as a result of this exercise.